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Art-based third sector organizations and urban regeneration in depressed neighbourhoods:
the case of Naples, Italy.

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Abstract

The importance of the creative and cultural capital in the economic development of post-industrial inner cities has been widely demonstrated by urban development literature as it interacts with the physical environment and sustains regeneration processes. However, also in depressed and peripheral neighbourhoods, creative firms, museums, art-based nonprofit organizations, cultural associations, and independent artists can be identified as actors of substantial urban revitalization. The main purpose of this contribution is to understand the potential of third sector organizations related to the arts and culture in the emergence of virtuous patterns in urban regeneration strategies. Data and case study about not-for-profit entities engaged in revitalization projects through innovative artistic expressions in deprived areas of Naples, Italy, are analyzed. Within the general framework of urban redevelopment processes through specific not-for-profit models and tools, this research aims to understand if these actors can be identified as engines of urban regeneration and what lessons policy-makers may learn by these practices.

Keywords: third sector; cultural economics; urban regeneration; urban governance

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*To my family
For their love, patience and support...*

Introduction

Which is the potential of art-based third sector organizations in transforming the patterns of depressed peripheries? Are they able to develop virtuous strategies of urban, social and economic regeneration? The hypothesis developed in this research is that planned, multi-actor and multi-dimensional projects based on the arts and led by not-for-profit entities may represent the initial step for local development and a milestone of revitalization processes. Actually, the aptitude of these organizations to act as conduits of regeneration in contexts of spatial and social separation, degrade, unemployment and criminality has been investigated only partially so far.

Specifically, three aspects seem to assume a particular relevance about third sector organizations: their capacity to attract resources toward urban peripheral areas; their ability to give “voice” to local communities’ unmet needs and requests; and the reciprocal mechanisms they are able to give raise in the allocation of resources. Consequently, this study firstly tries to understand if art-based third sector organizations can be recognized as engines of urban regeneration, being able to generate economic forces and attract and efficiently allocate resources in depressed neighbourhoods of the city. Secondly, this contribution also aims to shed light on the capacity of these organizations to give “voice” to local communities’ needs and requests and which tools they utilize to foster social innovation (especially when market and state forces fail to attract citizens and impede exit from particular areas). Finally, it is also worth focusing on those practices and policies that should be implemented in order to enable these entities to access the economic and social resources they need to effectively operate as providers of specific services and as players of urban regeneration in depressed contexts.

The theoretical framework will be based on the institutional economics approach, especially with reference to three main scholars: Gunnar Myrdal, Karl Polanyi, and Albert Hirschman. Nevertheless, we have to first recall the French economist Francois Perrux (1955) who explained the process of regional development in terms of growth poles: growth appears at points or development poles, with variable intensities and spreads along diverse channels with varying terminal effects on the whole economy. The growth pole theory is based on the critical assumptions that: the economic activity tends to agglomerate around a focal point; there are strong inter-industry linkages and inter-dependence between industries; and the key industry is technically advanced and can diffuse technology to other industries. Centrifugal forces emanate from the centre of this large, innovative, and propulsive industry and benefit other industries of the region through forward linkages. Centripetal forces lead to backward linkages in the form of supply of inputs to the centre by ancillary industries of the region.

Gunnar Myrdal (1957) calls such centrifugal forces emanating from the centre and moving toward the periphery as “spread effects”. Development is generated by the demand for capital and labour from other areas, stimulating growth of ancillaries, and diffusing advanced technology to those units. These are the effects of agglomeration which retard the development of peripheral areas: backward areas are deprived of their valuable resources when capital, labour, and other resources are attracted towards the growth pole, when the young and educated people migrate to the centre with a consequent brain drain, and when dependants and the aged are left behind, resulting in a distortion of the age structure of the backward areas. In the modern urban economy, this concept can be translated in the capacity of city centres to attract the creative classes, with the consequent centripetal forces that deprive peripheral neighbourhoods. Furthermore, this mechanism of concentration-deprivation is not only economic, but also related to immaterial resources in terms of knowledge, opportunities, social services, etc. Now, may third sector organizations provide satisfying solutions to the problem of deprivation and attraction of resources toward peripheral neighbourhoods?

In this context, furthermore, communities living in peripheral areas have essentially two possible responses to this situation of deprivation: as Albert Hirschman (1970) affirms, they can exit (withdraw from the relationship), or they can voice (attempt to repair or improve the relationship through communication of complaints, grievances or proposals for change). Exit and voice themselves represent a union between economic and political action but, while “exit” is associated with Adam Smith’s invisible hand, in which buyers and sellers are free to move silently through the market, constantly forming and destroying relationships, “voice” is, by nature, political and at times confrontational. The problem rises when these communities are also deprived of their “voice”: are third sector organizations able to actively involve local communities and to raise the attention on their unmet needs and requests (i.e. to give them voice)?

It seems, however, that the real problem is that of the necessary reallocation of material and immaterial assets and resources that also leads to those positive externalities in terms of economic resources, knowledge, opportunities, and trust among the members of a community. These questions are very close to Karl Polanyi’s idea of the primacy of society over the self-regulating market (1944, 1977), which has the power to disentangle itself from society and to erode humanity and reciprocity in relations. When traditional solutions of resources movement (state-led or market-centred ones) fail in their objectives, are third sector organizations able to operate as a counter-movement with respect to those centrifugal forces that tend to concentrate material and immaterial resources in specific areas, leaving peripheral areas behind?

Moving from this theoretical framework (Myrdal, 1957; Hirschman, 1970; Polanyi, 1944), and after providing a critical review of the literature about the concepts of nonprofit sector

and social enterprises (Weisbrod, 1977; Young, 1983; Hansmann, 1987; Salamon and Anheier, 1997; Borzaga and Defourny 2001; Defourny and Nyssens, 2008); and cultural and creative economy and urban regeneration (Bianchini and Parkinson, 1994; Soja, 2000; Florida, 2002; Miles and Paddison, 2005; Markusen, 2006; Cooke and Lazzeretti, 2008; Scott, 2014), we aim to answer the previous questions through a deep analysis of the peripheral neighbourhoods of the city of Naples, especially focusing on third sector organizations engaged in urban regeneration projects through artistic and cultural activities.

In this regard, the research will adopt a multi-pronged methodology, evaluating and comparing evidences from a variety of data, textual, oral, and statistical sources (Limb and Dwyer, 2001). In order to reach the proposed objectives and to answer the research questions, we first point to obtain a snapshot of the organizations that have legal address in the city, especially considering their territorial distribution at the neighbourhood scale, their juridical form and their social objective. Utilizing as main reference the ISTAT census of not-for-profit institutions (2011), we aim to build a database of third sector organizations located in Naples through the screening of official national, regional and municipal registers in which these entities are inscribed. The objective is that of comparing socio-economic indicators of Naples' neighbourhoods with the territorial distribution of these organizations in order to obtain a snapshot of the third sector in the city, by using the QGIS software. Furthermore, we are also interested in understand which socio-economic factors mostly affect the location choice of these entities: in order to catch such a relation, we build a regression model in which the dependent variable is the number of third sector organizations per 1.000 neighbourhood residents; while unemployment, employment, education and youth concentration rates per neighbourhood are considered as independent variables.

Secondly, quantitative data are gathered through the sending of a survey questionnaire to the organizations present in our dataset about their internal structure, economic turnover, financial sources, number of employees, volunteers, members and owners, relations with the public administration, etc. The purpose is that of interpreting quantitative data about these organizations through the use of specific tools such as the cluster analysis. Finally, qualitative data are collected through the analysis of a specific case study organization selected on the basis of three parameters: its activities are carried out in a Naples' depressed neighbourhood; its aim is finalized to the urban regeneration of the area; its main tools are related to street art and urban creativity. Consequently, semi-structured interviews with stakeholders of the analysed organization are taken to identify the different driving forces involved in its urban regeneration projects. Furthermore, semi-structured interviews at the institutional level are collected in order to underline policy-making aspects around the themes of the arts and culture, third sector and urban regeneration, especially with city council administrators, assessors and policy-makers from the departments of Culture and Tourism, Social Policies, Youth Policies and Urban Planning of the Naples Municipality.

Definitively, three decisive and fundamental elements merit particular attention in this research: peripheral urban neighbourhoods (the context); third sector organizations (the actors); innovative arts, cultural and creative activities (the tool). In particular, about the context, peripheral urban areas of contemporary metropolitan cities appear as “a complex of almost central places, situated between historic centres and the horizontal developments of the dispersed city” (Paba, 1998, p. 78). Peripheries, actually, are traditionally considered as elements of transition between a compact city and an undeveloped countryside, i.e. as intermediate spaces, lacking characteristics and qualities of their own, located between the city and the country. Nowadays, however, a clear distinction between the city and the countryside is no longer demonstrable: between them there is an increasingly extensive territory made of residential districts of the “dispersed city” (Indovina, 1990; Filion, 2001).

However, phenomena of destruction of local identity, loss of social cohesion, social exclusion, social and physical decadence are still evident in these urban districts, in spite of their changing forms and roles (Governa and Saccomani, 2004). For this reason, the common understanding defines urban peripheries starting from the consideration that all centres are unique, while all peripheries are the same (Della Pergola, 1991), with a consequent recognition of solely negative aspects attributed to peripheries that have no possibilities of rehabilitation. But this image is not completely true as both positive and negative elements coexist within urban peripheries from physical-spatial and socio-economic points of view. In fact, despite negative phenomena that undoubtedly persist, peripheral neighbourhoods are much more multifaceted and complex than they may appear from a superficial observation. The word “periphery”, thus, identifies areas with very different characteristics: “neighbourhoods far from the centre, both from a physical point of view as well as from social, economic, cultural ones; “problematic” districts, where decadence, segregation and social exclusion thrive; dormitory districts, non-places, nowhere lands; spaces with no quality or history where the centre keeps what it needs but cannot (or will not) host; social and territorial laboratories where innovations and changes in living, lifestyles, and social relations are tried out” (Governa and Saccomani, 2004, p. 329).

In this last meaning, peripheries may also be considered as places where innovative forms of local self-organization, re-developed sense of local community and new cultural references and artistic expressions may rise. Indeed, specifically from a cultural point of view, it is particularly worth underlining the different reasons that lead to consider peripheries as exiting spaces able to reinvent themselves: the concentration of the mainstream cultural offering in more institutionalized and centric neighbourhoods; the particular social and economic conditions and dynamics; the presence of urban voids and the accessible properties, lands and infrastructures prices; the generation of localization flows able to multiply themselves. At the same time, peripheries result as places of resentment, dissent and

manifestation against a system that seems having abandoned these spaces and the people living there.

The sense of deprivation caused by this shared marginality leads to generate a simple reaction: retake control of abandoned urban spaces, in many cases through a deep collaboration between local communities and not-for-profit actors. And, generally speaking, the most utilized tool for this appropriation is that of the arts, culture and creativity. Of course, the produced art identifies a specific culture and identity of that territory, even though, even more around the world, peripheral urban neighbourhoods reflect a mosaic of different cultures because of the growth of migrant population living there. Also in this case, innovation in social and economic terms may rise only through integration, participation and dialogue among all the actors that live a particular territory and space.

In terms of urban regeneration, especially for cities like Naples that have a long history, affirmed identity of urban creativity, underground art and submerged culture, it is important to activate “processes of equilibrium” based on the creative industry and its potential of transformation of peripheral, deprived and abandoned spaces (Patti and Polyak, 2018). However, in contexts of deprivation and marginalization, artistic and cultural public and private investments should be strategically re-oriented under the guidance of third sector organizations with a long-term orientation that focuses on the socio-economic revitalization of spaces (as some experiences in the U.S.A. demonstrate), avoiding the risk of gentrification and accumulation of private interests.

About the actors, when we refer to the term “third sector organizations”, we indicate enterprises and organizations that are not part of traditional private or public sectors. It was in the 19th century that the idea of a nonprofit sector began to take place: nonprofit organizations were promoted not simply as supplements to public action but as superior vehicles for meeting public needs. In the American context, after the second world war, the expansion of the nonprofit sector forced to develop the tax laws that defined it according to the non-distribution constraint (Hansmann, 1980), i.e. no part of the earnings generated by the belonging organizations could be distributed for the benefit of their officers or directors. Other than this fundamental feature, the nonprofit sector consists of organizations with the following characteristics: they are formal, i.e. they have a certain degree of institutionalization or legal personality; they are private, i.e. distinct from both the state and the public authorities; they are self-governing, i.e. they must have their own regulations and decision-making bodies; they cannot distribute profits to either their members, their directors or a set of owners; they must involve some levels of voluntary contribution in time (volunteers) or in money (donors), and they must be founded on the free and voluntary affiliation of members (Defourny, 2013).

However, in the European context, the broad diversity of socio-political, cultural and economic national circumstances has not allowed such a wide-ranging and rapid development of analytical works emphasizing the existence of a third sector. Mutual organizations and cooperatives had existed almost everywhere for more than a century and associations-based economic initiatives had also been increasing in numbers for considerable time. In Europe, in fact, a different concept took place, that of “social economy”: although deeply rooted in history, this concept was first revitalized in France at the end of the 1970s and subsequently in various countries like Belgium, Spain, Italy, Sweden and in an increasing number of other countries. Although there is no universally accepted definition of the social economy, it is generally agreed that the social economy mainly includes cooperatives, mutual societies and associations, which share a number of principles that can be summarized as follows: the aim of serving members or the community, rather than generating profits; an independent management; a democratic decision-making process; the primacy of people and labour over capital in the distribution of income (Defourny, 2013).

In this context, since the 1980s, the term “social enterprise” was used to identify the innovative private initiatives established in Italy by volunteer groups that were formed to deliver social services or provide economic activities designed to facilitate the integration of disadvantaged people (in Italy these organizations adopted the cooperative forms, giving rise to social cooperatives). As stated by Borzaga and Defourny (2001), social enterprises fulfil the following criteria: a continuous activity producing goods or providing services; the partial use of costly production factors (e.g. paid work); a high degree of autonomy and hence a significant level of economic risk; an explicit social aim of serving the community or a specific group of people; the production of goods or services that are characterized by a general-interest or meritorial nature; a collective dynamics involving people belonging to communities or groups that share a certain need or aim; a decision-making process not based on capital ownership; representation and participation of customers, stakeholder orientation, and a democratic management style; a total or partial non-distribution constraint such that the organization distributes profits only to a limited extent, thus avoiding profit-maximization behaviours (Borzaga, 2013). Thus, differently from conventional enterprises, social enterprises pursue an explicit social goal, which implies the production of goods and services that generate direct benefits for the entire community or specific groups of disadvantaged people. In the context of this research, we mainly focus on those third sector organizations that operate in the depressed neighbourhoods of Naples and carry out projects based on artistic and cultural activities, trying to provide solutions to the urban, economic and social regeneration of these depressed urban areas.

About the tool, creativity, creative people, the arts and cultural places draw the attention of many scholars and policy-makers in the urban field since technological advances, new information and communication technologies (ICTs) and, later, the economic crisis of traditional sectors completely transformed the structure of post-Fordist capitalism. Indeed,

the so called “creative economy” raised from a number of works on creativity, urban development and city planning, and on “creative cities” themselves (Landry and Bianchini, 1995; Scott, 1997; Landry, 2000). However, the idea of the creative city stands on the impact of human capital and the “creative class” on urban and regional development: in particular, according to Florida, cities need to attract the creative class in order to ensure successful development (Florida, 2002; Stolarick and Florida, 2006). However, in the 2000s, the focus moved from the creative class to cultural and creative industries (Flew and Cunningham, 2010). Specifically, the term “cultural industries” refers to forms of cultural production and consumption that have at their core symbolic or expressive elements (Throsby, 2001; Towse, 2003); while the term “creative industries” (Cunningham, 2002) defines “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, 2001). Thus, the relationship between economics and culture includes both the enhancement of tangible and intangible heritage assets (UNESCO, 2013): cultural economics and the economics of creativity integrate and jointly contribute to new combinations offered by the experience economy to extend the concept of the creative city both to the large metropolitan areas of North America and to the European urban peripheries, small towns and rural areas (Lazzeretti, 2012).

In the context of this research, however, we not only focus on the economic potential of the arts, culture and creativity and their role of drivers of urban regeneration, but also on their societal function, underlying particularly their capacity of reducing social exclusion and deprivation (as underlined by the European Commission in 2005, three types of groups are perceived to be at risk of exclusion: those who are economically disadvantaged; the refugees and immigrants; and the disabled people). Concretely, the arts and culture bring a wide range of public and private benefits to individuals and communities (Markusen, 2014) such as the enhancement of the attractiveness of the local community, the provision of voice to cultural minorities, the building of a community’s identity and a general economic development (Grodach, 2009; Markusen and Gadwa, 2010), the expansion of individuals’ capacities for empathy, understanding different perspectives and fostering civic dialogue and social capital (Putnam et al., 2003; Stern and Seifert, 2009), the provision of satisfaction through aesthetic pleasure, enhancing individual creativity and problem solving abilities (McCarthy et al., 2004; Throsby, 2010) and even better educational and health outcomes (Purnell et al., 2007; Sowden et al., 2015).

Thus, following this discourse, the arts and culture (and their industries) are not only assigned a strategic economic role, but they are also acknowledged to have a fundamental function in the transition to a different economic model which highlights the relationship between economy, culture and society. “A new phase characterized by a social enhancement of culture has begun to assert itself, revealing – also thanks to the current economic crisis – a societal function of cultural heritage where the primacy of social aspects over economic

aspects in cultural policies is explicitly being acknowledged” (Lazzeretti, 2012, p. 230). In this view, the societal function of the arts and culture refers to the capacity of these tools to include people which are spatially, economically and socially marginalized, allowing them to participate to the public discourse and express their needs, requests and voice.

A further element of this research is that of considering the necessity to face the problem of urban regeneration in depressed neighbourhoods in a different manner: in fact, in this view, innovative regeneration policies and strategies should include both place-oriented and people-oriented dimensions, as physical, economic, and social aspects should be included in a holistic approach to the city and its enlarged community. In particular, an innovative policy of urban regeneration should provide a basic standard of living as well as the necessary opportunities and resources to guarantee the satisfaction of primary needs of residents, allowing them to participate economically, socially and culturally. In this regard, the provision of adequate infrastructures, the integrate action of different actors, the inclusion of real and diverse places of creativity can all be identified as remarkable tools of a creative urban approach that aims to foster the inclusive participation of citizenry and to help declining areas to recover. However, a new way of thinking should also constructively engage actors such as not-for-profit organizations, cultural associations, social cooperatives, social enterprises and common citizens in innovative (multi-stakeholder) urban governance models that give raise to regeneration policies that overcome the neoliberal framework, especially after the failures of classic public-private partnership models in building really inclusive urban strategies.

In this respect, an inclusive and innovative urban governance model would be able to improve the offered services, reduce geographic and immaterial distances between different communities of the city, and produce positive externalities whose benefits can advantage the whole community, especially when the reduction of centripetal forces leads to the decrease of disparities and to the efficient allocation and management of resources. For this reason, this contribution also aims to investigate whether it is possible to implement alternative models of urban governance and policies for the regeneration of peripheral urban areas. In particular, we advance here a multi-stakeholder governance model that includes private, public and not-for-profit entities, able to give “voice” and satisfy the unmet needs of residents living in deprived neighbourhoods. This multi-stakeholder approach allows the transactional costs of the neoinstitutionalist theory to fall through the active engagement of more actors in the decisional process, leading to the creation, sharing and circulation of knowledge, reducing the informative asymmetry and the distance between the needs of local communities and market and state actors. Properly third sector organizations – in which this multi-stakeholder approach is embedded – should behave as the link between the market, the state and the local community, particularly in those urban areas where both market-led and state-led approaches failed in reducing disparities and in satisfying local needs.

In sum, this subject combines different fields of research and branches: consequently, a multi-disciplinary approach is needed in order to address the research questions, stimulate the debate, and give a real contribution to the advancement of knowledge in the field. The analysis of the interactions among third sector organizations, the creative and cultural economy, and the urban revitalization is basically important in order to deeper comprehend the subject of regeneration of depressed urban neighbourhoods. In particular, it is worth identifying the contributions and the limits that these organizations meet in dealing with the economic and human development of communities living in conditions of social, economic and spatial segregation; shedding light on the ways these organizations contribute to the empowerment of vulnerable groups of the population that are prohibited from participating in decision-making processes; and understanding if alternative practices, policies and governance models that involve these entities at the institutional level may be effectively implemented.

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Chapter I. Theoretical framework

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Introduction

In the first chapter, we principally build the theoretical framework of the thesis, planting its roots in the institutional and new institutional economics and specifically recurring to the theories of Gunnar Myrdal, Albert Hirschman and Karl Polanyi. Following these perspectives, we propose the research questions that emerge from the building of the theoretical framework and that we intend to answer along the thesis. As we will better clarify later, the questions that this contribution aims to address are mainly focused on understanding if not-for-profit organizations can be identified as engines of urban regeneration in depressed areas, as actors able to transfer resources towards peripheral neighbourhoods of the city and to raise local communities' requests. Furthermore, we are interested in the policies that should be put into action – especially from a political point of view – in order to allow these organizations to effectively achieve their objectives.

As underlined, the starting points are the institutional and new institutional economics paradigms (Zucker, 1977) as a set of diverse but interrelated approaches that seek to understand how formal organizations are shaped by institutional forces embedded in the wider socio-economic and political environment (Powell, 2007). Although their nature is much debated, institutions are generally understood as systems of rules that structure social interactions, including both formal rules and informal conventions and norms (Hodgson, 2006). Organizations may be conceived as formal expressions of these institutions – linked to their wider environment – that attempt to attain some purposeful goals or actions (Rodriguez-Pose, 2013). Definitively, institutionalization refers to processes through which particular values and behaviours become embedded within an institution and its organizational manifestations (Pinch and Sunley, 2015).

In this respect, a key characteristic of neoinstitutionalism is the fact that it recognizes the diversity of institutional forms and their logics in different places and at different times. Traditionally, these institutions were conceptualized as sources of stability and equilibrium, but in recent years, there has been a renewed focus on institutional change. Changes in institutional logics have been a key focus, especially in situations where institutions have multiple and contested logics. The ways in which these competing logics become mobilized in the struggle for ideas and resources can determine the extent of institutional change within organizations (Dunn and Jones, 2010). These logics, however, are likely to depend on a variety of factors such as forces external to the organizational field (i.e. socio-economic and political changes) or internal influences such as the relative strength of professions, professional conflicts, organizational innovation and so on (Pinch and Sunley, 2015).

We now first turn to examine the main theories and concepts in the neoinstitutionalist framework and, secondly, to deeply analyse the institutional theories of Myrdal, Hirschman and Polanyi in order to construct the theoretical implantation of the thesis and to fix the research questions we aim to address.

1.1. New institutional economics in economic and political thought

The pioneering contributions that constitute the new institutional economics are noteworthy on several grounds. First, institutions have long served as a landmark not only for institutional economics, but also among alternative leading paradigms. Second, the new institutional economics represents the culminating intersection of different lines of inquiry, including the analysis of many fundamental aspects such as: behavioural norms and different preferences among people, interest group formations, problems of collective action, transaction costs and organization theory, limitations of the rationality of human behaviour, emergence of rules of thumb for firm decision making, determinants of firm structure, coordination problems, rent-seeking behaviour, technological change and property rights. Third, many of these individual lines of investigation within the new institutional economics are interdisciplinary, allowing for cross-fertilization and mutual stimulation among economists, historians, sociologists, political scientists, psychologists and lawyers (Nabli and Nugent, 1989).

Of course, an important precursor of the new institutional economics is the institutionalist school, which includes contributors such as Veblen, Commons, Mitchell and Ayres. The new institutional economics coincides with the old institutionalist school in several important aspects: both schools are extremely broad in scope, face many different perspectives and share a strong criticism of neoclassical economics in many respects. In this regard, the most common critiques refer to the lack of attention to institutions, the relevance of non-budgetary constraints, the overemphasis on the rationality of decision making, the excessive concentration on equilibrium and statics as opposed to disequilibrium and dynamics and the denial that preferences can change or that behaviour is repetitive or habitual.

Traditional institutional economics focuses on understanding the role of the evolutionary processes and institutions in shaping economic behaviour, emphasizing how markets are a result of complex interactions of various institutions such as firms, states, social norms, etc. In this regard, tastes, expectations, habits and motivations, not only determine the nature of institutions, but are limited and shaped by them. Fundamentally, this traditional institutionalism emphasizes the legal foundations of an economy (Commons, 1924) and the evolutionary and habituated processes by which institutions are established and then changed (Veblen, 1898). In fact, behavioural economics is another hallmark of institutional economics based on the knowledge in the fields of psychology and cognitive sciences, rather than simple assumptions of economic behaviour.

Actually, a significant variant in institutional economics from the later 20th century integrates posterior developments of neoclassical economics into the analysis. Law and economics have been a major theme since the publication of “The Legal Foundations of Capitalism” by Commons in 1924, which opened a long debate on the role of formal institutions on economic growth.

However, the new institutional economics has its real roots into two articles by Coase: “The Nature of the Firm” (1937) and “The Problem of Social Cost” (1960). Especially in the latter, the Coase’s theorem maintains that without transaction costs, alternative property right assignments can equivalently internalize conflicts and externalities. Thus, comparative institutional analysis arising from such assignments is required to make recommendations about efficient internalization of externalities and institutional design, including law and economics. However, major scholars associated with the new institutional economics beyond Coase, include Alchian, Demsetz, North, Ostrom, and Williamson who mainly focus on issues like organizational arrangements (such as the boundary of the firm), modes of governance, social norms, human assets, asymmetric information, strategic behaviour, bounded rationality, opportunism, adverse selection, moral hazard and many other aspects. Concretely, despite this heterogeneous body of knowledge, we now concentrate our attention only on some of the fundamental themes that characterize the new institutional economics, namely, institutions, transactions, information costs, property rights and the common goods problem.

1.1.1. Institutions

First and foremost, what are institutions? There is disagreement on how institutions can be best understood. The old institutional economists in the tradition of Veblen argue that institutions work only because the rules involved are embedded in shared behaviours and “habits of thought” (Veblen, 1899). They understood institutions as a special type of social structure with the potential to change agents, including changes to their purposes or preferences. Commons notes (1934, p. 69): “sometimes an institution seems analogous to a building, a sort of framework of laws and regulations, within which individuals act like inmates. Sometimes it seems to mean the behaviour of the inmates themselves”. However, as Commons and Veblen argue, behavioural habit and institutional structure are mutually reinforcing, as both aspects are relevant to compose the puzzle. On the other hand, from a behavioural perspective, “institutions are complexes of norms of behaviour that persist over time, by serving collectively valued purposes” (Uphoff, 1986, p. 6); conversely, from a rules perspective, institutions are “the rules of a society or of organizations that facilitate coordination among people by helping them form expectations which each person can reasonably hold in dealing with others” (Ruttan and Hayami, 1984, p. 204); finally, Nelson (1993) explains institutions as the legislation and organizations of education, training, funding and research frameworks that differ at a national level and thus create national innovation systems. However, one of the major focus of the literature on institutions has been on institutions and transaction costs, with the former as efficient solutions to problems of organization in a competitive framework (Williamson, 1975, 1985), so that market exchange, franchising or vertical integration are conceived as efficient solutions to the complex problems confronting entrepreneurs under various competitive conditions (we will return on that).

Nevertheless, one of the most precise definitions is given by North who states that: “institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence, they structure incentives in human exchange, whether political, social or economic” (North, 1990, p. 3). These institutions have been devised along the years by human beings to create order and reduce uncertainty in exchange: in combination with the standard constraints of economics, they define the choice set and determine transaction and production costs as well as the profitability and feasibility of economic activities. More in depth, North (1994) identifies institutions as made up of formal constraints like constitutions, laws, rules and property rights; and informal constraints such as sanctions, taboos, customs, traditions, codes of conduct, norms of behaviour, conventions which together define the incentive structure of societies and economies. In a similar vein, Hodgson defines institutions as “systems of established and prevalent social rules that structure social interactions. Language, money, law, systems of weights and measures, table manners, and firms (and other organizations) are thus all institutions” (Hodgson, 2006, p. 2). In this regard, these rules structure social interactions and their durability arises from their ability to usefully create stable expectations of the behaviour of others. Indeed, institutions enable ordered thought, expectation and action by imposing form and consistency on human activities.

Definitively, some basic characteristics of institutions can be delineated. A first characteristic is their rules and constraints nature as these rules and constraints are “prescriptions commonly known and used by a set of participants to order repetitive and interdependent relationships. Prescriptions refer to which actions are required, prohibited or permitted” (Ostrom, 1986, p. 5). A second characteristic is their ability to govern the relations among individuals and groups: whether they are “voluntarily” accepted through custom or tradition, or are enforced through an external authority and a coercive incentive system, these rules and constraints have to be applicable in social relations to serve an institutional role. In this regard, institutions are systems of established and embedded social rules that structure social interactions (Hodgson, 2006). A third characteristic is their predictability: rules and constraints have to be understood as being applicable in repeated future situations. Agents should expect these rules and constraints to have some degree of stability; otherwise they would not have an institutional character (Nabli and Nugent, 1989). Just to bring some concrete examples of institutions, formal organizations such as firms, labour unions and employers’ organizations are institutions because they provide sets of rules governing the relationships both among their members and between members and non-members¹.

¹ Actually, the institutionalist literature in economics explains the existence of firms on the basis of the necessity to overcome specific typologies of market failures and imperfections, which in the simplest cases cause transaction costs to rise. This contemporary theory of the firm – starting from Coase (1937), Williamson (1973, 1975, 1985) and Simon (1951) – identifies in market exchanges and hierarchy the two dominant coordination mechanisms in economic systems. Following these contributions, some authors evidence the central importance of authority in defining the relationship between the controllers of the organizations (owners or managers) and other relevant constituencies. Other scholars, following the contributions of Alchian and Demsetz (1972) and Jensen and Meckling (1976), stress instead the contract-like nature of firms. In this

Likewise, markets are institutions because they embody rules and regulations, formal or informal, which govern their operations. Contracts, explicit or implicit, are also institutions in that they lay down rules that govern specified activities involving the parties to such contracts.

1.1.2. Transaction and information costs

Coase (1960) advances the crucial connection between institutions, transaction costs and the neoclassical theory. In the neoclassical framework, efficient market results are only obtained when it is costless to transact and to bargain; but transacting and bargaining are not costless. In this regard, transaction costs are the costs of specifying what is being exchanged and enforcing consequent agreements, but as economic markets are typically imperfect and characterized by high transaction costs, institutions rise to reduce those transaction costs (North, 1994). Coase (1960) emphasizes that problems of efficient economic organization need to be examined in a comparative-institutional way, and the study of market failures should be analysed to include institutional failures of internal organizational, political and judicial types.

In this vein, following Coase, the influential work of Williamson (1975, 1979, 1985, 2000) also stimulates questions about transaction costs, combining concepts of bounded rationality and opportunistic behaviour. According to Williamson (1975, 1985), the main sources of transaction costs are uncertainty and asset specificity which give rise to temptations of “opportunism” which is “self-interest seeking with guile” (Williamson, 1985)². Opportunism increases bilateral dependence – called “hold up” in the incomplete contract theory (Grossman and Hart, 1986; Hart and Moore, 1990; Hart, 1995) – and explains the need for organizations and therefore authority. Actually, Williamson (1985) distinguishes between “ex ante” and “ex post” transaction costs: “ex ante” transactions costs are “the costs of drafting, negotiating, and safeguarding an agreement”; “ex post” transaction costs of contracting may take several forms which include “(1) the maladaptation costs incurred when transactions drift out of alignment [...], (2) the costs of haggling incurred if bilateral efforts are made to correct ex post misalignments, (3) the setup and running costs associated with the governance structures (often not the courts) to which disputes are referred, and (4) the enforcement costs of effecting secure commitments” (Williamson, 1985, p. 19).

stream, the firm is understood as a self-contained market (Doeringer and Piore, 1971) or as a complex set of contractual transactions among individuals or groups of patrons (e.g. investors, financial institutions and intermediaries, employees, customers etc.) in which no hierarchy is necessarily detected (Borzaga and Tortia, 2010).

² Williamson underlines that bounded rationality of economic subjects refers to “rate and storage limits on the capacities of individuals to receive, store, retrieve, and process information without error”, while opportunism is the “effort to realize individual gains through a lack of candor or honesty in transactions” (Williamson, 1973, p. 317). Opportunism can take the form of the strategic disclosure of asymmetrically distributed information by some individuals to their advantage or be manifest during contract execution and renewal. The impossibility of extracting what can be regarded as self-enforcing promises to behave responsibly implies that agreements have to be monitored, with consequent problems due to first-mover advantages at the contract renewal interval.

Williamson argues that the problems of economic organization are to be explained in conjunction with a set of human attributes and a related set of transactional factors. The general hypothesis here is that institutions are transaction cost-minimizing arrangements that may evolve with changes in the nature and sources of transaction costs. Fundamentally, these costs pertain to the problem of trust as informational asymmetry and uncertainty make credible agreements difficult to achieve: in a world in which information is costly, different institutional environments imply differences in the credibility of commitment and hence the cost of transacting (Williamson, 1975). However, because transaction costs make up a significant part of the cost of production and exchange in modern economies, alternative institutional arrangements make the difference between economic growth, stagnation or decline (North, 1981). According to Williamson, the critical dimensions that characterize transactions are the uncertainty, the specificity and the frequency with which transactions recur, the degree to which durable transaction-specific investments are incurred, and, of course, limited rationality and opportunistic behaviour.

And it is the focus on markets' contractual problems as a result of bounded rationality and opportunism (that turns on a related set of transactional factors) to be particularly important. Concretely, the consequences of bounded rationality may be less severe if the transactions in question are uncomplicated by the shift from markets to hierarchies, precisely required by bounded rationality and experience rating reasons. Basically, assuming bounded rationality and cognitive limits implies that contracts are unavoidably incomplete and this contractual incompleteness poses new problems when paired with the condition of opportunism which manifests itself as "adverse selection, moral hazard, shirking, sub-goal pursuit, and other forms of strategic behaviour" (Williamson, 1993, p. 101). In this regard, the shift from market to hierarchy through a sequence of moves (from contractual hazards to safeguards), can be considered as a move from autonomous contracting to more complex governance forms which introduce added security features, reduce incentive intensity and incur in added bureaucratic costs. In Williamson's own words: "moving from simple (discrete) contracts to complex (incomplete long term) contracts is thus attended by a whole series of features: the length of the contract increases, penalties to deter breach are introduced, provision is made for added information disclosure and processing, and specialized dispute settlement mechanisms appear" (Williamson, 2000, p. 603).

The problems of adverse selection and moral hazard are relevant also for a large class of issues where asymmetries of information are present between the parties of a contract. These problems, moreover, may lead to market failure unless some incentive mechanisms are developed, for instance appropriate forms of contract may be capable of overcoming failures. Actually, asymmetries of information are closely related to opportunistic behaviour and transaction costs, especially when the information set available to one party of a contract is not identical to that available to the other party. In fact, in situations in which a party possesses more information than another party, the former could be able to engage in

opportunistic behaviour so as to increase its benefits at the expense of the other's, while the latter may activate monitoring or information search activities in order to minimize the loss. Definitively, both the economics of transaction and that of costly information recognize the existence of a general agency problem in contractual arrangements: Jensen and Meckling (1976) and Williamson (1975, 1985) apply the agency concept to managerial behaviour and the ownership structure of firms, but this concept can be applied to any situation where contracts are incomplete, information is asymmetric and the action of one individual – “the agent” – affects the action of another individual – “the principal”.

1.1.3. Property rights

What is referred to as the “property rights theory of the firm”, which has its origins with Grossman and Hart (1986) and has subsequently been developed by Hart and Moore (1990), relates to, but differs from, the transaction cost structure of Williamson. Indeed, many differences persist despite the fact that the former “is similar in that it deals with the make-or-buy decision through a setup where contracts are incomplete (by reasons of bounded rationality), mere promise cannot be used to overcome non-contractibility (by reason of opportunism), and parties to the contract are bilaterally dependent (by reason of asset specificity)” (Williamson, 2000, p. 605). However, based on the pioneering work of Alchian (1959), Coase (1960) and Demsetz (1967), this approach explains how technological and other conditions, including apparent externalities, can give rise to the kinds of institutional mechanisms for internalizing externalities known as property rights. The existence of property rights may reduce conflicts and facilitate cooperation, in both cases resulting in a reduction of transaction costs. In this way, along with technology and other traditional restraints, institutional constraints enter into the decision process of individuals. As such, the property rights approach is closely related to dealing with transaction costs and their role in determining both the form of the organization of firms and the relative importance of the market, on the one hand, and hierarchical authority, on the other (Nabli and Nugent, 1989).

A key proposition in the property rights approach, again associated with Coase (1960), is that in the absence of transaction costs, the assignment of property rights would lead to efficient contractual outcomes through bargaining and negotiation. Actually, this mechanism explains the rise of the firm: combining Coase's articles “The Nature of the Firm” (1937) and “The Problem of Social Cost” (1960), it has been argued that the firm represents an alternative governance structure to the market by providing an environment in which the price mechanism is replaced by the power and authority of the entrepreneur (Nee and Cao, 2005). The existence of the firm implies that there are costs to market transactions: it depends on the entrepreneur's ability to economize on costs coming from uncertainties associated with markets (Nee and Cao, 2005). These uncertainties pertain to the costs of measuring the performance of agents and of enforcing commitment to contractual agreements. Although the same agency problems are found within the firm, entrepreneurs are in a position to use their power and authority to direct employees. In Coase's firm, by entering into an

employment contract, the employee in exchange for remuneration agrees to comply with the orders of the entrepreneur, within certain limits. The essence of the contract is that it states only the limits of the entrepreneur's power and within these limits, entrepreneurs can direct their employees as they do other factors of production.

Successively, the Coasian framework of transaction cost economics was extended by North to build a theory of the state based on an exchange view of the relationship between ruler and constituent, with the state exchanging protection and justice for revenue. Because the essence of property rights is the right to exclude, the state plays a key role in specifying and enforcing these rights, having a comparative advantage in violence with respect to other entities. The ruler, as a revenue increaser, acts like a discriminating monopolist, separating each group of constituents and devising property rights for each so as to maximize state revenue, despite the fact that he is constrained by the existence of potential rivals who provide the same services (North, 1981). North argues that institutional innovations will come from rulers because the free-rider problem limits the ability of constituents to initiate society-wide institutional change. According to North, the central task in explaining economic growth is to specify the events and conditions that provide incentives for political actors to establish formal institutional arrangements supporting efficient property rights. These require the dilution of state control over resources and the emergence of some forms of political pluralism: this does not imply a weak state, but a state and a society context in which the tension between ruler and constituent allows for the evolution of institutions that limit the capacity of the state to expropriate resources from producers (North and Weingast, 1989).

1.1.4. Common-pool resources

Distinct from the previous approaches in the new institutional economics, is the concern about collective action (Olson, 1965), the tragedy of the commons (Hardin, 1968) and the governing of the commons (Ostrom, 1990). The key issue in this literature is to explain collective outcomes in terms of individual motivations (Hardin, 1982), i.e. to clarify the likelihood of success or failure of a given set of self-interested individuals in undertaking actions that may benefit them collectively. The theory of collective action focuses on public or collective goods, namely those goods that are characterized by non-excludability and non-rivalry. The first feature implies that once the goods are provided, individuals can no longer be excluded from their benefits (it is impossible to keep those who have not paid for a good from consuming it); the second characteristic means that their value to existing beneficiaries is not reduced by increasing the number of beneficiaries (whatever an individual consumes does not limit the consumption by others) (Ostrom, 2010)³. These goods are not only

³ Hirschman (1970) defines public goods as goods which are consumed by all those who are members of a given community, country, or geographical area in such a manner that consumption or use by one member does not detract from consumption or use by another. Examples of public goods are: crime prevention and national defense, accomplishments of public policies such as high international prestige or advanced standards of literacy and public health. The distinguishing characteristic of these goods is not only that everyone can

identified by their physical character, such as pollution, highways, parks, etc., but also by an abstract character, such as a higher wage rate, a higher price, a tariff, a regulation, a lower tax rate or a policy rule. However, the intrinsic characteristics of public or collective goods and their aspects related to collective action give rise to the free-rider problem, as much as the self-interested individuals may find it preferable not to participate in the provision of the public good or to reveal false preferences about its value to them.

The incentive to free-ride analysed mainly by Olson (1965) and Hardin (1968), tends to result in inefficient collective outcomes in that public goods are underprovided. The theory of collective action has been concerned not only with explanations for how optimizing behaviour by individuals that can result in non-cooperation, but also with the identification of conditions under which cooperation can be achieved. In fact, Olson (1965) emphasizes a number of factors that are likely to improve the prospects for collective action. He explains the success in collective action as given not only by the nature of the group (its size, age and purpose), but also by the extent to which group characteristics are shared among group members (homogeneity in origin and in goals, the role of selective incentives in the realization of collective action and the overcoming of free-rider problems). Of course, these conditions and incentives may take the form of positive joint product benefits to members who participate in group activities or of penalties imposed on those who fail to contribute to collective action.

Another major field of investigation in the theory and application of collective action concerns the use of common-pool resources and the so called tragedy of the commons (Hardin, 1968). Hardin discusses problems that cannot be solved by technical means, as distinct from those with solutions that require “a change only in the techniques of the natural sciences, demanding little or nothing in the way of change in human values or ideas of morality” (Hardin, 1968, p. 1244). The principles of collective action seem to imply that the joint use of common-pool resources, such as bodies of water, pools of oil, grazing land, parks or fishing areas, is likely to be problematic, at least in the absence of a system of individual property rights. This is because each user would have the incentive to overuse the resource, eventually leading to its depletion and destruction. As a result, policy prescriptions usually emphasize the need for the external imposition of a system of private property rights or the strict enforcement of rules designed to avoid the problems of communal ownership by an external authority such as the government (Hardin, 1982).

consume them, but that there is no escape from consuming them unless one leaves the community by which they are provided. In this regard, Hirschman (1970) sees public goods as public evils: the latter result from the fact that what is a public good for some (e.g. the atomic bomb) may be judged a public evil by others in the same community. “It is also quite easy to conceive of a public good turning into a public evil, for example, if a country’s foreign and military policies develop in such a way that their output changes from international prestige into international disrepute” (Hirschman, 1970, p. 98).

On the other hand, Ostrom (1986, 1990) observes that neither the state nor the market is totally successful in enabling individuals to sustain long-term, productive use of natural resources systems. Ostrom, Gardner and Walker (1994) focus on the particular class of goods called “common-pool resources” that have the attributes of the exclusion, i.e. “the difficulty of excluding individuals from benefiting from a good” and “the subtractability of the benefits consumed by one individual from those available to others” (Ostrom, Gardner and Walker, 1994, p. 6). These goods share with private goods the subtractability of resource units and with public goods the difficulties of exclusion. In this regard, the two main theories on this matter – the theory of the firm and the theory of the state – assume that the burden of organizing collective action is undertaken by one individual, namely, “the entrepreneur” or “the ruler”, whose returns are directly related to the surplus generated. Both involve an outsider who takes primary responsibility for supplying the needed changes in institutional rules to coordinate activities. The entrepreneur or the ruler makes credible commitments to punish anyone who does not follow the rules of the firm or the state. Because they gain the residuals, it is in their interest to punish non-conformance to their rules. It is also in their interest to monitor the actions of agents and subjects to be sure they conform to prior agreements. Both theories thus address how a new institutional arrangement can come about, how credible commitments can be made and why monitoring must be supplied.

According to Ostrom, conversely, many communities of individuals have relied on institutions resembling neither the state nor the market to govern some resource systems with reasonable degrees of success over long periods of time. Basically, differently from Olson’s collective action and Hardin’s tragedy of commons, Ostrom underlines that those using such resources will cooperate in order to achieve collective benefits and that individuals are not entangled in a static situation, unable to change the rules affecting their incentives. Actually, to solve the common-pool resource problems there is not an only-one solution for external authorities to impose full private property rights or centralized regulation: special institutional arrangements combining customs and social conventions can be designed to include cooperative solutions, in order to overcome the collective action difficulties and achieve efficiency in the use of such resources (Ostrom, 1990).

A summary table about new institutional economics’s main concepts, definitions, ideas and references follows (Table 1).

Table 1. Summary table about New Institutional Economics's main concepts

Concepts	Main references	Definitions and ideas
Institutions	<p>Veblen (1899) Commons (1934)</p> <p>Ostrom (1986)</p> <p>North (1990)</p> <p>Hodgson (2006)</p>	<p>Shared behaviours and habits of thought</p> <p>Prescriptions commonly known and used to order repetitive relationships</p> <p>Rules of the game in a society or humanly devised constraints that shape human interaction</p> <p>Systems of established and prevalent social rules that structure social interactions</p>
Transaction and information costs	<p>Coase (1960)</p> <p>Williamson (1975, 1985)</p>	<p>The study of market failures should include institutional failures of organizational, political and judicial types</p> <p>The main sources of transaction costs are uncertainty and asset specificity which give rise to opportunism</p>
Property rights	<p>Coase (1960)</p> <p>North (1981)</p>	<p>The assignment of property rights leads to efficient contractual outcomes through bargaining</p> <p>As the essence of property rights is the right to exclude, the state plays a key role in enforcing these rights</p>
Common-pool resources	<p>Hardin (1982)</p> <p>Ostrom (1986, 1990)</p>	<p>Collective action implies that the use of common-pool resources is problematic if individual property rights lack</p> <p>Common-pool resources are characterized by the attributes of "exclusion" and "subtractability"</p>

1.2. Institutional economics: Myrdal, Hirschman and Polanyi

There is no unanimity about a definition of "institutional economics" which is universally accepted either by practitioners who hold an institutional perspective or their orthodox counterparts. However, following Angresano (1997), a review of the literature written by self-proclaimed institutional economists indicates that certain propositions can be identified with an approach to broad economic issues generally adopted by institutional economists. Hence, practitioners of institutional economics: (1) hold a vision of a reasonable society in which the common social will is expressed collectively, not through market forces; (2) favour economic progress, but conceive such progress in terms of changes in attitudes as well as in material terms; (3) view social change as society resolving the inevitable conflict between

technological and ceremonial forces through an instrumental valuing process; (4) have a conception of the socio-economic order by which the economy is submerged in a broader social order (human behaviour is believed to be culturally conditioned and usually occurs in response to shifting non-economic forces, especially the pursuit of security rather than being due to changes in economic factors); (5) adopt a holistic, long run perspective towards socio-economic change; (6) are satisfied that while the direction of socio-economic change can be predicted, precise conclusions cannot be drawn by relying on an economic model (Angresano, 1997, p. 46). Now, starting from this basis, we move to analyse the three main institutional economists that are the pillars of the theoretical framework of this contribution, i.e. Myrdal, Hirschman and Polanyi and their linkage with this school of thought.

First, Myrdal's view regarding the importance of institutions is noteworthy: he recognizes the role of conflict and institutions in social change, arguing that change is initiated by interest groups resolving conflict within society through their exercise of power. He criticizes the conventional economic perspective in which social policy is judged only from an economic point of view and that society's interest would automatically be reconciled into a state of harmony through market adjustments (Myrdal, 1968). Myrdal advocates an analysis of society's institutional setup so as to determine the distribution of power within the social and political structures and to what extent groups are sufficiently powerful to generate institutional changes (Myrdal, 1968). Actually, Myrdal recognizes that the neoclassical approach is inadequate in analysing societal problems and concludes that there are neither universal truths for explaining human behaviour nor any inherent moral order. As a result, he realizes that it is necessary to develop a broader perspective and different methods of analysis that rely more on common sense than natural law and more on inductive than deductive reasoning.

The essence of Myrdal's conception of institutional economics is the conception of societal issues. In his own words: "the most fundamental thought that holds institutional economists together is our recognition that even if we focus attention on specific economic problems, our study must take account of the entire social system, including everything else of importance for what comes to happen in the economic field" (Myrdal, 1978, p. 773-774). In particular, it is important to include into the analysis not only economic, but especially non-economic factors which comprise a social system, such as educational and health levels, distribution of power in society, socio-political stratification, institutions and attitudes. Taking into account both economic and non-economic aspects is crucial when considering development as the movement upward of the social system and also when analysing what happens to a set of conditions or economic indicators such as production or GNP. In this regard, only a holistic, i.e. institutional approach is logically plausible. This approach takes into account the social reality of institutions and the attitudes formed and supported within them. Definitively, in Myrdal's institutional perspective, history and politics, theories and ideologies, economic structures and levels, social stratification, agriculture and industry,

population developments, health and education and so on, must be studied not in isolation but in their mutual interaction (Angresano, 1997).

Another central idea in Myrdal's institutional approach is the fundamental importance of a planning system in which an educational program is the central axis. The belief is that a precondition for progress is attitudinal change and that such changes can be influenced by educating the entire population, not only a selected few. Another justification for education is that if this educational effort meets with success, the lack of logicalities involving valuations becomes exposed to people who hold them and that are pressed to change these valuations to some degree. Furthermore, Myrdal (1975) advocates radical distributional reforms through legislation such as fiscal policy measures (public work projects, land tenure, improved access to job opportunities, legislation and institutions which promote equal justice, enforcement of the right to vote and assurance for the poor of equal access to social benefits). Legislation combined with attitudinal change through education could serve to initiate comprehensive institutional and administrative reforms to break up the non-egalitarian and rigid economic and social stratification and to promote development.

Secondly, Hirschman inevitably gives his contribution to enrich the influence of the institutional economics school, particularly when he introduces the concepts of exit and voice in his pioneering work "Exit, Voice and Loyalty" (Hirschman, 1970). These concepts are useful not only in distinguishing between success and failure in collective action but also in identifying the nature of any collective action taken. Specifically, the members of any organization or group have two choices, namely, to remain in the group but to express their dissatisfaction through voice (e.g. by criticizing the group and trying to reform it by taking political action within it), or to exit, i.e. to leave the group or the organization. When the latter is costless, exit is likely to be chosen over voice, through contrasting the possibilities of collective action. Where consumption by one beneficiary does not reduce availability of the good to others (that is when subtractability is missing), powerful incentives to free-ride exist as well. In such circumstances, hierarchy can help, but experience, as well as theory, suggests that market mechanisms (exit) are also needed where control of access is feasible (toll goods), whereas voice mechanisms are called for where it is not (pure public goods).

In his main book, furthermore, Hirschman sets his sights on an unusual intellectual aim: failures from efficient, rational, virtuous or functional behaviour on the part of individuals, business firms, organizations or even states, and the patterned ways in which others – individuals, clients, patients, customers, subjects or citizens – respond to such failures. Basically, he demonstrates how real world outcomes are determined and shaped by dense interactions among relevant parties, interactions which are themselves affected by various forms of friction, such as transaction costs that preclude perfect rationality. If satisfactory (and more or less efficient) outcomes can result from such interactions, it is generally

through a complex process of give and take, feedback loops, calls and responses (Hurt, 2011).

Actually, it was a World Bank-financed railways project in Nigeria that pointed Hirschman to the discovery of exit, voice and loyalty. Because of the ease with which the railways corporation could utilize the national treasury, Hirschman noted that the exit of important customers weakened the very voice option that might have generated recuperative mechanisms within the public agency. Thus, Hirschman concludes that loyalty behaviour (that is exit postponing) is a key factor of organizational resilience in many situations. From here, he analyses the role of loyalty-inducing hierarchy: organizational design can be defined as the selection of appropriate exit, voice and loyalty building mechanisms. When the market represents the most appropriate mode of project operation, exit mechanisms should be given priority to place; and when participation is the answer, it makes sense to “feed” voice mechanism. Loyalty (and consequently, hierarchy) intervenes when exit and voice cohabit, but exit needs restraint to give full scope to the recuperative benefits of voice (Picciotto, 1995). Thus, for pure public goods, full benefits occur where loyalty is encouraged by effective policing (hierarchy) and users are involved and motivated (participation).

As observed by Ferraton and Frobert (2014), Hirschman’s tendency to free himself from disciplinary boundaries makes it possible to associate his work with a number of heterodox economic theories, notably institutionalism. But even in this respect, his approach is unique as his purpose is not so much that of opposing to orthodoxy as to keep an open dialogue with it, despite his deep criticisms to neoclassical economics. He always remained in contact with the partisans of orthodoxy, always tried to persuade people on the opposite side that there were other possible options. For Hirschman, the question is to find points of a compromise between parties with contradictory arguments, representing the only way of adapting scientific discourse and reasoning to social reality. From this perspective, transcending the boundaries between economics and political science should not serve to disqualify disciplinary discourse, but, on the contrary, should serve as a means to promote collaboration across disciplines.

Finally, the contribution to institutional economics made by Polanyi is of particular importance, especially in terms of his critique to the orthodox view of the economy. According to orthodoxy, “the economic problem” is that economy is the choice between scarce means in relation to preferred ends and “economizing” means allocation of these scarce resources (Robbins, 1932). According to Polanyi, conversely, it is impossible to understand human society, economy and human history from the formal perspective of neoclassical economics because: “to narrow the sphere of the genus economic specifically to market phenomena is to eliminate the greatest part of man’s history from the scene” (Polanyi, 1977, p. 6). Polanyi sees the formalist definition of the economy as opposed to the substantivist economic model (Polanyi, 1944), when he refers to “the great transformation”

as the divide between modern, market-dominated societies and non-Western, non-capitalist pre-industrial societies: he argues that only the substantive meaning of economics is appropriate for analysing the latter. In this meaning, Polanyi stresses that the economy is substantive, reflecting two different levels: man's relation to nature and interaction with his surroundings and the social institutionalization of the economic process (Polanyi, 1957).

Polanyi, in fact, underlines that in modern capitalist economies the concepts of formalism and substantivism coincide since people organize their livelihoods on the principle of rational choice. However, in non-capitalist, pre-industrial economies this assumption does not hold: actually, unlike their Western capitalist counterparts, their livelihoods are not based on market exchange but on redistribution and reciprocity. As we will better see later, reciprocity is defined as the mutual exchange of goods or services as part of long-term relationships; whereas redistribution implies the existence of a strong political centre that receives and then redistributes goods and services according to culturally specific principles. In societies that are market-based, conversely, market exchange is seen as the dominant mode of integration: these market societies are actually characterized by "self-regulating markets" in which land, labour and money are treated as profit-making commodities, despite the fact that these three entities – which correspond to nature, people and social relations – were not originally produced for sale (Servet, 1993) In Polanyi's own words: "the market economy is an economic system controlled, regulated and directed by markets alone" and is built upon the "fictitious commodification" of land, labour and money, "to subordinate the substance of society itself to the laws of the market" (Polanyi, 1944, p. 71-72). This commodification makes human social life dependent upon the fluctuations, the supply and the demand of the market and thus menaces to annihilate human beings and their environment. However, society can protect itself from this "satanic mill" of the market through self-preserving measures in the form of regulations, welfare systems and the like (we will return on that).

Definitively, Polanyi remains hostile to liberalism and its market society, both because a self-regulating market is an utopia with devastating consequences as well as because liberalism as a creed of individualism, laissez-faire and anti-state, entails an erroneous view of human history and society. In this regard, Polanyi's institutionalism is evident in his thoughts about several issues such as economic relations as institutionally embedded, need to understand institutions as socially constructed and analysis of how ideological and politico-legal processes are endogenous to modern capitalist organization. Polanyi's institutional view of the economy is not founded on the notions of scarcity and choice, as in the classical approach, but it must be viewed as a process of interaction between man and his natural and social environment, with the institutional economist who should have a complete

understanding of this mix of economic and social factors (Maucourant and Plociniczak, 2013)⁴.

Once we have identified the institutional economics literature as the academic skeleton of this contribution, we now turn to analyse more in depth the theories of Myrdal, Hirschman and Polanyi in order to build the theoretical framework: from here, we will detect the research questions we want to address and apply the consequent scheme along the thesis.

1.2.1. Gunnar Myrdal: backwash and spread effects

As institutional economist, Myrdal devotes himself, during the second post-war decades, to the study of uneven development as a result of the interplay between backwash and spread effects in circular and cumulative processes. As underlined, in Myrdal's view, orthodox economic theories are "never developed to comprehend the reality of great and growing economic inequalities and of the dynamic processes of underdevelopment and development" (Myrdal, 1963, p. 151). He is a great critic of the theories of stable equilibrium that are deduced from the idea that social processes would follow a direction towards self-stabilization: the major reason for this blind spot, he argues, is that those theories not only have been dominated by this assumptions of "stable equilibrium", but also by the fact that development analysis is restricted only to the interactions of economic factors (ignoring non-economic ones). Going more in depth, we now first analyse the concept of circular cumulative causation (CCC) and then we move to the concepts of backwash and spread effects.

Numerous scholars have utilized the notion of CCC in different ways: for example, Veblen (1898) uses the concept in his examination of the evolution of institutions⁵; Wicksell (1898)

⁴ Cangiani (2011) observes that general problems in Polanyi's approach are not alien to the Veblenian origins of institutionalism, as this approach is seen not only as "applied economics" trying to include social and political "contextual" phenomena into the analysis, but also as a theory of the general characteristics and transformations of the market-capitalist system, constituting a theoretical alternative to conventional economics. Conversely, North (1977, 1981) maintains that Polanyi makes a theoretical mistake in analysing the market only as a price-making market because any form of voluntary contractual exchange also involves a "market and that its form will be dictated by the considerations of transaction costs advanced" (North, 1981, p. 42). North does agree with Polanyi that any economic system is a system of market, redistribution and reciprocity, but he puts forward the view that the explanation to the different modes of allocation actually lies in the transaction cost theory. According to North, reciprocity is "the least-cost trading solution where no system of enforcing the terms of exchange between trading units exists" (North, 1977, p. 714), implying that Polanyi's description of economic organization is precisely consistent with the transaction cost explanation.

⁵ Some scholars (Argyrous and Sethi, 1996) argue that CCC derives from American institutionalism, i.e. from the Veblen's concept of "cumulative causation" and that Veblen and Myrdal's concepts of CCC are more or less identical (Mayhew, 2001). Berger (2008) and Berger and Elsner (2007), conversely, argue that Veblen's concept of cumulative causation differs from Myrdal's CCC in several ways: applying the CCC mainly to "the sequence of change in the methods of dealing with the material means of life" (Veblen, 1898, p. 387), Veblen describes the economic life history as a "cumulative process of adaptation of means to ends that cumulatively change as the process goes on" (Veblen, 1898, p. 391). Furthermore, Veblen's concept of cumulative causation captures how past conditions influence the present, how the present evolves out of the past and how the present currently continues to evolve. Veblen's cumulative causation also implies that societal evolution has no specific end and that it is self-propagating, i.e. endless and ever continuing. This shows how Veblen's definition and application differ from Myrdal's CCC (Wahid, 2002) as the former neither contains the idea of self-

examines what happens when markets and natural interest rates diverge; Myrdal, (1944, 1957, 1968) analyses the conditions of African Americans and Asian underdevelopment through the lens of CCC; Kaldor (1966) applies CCC to the role of manufacturing in capitalist growth (Humphrey, 1990; O'Hara, 2000). However, Myrdal and Kaldor are regularly cited as central mentors in the development of the theory of CCC: Myrdal (1957) stresses the importance of socio-economic factors in the development process, while Kaldor (1966) emphasizes the role of manufacturing and increasing returns to scale as the engine of growth and the possible limiting factor of effective demand (Argyrous and Bamberry, 2009). Actually, Myrdalian and Kaldorian CCC traditions have significant commonalities as well as important differences. The main things in common are: (1) the notion of CCC in which the variables are interrelated and the general manner of interaction between them is complex and manifold: circular causation is a multi-causal approach where the core variables and their linkages are delineated (O'Hara, 2007); (2) the variables tend to operate as positive feedback processes, multiplying the combined impact of the interactions through historical time, or as negative feedback (drawback) effects working in the opposite direction (positive or negative, the feedback within and between variables have a multiplier impact on the overall outcomes); (3) path-dependence moves the system through time in a typically non-equilibrium fashion (Setterfield, 1997): the importance of history, time, space and geography is reflected in the changes to the social and political economy that influence the path of evolution and transformation and explain differences in the outcomes between specific areas.

However, many differences also persist: (1) Myrdalian CCC concentrates on the social, economic and development through interdisciplinary analysis, while Kaldorian CCC focuses more on technical demand–supply issues linked to economies of scale and growth (O'Hara, 2009); (2) the Myrdalian system is more value-oriented, concerned with the role of ideology, assumptions, social norms and mores, whereas the Kaldorian system is founded more on empirical evidence (Berger, 2008); (3) Myrdal concentrates more on the uneven process of development, especially minority groups and underdeveloped nations (e.g. African Americans or Asian social economies), while Kaldor's core concern is the differential in terms of the forward and contradictory motion of the dominant areas (O'Hara, 2009); (4) Myrdal rejects the use of “stages” for explaining historical development as not compatible with the theory of CCC because of the implicit belief in stage models that the transition from “early” to “late” stages is inevitable; conversely, Kaldor sees CCC occurring within distinct stages as specific junctures in the industrialization process where the process of CCC

reinforcing causation nor the notion of a definite upward or downward movement of the social fabric (Lundberg, 1994). Actually, Myrdal himself remarks that he derives the concept from his earlier models in “Monetary Equilibrium” (1939) and recalls Wicksell as a forerunner of the CCC (Myrdal, 1944, p. 1065). However, Myrdal's CCC analysis confirms the Veblenian account of the role of institutions (Kapp, 1961): “the main resistance to change in the social system stems from attitudes and institutions. They are part of the inherited culture and are not easily or rapidly moved in either direction. Even in the very long run, attitudes and community institutions may stay much the same [...] the inertia of attitudes and institutions may be formidable [...] [and] the main reason why a “take off ” may easily be abortive” (Myrdal, 1968,p. 1872).

could break down unless government policy is favourable to the transition (Argyrous, Bamberry, 2009).

Myrdal (1957), however, is the first to describe the principle of CCC in detail, names it and recognizes its importance for policy issues. His idea behind the theory of CCC is that a change in one form of an institution leads to successive changes in other institutions: (1) these changes are circular as they continue in a cycle many times in a way in which there is no end; (2) are cumulative in that they persist in each round; and (3) occur gradually and not all at once, as that would lead to chaos. This theory, thus, rejects the assumption of automatic tendency of a socio-economic system towards stabilization and holds that a change does not create opposite reaction but other changes which emphasize it. In this regard, on the one hand, one of the main principles of neoclassical analysis is the assumption that there is a stationary state towards which the economy is directed, forming the basis of neoclassical general equilibrium theory and the neoclassical game theory. In the neoclassical unidirectional causal scheme, in fact, if A causes changes in B, it is excluded the possibility of B having further effects on A: this simple unidirectional causation leads to some equilibrium point so that changes in A lead to changes in B and the system reaches a new steady state with higher or lower values for the variables A and B. On the other hand, Myrdal's notion of CCC rejects equilibrium analysis and takes a dynamic approach to economic analysis: it shows how an economic system moves through historical time, how economies can exhibit instabilities and how each economic variable responds to changes in other variables.

For example, Myrdal concentrates on the characteristics that are relevant to the development process of an economy, mentioning the availability of natural resources, the historical traditions of production activity, national cohesion, religions, ideologies and economic, social and political leadership. Thus, cumulative processes involve a positive or negative feedback mechanism with two or more variables: A and B continually impact upon each other as changes in A affect B, which will further affect A and again impact B, and so on. "When A and B both increase, we have a virtuous cycle or positive feedback loop; when A and B both decline, we have a vicious circle or negative feedback loop; when A rises and B declines (or vice versa), we have a cyclical process" (Holt, 2009, p. 78). Definitively, CCC derives its status from a key concept: the fact that it contains the main antithesis to the mechanistic analogy and stable equilibrium of the social and economic system. As such, it denies a necessary ameliorative trend in development and anticipates the danger of poverty and societal crisis. However, CCC is not hopelessness because vicious circles can be broken, virtuous circles are possible and a cumulative process also calls forth counteracting forces (Myrdal, 1944, p. 1065; 1957, p. 35; 1968, p. 1857).

Myrdal applies this concept of CCC in different domains. In "American Dilemma: The Negro Problem and Modern Democracy" (1944), he formulates CCC using it as a research hypothesis for the circular (self-reinforcing) causation between prejudices, institutions and

poverty that generates a vicious circle or “cumulative effect” of increasing inequalities. According to Myrdal, discrimination leads to worse economic, health and education outcomes (all mutually reinforcing) for blacks and this, in turn, reinforces the prejudices that lead to the discrimination against them, bringing to further declines in the living standards of this community compared to whites. Myrdal’s solution stands in the government’s provision of assistance to black Americans (such as better health and education) in order to break the vicious cycle they face. Later, in “Asian Drama: An Inquiry into the Poverty of Nations” (1968), Myrdal defines two distinct elements of CCC, i.e. the circular causation and its cumulative effect: “circular causation will give rise to a cumulative movement only when [...] a change in one of the conditions will ultimately be followed by a feedback of secondary impulses [...] big enough not only to sustain the primary change, but to push it further. Mere mutual causation is not enough to create this process” (Myrdal, 1968, p. 1875).

So, the vicious circle of poverty is, according to Myrdal’s CCC theory, caused by inequalities in the domains of: (1) the economic (e.g. income inequalities, including the unequal distribution of land); (2) the social (e.g. lack of social mobility, including unequal educational opportunities); and (3) the political (e.g. unequal participation in the political process, including qualitatively defective administration). It means that within poor countries and regions, these inequalities increase poverty because of the process of self-reinforcing circular causation (Berger, 2008): in other words, these inequalities are the cause and effect of poverty (Kapp, 1973) and poverty as a form of insufficient satisfaction of basic human needs is a substantive indicator of social costs (Kapp, 1963). In this regard, complementing the cause–effect analysis with a normative dimension, Myrdal proposes “political” economics – concerned with economic planning – in order to guarantee social basic needs and to minimize social costs (Myrdal, 1968; Kapp, 1965; Berger and Forstater, 2007). Thus CCC, as applied in the context of economic planning, focuses on the conditions of the specific categories of the social system that are by no means exclusive such as: output and incomes, conditions of production, levels of living, attitudes toward life and work, policies and institutions (Myrdal, 1968).

On the other hand, Myrdal (1939) employs the principles of CCC to explain persistent underdevelopment: in his idea, in poor nations, the young, the talented, the ambitious and the educated leave for more developed areas where they can earn more and enhance their skills. This brain drain leaves a small tax base to generate funds for needed services and regional development, while domestic savings tend to be invested abroad where the returns are likely to be higher. In contrast to the predictions of the Samuelson-Stolper theorem (1941), where incomes throughout the world become more equal due to the movement of resources, for Myrdal poverty persists in underdeveloped areas and the gap between rich and poor nations grows over time – unless something is done to help underdeveloped countries to reverse the cumulative process of decline.

More specifically, he argues that the contraction of markets in an area tends to have a depressing effect on new investments, which in turn causes a further reduction of income and demand and, if nothing happens to modify the trend, there is a net movement of enterprises and workers towards other areas. Among the further results of these events, fewer local taxes are collected in a time when more social services are required, a vicious downward cumulative cycle starts and a trend towards a lower level of development is reinforced, with a consequent status of non-equilibrium. From here, it is advanced the idea that the notion of stable equilibrium is a false analogy in constructing a theory to explain the changes in a social system. In Myrdal's own words: "what is wrong with the stable equilibrium assumption as applied to social reality is the very idea that a social process follows a direction – though it might move towards it in a circuitous way – towards a position which in some sense or other can be described as a state of equilibrium between forces" (Myrdal, 1957, p. 12).

Conversely, his idea is that in the normal case there is no such a tendency towards automatic self-stabilization in the social system as the system is not moving towards any sort of balance between forces, but it is constantly on the move away from such a situation. In the normal case, a change "does not call forth countervailing changes but, instead, supporting changes, which move the system in the same direction as the first change but much further. Because of such circular causation as a social process tends to become cumulative and often gather speed at an accelerating rate" (Myrdal, 1957, p. 13). Myrdal further develops the CCC theory and states that it makes different assumptions from that of stable equilibrium on what can be considered the most important forces guiding the evolution of social processes, namely, backwash and spread effects.

In "Economic Theory and Underdeveloped Regions" (1957), Myrdal, indeed, first refers to backwash and spread effects. He underlines that in many developed regions, especially in the Western world, backwash and spread effects are competing for driving migration flows. He also points out the existence of an inevitable force pressing movements from the periphery of a region to its centre as result of the industrialization process going on after World War II, considering this mechanism as a necessary and irreversible process causing continuous depopulation of peripheral regions. Furthermore, his study of regional polarization, which addresses the causes of economic development and underdevelopment, has a spatial aspect as it pertains to cumulative processes of growth both within a country as well as internationally, where a spatial differentiation between growth areas and less developed regions persists. Myrdal argues that the play of forces in the market normally tends to increase – rather than to decrease – the inequalities between regions: he develops a model with cumulative causation, where the limited advantages of backward regions (such as cheap labour) are insufficient to offset agglomeration advantages of centres. In this regard, the main influence on the rate of growth of underdeveloped regions is the induced effect of growth in advanced regions, which can be divided into backwash effects and spread effects.

Myrdal defines backwash effects as “all relevant adverse changes, caused outside the locality [...] I include under this label the effects via migration, capital movements, and trade as well as all the effects via the whole gamut of other social relations exemplified above [non-economic factors] (Myrdal, 1957, pp. 30-31). Conversely, in justifying the “spread effects of expansionary momentum”, he states that it is natural that “the whole region around a nodal centre of expansion should gain from the increasing outlets for agricultural products and be stimulated to technical advance along the line (Myrdal, 1957, p. 31).

In other words, backwash effects imply the idea that if one particular area in a country starts growing, it causes the gravitation of people, human and physical capital from other parts of the country towards this growing centre. Basically, these effects are the unfavourable impacts on the poor regions of interregional interdependence: these include the migration of the educated, the skilled, the professionals and the technical workers from the poor to the rich region and consequent adverse changes on the former’s skill mix; the diversion of savings that might have been able to be used productively in the backward region; the displacement of any embryonic industries that might exist in the poor region and the stronger relative pull of the advanced region on new locators (whether domestic or foreign); and the effects of tariffs and other protectionist devices to support the core region’s industries on prices and on the real incomes of purchasers in the poor region (Richardson, 1976).

Spread effects, conversely, involve the idea that economic development effects in one place spread to its suburbs and all the neighbouring areas. These effects measure the favourable impacts of growth in the advanced regions on the backward regions which include the migration of unemployed or replaceable employed, remittances from migrant workers, demand for the backward region’s agricultural products and raw materials, and – especially at a later phase – investment by and diffusion of development from the rich into the backward regions (Richardson, 1976). Spread effects could arise from increased demand by the centre – as we will see later this is something similar to Hirschman’s linkage effects (1977) – by the emergence of new secondary centres of expansion, or by the fact that industrialization may inculcate “a new spirit of rationalism, enterprise, discipline, punctuality, mobility, and efficiency” (Myrdal, 1963, p. 31; 1968, p. 1186). Depending on which set of effects predominates in a setting, the cumulative process could evolve upward, as in the “lucky” regions, or downward, as in the “unlucky” ones (Myrdal, 1963, p. 27).

It is from this alternative assumption in which economic processes are viewed as cumulative (because of circular causation) and unfold as some combination of backwash and spread effects that Myrdal sets up his theory (Myrdal, 1963, p. 152). Indeed, he explicitly defines the three factors contributing to backwash: capital movements, migration and trade; and the two factors contributing to spread: agricultural outlets and technical advance (Gaile, 1980). However, rather than listing individual backwash and spread effects which may overlap with each other as circumstances vary, it may be preferable to generalize the concepts to define a

“spread effect as any impact traceable to the more developed region which increases (or moderates a fall in) the average real per capita income of the poorer region and/or which beneficially affects the structure of its economy. Conversely, a backwash effect reduces the poor regions per capita income and/or adversely affects its economic structure” (Salvatore, 1972, pp. 524-525).

Furthermore, Myrdal maintains that, in countries with low levels of development, these problems are exacerbated by the weakness of spread effects. Thus, spread neutralizes backwash only at a high level of development: “the higher the level of development that a country has already attained, the stronger the spread effects will usually be. For a high average level of development is accompanied by improved transportation and communications, higher levels of education, and a more dynamic communication of ideas and values – all of which tends to strengthen the forces for the centrifugal spread of economic expansion or remove the obstacles for its operation” (Myrdal, 1957, p. 34)⁶.

In effect, as Myrdal emphasises, tensions amongst countries and regions may occur due to polarization effects: as the dynamics of development follow different levels of speed, imbalances among local systems can generate effects of attraction and diffusion with respect to human and capital resources, trade or social relations. Developed localities usually exercise their power of attraction with respect to resources of less dynamic centres, while diffusion occurs from the strongest locality towards neighbouring systems when the push for expansion is more powerful than the attraction coming from the strongest locality. As clarified by Sacchetti (2004, p. 401), “each change in any of the two directions (attraction or diffusion) generates a cumulative movement, which will be ascending or descending depending on its causal connection with positive or negative collective effects”. Through the adoption of a long-term perspective, Myrdal stresses that a system does not move towards equilibrium of forces but it tends to depart incrementally from equilibrium because of a process of circular and cumulative causation that follows one initial effect. In the long run, complementary effects – and not opposite effects – tend to accelerate changes within the system, with a consequent raise of the so called free markets that would lead to the creation of regional imbalances (due to the process of cumulative causation) rather than being the mechanism of development diffusion (Sacchetti, 2004).

⁶ Actually, the policy package in rational planning presupposes a choice of allocating limited supplies to the most important uses, combined with the creation of stimuli to decisions of all kinds and not only investment decisions. Myrdal stresses that supply limitations are considerably less important in advanced industrial countries as they have unlimited access to capital at low interest rates, a reserve of literate and skilled labour and abundant natural resources. In this situation, certain underdeveloped regions in advanced countries (such as Southern Italy) can draw on supplies from other regions of the country, but lack development decisions (Myrdal, 1957). In this, he criticizes the theories of balanced and unbalanced growth that raised in the 1960s as both these doctrines apply the customary reasoning in terms of savings, employment, investment and output, focusing their interests on the physical investments, primarily in large scale industry and public utilities which they assume to be vehicles for development. Definitively, in Myrdal’s view, both schools minimize supply limitations and do not concentrate sufficient attention on planning as tool for restricting investments, production and supplies in certain directions and expanding them in others.

However, the research on backwash and spread effects has also focused on other aspects, rising some critiques along the years: for example, Hermansen (1972) stresses the fact that “Myrdal’s theory tests the geographical dimension only indirectly and there is still a gap to be filled with respect to the theoretical manifestation of the spread of development” (Hermansen, 1972, p. 165). Significant work in this respect has been done by Friedmann (1972) who uses a postulate framework to state definitions and testable hypotheses relating to concepts of innovations, authority-dependency and behaviour to spatial core-periphery interaction. On the other hand, Richardson (1976) combines graphical and mathematical approaches to form a generalized “spillover model”. He treats spread and backwash dichotomously: spread is represented as a negative exponential function in which a logistic function of time is embedded; backwash is represented as a negative exponential function in which a quadratic function of time is embedded. The two functions are aggregated and integrated, thus resulting in the elimination of distance as a separate variable⁷.

Finally, Gaile (1980) points out that the most significant approach to research on these topics is that of formalizing theory: she separates backwash and spread processes from their resultant spatial impacts so that these processes are defined as “the complex set of processes (including government income and expenditure flows, private capital flows, trade, migration-commuting-employment expansion and the diffusion of innovation) whereby the level of development of a peripheral area is changed due to spatial relationships with a core area (Gaile, 1980, p. 23).

1.2.2. Albert Hirschman: exit, voice and loyalty

In his influential book “The Strategy of Economic Development” (1958), Hirschman, similarly to Myrdal, notes that an economy first develops within itself one or several regional centres of economic strength. He develops a model of two regions characterized by “polarization effects” and “trickling down effects” that correspond essentially to Myrdal’s backwash and spread effects. Actually, he proposes that growth sectors could change the rest of the economy through “linkage effects”: recalling what he defines “micro-Marxism” – to examine local, smaller-scale fusions of technology and production that have larger-scale social effects – he designs a complex inventory of linkage effects, some of which are more than just economic as they could be social and political. The result is the expansion of variables that could account for the varieties of pathways to capitalist development (Adelman, 2013).

⁷ For Richardson, actually, neither Myrdal nor Hirschman were very specific in identifying or quantifying backwash and spread effects. According to him, their models were devoid of explicit spatial content as flows, contacts and other interdependencies between any two units separated by space are attenuated by the frictions of distance. A further critique refers to some general observations on changes in spread and backwash effects during the course of development: “Myrdal held that backwash effects predominate and indeed may intensify due to cumulative causation forces, though he conceded that they might weaken in the later phases of development. Hirschman, on the other hand, argued that net backwash usually gives way to net spread at some time, perhaps reinforced by regional economic policies. Neither of these observations is very helpful in identifying precisely when net spread becomes positive” (Richardson, 1976, p. 2).

First of all, one crucial point that Hirschman (1958) underlines is the examination of how growth can be communicated from one region or one country to another. He takes for granted that economic progress does not appear everywhere at the same time and in the same way and that, once it has appeared, powerful forces make for a spatial concentration of economic growth around the initial starting points. Recalling Marshall's concepts of "external economies" and "industrial atmosphere" (Marshall, 1890), Hirschman stresses that the economic advantages of an area come from the location of existing settlements, but also from nearness to a growing centre where a particular "atmosphere" has come into being with its special receptivity to innovations and enterprises. On the other hand, he cites Perroux's theory of "growth poles" (1955)⁸, arguing that an economy, to increase its income levels, must develop within itself one or several regional centres of economic strength: "this need for the emergence of growing points in the course of the development process means that international and interregional inequality of growth is an inevitable concomitant and condition of growth itself. Thus, in the geographical sense, growth is necessarily unbalanced" (Hirschman, 1958, p. 183). However, while the growth pole theory is primarily a theory of disaggregate economic growth, Hirschman's theory deals with economic development, including not only economic variables but also the interrelations between these and certain social and cultural variables. Thus, although Hirschman differs from the French theory of growth poles, he is clearly expanding the notion of growth centre into a more broadly concept of regional economic development compatible with his theory of economic development seen as an essentially unbalanced process propagated through chains of disequilibria (Sharma, 1984).

However, in analysing the process of unbalanced growth, Hirschman argues that an advance at one point creates pressures, tensions and compulsions toward growth at subsequent points. This tendency may manifest itself along different lines: (1) geographic lines, with the resultant division of the world into developed and underdeveloped countries and the separation of a country into progressive and backward regions; (2) human and economic lines, with progress and tradition that exist in close spatial proximity because of the presence of different human groups and economic activities that exist side by side; (3) social and income lines, with new firms that rise (tailoring their output to the type of per-capita purchasing power and to the size of the market that have been revealed) in order to satisfy new groups' wants: in this, innovators are called to establish new industries or to perceive the development potentials of the backward regions of a country. What Hirschman underlines is that the external economies due to the growth poles are frequently overestimated by economic operators, giving an interesting social psychology reason for this

⁸ Perroux is concerned to explore the process by which economic activities, firms or industries appear, grow, stagnate and sometimes disappear. He is not interested in the geographical pattern of economic activities or geographical implication of economic growth, i.e. he is not concerned with the spatial aspect of development in a purely geographical sense: to Perroux, geographical space appears to be only one type of space. He maintains that it is possible to distinguish "as many economic spaces as there are constituent structures of abstract relations that define each object of economic science" (Hermansen, 1972, p. 21).

tendency: “the progressive sectors and regions of an underdeveloped economy are easily over-impressed with their own rate of development. At the same time, they set themselves apart from the less progressive operators by creating a picture of the latter as lazy, bungling, intriguing, and generally hopeless. Thus the successful groups and regions will widely and extravagantly proclaim their superiority over the rest of their country and their countrymen. It is interesting to note that to some extent these claims are self-enforcing” (Hirschman, 1958, p. 186).

Actually, Hirschman (1982) admits that he developed similar ideas to Myrdal: Myrdal’s principle of cumulative causation seeks to understand the reasons for income disparities within countries (but also between countries), with the possibility of further impoverishment of the poor region that is largely based on the fact that this region loses its resources and assets, such as the migration of its skilled people and the destruction of its handicrafts and industries. In Hirschman’s own words (1982, p. 63), Myrdal’s “backwash and spread effects” become “polarization and trickling down effects”, respectively.

In particular, once growth begins in one part of the national territory, it sets in motion certain forces that act on the remaining parts. And in examining these direct interactions, Hirschman calls “North” the region which experiences growth and “South” the one that remains behind. The growth of the North has both direct adverse and favourable economic repercussions on the South: some disadvantageous consequences reside in polarization effects (Myrdal’s backwash) such as the depression of Southern activities in manufacturing and exports as a result of Northern competition and the bad bargain of the South since it has to buy Northern manufactures produced under new tariffs, instead of similar goods previously imported from abroad at lower prices (of course, to the extent that the North industrializes along lines in which there is no Southern production). In a similar vein to Myrdal, Hirschman observes that a further polarization effect consists in the internal migration that follows up the economic advances of the North: instead of absorbing the disguised unemployed, Northern progress deprives the South of its key human resources (such as technicians, managers, entrepreneurs, etc.), being an undesirable consequence for the country as a whole.

On the other hand, the favourable consequences consist in trickling down effects (Myrdal’s spread) of the Northern progress such as the capacity of the North to absorb some of the unemployed of the South, the raise in the marginal productivity of labour and per-capita consumption and the increase of Northern purchases and investments in the South. However, this increase is sure to take place if the economies of the two regions are complementary: in fact, the effects of trickle down forces are largely dependent on the complementarities between the industries in the growth centre (North) and the hinterlands (South). In case of weak complementarities, the progress of growth centre may have unfavourable polarization effects on the hinterlands (Hermansen, 1972) and “this situation

of imbalance will tend to continue up to the point where the lagging region of the South begins to affect the North's growth, or where the South will seek to redeem the balance by political action or revolution" (Darwent, 1969, p. 18).

In this context, Hirschman considers two possible scenarios: (1) trickling down effects prevail over polarization effects, i.e. the North relies to an important degree on Southern products for its own expansion (for example, if the North specializes in manufacturing and the South in primary production, the expanding demand of the North may stimulate Southern growth); (2) polarization effects prevail over trickling down effects, i.e. it is possible that "the short-run supply elasticity is low in the South so that the terms of trade will move against the North" and that "the economic pressures to remedy such a situation are likely to assert themselves again" (Hirschman, 1958, p. 188). This means that industry becomes congested in the North and its complete expansion is impeded by the insufficient size of the home market resulting from the depressed income levels in the South. In a situation in which the polarization effects earn "a temporary victory" over the trickling down effects, Hirschman calls for the crucial role that economic policy-makers play in studying Southern development potentials in order to fully utilize the whole country's resources despite the balance-of-payments and other supply difficulties. In this regard, he is convinced that the most obvious manner in which economic policies may affect the rates of growth of different parts of a country is through the regional allocation of public investments. In this case, the government has two crucial roles in counteracting the polarization effects that result from the operation of market forces: primarily, it has to counterbalance the Northward migration of capital and labour from the South through the organization of a larger flow in the opposite direction; secondly, it has to balance the locational advantages, creating similar external economies in the South through public investments.

Despite many similarities between Hirschman and Myrdal's theories, some considerable differences persist. According to Hirschman (1982), Myrdal mainly fails to recognize that the emergence of growing points and of differences in development between regions is inevitable and it is a condition of further growth anywhere. On the other hand, Myrdal (1968) accuses both the "balanced growth" and the "unbalanced growth" schools to neither pay attention to the needs for induced changes in attitudes and institutions, nor to observe the productive effects of consumptions in underdeveloped countries⁹.

⁹ On the one hand, Myrdal criticizes Nurkse's balanced growth theory (1961) based on the thesis that markets are the principal limitation on growth and not on supplies. Myrdal's criticism moves from the fact that "if the creation of complementary markets as an inducement to invest were really the crucial development problem, it should ordinarily be fairly easy to solve. Final markets can be created by import restrictions and, though less easily, by export expansion" (Myrdal, 1968, p. 1932). On the other hand, Myrdal also condemns Hirschman (1958) doctrine of unbalanced growth and its focus on investment decisions with the implication that supplies will be forthcoming with relative ease if only the lack of decision-taking can be overcome. Conversely, Myrdal argues that it is true that the lack of entrepreneurs willing to venture into long-term investments is a serious obstacle to development, but there are also supply limitations and they are not overcome by unbalanced decision-taking (Myrdal, 1968).

However, both scholars argue that development enables more efficient spread-trickle down effects and warn that the possibility of the backwash-polarization effects to be stronger than the spread-trickling down effects must be taken seriously into consideration. But, while Hirschman opines in favour of the need for initial geographical imbalance through the creation of development centres, Myrdal takes the opposite stand and stresses that the mechanisms for spread effects should be strengthened from the outset. Furthermore, they both recognize the importance of the economic-political forces in affecting a North-South (or centre-periphery) rapprochement within a country or a region and the need for the emergence of such forces at the international level in order to narrow the gap between the developed and the underdeveloped countries. The only difference highlighted by Hirschman (1982) in this respect is that he values these policies as arising in reaction to the experience of polarization in contrast to Myrdal's view of *deus ex machina* policies.

Other than polarization and trickle down effects concepts, a further argument developed by Hirschman in "Exit, Voice, and Loyalty" (1970) is particularly important for the building of our theoretical framework and for the questions that this argument will arise.

Specifically, referring to "exit" and "voice", Hirschman focuses on the fact that members of an organization (mainly a firm producing saleable outputs for customers, but also organizations that provide services to their members without direct monetary counterpart such as voluntary associations, trade unions or political parties, even a nation or any other form of human grouping), have essentially two possible responses when they perceive that the organization is demonstrating a decrease in quality or benefit to its members: they can "exit" (withdraw from the relationship); or, they can "voice" (attempt to repair or to improve the relationship through communication of complaints or proposals for change).

The relative costs of voice and exit are of course crucial to any analysis: exit from one product to another may be costless, whereas complaining about the product may be very inconvenient. In general, voice is more costly than exit with less assured results, despite the fact that in some contexts exit may be very costly, for example in switching jobs or moving house (Dowding et al., 2000). Actually, Hirschman stresses that these two categories reflect the fundamental division between economics and politics (exit belongs to the former dimension, voice to the latter). In fact, referring to the relation between the customer and the business firm, the consumer who is dissatisfied with the product of one firm shifts to another and uses market to defend his welfare or to improve his position; and "he also sets in motion market forces which may induce recovery on the part of the firm that has declined in comparative performance. This is the sort of mechanism economics thrives on" (Hirschman, 1970, p. 15). This process is "neat", i.e. a customer either exits or not; it is "impersonal", i.e. there are no face-to-face confrontations between customers and firms; and it is "indirect", i.e. any recovery on the part of the declining firm comes from the market. In all these aspects, on the other hand, voice is just the opposite of exit as it is a clear political

action: it is a process that can be graduated; it implies the articulation of critical opinions; and it is direct and straightforward¹⁰.

What are particularly interesting in Hirschman's concept of voice are the conditions under which the voice option makes an effective appearance, either as a complement to exit or as a substitute for it. For members of an organization, voice means making an attempt at changing practices, policies and outputs of the organization to which they belong rather than to escape from it. There exist, according to Hirschman, different ways in which voice may be expressed: individual or collective petitions to the management directly in charge; requests to a higher authority aiming at forcing a change in management; various types of actions and protests, including those that aim to mobilize public opinion. In Hirschman's view, when the decline in the performance of a firm or organization leads to voice rather than to exit on the part of the discontented customers or members, the effectiveness of voice will increase with its volume. But "the discontented customers or members could become so harassing that their protests would at some point hinder rather than help whatever efforts at recovery are undertaken" (Hirschman, 1970, p. 31). However, the voice option is the only way in which dissatisfied customers or members can react when the exit option is unavailable, i.e. in social organizations such as family, tribe, state or church. Of course, compared to the exit option, voice is conditioned by the influence and the bargaining power that customers and members can bring within the firm from which they buy or the organization to which they belong to. "As voice tends to be costly in comparison to exit, the consumer will become less able to afford voice as the number of goods and services over which he spreads his purchase increases – the cost of devoting even a modicum of his time to correcting the faults of any one of the entities he is involved with is likely to exceed his estimate of the expected benefits for a large number of them" (Hirschman, 1970, p. 35).

In this regard, O'Donnell (1986) makes a distinction between vertical voice – talking to superiors or to a firm – and horizontal voice – talking to friends and neighbours. Hirschman (1986) suggests, however, that only vertical voice is costly and that horizontal voice brings expressive benefits as the former is subject to the collective action problem, while the latter not. Actually, Hirschman's definition of voice may operate across two distinct ways: the individual petition or the collective protest, with the latter that is subject to the well-known collective action problem (Olson, 1971). Barry (1974) criticizes Hirschman for not considering enough the problem of collective action in his cost-benefit analysis of the motives for exit and voice and suggests that concern for collective welfare is the only thing that can motivate someone to take part in a collective action. However, the idea of individual

¹⁰ Hirschman also categorizes organizations receiving information on member-customer's dissatisfaction essentially through exit (competitive business enterprises in relation to customers) and those receiving information through voice (family, tribe, nation, church, parties in non-totalitarian one-party system). On the other hand, he also clarifies which are the organizations where both exit and voice play important roles (voluntary associations, political parties, business enterprises selling output to a few buyers), or where, conversely, these options are actually excluded (parties in totalitarian one-party systems, terroristic groups, criminal gangs) (Hirschman, 1970, p. 120).

complaints for a private good and voice as part of some collective act for the good of a community are importantly different. In this meaning, Dowding et al. (2000) make an analytic distinction between two forms of voice: the “individual voice”, i.e. “the actions where the intention of the individual in acting is to bring about the desired effect solely through that action”; and the “collective voice”, i.e. “the actions where the intention of the individual in acting is to contribute to the desired effect through that action” (Dowding et al., 2000, p. 473).

However, other than exit and voice, Hirschman also recalls a third concept, that of “loyalty” as a means to understand the conditions favouring the coexistence of exit and voice. The presence of loyalty, in fact, makes exit less probable as it can be conceived as a postponement of the leaving option in spite of dissatisfaction. The importance of loyalty, then, is that it not only postpones exit and activates voice, but it also can neutralize, within certain limits, the tendency of the most quality-conscious customers or members to be the first to exit. Indeed, through loyalty, “members may be locked into their organizations a little longer and thus use the voice option with greater determination and resourcefulness than would otherwise be the case” (Hirschman, 1970, p. 76). Loyalty is also crucial as it involves the possibility of disloyalty that implies exit: when feelings of loyalty are absent, exit is essentially costless, except for the cost of gathering information about alternative products and organizations. Barry suggests that “loyalty does not normally mean a mere reluctance to leave a collectivity but rather a positive commitment to further its welfare by working for it, fighting for it and [...] seeking to change it. Thus, voice (as well as other forms of activity) is already built into the concept of loyalty” (Barry, 1974, p. 98).

Moving the focus from the single firm to the state, another important point in Hirschman’s theory is the relation between public (or collective) goods and the exit-voice option. Hirschman (1970, 1978), indeed, stresses that it is exactly public goods – in the meaning underlined in subparagraph 1.1.5 – to be considered as those attractions that reinforce members’ reluctance to leave from a society. In this regard, for a society, what is needed in order to avoid excessive migration of its members is to provide these attractions: “the availability in a country [...] of public goods serves to hold exit at bay and to increase loyalty. It is possible to visualize a state system in which, in spite of close contact and free movement of people and capital, exit would never assume threatening proportions because each country would supply its citizens with a different assortment of public goods, with emphasis on one area (or a cluster) as a special attraction for its own citizens” (Hirschman, 1978, p. 105). In this regard, as Young (1974) stresses, Hirschman’s contribution to a dynamic theory of public service organization contains many important aspects: he combines the consideration of political and economic forces; he isolates the key mechanisms of exit and voice, putting the focus on clients or consumers of an organization’s services as key element for effectively controlling organizational performance; furthermore, he identifies the essential channels through which organizations receive information about, and incentives to

improve, their performance; finally, he stresses that when these channels are not properly structured, organizational behaviour can be expected to deteriorate (Young, 1974).

Actually, the concept of public goods allows Hirschman to explain that in this kind of goods, there can be no real exit as a member values more damaging to get out rather than continuing, even in a situation of deterioration, disutility and discomfort. The prevention from the hypothetical damage of exit is exactly the benefit of loyalist behaviour and “if this benefit increases along with the cost of remaining a member, the motivation to exit needs not become stronger as deterioration proceeds, although undoubtedly our member will become increasingly unhappy” (Hirschman, 1970, p. 98). Paradoxically, this unhappiness and the loyalist behaviour occur when the public evil produced by the organization seems to increase or to reach intolerable levels: the longer one fails to exit, the more difficult the decision to exit becomes. But there is another element in the relationship between public goods and exit option that restrains members from exit: while in the case of exit from organizations producing private goods, exit ends the relationship between the customer-member and the product-organization, in the case of public goods, the member continues to care as it is impossible to get away from them entirely (as one remains a consumer of the external effects of public goods). Thus, in this case the alternative is not between voice and exit, but between voice from within and voice from outside after exit (Hirschman, 1970).

In conclusion, the theories of Myrdal and Hirschman pioneered the identification of the basic reasons why development is apt to be localised in space and to expose the nature and mechanisms through which development impulses are diffused from a limited number of urbanised regions to the rest of the country (Darkoh, 1977, p. 14)¹¹. In particular, Myrdal and Hirschman’s warnings about the predominance of backwash-polarization effects over spread-trickle down effects is particularly useful to explain the failure of some areas and their consequent depopulation, with the moving of strategic assets like capital and labour from these areas towards growing ones. Furthermore, the recognition of governments as institutions that should intervene with specific economic and political policies to reduce the distance, created by the market forces, between developed and underdeveloped areas, is also to be taken into account. However, a further consideration on the mechanisms that regulate the allocation and distribution of these crucial assets and resources and the failure both of the market and the state in playing the role of “fair allocator” is needed. For this reason, Karl Polanyi’s theories constitute the third pillar of our theoretical framework.

¹¹ Myrdal (1957), Hirschman (1958) and Friedmann (1973) are regarded as the most well-known protagonists of the core-periphery perspective in terms of regional differentiation, interaction and polarization. However, Friedmann (1966) develops his model, staying close to the real problems of regional development in geographical space and showing how deficient are the growth pole and growth centre theories in most respects, by a richer and more satisfying model of spatial incidence of regional economic development. His model was acclaimed as the first attempt to formulate a systematic and comprehensive spatial model of the growth centre concept (Darkoh, 1977). Friedmann states: “development occurring through a discontinuous but cumulative process of innovation, will tend to have its origin in a relatively small number of centres of change located at the points of highest potential interaction within a communication field” (Friedmann, 1973, p. 51).

1.2.3. Karl Polanyi: redistribution, exchange and reciprocity

In the 2001 foreword to Polanyi's "The Great Transformation: The Political and Economic Origins of Our Time" (1944), Stiglitz underlines that despite more than fifty years were passed from the publication of this book, the issues and perspectives raised by Polanyi have not lost their importance. Indeed, Polanyi's central theses about self-regulating markets that do not work, the need for governments intervention to reduce markets' deficiencies and the pace of change are of central importance in determining socio-economic and political consequences nowadays. In this regard, Polanyi demonstrates that economic doctrines which state that markets, by themselves, lead to efficient and equitable outcomes, have little historical support: as information is imperfect and markets are incomplete, external (governmental) interventions are necessary to improve the efficiency of resource allocation.

First of all, as Dale (2010) underlines, the meaning of "market" for Polanyi includes an aggregation of sites into a system, involving repeated exchanges of commodities; a mechanism that determines the production and distribution of resources through supply-demand feedback (which Polanyi refers to as "a price-making market system"); and an "institution that coordinates ex post the strategies of multiple traders whereby each is independent, but all are interrelated through their contributions to the process of price formation upon which the behaviour of each depends" (Boyer, 1997, p. 62).

From here, Polanyi emphasizes that the entire tradition of modern economic thought rests on the concept of the economy as an interlocking equilibrating system of integrated markets that automatically adjusts supply and demand through the price mechanism. Polanyi's objective is to demonstrate that this concept clearly differs from the reality of human societies throughout recorded human history. In this regard, the concept of "embeddedness" is crucial: it expresses the idea that the economy is not autonomous, but subordinated to politics, religion and social relations. Using an institutionalist language, it is possible to argue that "transactions depend on trust, mutual understanding and legal enforcement of contracts" (Stiglitz, 2001, p. *xxvii*). And this circumstance of embeddedness in which the economy is subordinated to society was actually the reality of the capitalist system until the nineteenth century, when a "great transformation" based on the system of self-regulating markets implied the subordination of the society to the market logic. According to Polanyi: "ultimately that is why the control of the economic system by the market is of overwhelming consequence to the whole organization of society: it means no less than the running of society as an adjunct to the market. Instead of economy being embedded in social relations, social relations are embedded in the economic system" (Polanyi, 1944, p. 60).

Polanyi also identifies the precise moment in human history in which this great transformation happens: the English Industrial Revolution. Prior to market society, actually, economic activities were a subordinate part of the general process of social reproduction. Although there existed various economic mechanisms such as trade, money, markets, prices

and so on, these were highly regulated and circumscribed by political authority and social tradition: political societies were not separated from the economic sphere. Even with respect to mercantilism, which relied mainly on markets to meet human needs, Polanyi says that “the economic system was merely an accessory feature of an institutional setting controlled and regulated more than ever by social authority” (Polanyi, 1944, p. 67): basically, economic activity was embedded in pre-capitalist society.

However, in the first years of the nineteenth century, English thinkers responded to industrialization by developing the theory of market liberalism, with its core idea that human society should be subordinated to self-regulating markets. Polanyi traces this belief to Ricardo and to the Manchester school of economics, viewing the New Poor Law of 1834 as an assault on the institutional framework. Thus, the Industrial Revolution represents the moment in which the entire fabric of society was about to be disentangled by “laissez-faire” policies and the majority of people recognized that such a development spelled disaster in their lives (Brown, 1990). The crucial “transformation” is represented by the fact that, for the first time in history, all the elements of industry were recognized and organized in markets, identified as commodities, defined as objects produced for sale and subject to the supply-demand and price mechanisms. “In practice this means that there must be markets for every element of industry; that in these markets each of these elements is organized into a supply and a demand group; and that each element has a price which interacts with demand and supply” (Polanyi, 1944, p. 75).

The fact that there are markets for all elements of industry implies that also some essential elements that in origin were not thought for sale have their markets. Specifically, labour, land and money – Polanyi underlines – originally were not “real” commodities as they cannot be bought and sold, being not produced for sale as typical commodities. In fact, labour just indicates a human activity which is neither produced for sale nor stored or mobilized; land stands for nature, which is not produced by man; and money is another name of purchasing power which is not produced at all, but exists through the mechanism of banking or state finance. As “self-regulation implies that all production is for sale on the market and that all incomes derive from such sales” (Polanyi, 1944, p. 69), also labour, land and money have their prices called respectively wages, rents and interests, but, as none of them is produced for sale, their commodity description is “fictitious”. Thus, the fact that these elements were turned into pure commodities leads to the disembedding of the economy from society, not only with the consequent separation of the economic sphere from the state, but with the former which tends to dominate the latter¹².

¹² In this regard, Polanyi also traces the collapse of peace that led to World War II and the collapse of economic order that led to the Great Depression to be the direct consequence of attempting to organize the global economy on the basis of market liberalism. The second “great transformation” – the rise of fascism – is a result of the first one – the rise of market liberalism. In fact, he attributes the origins of fascism back to the belief in a self-regulating market mechanism not embedded in an institutional framework of non-market social relationship (McRobbie and Polanyi-Levitt, 2000). For Polanyi, fascism solved the problem of the rampant

In Polanyi's view, creating fully self-regulating markets for labour, land and money assures the destruction of both the society and the natural environment. It is precisely this process that leads Polanyi to define the self-regulating market economy as a "utopian" project: "our thesis is that the idea of a self-adjusting market implied a stark Utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness" (Polanyi, 1944, p. 3). In such a society all members (whether business owners or workers) in fact, are reduced to conformity with the forces and conditions of supply and demand, implying that all human needs are fulfilled through the process of exchange and each person's fortune will rise or fall with the dictates of the market. For this reason, capitalism as a market society is no longer a political society, as it implies "institutionally separating economic activity from other spheres of social life...and positing the production of wealth on an ever growing scale" (Markus, 1979, p. 272). This leads Polanyi to return to economic anthropology to show that reliance on a supposedly self-regulating market is a feature only of a particular society and that the classical and neoclassical economic theory developed in that market society does not apply to other societies (Stanfield, 1986)¹³.

Thus, "The Great Transformation" provides a powerful critique of market liberalism and of its belief that the economy should be organized through self-regulating markets. As underlined, according to Polanyi, what distinguishes capitalism from all previous societies is the emergence of a separate and autonomous economic sphere in which the economic motives of fear of hunger and desire for wealth become the driving forces of the system so that economic activity is no longer subordinated to social or political control in such a movement (Brown, 1990). However, it is precisely this critique to the disembedded economy to provide the source of Polanyi's argument about the "double movement": because efforts to disembed the economy from society inevitably encounter resistance, market societies are constituted by two opposing movements, namely the "laissez-faire movement" to expand the scope of the market and the "protective countermovement" that emerges to resist the disembedding of the economy.

On the one hand, the tendency towards the disembedding of economy from society and towards a society of self-regulating markets, forms the first movement which has no historical precedent: "nineteen century civilization alone was economic in a different and distinctive sense, for it chose to base itself on a motive only rarely acknowledged as valid in

market by destroying democracy and this leads to the conclusion that democracy cannot survive to an excessively free market and that containing the market is the task of politics (Kuttner, 2017).

¹³ In this, Polanyi and Lukacs share the belief that market society has destroyed essential organic bonds that held together the substance of pre-capitalist societies. For Lukacs, the fragmenting effects of capitalist markets left their imprint on the consciousness of both workers and capitalists. He maintains that decentralized decision-making of self-regulating markets not only depoliticizes economic activity but results in obscuring the totality of social relations. Accordingly, markets have a way of narrowing consciousness and eclipsing the understanding that capitalism is a social relationship. This became Lukacs's theory of reification (Lukacs, 1971).

the history of human societies...namely, gain” (Polanyi, 1944, p. 30). Polanyi’s first movement is simply the tendency in the emergence of market society for all aspects of social life to be subsumed under the competitive forces of supply and demand: it is the movement towards a self-regulating market economy in which all prices are determined in markets.

On the other hand, however, this first movement is simultaneously met by a countermovement of equal significance. The countermovement, or what Polanyi calls the “protective response”, results because the prospect of a totally disembedded, self-regulating market economy would create tremendous insecurity and social anxiety, both material and emotional, in all those social groups whose livelihood would be subjected to the market forces. Consequently, “society protected itself against the perils inherent in a self-regulating market economy” (Polanyi, 1944, p. 76): people retreat from the assumptions of market self-regulation to save society and nature from destruction, trying to avoid social disintegration and to revert the economy to a more embedded position¹⁴. Even more important is the fact that market liberalism makes demands on ordinary people that are simply not sustainable: “workers, farmers, and small business people will not tolerate for any length of time a pattern of economic organization in which they are subject to periodic dramatic fluctuations in their daily economic circumstances” (Stiglitz, 2001, p. *xxxiii*). In short, people will not tolerate shocks and turbulences caused by the *laissez-faire* movement and will mobilize through a countermovement in order to protect themselves from these economic shocks¹⁵.

The mass resistance of protective response is, in effect, an unconscious effort to re-embed economy back into society: it manifests itself by “relying on the varying support of those most immediately affected by the deleterious action of the market – primarily, but not exclusively, the working and the landed classes – and using protective legislation, restrictive associations, and other instruments of intervention as its method” (Polanyi, 1944, p. 132). Consequently, as Polanyi argues, the “protective response” is expressed primarily by the actions of diverse social groups whose fear of market lead them to support state intervention: the primary vehicle of the protective countermovement is the capitalist state which intervenes in order to impede that the economy becomes completely disembedded¹⁶.

¹⁴ According to Polanyi, the social history in the nineteenth century was the result of this double movement: “while on the one hand markets spread all over the face of the globe and the amount of goods involved grew to unbelievable dimensions, on the other hand a network of measures and policies was integrated into powerful institutions designed to check the action of the market relative to labor, land, and money”. Indeed, while the organization of world commodity markets, world capital markets and world currency markets gave a great impulse to the mechanism of markets, society movements raised in order to resist to the effects of a market-controlled economy and to protect themselves against the perils of a self-regulating market system (Polanyi, 1944, p. 79).

¹⁵ In Polanyi’s view, the countermovement against economic liberalism and *laissez-faire* possesses all the characteristics of a spontaneous reaction. “Even in the settlement of one of the same problem as in the case of workmen’s compensation, solutions switched over from individualistic to “collectivistic”, from liberal to antiliberal, from “*laissez-faire*” to interventionist forms without any change in the economic interest, the ideological influences or political forces in play, merely as a result of the increasing realization of the nature of the problem in question” (Polanyi, 1944, p. 156).

¹⁶ According to Stiglitz (2001), in Polanyi’s view the state must play a specific on-going role in order to avoid the complete self-regulation of the market: in the case of labour, the state has to adjust the supply of money to

Definitively, Polanyi's double-movement thesis is concerned not only with the fragmenting effects of markets on consciousness, but on existence itself: he does not focus on the class dimension of capitalism, but rather on its market dimension. What is essential for Polanyi is that the emergence of self-regulating markets as primary mechanism for social reproduction actually threatens the existence of society itself (Brown, 1990). However, the key step is to reverse the belief that social life should be subordinated to the market mechanism so that the path would be open to subordinate both national economies and the global economy to democratic politics. Again, Polanyi sees the expansion of the role of governments both domestically and internationally as indispensable for managing the "fictitious commodities", especially through the de-commodification of land, labour and money that can affirm the societal control over the market and a re-embedding of economy in society (Lacher, 1999).

A further advancement in Polanyi's theory is formalized in "The Livelihood of Man" (1977), where he returns on "changing place of the economy in society" and rethinks some important questions about the nature and organization of the economy in primitive, ancient and modern societies. In particular, Polanyi stresses the concept of "integration" that "is present in the economic process to the extent that those movements of goods and persons which overcome the effect of space, time, and occupational differentials are institutionalized so as to create interdependence among the movements" (Polanyi, 1977, p. 35).

Although Polanyi explicitly refers to these forms of integration as stated above, it has been argued that they can be identified as types of the economy's social organization of acquisition and allocation of productive resources. Indeed, they serve to locate the economy in society, identifying the kinds of institutional sanctions (social, political, economical) that fix the rights and obligations between persons in the economic process (Pearson, 1977). Forms of integration thus designate the institutionalized movements through which the elements of economic process – from material resources and labour to the transportation, storage and distribution of goods – are connected. The forms of integration in the human economy that Polanyi identifies are: redistribution, exchange and reciprocity, explaining that it is possible to imagine them as "diagrams representing the patterns made by the movements of goods and persons in the economy, whether these movements consist of changes in their location, in their appropriation, or in both" (Polanyi, 1977, p. 36).

On the one hand, "redistribution stands for a movement towards a centre and out of it again, whether the objects are physically moved or only the disposition over them is shifted" (Polanyi, 1977, p. 36). Thus, the redistribution takes place and proceeds from an established

avoid inflation and deflation, manage the shifting of the demand for employees by providing assistance in periods of unemployment, educate and train future workers, seek to influence migration flows, etc.; in the case of land, governments have to maintain continuity in food production by a variety of devices that protect farmers from fluctuating harvests and volatile prices, while in urban areas they have to manage the use of the existing land through both environmental and land-use regulations. When state policies move in the direction of disembedding, relying more on market self-regulation, ordinary people are forced to bear higher costs: workers and their families become more vulnerable to unemployment, farmers are exposed to greater competition from imports and both groups are required to deal with reduced assistance (Stiglitz, 2001).

centre, implying not an individual pattern of behaviour, but a dependence on the prior existence of this recognized centre. So, the allocation of goods (including land and natural resources) are collected in one hand and distributed by customs, laws or central decisions to the members of a group (or a society). In this regard, redistribution occurs until there are channels through which the movement toward the centre and the subsequent movement away from it can happen, implying, of course, some degree of centrality. Polanyi stresses the fundamental importance of the central organization, not only politically but also economically speaking, taking as example the taxation system in modern states as a form of redistribution. The centrality of the redistributive pattern, indeed, refers to the fact that the power to determine rights and obligations is located at an identifiable centre, from which these goods (or resources) are distributed through formal rules and the presence of an authority that orders the movement of things between persons (Pearson, 1977).

Secondly, in Polanyi's view, "exchange represents a movement in a similar sense [to redistribution], but this time between any two dispersed or random points in the system" (Polanyi, 1977, p. 36). The system Polanyi refers to is actually a market system from which exchange depends as it is an institutional pattern which does not originate in random individual actions, but from the collective actions of persons in structured situations.

The logic behind exchange is a two-way movement of goods between persons oriented toward the gain, i.e. people exchange goods on the assumption that each makes the most of it. Bargaining is of essential importance here, not only because it is the only way each person can make sure he is gaining, but also because it is a behavioural pattern required by the mechanism of the market. However, this principle of behaviour, in order to become effective, requires the presence of an institutional structure: the self-regulating market. Thus, as the essential characteristic of exchange stands on the way in which rights and obligations are determined, the institutional instruments of markets, money and prices provide "a self-contained mechanism through which rights are constituted, interest represented, and conflicts adjusted" (Pearson, 1977, p. xxxiii). In this logic, the rights to acquire and allocate resources are generated in buying and selling activities that engage people in the market; interests are represented in markets open to all persons who possess the necessary means; and conflicts are resolved by the movement of prices.

On the other hand, Polanyi describes reciprocity as "the movement of goods and services (or the disposal over them) between corresponding points of symmetrical arrangement" (Polanyi, 1977, p. 36), implying the presence of two or more symmetrically placed groups whose members can behave similarly toward one another in economic matters, as Polanyi himself clarifies.

Actually, the central characteristic of this type of organization is the fact that the movement of resources in and out of the economy is to be found in the societal structure that has the function of ordering relations among people in the economic process. This reciprocity situation is typical of relations in the family, in the kinship system, but also between friends,

neighbours, members of voluntary associations, peer groups and the like. “The central point here is that in reciprocity situations the goods and persons movements and the sanctions regarding productive use of material resources derive from the behavioural requirements or expectations imposed by the particular kinship system, community, friendship circle, or associations involved” (Pearson, 1977, p. *xxxiii*). Thus, the movement of resources in the economic process is determined by the general expectations about the behaviour imposed by existing and functioning social institutions, implying the fundamental importance of behavioural norms that characterize a particular social structure.

Definitively, as Polanyi observes: “only in a symmetrically organized environment will reciprocative attitudes result in economic institutions of any importance; only where centres have been established beforehand can the cooperative attitude of individuals produce a redistributive economy; and only in the presence of markets instituted to that purpose will the bartering attitude of individuals result in prices that integrate the economic activities in the community” (Polanyi, 1977, p. 38).

However, these forms of integration do not represent necessarily precise stages of development: Polanyi argues that tribal societies practiced reciprocity and redistribution, while archaic societies were predominantly redistributive, even though they also had room for exchange. Redistribution, in particular, grew in the later Roman Empire and gained ground in modern industrial states, while the dominance of exchange rose with the nineteenth-century economy of the West, when labour, land and money were turned into commodities to be purchased in the market (Polanyi, 1977). Actually, it is working on these economic systems, that Polanyi gives another basis to demonstrate that free market is not a natural condition and that markets in fact do not have to overwhelm the rest of society. On the contrary, many early cultures effectively combined market and non-market forms of exchange: his subjects included the slave trade of Dahomey and the economy of ancient Athens, which demonstrated that elements of redistribution, reciprocity and market exchange could be effectively fused into an organic whole (Kuttner, 2017).

On the other hand, the principles behind these three forms of integration can be identified in: (1) the rational control towards collective ends of formal rules and central authority (redistribution); (2) the economically rational self-interest of exchange relations (exchange); and (3) the mutuality typical of the societal dimension of face-to-face affective relationships (reciprocity). Taken in this sense, they might be termed as the political, the economical and the social principles of order in society, each with its typical mode of organization, values and logic of operation (Pearson, 1977). “Our society [...] is an exchange order because the market-money-price complex remains the primary mode of structuring the relations between persons, not only in the substantive economic sphere, but in and between most of the generic spheres of activity” (Pearson, 1977, p. *xxxv*). Although such spheres like education, religion, politics and the like are, for the most part, not “naturally” structured through market relations, are today deeply involved in the dominant market exchange mode.

In conclusion, with reference to our theoretical framework, in a situation in which the self-regulating market disentangles itself from society and erodes humanity and reciprocity in relations and where state-centred policies of redistributive nature (introduced through the public sector to defend the social system from the damaging effects of the market approach) are not effective in restoring the central role of society, new and different mechanisms and actors seem to raise in order to reduce these negative effects. In particular, when both the redistribution (state-led approach) and the exchange (market-led approach) mechanisms fail to efficiently allocate resources among all members of society (especially resources towards social aims), mechanisms of reciprocity and organizations that pursue objectives other than profit seem to be established in order to respond to state and market failures. In this regard, the role that these new organizations may play should be further emphasized in many respects: (1) in their ability to revitalize peripheral areas, attracting assets and resources from other areas as in Myrdal's concept of spread effects (Myrdal, 1957); (2) in their aptitude to give "voice" (Hirschman, 1970) to deprived communities, providing them with those tools for contesting the failure of both the state and the market in the supplying of economic, social and cultural resources and opportunities; and (3) in their capacity to efficiently allocate and distribute resources among members, non-members and the community in general through the mechanism of reciprocity that overcomes the limits of redistribution and exchange (Polanyi, 1977).

A summary table about Myrdal, Hirschman and Polanyi's main concepts and critiques follows (Table 2).

Table 2. Summary table about Myrdal, Hirschman and Polanyi's main concepts

References	Concepts	Critiques
<p>Myrdal (1944, 1957, 1968)</p>	<p>Circular cumulative causation: a multi-causal approach where core variables operate as positive feedback processes, or as negative feedback effects</p> <p>Backwash effects: if one particular area starts growing, it causes the gravitation of people, human and physical capital from other parts of the country</p> <p>Spread effects: economic development effects in a place spread to its suburbs and neighbouring areas, provoking favourable impacts of growth</p>	<p>Myrdal's theory tests the geographical dimension only indirectly: there is a gap to be filled about the theoretical manifestation of development (Hermansen, 1972)</p> <p>A postulate framework is used for concepts of innovations, authority-dependency and behaviour to spatial core-periphery interaction (Friedmann, 1972)</p> <p>Backwash and spread effects are defined as processes whereby the level of development of a peripheral area is changed due to spatial relationships with a core area (Gaile, 1980)</p>
<p>Hirschman (1958, 1970, 1986)</p>	<p>Growth centres: to increase its income levels, an economy must develop within itself one or several regional centres of economic strength</p> <p>Exit-voice: organizations' members can withdraw from the relationship (exit) or attempt to repair it (voice)</p> <p>Loyalty: the presence of loyalty favours the coexistence of exit and voice, especially retarding or avoiding exit</p>	<p>Hirschman's theory does not pay attention to the needs for induced changes in institutions nor to observe the productive effects of consumptions (Myrdal, 1968)</p> <p>The problem of collective action in cost-benefit analysis of the motives for exit and voice is not considered enough (Barry, 1974)</p> <p>An analytic distinction between individual voice and collective voice is needed (Dowding et al., 2000)</p>
<p>Polanyi (1944, 1977)</p>	<p>Embeddedness: the economy is not autonomous but subordinated to politics, religion and social relations</p> <p>The great transformation: in the 19th century a system of self-regulating markets implied the subordination of the society to the market logic</p> <p>Integration: movements of goods and persons which overcome the effect of space, time and occupation and that create interdependence</p>	<p>Polanyi's idea of modern social order fails to consider individuals, behaviours and social organization patterns (Holzman, 2012)</p> <p>The analysis of a man who remained subject to the dynamics of an unprecedented social order represents not a fundamental shift in the nature of human society (Hechter, 1981)</p> <p>The inversion of social and economic ends appears superficial as there is no reason for the irreversibility of the institutional conditions of modernity (Holzman, 2012)</p>

Conclusion to chapter I: research questions and applications

Once we have identified Myrdal, Hirschman and Polanyi's theories as the theoretical skeleton of this contribution, we now turn to apply their main concepts to the urban scale in order to get closer to the specific argument of the thesis and in particular to identify the research questions that will be addressed during the research.

On the one hand, the concepts of backwash and spread effects and polarization and trickling down effects underlined by Myrdal (1957) and Hirschman (1958) as sources of development-underdevelopment may be applied not only to regions or countries, but also to urban areas. Actually, several scholars recognized the presence of these sources at the urban scale in the concepts of "centripetal and centrifugal forces" which were first applied to the geographical sciences by Colby (1933) and that correspond to Myrdal's backwash and spread effects and to Hirschman's polarization and trickling down effects. Colby's article "Centrifugal and Centripetal Forces in Urban Geography" (1933)¹⁷, indeed, represents a turning point in the conceptualization of centripetal and centrifugal forces as key elements explaining the forming and development of cities, with reference to the foundations of Newtonian mechanics as a background against which the socio-economic urban development of an area can be explained.

Colby stresses that the contemporary city is a dynamic organism constantly in a process of evolution that involves both a modification of long-established functions and the addition of new functions. Such practical developments call for new functional forms, for modification of forms previously established and for extensions and realignments of the urban pattern. Apparently these developments of functions, forms and patterns are governed by a definite set of two groups of forces: the first group includes powerful centripetal forces which hold certain functions in the central zone and attract others to it; the second group is made up of the centrifugal forces which induce functions to migrate from the central zone of a city towards its periphery.

In his research activity, Colby tabulates examples of these movements in order to recognize the forces responsible for them and arrives to the conclusion that while the centripetal forces "focus on the central zone and make that zone the centre of gravity for the entire urbanized area", the centrifugal forces "are made up of a combination of uprooting impulses in the central zone and attractive qualities of the periphery" (Colby, 1933, p. 1). However, as Colby clarifies, centripetal and centrifugal forces are continually in conflict: "in some cases one set of forces is so strong that there is little or no question about the position which a function occupies or should occupy in the urban pattern. In other cases, the matter is uncertain. In still others, the forces have divided the function into two parts, one remaining in the central zone, the other seeking a location in the periphery" (Colby, 1933, p. 18). In order to discover the individual impulses at work and to facilitate the classification of centripetal and

¹⁷ The research on centrifugal and centripetal forces counts four stages: up to 1933, i.e. prior to the publication of the fundamental work of Colby; from the 1930s to the 1980s-1990s, when the dividing line was marked by the new economic geography (Krugman, 1991); from the 1980s-1990s to 2010, designated symbolically by the work of Batty (2013) who proposed a "new science about cities"; the contemporary period (Krzysztofik, 2016).

centrifugal forces, Colby – as many other geographers – divides an urban area into three zones: an inner or nuclear zone; a second or middle zone; and an outer or peripheral zone. Colby demonstrates that urban functions migrate from a zone of a city to another and from one part to another of the same zone.

More deeply, in Colby's view, the centripetal forces in urban development focus on the central zone of the city where the number and complexity of urban functions increase greatly. Functional congestion needs complex functional forms and frequent adjustments in the zone's pattern as well as high land values are in harmony with the intensive use of land. It is precisely this intensive use of land to indicate that the central zone possesses assets and qualities that make it highly attractive to many functions. Colby classifies these attractive qualities – that are per se centripetal forces – into five groups: (1) the site attraction, i.e. the features of the natural landscape that invite occupancy (e.g. the accessible waterfront of Manhattan in New York); (2) the functional convenience, i.e. the convenience in remaining in the central zone due to the fact that it is the focal point not only for the main arteries in the urban pattern, but for all systems of rapid transit, especially for the regional railways and arterial highways (this type of functional convenience makes that the central zones of cities like London, Berlin or Paris are focal points not only for the region they dominate, but also for two or more regions); (3) the functional magnetism, i.e. the concentration of one function in the central zone that operates as a powerful magnet attracting other functions (e.g. the financial centre of the "City" in London); (4) the functional prestige, i.e. a centripetal force whose origin and continuance rests on the strength gained from a combination of functional convenience and functional magnetism (e.g. the fashion and high-class shopping district of Via Montenapoleone in Milan); (5) the human equation, i.e. a simultaneous centripetal and centrifugal force characterized by the human desire for some people to be at the centre of things, and for others to move out of the inner area.

Conversely, centrifugal forces are in evidence in all parts of an urban area: the central zone of a rapidly growing city often shows evidences of expansion, while in the middle zone centrifugal activities may carry outward to the periphery or advance a movement towards the central zone. In general, centrifugal forces – which actually result in functional migration – involve displacing tendencies in central zones and attractive qualities in outer zones as they are the resultant of two components, according to Colby. The first component is an "urge to leave" as effect of several conditions within the central zone that encourage the migration of functions from the centre to the outlying parts of the urban area. The second component is an "invitation to come" represented by attractive qualities of the peripheral zone.

Colby stresses that the centrifugal forces are made up of a merging of these impulses so that the following six general forces are recognized: (1) the spatial force, under which congestion in the central zone uproots and the empty spaces of the outer zones attract; (2) the site force, under which the intensively utilized natural landscape of the central zone is opposed to the

little used natural landscape of the periphery; (3) the situational force which arises from unsatisfactory functional alignments in the central zone and the promise of more satisfactory functional arrangements in the periphery; (4) the force of social evaluation under which conditions such as high land values, high taxes and inhibitions create the urge to move from the inner zone, while low values, low taxes and freedom from restrictions represent the invitation to come to the outer zone; (5) the status and organization of occupancies in which things such as the obsolete functional-forms, the crystallized pattern, the traffic congestion and the unsatisfactory transportation facilities of the central zone stand in opposition to the modern forms, the dynamic pattern, the freedom from traffic congestion and the highly satisfactory transportation facilities in the outer zone; and (6) the human equation (as in the case of centripetal forces) which includes migratory impulses that arise from religious tenets, personal wishes, real estate booms, manipulated politics and the like (Colby, 1933, p. 10-11).

After Colby, however, the post-World War II period brought a certain relativization of these concepts, which were mainly adopted as determinants in empirical works. Philbrick (1957) states that the impact of centripetal and centrifugal forces is annexed to explanations based on field physics. Their essence has a local dimension and constitutes an evidence of the development of the city and its surroundings as being induced by gravity in the field of an urban centre. Bogue (1950) and Gottmann (1961) stress the “concept of metropolitan development”, with an account primarily taken of the role that centripetal forces play in shaping cities and urban agglomerations. New attempts and developments relating to centripetal and centrifugal forces arose in the 1960s and 1970s, with Labovitz and Gibbs (1964) who propose a concentration-deconcentration model based on two phases of development of cities and urban agglomerations (the so called “stratigraphic model”); while Friedmann and Miller (1965) suggest the “urban field concept” whose foundations were not only in the process or interaction of concentration and deconcentration, but also in the equivalence between them in the spatial or temporal sense. On the other hand, Hudson (1970) gives a brief description of the action of centripetal and centrifugal forces, in relation to time as well as space (the “linear model”), while Henderson (1974) and Clark (1977) underline a strong functionalist context. However, a great contribution in research on the role of centripetal and centrifugal forces in urban geography is given by Lawton (1976), who presents the action of these forces on the non-inertial sub-system level, emphasizing the spatial structure of a city in particular.

A further stage began in the 1980s and 1990s, when the explanation of the forces’ impact was largely based around assumptions in the new economic geography (Barnes et al., 2003). As reference, Fujita and Ogawa (1982) focus on external economies in business location and on the mutual interactions of centripetal and centrifugal forces. However, a breakthrough is provided in the explanations advanced by Krugman (1995, 1997) who highlights the natural and socio-economic attributes subject to the impact of city and region-forming centripetal and centrifugal forces. In the new economic geography, these forces constitute a background

to fundamental questions about the nature of economic existence of humankind on Earth (Fujita et al., 2001). A further important aspect involves the expansion of the field of research beyond the circular causation exposed by Myrdal and explaining that, in general, manufacturing is focused in areas with the largest market, albeit with the market being larger where industrial production is concentrated (Krugman, 1993).

Nevertheless, the most important reflection on the assumptions of the new economic geography is the statement that “it is the interactions between centripetal and centrifugal forces that shape the evolution of the structure of the spatial economy” (Fujita et al., 2001, p. 346). This thesis is also confirmed by Soja (2000), who underlines that these interactions should be seen on a number of different spatial-hierarchical scales, among which key interactions include city centre surroundings, one urban centre versus another of similar potential and the relationship between centres placed in different locations on the hierarchical scale. Despite the fact that Krugman’s division of real geographical and economic attributes acting on the basis of primary city-forming forces was generally accepted, his concepts received lively discussion and criticism (e.g. from Henderson, 1995; Isserman, 1995; Dymski, 1996), especially about the broader economic and spatial interactions, as well as on the issues of the functional typology of selected cities.

The potential next stage in the development of the concepts of centripetal and centrifugal forces relates to the proposal of Batty (2013). In his book “The New Science of Cities” (2013), he suggests an approach in which the development of cities and regions is seen from a mechanistic-thermodynamic perspective. This new science of cities adopts key assumptions of the new economic geography in terms of significance of centripetal and centrifugal forces in socio-economic and urban systems, especially in the concepts of centralization and decentralization, adding distinct augmentation by the thermodynamic aspect and combining the achievements of physicality with traditional urban geography.

Thus, as Krzysztofik (2016) emphasizes, from the perspective of classical (Newtonian) mechanics, centripetal and centrifugal forces are apparent, which is to say that their interactions exist only from the point of view of a non-inertial system, i.e. from a sub-system perspective. In physical terms, centripetal and centrifugal forces interacting in a sub-system are therefore a consequence of the actions of other forces, which are primary recognized as “gravity” and “recoil” (Knudsen and Hjorth, 2000). Thus, considering the city as a dependent sub-system of a general system (Luhmann, 2012) – as the city shows an even stronger interaction with a larger territory like the country or with the entire world as in the case of “global cities” (Sassen, 2001) – forces that determine the existence of such a socio-economic system are the primary physical forces of gravity and recoil (that are constant for the entire system), while the secondary centripetal and centrifugal forces are limited to the city’s sub-system (Krzysztofik, 2016). Centripetal and centrifugal forces, together with gravity and recoil, thus, co-create the material, energy and information reality in the

geographical space at the elementary level: “the centripetal force describes economic and social interactions and those relating to spatial infrastructure, whose direction is oriented from the hinterland or the impact area of the city to the inner city, or the city itself; the centrifugal force determines the type of economic or social interactions, or interactions involving spatial infrastructure, that are directed from the inner city, or the city itself, towards a defined area of direct impact” (Krzysztofik, 2016, p. 440).

On the other hand, many scholars have tried to apply Hirschman’s concepts of exit, voice and loyalty to different urban, political and social scales, also through empirical works. As reference, Ross (1988) provides a rigorous and comparative study of participation using data from ethnographic reports on ninety pre-industrial countries in which he argues that the structural conditions of participation are more important than socio-economic variables and levels of resources in a society. His regressions suggest that the range of participation (the degree to which collective decision-making affects people’s lives) increases with the centralization of power, while involvement (the degree of non-exclusion from decision-making) increases with decentralization. Ross tries to fit his results into the Hirschman’s framework, saying that the “shifts in power relations increase the costs of non-compliance, a form of exit” (Ross, 1988, p. 82) but also suggesting that exit is reduced by complexity in society since capital is less mobile which implies geographical exit.

Also urban scholars have made most use of the Hirschman’s framework, generally developed from the study of the relation between the exit-voice option and the public goods question. As reference, Tiebout (1956) points out that urban areas can be organized into heterogeneous, polycentric systems of many small communities whose individual populations have relatively homogeneous tastes for public goods. Such a model of organization allows citizens to locate in communities whose public service packages and tax burdens conform most closely to their individual preferences. In this model, equilibrium is developed via citizen mobility, under which local public goods are allocated in an approximately optimal fashion, analogous to the functioning of the marketplace for private goods. These local jurisdictions, thus, could compete for households by offering different tax-service packages: citizens would then “vote with their feet” by moving inter-jurisdictionally to the local government which offers the preferred tax-service mix. Tiebout finally states that, for a substantial portion of collective or public goods, if consumer-voters are fully mobile, the appropriate local governments, whose revenue-expenditure patterns are set, are adopted by the consumer-voter.

Other urban scholars have moved beyond Tiebout’s model (criticized because of the abstract principles of the unrestricted mobility across an urban area situated on a featureless plane and the perfect information assumption) to consider the effects upon exit possibilities on the quality of voice in terms of urban politics. For example, a study that follows directly from Hirschman overcoming Tiebout, is that of Young (1974) who uses a dynamic framework in

order to analyse organizational arrangements for public services such as sanitation, day care and juvenile corrections. Focus is on the consumer of services as the controlling agent with his principal means of expression, i.e. exit and voice: leaving the jurisdiction or dropping out of public service provision for private provision constitutes exit; while engaging in any form of collective action to improve services or making private complaints to public officials constitutes voice (Young, 1974).

Contrasting Tiebout, Young (1976) notes that other aspects of the exit-voice framework seem to contradict the efficacy of a system of many small jurisdictions, especially where mobility differs substantially among population groups. In particular, a polycentric system implies the presence of choice in selecting one's jurisdiction of residence and the potential use of exit as an ultimate response to deterioration of the services in the community. In a similar vein to Hirschman, Young argues that exit will first be used by mobile, high-income consumers who are more sensitive to quality than cost: these citizens will move to more expensive suburban jurisdictions leaving behind (and often effectively locking in) people who are less mobile, less quality-conscious and less able to utilize voice to repair the quality deterioration. For this reason, according to Young, the exit-voice theory suggests that it may be preferable to eliminate the exit option in such a system, i.e. to lock quality-conscious consumers into the same jurisdictions as their less quality-conscious compatriots. This could be affected by replacing the polycentric arrangement with a consolidated metropolitan government in which quality-conscious consumers, having nowhere to exit, would presumably use voice more effectively in checking general deteriorations in service.

Furthermore, the structure of this metropolitan area governance should be characterized by a basic organization choice: consolidation or diversity. Consolidation implies an organizational structure more dependent on the non-market forces of voice, while diversification involves increased reliance on the market-like forces of exit. However, Young stresses that a basic policy variable is whether public decisions are to be made by a few large organizations (i.e. units of government), or by many small ones. For this reason, the exit-voice framework is relevant along two dimensions of public policy: (1) the spatial dimension, where citizens can voice their opinion on the delivery of public services or exit by moving to a different jurisdiction; (2) the vertical dimension, which refers to the different possible arrangements in the delivery of public services and is clearly relevant not only to national public policy but also to local public policy (Young, 1976, p. 382).

Another important aspect refers to those actors of the community that are supposed to be closer to exit or to voice. As reference, Teske et al. (1993) affirm that high-income movers have more accurate information about local public services and taxes than low-income movers and non-movers. Not only the high-income households gather accurate comparative information before entering a community, but the fact that these households can exit, strengthens their voice so that they are able to raise the standards of public service provision

for everybody. Furthermore, “for understanding the local market for public goods, these citizens are the very people that communities have the strongest incentives to attract. As communities seek to attract these higher-income individuals, the resulting competition may benefit all citizens, including non-movers” (Teske et al., 1993, p. 709). On the other hand, governments, especially in polycentric regions, try to attract desirable businesses by providing services efficiently (e.g. by keeping their taxes low in relation to the services they deliver); businesses have strong incentives to make well-informed entry choices, reinforcing the concerns of high-income movers; finally, non-movers can also use local politics to change service delivery patterns and they are often assisted by “political entrepreneurs” who aggregate their collective voice (Schneider and Teske, 1992).

On the other hand, Sharp (1984) analyses the probabilities of having voiced, conditional on intentions to exit. She considers two types of voice: the first is contacts with local government officials, which she calls “individualistic” participation, and the second works with neighbours to solve problems, which she calls “communal” participation, following Verba and Nie (1972). Sharp stresses that specific intentions to move are associated with a large drop in the “communal” mode of participation among those with less education. Differently from Teske et al. (1993) who consider the income variable, Sharp views education as the leading variable for moving and concludes that “the better-educated may indeed have more mobility potential, but this does not interfere with their inclination to use voice when local government violates their preferences” (Sharp, 1984, p. 74). In fact, her analysis shows that exit without voice is a different response to local government problems among the better educated. In contrast, less-educated citizens who have the resources to move tend to do so without voice, thus magnifying the discrepancy in participation levels between the better educated and the less-educated (Sharp, 1984, p. 80).

Sharp’s analysis also shows that the loyalty option has different implications for higher-status and lower-status citizens: those lower-status citizens who are not mobile are most devoted to participate if they perceive worsening conditions. Conversely, higher-status citizens who stay in the community with the expectation that conditions will improve (the so called “loyalists”) participate at higher levels than their lower-status counterparts. Thus, local governmental effort to sustain the confidence of this community is more than a short-term strategy to hold off exit: it also provides the context for the largest gap between higher and lower status political participation.

Finally, for the building of our theoretical framework, two main points in Polanyi’s work should be stressed as we resonate in terms of urban phenomena: the relationship between economy and society and the mechanisms of the social organization of economic activities. The relationship between economy and society refers to how economic systems affect how individuals relate to one another. As observed, Polanyi argues that the economic system of the nineteenth century was institutionally distinct from the rest of society as the production and distribution of material goods (and resources) are carried on through a self-regulating

system of markets, governed by the laws of supply and demand and motivated by the hope of gain. This institutional arrangement is thus separated from the non-economic institutions of society (such as its kinship organization, its political and religious systems, etc.) and based on institutions that operate on purely economic incentives, activated through economic motives and governed by economic laws such as private property in the means of production and the wage system (Stiglitz, 2001).

Given this situation of disembeddness of economy from society, in Polanyi's view the society becomes subjected to the needs of the market mechanism, with the consequent raise of imperfections in the functioning of that mechanism that creates cumulative injuries in the social body. Of course, imperfections like long periods of unemployment, high levels of inequality and poverty have a disastrous effect on social cohesion and contribute to the rising levels of violence in many urban contexts of the world, also leading to phenomena of dominance of criminal organizations. In this context, privatization, liberalization and even macro-stabilization have been treated as the objectives of reform, without caring about "the number of individuals who were pushed into poverty, or the number of jobs destroyed versus those created, or on the increase in violence, or on the increase in the sense of insecurity or the feeling of powerlessness" (Stiglitz, 2001, p. *xvii*).

In particular, we can observe these phenomena in deprived and peripheral neighbourhoods of many contemporary cities around the world where poverty, criminality and unemployment have determined the failure of these urban areas. Polanyi, however, is convinced that the key step is to overturn the belief that social life should be subordinated to the market mechanism. And this change, implying the freedom from the market mentality, also depends on expanding the role of governments both domestically and internationally. According to Polanyi, a substantial governmental role is indispensable for managing the fictitious commodities, but he also refutes the claim that the expansion of government would necessarily take an oppressive form: "the passing of market economy can become the beginning of an era of unprecedented freedom. Juridical and actual freedom can be made wider and more general than ever before; regulation and control can achieve freedom not only for the few, but for all" (Polanyi, 1944, p. 265).

The mechanisms of the social organization of economic activities can be seen as a resource coordination problem. As observed, Polanyi associates economic activities in neoliberal systems with exchange and material gain, while social activities are normed by reciprocity; however, the subjugation of society to the self-regulating market implies that social relations become mediated by the exchange logic, with the consequent erosion of reciprocal behaviours across society (Hodgson, 2017). At the urban scale, in a situation in which both redistribution and exchange mechanisms fail in the efficient allocation of resources, which form of integration and actors may reach this objective?

Building on Polanyi's analysis, Borzaga et al. (2018) suggest that resource coordination in production systems may be characterized by the presence of a specific kind of enterprise: the

social enterprise¹⁸ not only makes use of cooperative pacts based on norms of reciprocity, but also pursues the return to the entanglement of social and economic spheres as its logic goes beyond the unique use of material resources and production of monetary outcomes.

Two aspects in this regard merit particular attention. First, social enterprises typically provide their members and non-members with social, health-related, educational, cultural, environmental and work integration services that were traditionally offered by both market-led and state-led solutions. The social aims these organizations pursue are close to the Polanyian idea of the primacy of society over the self-regulating market: while market coordination is functional to gain and is supported by self-interested monetary motivations, in social enterprises, individuals explore solutions beyond classic market-centred coordination tools and are driven by a plurality of motivations (Sen, 1987). In fact, despite social enterprises sell their services, resource coordination cannot be explained only by market exchange mechanisms because of the presence of pro-social motives and aims that work towards the allocation of these resources. In this regard, pro-social and non-monetary motivations of intrinsic nature (Ben-Ner and Putterman, 1998), cooperative pacts based on fair procedures and trust (Borzaga and Tortia, 2017; Moulaert and Nussbaumer, 2005), values of inter-generational solidarity – guaranteed by the nonprofit distribution constraint – and respect for the environment (Coraggio et al., 2015) are all elements traceable in social enterprises.

Second, social enterprises operate within market systems but because of their aims and economic features, they are not subjugated to the market mechanism as they give primacy to the social element, thus using the market without overtaking society. At the same time, social enterprises operate complementarily and in substitution to public welfare as recipients of public transfers from central authorities, becoming in this way part of the process of centralised re-distribution (Borzaga et al., 2018). At the city level, especially in economic systems where the idea of urban welfare provision is under large transformation, social enterprises (and third sector organizations in general through different methods, forms and tools) address unresolved community needs, absorbing the demand of part of the welfare services previously offered by the state and place themselves inside a renewed welfare system that integrates these organizations with state-centred redistribution. This last aspect is crucial for the identification of the research questions about the role that third sector organizations may play in the urban context and in the recognition of these actors as engines of urban socio-economic regeneration.

¹⁸ As we will see later, the social enterprise is an organization that “aims to generate social value through the private use and management of human and financial resources that are partially generated by market and quasi-market exchanges” (Borzaga, 2013).

In conclusion, indeed, merging Myrdal's backwash and spread effects, Hirschman's exit-voice problem and Polanyi's reciprocity mechanism, we can apply these concepts to the urban scale and formulate the following questions:

(1) Are third sector organizations¹⁹ able to attract resources in peripheral and depressed neighbourhoods of the city, being recognized as engines of urban regeneration and which mechanisms do these actors use in order to efficiently allocate these resources among local residents?

(2) When market and state forces fail to attract (or hold) citizens and impede (or stop) exit in particular neighbourhoods, are third sector organizations able to give "voice" to local communities' needs and requests and which tools do they utilize to foster social innovation?

(3) Which practices and policies should be implemented in order to enable third sector organizations to access the economic and social resources they need to effectively operate as providers of specific services and players of urban regeneration in depressed contexts?

Once we have identified the research questions of the thesis that emerge from the theoretical framework, we now move to a critical review of the literature about third sector organizations and the cultural and creative economy in order to show that a synthesis between these two approaches is possible and that new actors and different tools can be seen as urban regeneration engines, especially in contested and depressed neighbourhoods.

A summary table on urban scale's main concepts related to the research questions of this thesis follows (Table 3).

¹⁹ Specifically, we refer to art and cultural-based not-for-profit organizations.

Table 3. Summary table on urban scale's main concepts related to the research questions

Reference	Main concept	Research question
<p>Myrdal (1957) Hirschman (1958)</p> <p>Colby (1933) Krugman (1995) Batty (2013)</p>	<p>Backwash-spread effects and polarization-trickling down effects as sources of development applied to urban areas</p> <p>Centripetal-centrifugal forces as key elements explaining the forming and development of cities</p>	<p>Are third sector organizations able to attract resources in peripheral neighbourhoods of the city, being recognized as engines of urban regeneration and which mechanisms do they use in order to efficiently allocate these resources among local residents?</p>
<p>Hirschman (1970)</p> <p>Tiebout (1956)</p> <p>Young (1976)</p> <p>Sharp (1984)</p>	<p>Exit, voice and loyalty applied to urban, political and social scales</p> <p>Urban areas organized into heterogeneous, polycentric systems of small communities</p> <p>Exit-voice framework used along spatial and vertical dimensions</p> <p>Voice as contact with local governments or as neighbours solving problems</p>	<p>When market and state forces fail to attract (or hold) citizens and impede (or stop) exit in particular neighbourhoods, are third sector organizations able to give "voice" to local communities' needs and requests and which tools do they utilize to foster social innovation?</p>
<p>Polanyi (1944)</p> <p>Stiglitz (2001)</p> <p>Moulaert (2005)</p> <p>Borzaga et al. (2018)</p>	<p>Self-regulating markets as separated from non-economic institutions of society and based on purely economic incentives</p> <p>Disembeddness of economy from society as cause of poverty, unemployment, violence, failure of peripheral urban areas</p> <p>Social enterprises as actors of resource coordination through cooperative pacts based on norms of reciprocity</p> <p>Third sector organizations pursuing the entanglement of social and economic spheres, going beyond material resources</p>	<p>Which practices and policies should be implemented in order to enable third sector organizations to access the economic and social resources they need to effectively operate as providers of specific services and players of urban regeneration in depressed contexts?</p>

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Chapter II. Literature review

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Introduction

In this chapter we first focus on the critical review of the literature about third sector organizations, mainly looking at those entities that form part of this sector, the theories that explain their birth and development and the role they play both at social and economic level. Secondly, we concentrate on the literature review about the cultural and creative economy and its fundamental role in urban regeneration and local development. Finally, we try to synthesize both academic traditions around the common ground of social innovation, looking at those theories and practical experiences that underline how art and cultural-based third sector organizations may play a crucial role in urban, social and economic regeneration of depressed neighbourhoods.

First and foremost, what is the third sector? Actually, it comes under various names, such as the voluntary sector, the (private) non-profit sector, the social economy, etc., all with slightly different defining characteristics and with a large degree of overlap. Nevertheless, the definitions of the term may be subdivided into an “American” and an “European” view (although no neat geographical division exists): the former describes the sector as a “pure nonprofit” model, whereas the latter tends to take a “hybrid view” that sees the sector as characterized by organizations that essentially are mixtures of other kinds of social organizations (Corry, 2010).

In the present contribution, the starting point is the nonprofit literature firstly developed in the U.S.A. in the 1970s with the work of the Commission on Private Philanthropy and Public Needs (1973 to 1975), better known as the “Filer Commission” and the launch of the Yale University’s Programme on Nonprofit Organizations (1976) that mark a decisive step in the conceptualization of nonprofit organizations and sector. Since then, a vast scientific literature both in the U.S.A. and in Europe developed, with contributions from disciplines as diverse as economics, sociology, political science, management, history, law. It takes place particularly in journals like the “Nonprofit and Voluntary Sector Quarterly”, published by the Association for Research on Nonprofit and Voluntary Action; and “Voluntas” published by the International Society for Third Sector Research. Furthermore, some major contributions mark different stages of this literature: Weisbrod (1977, 1988), Hansmann (1980), Young (1983), James (1987), Rose-Ackerman (1996), Ben-Ner and Van Hoomissen (1991), Anheier and Seibel (1990), Salamon and Anheier (1998). On the other hand, more recent trends in the literature about third sector organizations have been developed in the European context, especially with focus on the concepts and notions of “social economy”, “social enterprises”, “social cooperatives”, “social regeneration and local development” and “social innovation”: Borzaga and Defourny (2001), Defourny and Nyssens (2008) MacCallum et al. (2009), Borzaga (2013, 2015), Moulart and Nussbaumer (2005, 2008), Moulart et al. (2013), Sacchetti et al. (2018). Going beyond the different views, however, it is undoubted that in the last decades the third sector has gained a great prominence in the fields of welfare provision, education, community development, urban regeneration, the arts and culture, marking a new phase in social, political and economic research.

2.1. The nonprofit literature in the American context

In the American context, Etzioni – who coined the term “third sector” in his “The Third Sector and Domestic Missions” (1973) – describes an alternative sector separated from the state and the market, themselves considered independent sectors: basically, if something is ruled neither primarily by the state logic nor by the market logic, it must be part of the third sector. And this neat separation is still accepted: a national economy can be conceptualized as having three sectors, namely, the public sector, a private economy and a third sector “with organizations established by people on a voluntary basis to pursue social or community goals” (Ridley-Duff and Seanor, 2008, p. 1)²⁰. For Etzioni, the third sector is characterized by value-driven action and commitment from individuals operating within it: in fact, if the state ultimately achieves compliance via coercion and sanctions (or the threat of them) and market organizations work through rewards or remuneration (or the threat of incurring costs), a third sector exists without either of those two mechanisms, relying on “the manipulation of symbolic rewards and deprivations, the power of persuasion and on appeals to shared values and idealism” (Lewis, 2001, p. 328).

In this view, it is not casual that also the term “nonprofit sector” is initially used during the 1970s in the U.S.A. (Salamon et al., 1999), again remarking the existence of a nonprofit sector that is separated both from the first sector of government and its agencies of public administration and the second sector of business private firms. Indeed, serious works on the economics of the nonprofit begin in this period in the U.S.A., reflecting the growth in the size and scope of the sector: by the late 1960s, the character of the nonprofit sector begins to change noticeably its structure and performance, assuming great importance for public policy, particularly in healthcare, hospital industry, education, performing arts, day-care and nursing home (Hansmann, 1987). And despite this expansion is strongly linked to partnerships with the government which supports these organizations, the American perception of the sector remains marked by anti-state attitudes as shown by the growing use of the term “independent sector” to refer to these entities (Deforuny, 2001).

Furthermore, the introduction of tax laws²¹ that legally delineate the nonprofit sector and the definition of the crucial constraint of “non-distribution” make that more research on the topic is provided. In particular, the non-distribution constraint becomes the cornerstone of the conceptualization of the nonprofit sector and the heart of all the literature on nonprofits, emphasizing that associations, foundations and voluntary organizations (depending on their specific legal and fiscal context) cannot distribute profits to either managers or owners.

As reference, Salamon and Anheier (1997), trying to define the nonprofit sector in a cross-national analysis, outline four major types of definitions: (1) the legal definition describes the

²⁰ This view is not restricted geographically to the U.S.A. – even though it has been widely associated strongly with researchers at The Johns Hopkins University in Baltimore, Maryland (Salamon and Anheier 1997).

²¹ In the U.S.A., nonprofit organizations are tax-exempt and eligible to receive tax-deductible gifts under Section 501 (c) (3) of the Internal Revenue Code.

nonprofit sector through a country's law and the legal form of the organization; (2) the economic-financial definition emphasizes the source of income of nonprofit organizations that "receive the bulk of their income not from the sale of goods and services of the market, but from the dues and contributions of their members and supporters" (Salamon and Anheier, 1997, p. 30); (3) the functional definition stresses the purposes of nonprofit organizations, mainly a broad public interest or a narrow set of group concerns that emphasize mutuality or solidarity as the central characteristic of these entities; (4) the structural-operational definition highlights the variety of structural features that characterize nonprofit organizations and it is considered as relatively economical and significant as it is not restricted to particular countries or settings.

Definitely, from this structural approach, Salamon and Anheier (1997) argue that the nonprofit sector can be defined as a sector made of a broad range of organizations that share five basic characteristics: (1) they are organized, i.e. they possess some institutional reality and involve groups of people who interact according to some procedures and pursue common purposes for a meaningfully extended period; (2) they are private, i.e. institutionally separated from government and able to dissolve themselves and to cease operations on their own authority; (3) they are non-profit-distributing, i.e. these organizations are subject to some formal or legal constraints that prohibit the distribution of any profit to directors, shareholders, employees, investors, members or other individuals, implying that the organization can compensate its employees for work performed, but is otherwise subject to a prohibition on any distribution of profits; (4) they are self-governing, i.e. they are equipped to control their own activities, policies and operations and to determine the basic mission and purpose, have their own internal governance procedures, are able to own assets, incur liabilities, engage in transactions, control the selection of the governing officials and have financial autonomy; (5) they are voluntary, i.e. "they involve some degree of voluntary participation, either in the actual conduct of the agency's activities or in the management of its affairs" (Salamon and Anheier, 1997, p. 9), implying that the participation with the organization is free of compulsion or coercion²².

From here, in the effort to understand the various facets of the organizations that belong to the nonprofit sector, it seems clear that the microeconomic theory of the firm is unsuited for such a task: firstly, a fundamental assumption of this conventional theory is the existence of property rights over profits, whereas, as underlined, nonprofit institutions cannot legally produce distributable earnings. Secondly, the theory of the firm assumes an enterprise whose income accrues from market transactions of one form or another, whereas many nonprofits

²² This is also the definition adopted by the United Nations Statistics Division (UNSD) in 2003 in the "Handbook on Nonprofit Institutions in the System of National Accounts". According to UNSD, nonprofit institutions could be identified and differentiated from other societal actors as: organizations institutionalized to some extent; non-profit distributing; self-governing, able to control their policies and transactions; private as separate from government; and non-compulsory, that is, involving some meaningful degree of un-coerced individual consent to participate in their activities (UNSD, 2003).

derive all or part of their revenues from non-market sources such as government grants and private donations, thus changing the whole nature of the transaction process. It is in the recognition of the above characteristics that the theory of nonprofit organizations has assumed increasing importance. In this regard, we now turn to present an overview of the existing theories of the nonprofit that mark the American literature.

2.1.1. The public goods theory

Several theories have been advanced to explain the economic role of nonprofit organizations, especially focusing on the demand side. One of the first general economic theories is offered by Weisbrod (1975) who develops an approach that attempts to explain the existence of nonprofit organizations in market economies. The very influential paper “Toward a Theory of the Voluntary Nonprofit Sector in a Three-sector Economy” (1975) lays the groundwork for what is known as the “public goods theory” of nonprofit organizations, an extension of public choice theories where public good problems are resolved by the collective action of the affected individuals (Weisbrod 1977, 1988).

Weisbrod’s theory, indeed, explains the existence of nonprofit organizations starting from two basic concepts: the “median voter” and the “demand heterogeneity”.

He argues that government officials, in seeking to maximize their chances of re-election, only satisfy the demand of public goods of the median voter – the largest segment of the demand for these goods within the electorate – leaving unmet the demand of those citizens and consumers with a greater level of demand. This unfilled demand for public goods may be satisfied by nonprofit organizations, which are established and financed by voluntary contributions of citizens who want to increase the quantity or quality of the public good. In Weisbrod’s view, in fact, a number of voluntary organizations “will supplement the public provision (which can be zero) and provide an alternative to the private sector provision of the private-good substitutes for collective goods” (Weisbrod, 1977, p. 59).

On the other hand, the “demand heterogeneity” is understood as the demand for public and quasi-public goods and the extent to which this demand is similar or different across the population in both quality and quantity of such goods. Thus, the amount of public goods provided by the nonprofit sector, as compared with the public sector, depends on the degree to which the latter is able to satisfy the diverse demands of its constituents. “The larger the quantity of collective good demand that is undersatisfied at the tax price scheme used by government, the larger the expected size of the voluntary sector, *ceteris paribus*” (Weisbrod, 1977, p. 61). But the important point Weisbrod identifies is that in a heterogeneous society, one would expect more nonprofit organizations than in homogeneous societies where the median voter segment of the demand curve for public goods would be much wider. Thus, the number of nonprofits is positively related to the increase in the diversity of a population: diversity not just in terms of ethnicity, language or religion, but also in age, lifestyle preferences, occupational and professional background, income, etc. (Anheier, 2014).

Going on, Weisbrod (1988, p. 14) recognizes the three key characteristics that distinguish nonprofit organizations: “(1) no one owns the right to share in any profit or surplus of a nonprofit; (2) nonprofits are exempt from taxes on corporate income; (3) some nonprofits receive a variety of other subsidies – donations to them are tax deductible and they are exempt from many other forms of taxation in addition to the tax on corporate profits”. He also investigates how these organizations finance themselves in relation to the kinds of the output produced and the consumers targeted. The goods and services that are a nonprofit output are of two types: a preferred output, which constitutes the organization’s social mission and provides the justification for government subsidies and tax exemption (it may be either collective or private aimed at a target population); or an ancillary good, which is produced only because of “the organization’s desire to raise revenue to finance its preferred goods” (Weisbrod, 1998, p. 61). Consequently, three are the sources of revenues for nonprofits: (1) donations of money and time from individuals, corporations, foundations and governments; (2) user fees, namely, charges to people who receive mission-related private services; (3) sale of ancillary goods and services (i.e. not mission-related).

Some critiques have been moved to the theory of public goods: Hansmann (1987), for example, argues that Weisbrod’s theory works best when applied to near public goods as nonprofit provision is substituted for government provision under conditions of demand heterogeneity for the public good in question. But the theory does not fit if we refer to nonprofit services that are quasi-public goods and allow for exclusion and rivalry: for Hansmann, the critical weakness in Weisbrod’s theory when applied to quasi-public goods is that it “stops short of explaining why nonprofit, rather than for-profit, firms arise to fill unsatisfied demand for public goods” (Hansmann, 1987, p. 29).

On the other hand, Ben-Ner and Van Hoomissen (1991) argue that it is not just enough to have a heterogeneous society as the actions of groups of stakeholders who care about the public good to assume control over its production and delivery are needed: these stakeholders require common preferences distinct from governmental preferences or market interests to create sufficient social cohesion for the formation and operation of nonprofit organizations. However, Weisbrod’s article (1975) remains a cornerstone in the literature on the economics of nonprofits as the public goods theory has been further expanded and revised and, most importantly, has influenced the development of other theories in the field (Kingma 1997).

2.1.2. The trust-related or contract failure theory

In contrast to the public goods theory, the “trust-related or contract failure theory” takes place from the information and trust problems inherent in the goods or services provided. Arrow (1963) and Nelson and Krashinsky (1973), for example, suggest that asymmetries in information between providers and clients in healthcare and social services lead to the demand for trustworthy organizations because of the fears that for-profit firms may take

some kind of advantages²³. In this regard, Nelson and Krashinsky (1973) note that the quality of services offered by a day-care centre can be difficult for a parent to judge because of the asymmetry in information between patients and providers of healthcare. This may induce parents to patronize a service provider in which they can place more trust than in a proprietary firm (because of the fear that the firm could take advantage of them by providing services of inferior quality).

The theme advanced by Nelson and Krashinsky is generalized in the Hansmann's article "The Role of Nonprofit Enterprises" (1980), in which he launches the contract failure theory. Hansmann argues that nonprofits typically arise in situations in which consumers feel unable to evaluate accurately the quantity or quality of the service a firm produces for them. In fact, a for-profit firm may have both the incentive and the opportunity to take advantage of customers by providing less service to them than was promised and paid for. In contrast, a nonprofit firm offers customers the advantage that those who control the organization are constrained in their ability to benefit personally from providing low-quality services and thus have less incentive to take advantage of their customers (Hansmann, 1980, 1987). This advantage is the signal of trustworthiness that arises from the non-distribution constraint that characterizes the nonprofit organization as "an organization that is barred from distributing its net earnings, if any, to individuals who exercise control over it, such as members, officers, directors, or trustees" (Hansmann, 1980, p. 838). The net earnings are the earnings in excess of the amount needed to pay for services rendered to the organization (such as wages or other compensations for labour) and that must be devoted in their entirety to financing further production of the services that the organization provides. Thus, the non-distribution constraint makes nonprofit organizations appear more trustworthy than for-profit ones under conditions that make monitoring expensive (i.e. high transaction costs) and profiteering likely (i.e. strong moral hazard). However, nonprofits have a comparative advantage over for-profit organizations only when "the value of consumer protection signalled by the non-distribution constraint outweighs inefficiencies associated with the nonprofit form, in particular limited access to capital markets (because of disincentives for profit-seeking investors) and lower incentives for managers to impose strict cost minimization" (Anheier, 2014, p. 124).

²³ A way of characterizing the trustworthiness argument is to view the problem as an asymmetry of information between producers and consumers: White (1979) uses this perspective to explain why profit-making, nonprofit and governmental suppliers are observed to exist simultaneously in a given area of service, such as day-care or nursing care. Niskanen (1971), conversely, describes the nonprofit organization as a revenue-maximizing entity from which agency management derives personal utility from power, prestige, monetary benefits and so on. Tullock (1966) provides a parallel model for charities, while Pauly and Redisch (1973) view the nonprofit hospital as a device for maximizing physicians' incomes. Etzioni and Doty (1976) also take special note of income-increasing tendencies within nonprofits. Finally, Migué and Belanger (1974), following the managerial-discretion approach of Williamson, postulate that nonprofits will maximize profits (surpluses of revenues over minimizing costs), which are then used for both demand stimulation and managerial reward.

Hansmann (1980) also categorizes nonprofits according to the manner in which they are financed and controlled, recognizing that: (1) donative nonprofits receive most of their income in form of grants or donations (e.g. the Red Cross) and have the donors as their “patrons” (those constituting the ultimate source of a nonprofit’s income); (2) commercial nonprofits receive their income from prices charged for their services (e.g. the nursing homes) and have as patrons their customers; (3) mutual nonprofits are directly controlled by their patrons (e.g. the country clubs); (4) entrepreneurial nonprofits are free from the exercise of formal control by their patrons and are usually controlled by a self-perpetuating board of directors (e.g. many hospitals in the U.S.A.). From this categorization, Hansmann (1987, p. 31) recognizes that the contract failure theory sees the nonprofit firm as a response to agency problems: “the purchaser (donor) is in the role of a principal who cannot easily monitor the performance of the agent (here the firm), that has contracted to provide services to her”. He underlines that the relationship between the donors to a donative nonprofit firm and the managers of such a firm is analogous to the agency relationship between the shareholders in a publicly held business corporation and the managers of the corporation (Jensen and Meckling, 1976). Relying on the contractual framework or “governance structure” of Williamson (1979), finally, Hansmann argues that this structure may mitigate the incentives of the agent to act contrary to the interests of the principal: the nonprofit form, with its non-distribution constraint, precisely serves this purpose.

The major critiques to Hansmann’s theory point out the possibility that information asymmetries may find a response through public sector rather than nonprofit sector action (Salamon, 1995). James (1987), furthermore, argues that the centrality of the non-distribution constraint finds no corresponding weight in the legal and tax systems of most countries. In fact, she finds that this constraint may be overstated as organizations can cross-subsidize (i.e. use surplus revenue from one line of activities to support another to effect an internal profit distribution to cover deficits) or engage in indirect profit taking by increasing costs. Finally, Ortmann and Schlesinger (2003) pose three challenges to Hansmann’s reasoning: the incentive compatibility challenge is related to the fact that the non-distribution constraint affects incentives within the nonprofit firm in ways that are compatible with trustworthiness; the adulteration challenge focuses on the nonprofit behaviour which is not adulterated by individuals taking advantage of the perceived trustworthiness; and the reputational ubiquity challenge stresses that the nonprofit status is treated as predictor of organizational behaviour by consumers when the reputation of individual firms is not seen as reliable.

2.1.3. The entrepreneurship theories

In contrast to the public goods and the contract failure theories, which emphasize aspects of the demand for services, “entrepreneurship theories” try to explain the existence of nonprofit organizations from a supply-side perspective. In this, entrepreneurship approaches are crucial in underlining that nonprofits always need an actor or a group of actors to create the organization. Although these theories have a long history in understanding economic

behaviour in the social sciences (with frequent reference to Schumpeter), the most influential supply-side theorists in the nonprofit field are identified in Young (1983), James (1987) and Rose-Ackerman (1996). In a series of papers between the 1980s and the 1990s, indeed, they lay out the basic argument for the entrepreneurship theory which takes a very different starting point from the demand-side theories: they question the way public goods theories emphasize demand for public and quasi-public goods and the emphasis trust-related theories place on non-distribution. While these aspects are acknowledged as important, in fact, they miss two critical points: (1) nonprofit organizations may not be interested in profits in the first place as their objective function may lay elsewhere and assume non-monetary forms; (2) the provision of services may not be the real reason for the organization's existence as these activities may serve only as the means for achieving some other goals (Anheier, 2014). They also argue that nonprofit entrepreneurs behave in a completely different way compared to business entrepreneurs: they adopt a mission to create and sustain social – instead of economic – value for the firm; recognize and pursue new opportunities to serve that mission; engage in a process of continuous innovation, adaptation and learning; act without being limited to resources currently in hand and exhibit a high sense of accountability to the constituencies served and for the outcomes created (Dees et al., 2001).

A great contribution to the field is given by Young in “If not for Profit, for what?” (1983) where the dominant idea is that nonprofits need to become more entrepreneurial as a means to deal with an increasingly turbulent and competitive environment and as a way to generate greater mission impact and social transformational change (Simon, 2013).

The most important contribution Young makes is the extension of entrepreneurship theories beyond the profit-making sector: the notion of entrepreneurial behaviour, as phenomena that transcends sector boundaries, lays the foundation for a broad understanding of how the nonprofit sector emerges. By extending the Schumpeterian entrepreneur from commercial activity to nonprofit innovation, indeed, Young explains how entrepreneurs establish organizations to fill gaps in the provision of goods or services where government or markets lack to provide (Frank, 2013). Furthermore, Young (2001) stresses that the nonprofit sector is impressive in the diversity of organizations it encompasses both in terms of financial resources, social missions and organizational identities. Thus, he argues that entrepreneurs gravitate into different fields of nonprofit activity depending on four factors: (1) the intrinsic nature of delivered services; (2) the degree of professional control; (3) the level of industry concentration; and (4) the social priority of the field. He demonstrates that social entrepreneurship is always a cross-sectorial effort because entrepreneurs work in more sectors, industries and organizations: “entrepreneurship is a universal process, pervading all sectors and industries of the economy” (Young, 1983, p. 43). Finally, he proposes a useful way to classify entrepreneurial traits into the following eight stereotypical types: artists, professionals, believers, searchers, independents, conservers, power seekers and income seekers. The central concept, however, is the mechanism of screening applied to

entrepreneurial motivation, i.e. the self-selection of entrepreneurial characters into industries and sectors that best suit their individual motives and styles.

Another pillar of the entrepreneurship theory is provided by James (1987). In her view, nonprofits try to maximize non-monetary returns as they are primarily interested in some forms of immaterial value maximization, while the non-distribution constraint of monetary profits is only secondary to their organizational behaviour (i.e. they are firstly interested in attracting more believers, adherents or members). Consequently, entrepreneurs populate the nonprofit field in order to maximize these non-monetary returns and their motivations play a crucial role in the organization's development, outputs and mission. This reasoning points to the importance of faith, values, ideologies and particularly of religion as the role of entrepreneurs is most pronounced in this field: "universally, religious groups are the major founders of nonprofit service institutions. We see this in the origins of many private schools and voluntary hospitals in the U.S.A. and England, catholic schools in France and Austria, missionary activities in developing countries, services provided by Muslim *wacfs* (religious trust) and so on" (James, 1987, p. 404). Furthermore, James points out that nonprofits are strategically located throughout the life course in areas of taste formation: in primary socialization (day-care, nurseries, schools), but also in critical life situations (hospitals, hospices, homes for elderly) and situations of special need (disability and other major life events). Thus, this approach argues that during such phases and situations, we are more open to questions relating to religion than we would be under "normal" circumstances. Hence, nonprofit entrepreneurs try to maximize quantifiable aspects (such as members) or abstract concepts, combining such maximization efforts with service delivery.

Finally, Rose-Ackerman (1996) concentrates on altruism and nonprofit entrepreneurship. She insists that, in contrast to models of free rider behaviour, many people donate time and money to organizations where their own gifts have an insignificant impact on the level of services provided as they benefit from the act of giving itself. In this, it is crucial that "nonprofit entrepreneurs and managers are not simple revenue maximizers but, instead, have independent views about charitable behaviour" in order to obtain public subsidies (Rose-Ackerman, 1990, p. 162). Under that condition, public subsidy can in some cases increase a charity's accountability to private donors by reducing the influence of charitable staff²⁴. However, the nonprofit sector is not just a box for charitable donations: "although private charitable impulses are important determinants of nonprofit activity, they are not a sufficient explanation for the size and growth of the sector. Nonprofits also provide government subsidized services and sell their output to the public. They are concentrated in the service sector of the economy" (Rose-Ackerman, 1996, p. 723). For this reason many industries populated by nonprofits also contain for-profit firms and government suppliers.

²⁴ In most countries and industries, nonprofits benefit from a variety of explicit and implicit subsidies, including exemption from local taxes, special postal rates, financing via tax-exemption bonds, etc., being considered in part responsible for the proliferation of nonprofit firms (Fama and Jensen, 1983).

Furthermore, the nonprofit form is not in itself a guarantee of high quality altruistic performance, but neither a signal of inefficient organization: because of the presence of the non-distribution constraint, potential entrepreneurs and funding sources may select the sector only if they have goals other than single-minded profit maximization. In this regard, according to Rose-Ackerman, nonprofits can perform three interrelated roles that will be more or less important depending on the role of government, the characteristics of population and the nature of the services provided. These roles are identified in trust, generosity and ideology: (1) because the nonprofit is prohibited from distributing its surpluses to owners, it may have a competitive advantage as it is trusted more by customers and donors unable to judge service quality directly (as they have imperfect information about service quality); (2) the nonprofit can be outlet for the generous impulses of individuals as its form guarantees donors that their funds are not distributed as profits; (3) the nonprofit provides a framework in which people can realize their ideological beliefs without having to be accountable to profit-seeking investors. In some cases, it is precisely the ideological character of a nonprofit to facilitate the attraction of money and customers: two tasks that are crucial for the survival of the organization (Rose-Ackerman, 1996).

2.1.4. The stakeholder theory

The “stakeholder theory”, associated primarily with the work of Ben-Ner (1986), is rooted in organizational economics and economic theories of institutions. This approach builds on Hansmann’s trust argument and contract failure theory, but also acknowledges the supply-side suggestions: the theory recognizes that nonprofits are founded by social entrepreneurs who are not motivated primarily by profit and refer to all the interested parties on both the demand and the supply side as stakeholders.

Firstly, Ben-Ner (1986) argues that most nonprofit organizations are formed primarily in order to provide consumers with direct control over the firm from which they purchase goods or services. He points three possible circumstances in which consumers might desire to have direct control over a firm rather than simply exercise control via the market: (1) the circumstance of contract failure because of the asymmetric information about quantity or quality of outputs; (2) the circumstance in which the firm is a monopolist and, although product quality is easily observable, there is a broad range of potential quality levels for the product; (3) the circumstance in which the firm produces price-excludable collective consumption goods so that consumer control might lead to a superior form of price discrimination and thus higher aggregate welfare than would control by profit-seeking investors (Ben-Ner, 1986).

Secondly, Ben-Ner and Van Hoomissen (1991, 1992) explain broadly the place of the nonprofit sector in the mixed economy (i.e. characterized by private for-profit firms, private nonprofit organizations and local government) and the interests and behaviours of stakeholders in the provision of trust-related goods. They establish that the demand for

nonprofit provision is restricted to collective and trust goods²⁵ and argue that the most important supply factor is the ability of some demand-side stakeholders (consumers, sponsors or donors) to ensure that a specific nonprofit performs according to their wishes within economic feasibility constraints. Stakeholder control is key to the ability of nonprofit organizations to correct market and government failures: this control is supported by the non-distribution constraint and by other provisions regarding the organization's structure. In other words, the key demand-side stakeholders are those who feel so strongly about the quality of the service provided and about the protection from moral hazard that they decide to exercise control over the delivery of services themselves. They thus become demand- and supply-side stakeholders at the same time (Anheier, 2014).

Thirdly, Ben-Ner and Van Hoomissen (1991) also point out that the characteristics of the population from which stakeholders emerge play an important role in determining the incidence of the nonprofit sector. They recognize three basic characteristics: (1) income distribution and education are relevant as poor and less educated stakeholders are more likely to rely on the nonprofit sector for the provision of trust goods, while high income coincides with high demand stakeholders who are the primary source of demand for collective goods; (2) demand heterogeneity enhances demand for nonprofit provision of collective goods and, as for trust goods, there is no connection between demand heterogeneity and nonprofit demand; (3) social cohesion depends on the degree of economic, religious, cultural, ethnic and educational background, but also on the degree of geographic dispersion among stakeholders for a given market size: "related stakeholders have more opportunity to meet each other and identify common demand, can more easily exercise social pressure to prevent free ridership in the revelation of demand and payment for services, and can control an organization more cheaply" (Ben-Ner and Van Hoomissen, 1991, p. 543).

Finally, the critical difference underlined by Ben-Ner and Van Hoomissen (1991, p. 540) between nonprofit organizations and for-profit firms is that "there must be a confluence between the demand for the organizational form and the ability to provide it in order for a nonprofit organization to be formed. Nonprofit organizations are an instance of vertical integration by demand-side stakeholders". In forming and operating a nonprofit, thus, demand-side stakeholders play an active role because demand will not materialize unless the organization is stakeholder controlled. Stakeholders with relatively large demand have more to lose from control contrary to their preferences and so have more incentive in controlling hired managers. Thus, stakeholders' control is crucial for the existence of nonprofit organizations, because it "avails the trust required for patronizing the organization, revealing demand to it, and making donations to it" (Ben-Ner and Van Hoomissen, 1991, p. 544).

²⁵ Ben-Ner and Van Hoomissen (1991) define trust goods as "club goods and mixed goods for which there is an asymmetric information problem to the disadvantage of stakeholders. For trust goods, demand exists for a different organizational form, one in which profit is not the dominant motive, because it is the profit motive which gives the firm incentive to deceive" (Ben-Ner and Van Hoomissen, 1991, p. 527).

Direct control by stakeholders, however, is never complete and the residual agency problem may discourage them from patronizing it. In this framework, three prominent features include: the absence of ownership shares that prevents concentration of control in the hands of a few stakeholders/owners; the non-distribution constraint which enhances control over managers serves as a distribution of economic surplus rule and signals the investment of the surplus in the organization; and the open books policy which ensures free access to information required for the exercise of control.

Thus, the stakeholder theory relates to Weisbrod's theory of public goods and demand heterogeneity in which limits to government provision drive demand-side stakeholders to seek institutions to fill their needs, but also relies on Hansmann's approach as nonprofits are created by consumers and other demand-side stakeholders in order to maximize control over output in the face of informational asymmetries (Ben-Ner and Van Hoomissen, 1992).

2.1.5. The voluntary failure theory and the social origin theory

The "voluntary failure theory" – also known as "interdependence theory" – was developed by Salamon in the 1990s. Salamon (1995) argues that the government and the nonprofit sectors are much more frequently partners rather than rivals and that the government does not displace nonprofit organizations but, conversely, supports and sustains extensively the nonprofit sector in terms of monetary, indirect and other support. In this view, government and the nonprofit sector complement and compensate each other's strengths and weaknesses as their relations are showed in a less competitive and more collaborative light. In this, Salamon describes the "third-party government [as characterized by] the use of non-governmental, or at least non-federal governmental, entities to carry out governmental purposes and the exercise by these entities of a substantial degree of discretion over the spending of public funds and the exercise of public authority" (Salamon, 1987, p. 110). The interdependence theory, thus, argues that voluntary action exists because of people's natural tendencies for collective action and sense of social obligation. Furthermore, because of lower transaction costs, at least initially, voluntary organizations based on collective action typically precede government programmes and other activities in addressing social problems of many kinds (Salamon, 1995).

Thus, Salamon (1987) sustains that government may assist the voluntary sector in four main areas of weakness where the action of nonprofit organizations may be limited, unorganized or even inefficient. These four areas of weakness are: (1) the philanthropic insufficiency, i.e. the inability of the nonprofit sector to provide collective goods, to generate resources on an adequate scale and to cope with the human-service problems, not only because of the free rider problem, but as result of economic fluctuations; (2) the philanthropic particularism, i.e. "the tendency of voluntary organizations and their benefactors to focus on particular subgroups of the population" (Salamon, 1987, p. 41) which implies the possibility that other subgroups of the community may not be adequately represented in the structure of the nonprofit with the consequence that serious gaps can occur in the coverage of subgroups by

existing nonprofit organizations; (3) the philanthropic paternalism, i.e. the problem of the influence over the definition of community needs which remains in possess of those with the greatest resources who determine which sector and whom to serve so that the services favoured by the wealthy may be promoted, while others desired by the poor are held back; (4) the philanthropic amateurism, i.e. the problem for nonprofits to attract professional personnel of psychologists, social workers, etc., since they have scarce resources to pay for such expertise and keep on relying on volunteers, who may not possess professional skills in dealing with social problems.

On the other hand, the “social origins theory” – a comparative-historical theory developed by Salamon and Anheier (1998) in response to the limitations of the economic approach and the conventional welfare state literature – aims to explain the variations in size and composition of the nonprofit sector cross-nationally. On the basis of the notion of path-dependent development, they suggest that the nonprofit sector across countries has different historical “moorings” and reveals diverse social and economic “shapes”. In order to account for these cross-national differences in the nonprofit sector’s scale and structure, Salamon and Anheier (1998) identify four models of nonprofit development (the so called “nonprofit regimes”) characterized not only by a particular state role and by a specific position for the nonprofit sector, but also by the reflection of a great variety of social forces.

They recognize: (1) the liberal model represented by the U.S.A. and the U.K. which shows a lower level of government social welfare spending and a relatively large nonprofit sector, an outcome that is most likely where “middle-class elements are in the ascendance and where opposition from either traditional landed elites or strong working-class movements has either never existed or has been effectively held at bay” (Anheier, 2014, p. 136); (2) the social democratic model, typical of countries like Sweden, which is characterized by state-delivered social welfare protections, with less space for service-providing nonprofits and which emerges where working-class elements are able to exercise effective political power; (3) the corporatist model, present in countries like France and Germany, that is characterized by the induction of the state to make common cause with nonprofits so that these organizations function as “pre-modern” mechanisms of welfare state (Anheier and Seibel, 1998); (4) the statist model that shows how the state retains the upper hand in a wide range of social policies, exercises power on its own behalf or of business and economic elites, but with a fair degree of autonomy sustained by long traditions of deference and obedient religious order (Salamon and Anheier, 1998). Finally, aiming at understanding the true determinants of nonprofit growth and development, the social origins approach tries to integrate the study of the nonprofit sector into the social analysis of societies: it treats the nonprofit not as an isolated phenomenon but as “an integral part of a social system whose role and scale are a by-product of a complex set of historical forces [that] are far from random or *sui generis*” (Salamon and Anheier, 1998, p. 245). In this view, these particular social forces are actually those that give rise to nonprofits and shape the character of the resulting nonprofit sector.

2.2. The social economy literature in the European context

Differently from the “American” approach, “European” scholars tend to identify the third sector²⁶ with the “social economy”. The social economy gathers enterprises from cooperative movements²⁷, mutual benefit and insurance societies²⁸, foundations and all other types of nonprofit organizations that have some common organizational and governance principles, instead of maximizing and distributing profits to shareholders or members. Although they may receive public subsidies to fulfil their mission, they are clearly distinct from the public sector, are self-governed and private and are mainly based on the rule “one member, one vote” in their general assembly (Defourny and Nyssens, 2010).

The term “social economy” appears in the economics literature for the first time in 1830 when the French liberal economist Dunoyer publishes a “Treatise on Social Economy”, that advocates a moral approach to economics. Over the 1820-1860 period, a heterogeneous school of thought develops in France, especially influenced by the works of Malthus (1826) and Sismondi (1827), regarding both the existence of market failures that can lead to imbalances and the delimitation of the true subject of economics, which Sismondi considers

²⁶ In Europe, the term “third sector” is mostly used to define a sector located between the public and the private ones, becoming a meeting point mainly for the nonprofit sector and the social economy. Despite the considerable diversities among the types of entities and behaviours, Salamon and Sokolowski (2014) provide a conceptualization and a common core definition of the European third sector whose components are: the forms of individual or collective action outside the for-profit businesses, government or households; the aims of creating value primarily to the broader community or to persons other than oneself; the actions pursued voluntarily and without compulsion; the belonging organizations identified as nonprofits, mutuals, social enterprises and the civil society. Evers (1995) underlines the importance of the economic, social and political role of these organizations that operate not only between states and markets, but also within the community as they “act as hybrids, intermeshing different resources and connecting different areas, rather than setting clear demarcation lines around a sector and mapping its size” (Evers, 1995, p. 160). In this regard, Defourny and Pestoff (2008) figure out the areas where the third sector overlaps with the other spheres of the economy: the overlap with the state is evident when hybrid organizations provide welfare services; the overlap with the market appears when cooperative firms and social enterprises behave like their capitalist counterparts; finally, the overlap with the community emerges when associations, mutual-aid and self-help groups attract individuals who are not members of the organization, but who contribute their time and/or money to support its activities and to achieve its goals (Defourny and Pestoff, 2008; Laville et al., 1999).

²⁷ The Statute for a European Cooperative Society (SCE) identifies a common core identity based on the historical origins of the cooperative movement and states cooperatives’ fundamental principles: they are self-help entities set up by citizens; are private and are not part of the public sector; are formally organized and have autonomy of decision; operate in the market, from which they obtain their main source of funding; are organized democratically and their profits are not distributed in proportion to share capital (Monzon and Chaves, 2008).

²⁸ Mutuals may be divided into two large categories: mutual provident societies whose main activity is covering health and social welfare risks of individuals; and mutual insurance companies whose principal activity focuses on insuring goods (vehicles, fire, third party insurance, etc.), although they can also cover areas related to life insurance. The European Commission defines the mutual society as “an autonomous association of persons (legal entities or natural persons), united voluntarily for the primary purpose of satisfying their common needs in the insurance (life and non-life), providence, health and banking sectors, which conducts activities subject to competition. It operates according to the principle of solidarity between members, who participate in the governance of the business, and to the principles of absence of shares, freedom of membership, not exclusively profit-making objectives, solidarity, democracy and independence” (European Commission, 2007).

to be “man” rather than “wealth”. Their focus is on those self-help organizations that raise in response to the new living conditions created by the development of industrial societies in the 18th and 19th centuries and in defence of the most vulnerable social groups (López Castellano, 2003). However, it is the crisis of the welfare state and the mixed economy systems in the final quarter of the 20th century that reawakens the interest in non-market organizations as actors able to find satisfactory solutions to problems such as long-term unemployment, social exclusion, welfare in the rural world and in depressed urban areas, health, education, quality of life of pensioners, sustainable growth and related issues. Indeed, as these social needs are not being adequately addressed by either the public sector or the private capitalist agents, a remarkable growth of social economy organizations takes place in producing the so called “social or merit goods” – mainly work and social integration as well as social services and community care (Defourny and Pestoff, 2008)²⁹. Currently, however, scholars tend to ascribe to the social economy a series of entities, ranging from those formed in the 18th and 19th centuries (associations, foundations, mutuals and cooperatives) to newly formed types of enterprises: they include in this domain both large organizations and small initiatives with significantly different value bases as well as diverse legal frameworks. Thus, the social economy can be seen as populated by various institutionally recognized socio-economic realities, which position themselves “at the cross-roads of market, public policy and civil society” (Nyssens, 2006).

Different definitions of the social economy have been provided along the years both by the academic literature and more recently by the European institutions.

On the one hand, Desroche (1983, 1991) analyses the term around three ideological traditions – liberal, Christian and socialist – insisting on the problem posed by a negative definition of social economy (“non profit”, “non lucrative”, “non market”). Conversely, he proposes to take up the term to designate an associative, participative and united economy in which the belonging entities are considered as enterprises rather than simple organizations in order not to deny the management side. In this vein, thus, these enterprises are voluntary, democratic and made up of “devoted members, equals in duties and rights, in a particular scheme of appropriation, distribution and division of profits, promoting the training and information of members, as well as the harmonious development of society in a perspective of individual and collective development” (Demoustier and Rousselière, 2004, p. 21). However, the changes that affect social economy do not take place without struggle: “either social economy comports itself as establishing force faced with dispositions and devices that

²⁹ Many of these organizations were already legally recognized in various European countries, including Italy, Portugal, France, Belgium, Spain, Poland, Finland and the United Kingdom. In particular, in France in the 1970s, organizations representing the cooperatives, mutual societies and associations created the *Conseil des entreprises, employeurs et groupements de l'économie sociale* (National Liaison Committee for Mutual, Cooperative and Associative Activities), which in 1980 published the *Charte de l'économie sociale*. In this document, the social economy was defined as the set of organizations that did not belong to the public sector, operate democratically with members having equal rights and duties and practice a particular regime of ownership and distribution of profits, employing surpluses to expand the organization and improve services to members and society (Monzon, 1987).

are proposed – or opposed to it – by the established force. Or this very social economy situates itself as an already established organization in relation to potentials, aspirations, creativities that would posit alternatives” (Desroche, 1983, p. 230).

Later, Barea (1990) points out that the social economy includes those organizations which are in the market with the aim of producing, securing, financing or distributing goods and services, where the repartition of benefits and the decision power are not directly related to the capital invested by each member. In this view, also economic agents whose main function is producing services not destined to sale for determined groups of household and financed by voluntary contributions of households/consumers, form part of the social economy. Thus, specific features characterize social economy organizations according to Barea (1990): (1) they are very different from those belonging to the public economy; (2) they can benefit from their productive activities; (3) they need capitals in order to develop their activities of production, commercialization, distribution, etc.; (4) there is no relation between the capital invested and the repartition of benefits; (5) decisions are made through the application of the principle “one member, one vote”.

Vienney (1994, 2000), on the other hand, provides a theoretical juridical-economic formalization of the social economy notion (initially provided for cooperatives only). According to him, the unity of the field comes from “a correspondence between the rules of certain institutions, the place of their activities in the economy and the identity of actors that are their participating members” (Vienney, 1994, p. 71). Taking an institutionalist approach, he points out how social economy organizations are particular entities in which a range of activities of production of goods and services functions according to social rules. In this view, it is through a combination of juridical, economic and sociological criteria that the domains of social economy organizations are set: “the location of their activities in the economy corresponds fairly directly with their legal identifications; the statutes define why people form associations [...] Their social composition is equally in correspondence with these legal statutes and these economic activities [...] In each case, it is the ratio of participants that become members that indicates, with reference to interests, which group manages the company” (Vienney, 1994, p. 10). According to Vienney, the vocation of these new organizations remains to take charge of essential but neglected activities in new forms, seeking to achieve the union of the economic and the social that lies at their origin. Basically, at the heart of these organizations not only stands the relation between members and their companies, but also the relation between their own rules and those of the socio-economic system of which they are part (Vienney, 1980, 1994).

However, one of the most accepted definitions has been provided by Defourny (2001) who sees the social economy in terms of two main approaches: (1) the legal-institutional approach has its fundamental components in the cooperative-style enterprises (agricultural, saving, credit, consumers, insurance, retail, housing cooperatives that spread out from the middle of

the 19th century), in mutual-type organizations (institutionalized mutual help societies that mutualise a wide range of risks, including costs of treatment, medicines, hospitalisation, material support for the family of deceased people, funerals, bad harvests, catches, etc.) and in associative organizations (with a wide variety of legal forms such as associations, nonprofit, voluntary, non-governmental, foundations, charities and the like, in which making a profit is not the essential purpose as they provide goods or services to their members, to other people or to the whole community); (2) the normative approach, conversely, emphasises those principles that social economy organizations have in common and that distinguish them from private and public sector entities, especially their productive purpose and internal structure.

From here, combining the legal-institutional and the normative approaches, Defourny states that “the social economy includes economic activities carried out by cooperatives and related enterprises, mutual societies and associations whose ethical stance is represented by the following principles: the aim of serving members or the community, rather than generating profit; independent management; a democratic decision-making process; the primacy of people and labour over capital in the distribution of income” (Defourny, 2001, p. 7). The purpose of serving members or the community implies the fact that the activities carried out are not primarily finalized to make a financial return on capital investment, i.e. the generation of a surplus may be a means of realising services and achieving goals, but not the main motivation behind the activity (Defourny, 2013). The independence of management allows distinguishing the social economy from public entities producing goods and services as “the economic activities carried out by public authorities do not generate benefit from the wide-ranging autonomy which provides an essential impetus in voluntary initiatives” (Defourny, 2013, p. 404). The democratic decision-making process derives from the “one member, one vote” principle which is a key concept in the cooperative thought, promoting the search for broad-based consensus, improving the representation of membership interests, but also leading to more analysis of decision and search for innovative alternatives. Finally, the primacy of people and labour in the distribution of income derives directly from the previous elements and is related to practices such as the limited remuneration of capital, the distribution of surplus among the workforce or members and users in the form of bonuses, the creation of reserve funds for business development, the immediate use of surpluses for social purposes, etc. (Defourny, 2001).

On the other hand, in the context of European institutions, specific definitions of the social economy have been adopted by the European Commission, the European Economic and Social Committee (EESC), as well as by the European Parliament directed at both identifying entities that are part of the social economy and assessing their contribution to economic growth and social inclusion. As reference, the European Commission (CONSCISE Project, 2003) defines the social economy as the “sector of economic activity, which is made up of social enterprises (local and other) organized around: shared values

about the satisfaction of needs, not-for-profit principles, cooperation and self-organization; distinctive types of inter-organizational relationships; pursuit of a new mode of production; a mode of economic integration characterized by norms of reciprocity which make it both a formalized sub-sector of the broader third sector and distinct from the public and private sectors” (European Commission, 2003, p. 16).

A successive conceptual definition is that of the “Charter of Principles of the Social Economy” promoted by the “European Standing Conference on Cooperatives, Mutual Societies, Associations and Foundations” (CEP-CMAF, 2007), the EU-level representative institution for social economy organizations. According to this perspective, the principles that characterize social economy organizations are the primacy of the individual and the social objective over capital; the voluntary and open membership; the democratic control by membership (it excludes foundations as they have no members); the combination of the interests of members/users and the general interest; the defence and application of the principle of solidarity and responsibility; the autonomous management and independence from public authorities; the use of most of the surpluses to pursue objectives of interest to members or the general interest (CEP-CMAF, 2007).

Conversely, the EESC (2008) proposes a different definition of the social economy (based on the criteria established by the European Commission’s “Manual for drawing up the Satellite Accounts of Companies in the Social Economy”) seen as: “the set of private, formally organized enterprises, with autonomy of decision and freedom of membership, created to meet their members’ needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote, or at all events take place through democratic and participatory decision-making processes” (EESC, 2008). In this view, the social economy also includes private, formally organized organizations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses cannot be appropriated by the economic agents that control them³⁰.

A more recent definition has also been provided by the European Parliament (2016) which states that the social economy “is made up of private socio-economic initiatives that, regardless of their specific legal status: (a) produce goods and services for both market and non-market purposes and redistribute and/or reinvest revenues and incomes; (b) are based

³⁰ This definition comprises two major sub-sectors of the social economy: the market sub-sector (made up of cooperatives, mutuals, social enterprises, business groups controlled by cooperatives and nonprofit institutions serving social economy companies) and the non-market sub-sector (constituted by associations and foundations, although organizations with other legal forms can also be found). This definition recognizes that all social economy organizations share the same characteristics: they pursue the meeting of needs of people rather than remunerating capitalist investors; are private, i.e. they are not controlled by the public sector; are formally-organized; have autonomy of decision; have freedom of membership; may distribute profits among members proportionally to the activities contributed by them and not to their capital; usually apply the principle of “one person, one vote” in their decision-making processes (Monzon and Chaves, 2008).

on values of sustainability, solidarity, trust, reciprocity, local development, social cohesion and inclusion; and (c) aim at the reinforcement of social cohesion, awareness and citizenship, through internal and external collaboration and collective efforts. These indicators do not only allow the description of the traditional social economy organizations, but also permit the identification of brand new social economy operators, on the basis of both their internal dynamics and their external productive aims” (European Parliament, 2016, p. 27). The European Parliament also stresses that these organizations have proved to be particularly reactive during the economic crisis of 2008 and have potential in many different respects, from social and technological innovation to inclusive and sustainable job creation, from fostering environmental protection to strengthening social and economic cohesion.

In conclusion, despite the efforts of academics, EU institutions, international organizations, national governments and social economy representatives to provide a common analytical framework, a universally accepted definition of the social economy does not yet exist. The main analytical difficulties to overcome in the attempt of defining the social economy are essentially in clarifying the distinctions between diverse forms of activities and identifying the differences between the belonging entities, other private economic players and the public sector. Also the substantial differences among European countries in the way they regulate social economy organizations under their legal systems on the political economy of welfare provision and solidarity is another obstacle to the definitive recognition of a universally accepted definition. On the other hand, however, researchers and policy-makers across Europe have shown an increasing propensity to encourage the social economy, which is progressively viewed as an effective tool to fight poverty, create employment and foster social cohesion, also stressing the potential of these organizations in the promotion of new models of social entrepreneurship in different sectors of the economy. We now first underline the differences between the nonprofit sector and the social economy approaches and then we turn to analyse the main theories related to the latter that have been advanced in the literature along the years.

2.2.1. Similarities and differences between social economy and nonprofit approach

The nonprofit approach is linked to the classical “American” approach that we have analysed in paragraph 2.1 in which the sector is defined by the presence of private, self-governing, non-profit distributing and voluntary organizations with an institutional structure and presence. Accepting Defourny’s (2001) definition of “social economy”, it is possible to compare it to that of “nonprofit sector” given by Salamon and Anheier (1997) and underline similarities and differences.

First of all, it is worth noting that nonprofit sector and social economy organizations share a number of common characteristics, especially in their structure and internal rules: both are institutionalized in a formal structure and have a definite legal status; both are private law bodies; both have embedded the principle of self-governance, i.e. the independence of management; finally, both generally impose a certain degree of voluntary participation in

their activities. Nevertheless, neither the nonprofit sector definition nor the social economy one stress the aspect of the sources of revenue for the belonging organizations, implying the possibility for voluntary contributions, market incomes, state subsidies and other resources. However, many differences between the two concepts persist, especially about the specification of goals, the control over the organization and the use of profits. Firstly, Salamon and Anheier's approach does not explicate which is the goal of a nonprofit organization: nonprofits can be set up both to provide services to persons and to corporations that control or fund them. Defourny's definition, conversely, clearly states the major goal of the organization, namely, to serve members or the community or other social economy organizations, with most of the beneficiaries of the activities that are individuals, households or families.

Secondly, the nonprofit approach stresses that the control comes from inside the organization but does not call for a formal democratic requirement. Indeed, the conditions for considering that an organization belongs to the sector do not include such a characteristic element of the social economy organization as a democratic entity. Consequently, in the nonprofit approach, the sector includes many organizations that do not meet the democracy criterion (e.g. hospitals, universities, schools, cultural and art bodies) and which, therefore, the social economy approach excludes (although some voluntary nonprofits which provide non-market services to persons or families free of charge or at prices which are not economically significant can be included). Conversely, as seen, the social economy definition requires the democratic decision-making process which "in addition to giving weight to actual members' involvement and voice, represents a structural procedure to control the actual pursuit of the organization's goals" (Defourny, 2001, p. 10).

Finally, the nonprofit approach does not allow any profit distribution – i.e. the non-distribution constraint is total – which underlines its particular relevance for public benefit associations. In other words, in this approach all the organizations that distribute profits in any way to the persons or organizations that fund or control them are excluded from the sector: the organizations must apply the non-distribution constraint strictly as they may not be created primarily to generate profits or obtain financial returns. Conversely, in the social economy definition, the distribution constraint is only limited, and this allows mutual and cooperative organizations to be included in the sector since they generally redistribute part of their surplus to their members. In this approach, indeed, the belonging organizations may apply the non-profit criterion strictly (e.g. associations, foundations and other nonprofit organizations serving persons and families), but they can also distribute part of their surpluses among their members (e.g. social enterprises, cooperatives and mutual societies). However, the non-distribution constraint in both approaches imposes the requirement (absolute or partial) "for the production surplus to be socialized, that is to be reinvested in the development of the activity or to be used for the benefit of people other than those who control the organization" (Defourny, 2001, p. 17).

In conclusion, concerning the differences between the two approaches, it is possible to argue that the social economy approach considers the third sector not completely separate from the market and the state (like the nonprofit approach does), but located between the capitalist market and the public sector. It is positioned as a pole of social utility made up of a broad set of private organizations that are created to meet social needs rather than to remunerate capitalist investors (Monzon and Chaves, 2008). Furthermore, unlike the nonprofit approach which sees only a charitable and philanthropic function in the third sector developing one-way solidarity initiatives, the social economy approach promotes business initiatives with reciprocal solidarity among its initiators, based on a system of values where democratic decision-making and the priority of people over capital in the distribution of surpluses prevail. This approach does not just see people in need as passive beneficiaries of philanthropy, but it raises citizens to the status of active protagonists of their own destiny.

2.2.2. The solidarity economy approach

Not limited to social economy organizations, the solidarity-based economy can be broadly defined as a perspective centred on all production, distribution and consumption activities contributing to the democratization of the economy based on citizen commitments and a public engagement in civil society (Eme and Laville, 2006). This approach stresses the predominance of reciprocity over market and redistribution principles within the emergence of economic initiatives, as well as the hybridization of market, non-market and non-monetary resources in their consolidation and development. This balance can only be economically tenable in systems with an affirmation of public commitment and a critique of prevailing market economy standards.

This concept – mainly developed in France during the last quarter of the 20th century – is associated to a large degree with the major growth of third sector organizations in the production and distribution of the so called “social or merit goods”. These goods are those for which there is broad social and political consensus that they are essential to a decent life and must therefore be made available to the entire population, irrespective of income or purchasing power. Consequently, it is considered that governments should provide for the production and distribution of these goods so that they can be obtained at well below market prices, whether by free of charge or subsidies.

In fact, during the consolidation of the welfare state, the universal enjoyment of the most important of these merit goods, such as health services and education, was precisely guaranteed by governments of most developed countries in Europe. In recent decades, however, new emerged social needs are not being addressed by either the public sector or the traditional capitalist sector, affecting numerous groups at risk of social exclusion. These problems are mainly related to the living conditions of elderly people, long-term unemployed, immigrants, ethnic minorities, handicapped, ex-prisoners, abused women, chronically ill, etc. It is for these subjects that typical organizations of the social and

solidarity economy (cooperatives and associations) have seen considerable expansion³¹. In this respect, not only the solidarity economy approach presents important elements of convergence with the social economy approach, but from a practical point of view it can also be asserted that all the organizations considered part of the social economy are also part of the solidarity economy (Monzon and Chaves, 2008).

Concretely, the concept of solidarity economy is mainly based on three aspects: the social demands it attempts to address; the actors behind these initiatives; and the explicit desire for social change. Thus, nowadays, the term is increasingly used to refer to forms of economic activity that prioritise social and environmental objectives and that involve producers, workers, consumers and citizens acting collectively and in solidarity. For this reason, the solidarity economy approach comprises not only traditional third sector organizations such as cooperatives, mutual associations, grant-dependent and service-delivery non-governmental organizations, community and other forms of volunteering and giving, but also myriad types of self-help groups organizing to produce goods and services, fair trade networks and other forms of solidarity purchasing, consumer groups involved in collective provisioning, associations of “informal economy” workers, new forms of social enterprises, social entrepreneurs and non-governmental organizations that shift from a dependence on donations and grants to sustain themselves via income-generating activities. Various forms of solidarity, such as complementary currencies and community-based saving schemes, are also part of the solidarity economy, as well as some new digital crowdfunding and sharing schemes associated with the “collaborative economy” (Utting, 2015).

Conceptually, the solidarity economy turns around three poles: the market, the state and the reciprocity (in this we recall Polanyi’s concepts analysed in subparagraph 1.2.3). The latter refers to a non-monetary exchange in the area of primary sociability that is identified, above all, in associationism. This means that the economy is plural in nature and cannot be reduced to strictly commercial and monetary terms. For this reason, the solidarity economy approach is an unprecedented attempt to link the three poles of the system, as its initiatives constitute forms that are hybrids between market, non-market and non-monetary economies. Thus, the belonging organizations do not fit in with the market stereotype of orthodox economics and, as underlined, their resources have plural origins: market (sales of goods and services), non-

³¹ Utting (2015) underlines the driving conditions that emerged in recent decades in the expansion of the solidarity economy: recurring crises linked to finance, food, energy and climate change; new realities of vulnerability and inequality linked to processes of deregulation and commodification (Vail, 2010); new forms of identity politics and scaling up of struggles for cultural rights, gender and environmental justice with the formation of activist and practitioner networks and new social movements (Agyeman, 2013; Della Porta, 2005); notions of equality, rights, empowerment and participation in framing inclusive, sustainable and rights-based development (Cornwall and Brock, 2005); constraints associated with market forces and neoliberal ideology that restricted social spending by governments, opening up space for non-state actors to engage in social service provisioning and proximity services (Borzaga and Defourny, 2001; Laville and Nyssens, 2000); democratic liberalization that expanded possibilities for active citizenship and new modes of collaborative governance (Sum and Jessop, 2013); the digital revolution facilitated mobilization and networking, enhancing the ability of producers, community organizations and small enterprises to manage economic activities and risk.

market (government subsidies and donations) and non-monetary (volunteers). Indeed, accepting the reality of the capitalist system and its core institutions or “rules of the game”, the solidarity economy primarily expands the economic space where people-centred organizations and enterprises can operate. It is fundamentally a contemporary variant of embedded liberalism (Ruggie, 1982), i.e. it is about re-embedding enterprise activities in progressive societal norms and creating or strengthening institutions that can counteract perverse effects of traditional businesses (Gibson-Graham, 2006). This economy pushes the envelope of social and systemic transformation, especially emphasising issues such as redistributive justice, social and environmental sustainability, alternatives to capitalist debt-based monetary system, as well as participatory democracy and emancipatory politics driven by active citizenship and social movements activism. Definitively, again recalling Polanyi, solidarity economy is fundamentally about reasserting social control or “social power” (Wright, 2010) over the economy by giving primacy to social objectives above profits, emphasising the place of ethics in economic activity and rethinking economic practice in terms of democratic self-management and active citizenship (Dacheux and Goujon, 2011).

Following this view, the solidarity economy can be conceptualized in terms of a shift towards decommodified economic activities and circuits where “the social organization and practices of the circuit constitute an alternative logic to prevalent market processes” (Vail, 2010, p. 328). Beyond regulating market or redistributing benefits of growth via the state or labour market institutions, solidarity economy’ objectives focus on greater equality and inclusion in the organized logic of the economic system (Hillenkamp and Laville, 2013). Its potential from both a developmental and emancipatory perspective, relates to the fact that involved forms of production, exchange and consumption tend to integrate some combinations of economic, social, environmental and cultural objectives, as well as political dimensions of participatory governance and empowerment (Utting et al., 2014). Definitively, as can be observed, the concept of solidarity economy has its roots in Polanyi’s idea that market liberalization involves a “double movement” whereby those negatively affected react in various ways to deal with vulnerability and insecurity and to ensure social protection.

Thus, in conclusion, the potential of solidarity economy organizations in the twenty-first century development model of growth seems to be particularly important. On the one hand, the model of development based on the neoliberal ideology that causes chronic vulnerability and insecurity is increasingly being questioned, especially for its incapacity to create employment under regulated conditions of decent work, to generate consumer goods for the masses and a welfare state model concerned with social protection and redistribution. On the other hand, solidarity and social economy organizations not only raise increasing interest for their role in times of crisis (e.g. in poverty alleviation and employment generation), but also in understanding how best to achieve broader institutional horizons, different forms of partnerships, collaborative or multi-stakeholder governance and “polycentricity” (Ostrom, 2009), being a potential response to challenges of economic and social development.

2.2.3. The social enterprises approach

A considerable body of work on social enterprises appeared in recent years in Europe. The main approaches can be summarized in the theoretical conceptualization of the “social usefulness third sector” (Lipietz, 2001), the “new social economy” (Defourny et al., 1998), the “social business” (Yunus, 2008), the “social entrepreneur” and “social entrepreneurship”³² (Dees, 1998; Emerson and Twersky, 1996; Leadbeater, 1997), but most of all, the approach developed within the EMES European Research Network about the concept of “social enterprise” (Borzaga and Defourny, 2001).

As underlined by Borzaga and Fazzi (2011), this concept emerges during the 1980s, when the limitations of traditional public welfare provision become evident, the process of privatization accelerates and traditional aid programmes fail to support economic development. Indeed, the socio-political and economic context of the 1980s makes the emergence of social enterprises institutionally possible as the hegemony of neoliberal economic ideology and its focus on enterprising cultures and societies, is contrasted by the rise of counter hegemonic tendencies that question the values of laissez-faire by placing societal and environmental values at the centre of social and economic development paths (Sepulveda, 2014). Consequently, the reaction of groups of citizens dissatisfied both by the public supply and the market provision of services contribute to shape the social enterprise as an institutional arrangement that facilitates the balancing of demand for these services with the supply of them.

Not by chance, social enterprises mainly raise in countries where the provision of welfare services is underdeveloped (e.g. Italy), or where the process of privatization is more marked (e.g. the U.K.). In some cases, most of these organizations adopt associative forms (France and Belgium) while in other cases they choose cooperative forms, giving rise to the social cooperative (Italy). However, since the 1990s, the term has been increasingly used to qualify entrepreneurial initiatives operating in a number of diverse sectors of general interest also because specific legal frameworks for social enterprises have been introduced into the national legislation of many European countries³³. Currently, also actions promoting ethical

³² The main differences between the concepts of social enterprise and social entrepreneurship stand in the fact that social enterprise emphasizes the collective dimension and refers to a production unit of general-interest services which belongs to the universe of enterprises. By contrast, social entrepreneurship focuses more on the individual dimension and includes a broad range of activities with a social goal that do not necessarily involve the production of goods such as social initiatives occurring in profit-seeking businesses, institutionalized entities explicitly pursuing social benefits and entrepreneurial trends in nonprofit organizations, including innovative practices developed within the public sector (Borzaga and Becchetti, 2010).

³³ Two trends can be identified in the legal recognition of social enterprises in Europe: the adaptation of existing legislation; and the introduction of new legal frameworks imposing clear social aims and specific constraints to established social enterprises. Italy and the U.K. have the most comprehensive legislation, with laws that allow for a plurality of organizations to be qualified as social enterprises and for the enlargement of the fields of activity in which they can operate (Borzaga and Galera, 2009; Borzaga and Becchetti, 2010). In Italy, law 381 of 1991 and law 118 of 2005 (now reformed by law 106 of 2016) allow a wider range of legal forms to be classified as social enterprises and define the types of general-interest services that can be supplied.

finance, micro-credit, fair trade and, in general, those producing goods and services with goals other than profit are included in the concept of social enterprise (Yunus, 2008). Indeed, these organizations aim to generate social value through the private use and management of human and financial resources that are partially generated by market and quasi-market exchanges: actually, their initiatives do not pursue the maximization of profits, but rather use market mechanisms to provide social goods (Borzaga, 2013).

One of the most comprehensive definitions of social enterprise was elaborated by the EMES network (Borzaga and Defourny, 2001), following the scientific debate and the introduction of specific laws in the field. This definition is structured along three axes: (1) the economic-entrepreneurial dimension presupposes that social enterprises have a continuous activity producing goods or services, partially using costly production factors (e.g. paid work), having a high degree of autonomy and a significant level of economic risk; (2) the social dimension presupposes that social enterprises pursue an explicit social aim of serving the community (providing “common goods”) or a specific group of people. Concretely, they produce goods or services characterized by a general-interest nature such as integrating in the job market subjects with difficulties in employment, promoting economic development in defined territories or guaranteeing the social rights of citizens (e.g. producing and distributing electricity, water, telecommunications, transports, waste collection and disposal, environmental quality, healthcare and social services. Borzaga and Fazzi, 2011); (3) the ownership-governance dimension presupposes the collective dynamics that involves people belonging to a community or to a group that share certain needs or aims and a decision-making process not based on capital ownership. This criterion also involves the representation and participation of customers, stakeholder orientation, a democratic management style and a total or partial non-distribution constraint, avoiding profit-maximization behaviour (Borzaga and Defourny, 2001; Defourny and Nyssens, 2012). This is a crucial point as in a social enterprise, profits gained are mainly reinvested in the organization and used to support its growth: “this constraint is furthermore aimed at ensuring the strengthening of assets of the organization and, in case of its dissolution, of the general interest goal pursued through the transfer of assets to another social enterprise, thus guaranteeing by law that welfare and development goals will continue to be addressed” (Borzaga and Galera, 2009, p. 214).

The EMES approach argues that these three dimensions particularly inform the diversity of social enterprises, relying on the hypothesis that these dimensions are deeply interdependent: “the kind of social mission is likely to shape the type of business model and governance structure; conversely, the chosen economic model is likely to influence the way in which the social mission is pursued and evolves, and the primacy of the latter may be better ensured by some forms of governance” (Defourny and Nyssens, 2016, p. 25).

Indeed, this definition conceives the social enterprise as a private and autonomous entity that carries on productive activities according to entrepreneurial criteria, but with a

fundamental explicit social goal: the production of goods and services that generate direct benefits for the entire community or specific groups of disadvantaged people. However, this definition excludes organizations that are not entrepreneurial, including those displaying either an advocacy or redistributive role (i.e. advocacy associations, charities and grant-making foundations) and the nonprofits whose main activity is not productive³⁴.

About ownership, social enterprises involve various types of stakeholders (users, volunteers and founders) in their governing bodies. This multi-stakeholder model is a defining character of social enterprises and allows them to generate trust relationships inside and outside the organization and to mobilize individual and community resources (i.e. social capital)³⁵.

Indeed, social enterprises have institutional and organizational mechanisms that guarantee their stakeholders the right to voice inside the organization through a participative and democratic governance as they develop a plurality of institutional solutions associated to particular objectives and to incentive structures that involve the different stakeholders (Bacchiega and Borzaga, 2001). Multi-stakeholder governance, furthermore, ensures that the embedded social parties have a voice in the definition of development objectives, reducing transaction costs, reinforcing trust and creating new knowledge through the innovative routines that imply that production is obtained by overcoming the market. “Even when coordination costs are significant, the net benefit of involvement and of the creation of new knowledge can be positive, at least in some specific areas of activity. In these instances, participatory governance guarantees greater efficiency than organizational models based on hierarchy and control” (Tortia, 2010, p. 59).

About financial resources – as they operate between state, market and nonprofit sectors – social enterprises have different possible sources of funding (such as public funds, monetary

³⁴ Emerging as institutional forms that challenge traditional conceptions of economic organizing (Defourny and Nyssens, 2006; Evers, 2005), social enterprises have also been conceptualized as “hybrid organizations” (Wilson and Post, 2013; Doherty et al., 2014) because of the location at the boundaries of public, private and nonprofit sectors, the integration of economic goals with social welfare goals, the use of public funding with private earnings and charitable donations and the combination of different coordination mechanisms.

³⁵ Bourdieu (1986) defines social capital as “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition” (Bourdieu 1986, p. 248) “made up of social obligations (connections), which is convertible, in certain conditions, into economic capital” (Bourdieu 1986, p. 243). Coleman (1990), on the other hand, describes it “by its function. It is not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of social structure, and they facilitate certain actions of individuals who are within the structure” (Coleman, 1990, p. 302). Conversely, Putnam (1995) states that social capital is characterized by “features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit” (Putnam, 1995, p. 67). They, however, recognize that this notion recalls elements like trust, civic spirit, solidarity, associative life and community construction (Coleman, 1988; Putnam, 1996) that represent the status conditions of a society. Of course, the correlation between the development of social capital and that of social enterprises (and third sector organizations in general) is very strong as these organizations represent the clear propensity to create associative ties based on social capital. On the other hand, manifest connections between local development and social capital have been detected as it is appropriable (i.e. once generated it is available for further coordinated actions) and reduces transaction costs (Collier, 1998). Definitively, not only social capital is a fundamental component of the mix of resources and objectives of social enterprises (Evers, 2001), but also a crucial element in local economic development.

and work donations, market and commercial payments and the like). This can be seen as a distinct advantage for these organizations over their governmental, private and nonprofit counterparts, as it increases the organization's agility and prevents them to rely only on one type of investor, although sometimes it can be harder to acquire the funds they need to operate (Doherty et al., 2014, pp. 424-425).

To sum up, social enterprises differ from public entities as they are managed as private organizations according to an entrepreneurial logic and also differ from for-profit firms because of goals, ownership assets, constraints and governance modalities that exclude the maximization of owners' profits; finally, they differ from traditional cooperatives which principally aim to promote solely the interests of their owners (Borzaga, 2013)³⁶.

From these characteristics it is evident that individuals in social enterprises decide their actions of production, work and consumption not to obtain the maximum benefit for themselves, but based on a plurality of motivations such as the interest for the action itself or for the benefit of the community in its whole. Thus, social enterprises can be defined as coordination mechanisms of individuals with different motivations, structured like a mix of incentives able to attract human and financial resources in order to pursue a social objective (Borzaga et al., 2010).

In this vein, defining their objectives, structures and constraints, social enterprises are able to overcome the limits of information asymmetry precisely because owners have no interest in taking advantage of informative limits to obtain a greater profit. At the same time, they attract workers that share the social mission of the enterprises (reducing costs of control and salaries paid)³⁷, but also financiers that obtain an inferior remuneration compared to that of the market. Finally, in some cases, social enterprises allocate part of their products to people that have no sufficient resources to buy goods and services: they assume a "distributive" nature as they allocate part of the value produced to individuals that are not able to satisfy their needs in a systematic way, having better information and being embedded in local needs. Although they remain private organizations, social enterprises assume a function that

³⁶ In this regard, Laville and Nyssens (2001) underline that social enterprises do not have the profit as main objective and do not subordinate the entrepreneurial activity to the economic benefit that can derive from a specific investment. Furthermore, the aim of serving the community implies the strengthening of collective externalities and an equal distribution of the achieved results in terms of positive impacts on the community, social cohesion, public health and local development. Thus, these organizations tend to produce benefits of collective character as they are managed by stakeholders that pursue aims of social utility, starting from the fact that the rights to residual control and profits are attributed to different subjects. And the absence of the profit motivation also implies a lower propensity to exploit market power and overcome various imperfections, such as asymmetric information (Borzaga and Tortia, 2009, p. 11).

³⁷ The reduction of transaction costs (coordination and motivation costs) among the stakeholders is achieved through the creation of social capital. The motivation costs depend on the incentives that it is possible to introduce in an imperfect informative context to facilitate cooperation among stakeholders and avoid opportunistic behaviours. Social enterprises that activate social capital are able to reduce the transaction costs determined by the lack of trust, but also to reduce the production costs because of the integration of users and volunteers and the recourse to donations. The mission of serving the community, indeed, allows the creation of networks that arise from the common perception about the dissatisfaction for a particular social need (Laville and Nyssens, 2001).

the traditional economic theory attributes exclusively to the state, but with the advantage of being able to promptly satisfy new needs of groups of individuals and households (Borzaga et al., 2010).

Going further, Defourny and Nyssens (2008; 2010; 2016) delineate specific types of social enterprises according to particular characteristics, recognizing four major models: (1) the entrepreneurial nonprofit model comprises all nonprofit organizations developing any type of earned-income business in support of their social mission; (2) the social cooperative model is based on cooperatives and mutual interest enterprises, owned and democratically controlled by their members for their own non-capitalist interests³⁸; (3) the social business model is mainly related to Yunus (referring to developing countries) when he states that a social business enterprise “is a non-loss, non-dividend, market-based company, designed to address a social objective” (Yunus 2010), i.e. a business that focuses on the provision of goods or services to poor customers who should be seen as a new market segment, covers all its costs through market resources and is owned by (often large) investors who do not receive any dividend as profits are fully reinvested to support the social mission; (4) the public-sector social enterprise model is mainly related to situations in which national or local governments need to reduce the costs of public service provision and/or to achieve higher efficiency in this field (Gordon, 2015)³⁹.

However, independently from the different models detected, some strengths and weaknesses may be identified in social enterprises. The strengths mainly refer to the fact that these organizations are able – more than others – to interpret the demand coming from limited groups of population, as they are more flexible and innovative in sectors characterized by high standardization or where public intervention lacks or is limited. A second advantage stands in their capacity to get closer to the needs of beneficiaries also guaranteeing forms of involvement of different stakeholders in the ownership and management of the enterprise. A third strength is their capacity of reducing costs of production compared to public entities through a more flexible and focused model of production. Finally, a fourth advantage refers

³⁸ Gui (1991) stresses the “double status” of members of cooperatives, which are involved both as “associates” (co-owners) and as “users”. For example, consumers buying the goods or services produced (in consumer, credit and savings, insurance, housing cooperatives, etc.), providers/producers using the cooperative to transform and sell their production (especially in agricultural producer cooperatives), or workers having their jobs in the cooperative they control (worker cooperatives). Italian social cooperatives (1991) were among the pioneering social enterprises in Europe: this model was followed by legislators in Portugal (1998), Spain (1999), France (2001), Hungary (2006), Poland (2006) and the Czech Republic (2012) (Fici, 2015).

³⁹ Nevertheless, many mixed models can be observed in practice (such as the partnerships between nonprofits and for-profits or with local public authorities). Furthermore, other than this economic and entrepreneurial dimension of social enterprises models, it is important to underline the social mission dimension assumed through the notion of general interest: for Nicholls (2008, p. 13), “the primacy of social mission over all organizational objectives is the first key determinant of a potentially socially entrepreneurial venture”. Dees (1998) argues that for social entrepreneurs the social mission is explicit and central, while for Chell (2007), it is the centrality of the social mission that distinguishes social enterprises from commercial firms. Defourny and Nyssens (2010, p. 44) stress that “the explicit aim to benefit the community or the creation of social value is the core mission of social entrepreneurship and social enterprises”.

to social enterprises' ability to find additional resources (more than those of public administrations or private firms) such as voluntary work, the use of private and public structures for social aims or donations (Borzaga and Fazzi, 2011).

On the other hand, however, some weaknesses persist: their difficulty in pursuing objectives of efficiency, exclusively operating in limited sectors and only solving simple problems; their lack of managerial and professional skills; the accuse of not respecting the rights of workers; their questionable capacity of promoting the interests of local communities; their limited ability to attract capitals of investors that accept to take risks; finally, the doubt about their capacity of guaranteeing at the same time an efficient organizational structure while pursuing social objectives (Borzaga and Fazzi, 2011).

Despite these deficiencies, however, it is worth underlining that social enterprises have a wide-ranging potential for the development of modern economic systems and the transformations they are generating are especially evident in their contribution to welfare systems and local development⁴⁰. Indeed, social enterprises may contribute directly or indirectly to the economic development of the territories in which they operate (Provasi, 2004): generating employment and income, they directly give support to local development; while solving problems of the community and giving beneficiaries the possibility to become economically active, they indirectly promote economic growth. Thus, social enterprises may rise in order to strengthen the economy of a community (mainly in peripheral geographical areas or in marginal productive sectors), organizing productive activities that generate income and employment starting from local underutilized or abandoned resources. It is the case, for example, of those social enterprises that organize activities to be inserted in wider economic circuits utilizing cultural, touristic, agricultural or environmental resources that promote local development and social cohesion (Borzaga and Fazzi, 2011).

In this regard, Borzaga and Tortia (2009) underline that it is precisely the typology of the services produced and their positive externalities at the local level that strengthen the relevance of social enterprises for local development as: (1) they are able to socialize resources for the production of public and quasi-public – i.e. common and collective – goods and services that are meritorious and beneficial for the public, overcoming market and contract imperfections through their multi-stakeholder model and through the construction of networks of personal relations⁴¹; (2) the production of socially oriented services is brought

⁴⁰ The theories of development can be divided into two main currents: the first looks for exogenous explanatory factors of development, such as direct foreign investments, capital transfer, public interventions, innovation spillovers and infrastructure; the second stream focuses on endogenous factors such as social capital, the valorisation of human capital and other resources present at the local level, together with cultural embedded craft traditions (this second current is linked to the literature on industrial districts: Marshall, 1890; Becattini, 1979; Brusco, 1982; Piore and Sabel, 1984). The role of social enterprises is to be positioned in the latter current since the focus is mainly on personal relations, social capital, human resources and on the local demand for services (Borzaga and Tortia, 2009).

⁴¹ The high degree of socialization of resources that characterizes social enterprises is functional to the development of their activities as non-distributed surpluses and financial donations are socialized by means of accumulation of locked assets. Thus, social enterprises are able to increase the stock of socialized capital at the

nearer and tailored to local needs, involving “embeddedness” and proximity hardly reproduced by public provision and by for-profit firms; (3) these organizations create new employment at the local level mainly favouring subjects that have difficulty in moving across localities and in finding jobs (for example women and young people); (4) their different allocation modalities support the reduction of poverty, inequality and welfare costs as negative externalities are converted in development objectives (price discrimination); (5) endogenous development allows the valorisation of objectives that are strategic for the locality through the utilization of resources like the environmental patrimony, voluntary labour, the cultural and historical patrimony and the like; (6) positive externalities, mainly in the form of better social trust relations, sustain the accumulation of social capital, which, in turn, helps the implementation of culturally driven models of sustainable development (Borzaga and Tortia, 2009, pp. 16-17). Definitively, social enterprises cover an active role in local development since they are able to produce services that respond to social needs, taking into account the demands coming from the local community. “The partly public nature of social enterprises should guarantee that not only private objectives are taken into consideration, but collective objectives as well. In this sense, social enterprises can be understood as a collector of instances of social and collective needs that, when fulfilled, allow a better match between economic growth and the needs of the local actors” (Borzaga and Tortia, 2009, p. 19).

In conclusion, as observed, social economy organizations constitute a complex and multi-sided phenomenon, which remains difficult to interpret. However, in the last decades, and especially during the recent years of economic crisis and of transformations of welfare state systems, the importance of the social economy has been increasingly recognized, mainly for its economic role in the allocation of resources through the production of quasi-public goods, its redistributive function through the provision of a wide range of services to deprived people and its capacity of regulating economic life, trying to avoid social exclusion. This new context also led to drastic changes in the relations between these organizations and public authorities: new types of partnerships were set up, with the state increasingly focusing on its regulatory function and contracting out the delivery of personal services (Defourny and Pestoff, 2008). Accordingly, social economy organizations (and particularly social enterprises) reacted in a better way than business firms to the economic crisis: this may be explained by the nature of these organizations which, also in difficult conditions, tend to protect their members (consumers, workers or producers), while the latter try to primarily defend the capital invested, also reducing production and employment (Borzaga, 2015). Furthermore, because these organizations are owned and managed by people who are also the beneficiaries of the produced activities, they address unsatisfied needs, assuring a fairer

disposal of the community for development purposes: this accumulation of indivisible reserves supports the private supply of public goods by alleviating the difficulties that they encounter in gathering financial support from the market in absence of tradable shares and investors’ control. Social enterprises are therefore in the position to alleviate failures of public supply such as the over- and under-provision of public goods and services (Tortia, 2010).

distribution of the produced value and contributing to re-equilibrate the income distribution also at a macro-economic level. Definitively, social economy organizations can be viewed as able to guarantee a fair combination of economic objectives and social aims, mainly because of their nature of serving the members or the community (and not of making financial returns on the capital invested), basing their activities on reciprocal trust and cooperation and operating in contexts where the market or the state do not work (Borzaga, 2015).

Table 1. Summary table about nonprofit and social economy approaches

References	Nonprofit literature	Social economy literature	References
Filer Commission (1973)	Commission on private philanthropy and public needs	Social economy is associative, participative and united	Desroche (1983)
Etzioni (1973)	The third sector is separated from the state and the market	Benefits and decisions are not related to the capital invested	Barea (1990)
Weisbrod (1975)	The unfilled demand for public goods is satisfied by nonprofits	The production of services works according to social rules	Vienney (1994)
Hansmann (1980)	Nonprofits must devote net earning to finance their activity	Entities carry on activities, serving members or community	Defourny (2001)
Young (1983) James (1987)	Nonprofit entrepreneurs adopt a mission to create social value	Solidarity economy focuses on reciprocity and hybridization	Utting (2015)
Ben-Ner (1986)	Nonprofits raise to provide control over the firm	Social enterprises use the market to provide social goods	Borzaga and Defourny (2001)
Salamon (1995)	Governments and nonprofits are more partners than rivals	Social enterprises have different goals other than profit	Yunus (2008)
Salamon and Anheier (1998)	Nonprofits across the world have varied mooring and shape	Social enterprises carry on activities with clear social goals	Defourny and Nyssens (2016)

2.3. The cultural and creative economy in urban regeneration: a literature review

As explained in the introduction, this research aims to understand the potential of third sector organizations related to the arts and culture in the emergence of virtuous patterns in urban regeneration through the analysis of a specific case study collected in the city of Naples. For this reason, a brief literature review about the cultural and creative economy and its crucial role not only in the development and regeneration of post-industrial inner urban areas, but also in the socio-economic reactivation of depressed and peripheral neighbourhoods is needed.

First of all, it is necessary to understand the shifts in the nature and structure of economic activities of the capitalist system begun in the 1970s and the consequent rise of sectors

“focused on the production of cultural outputs ranging from purely experiential items like film and recorded music on the one hand to design-intensive artefacts like jewellery and clothing on the other hand” (Lorenzen et al., 2008, p. 589). Actually, the rise of sectors related to the cultural and creative economy (Caves, 2000; Throsby, 2001; Hesmondhalgh, 2002) forces to reconsider the concepts of industrial districts, urbanization, urban development and globalization, among many others, but also to redefine this new era of capitalism as “cognitive capitalism” (Moulier Boutang, 2007) or “cognitive-cultural economy” (Scott, 2007), overcoming the earlier formulations of “post-Fordism” and “flexible specialization”.

As argued by Scott (2014), the transformations occurred over the 1980s and 1990s can be traced in: (1) the increasing focus on unstandardized products in sectors like technology-intensive production, business, financial and personal services and a wide array of cultural industries ranging from the media to fashion-intensive crafts; (2) the tendencies to extensive horizontal and vertical disintegration with groups of firms that recombine into networks of specialized but complementary producers in large cities; (3) the increasing shares of the output of these sectors marked by firm, place and product specifications; and (4) the growth of a new economy echoed in the expansion of a high-level cognitive and cultural labour force. “As these transformations have come about, economy and culture have fused together in important ways, in the sense that economic outputs are subject to ever increasing injections of aesthetic and semiotic meaning, while the culture that is consumed is produced more and more by profit-seeking firms in the commodity form” (Scott, 2014, p. 570).

In this changed context, many scholars underlined the outstanding role of the arts and culture in contemporary urban development and regeneration (Zukin, 1991, 1992; Landry and Bianchini, 1995; Landry et. al, 1996; Landry, 2000). Actually, the argument for culture-led regeneration originates as a response to the de-industrialisation of the city, when cultural activities come to be seen as key drivers for the recovery of abandoned industrial urban spaces. Campbell (2011) sees three areas as the core propositions in the literature linking cultural activities to economic and urban regeneration: regeneration via sector development of cultural and creative industries; regeneration via interventions which raise public profile and levels of art engagement; and regeneration via improved social circumstances. On the other hand, Zukin (1992) stresses how innovative cultural producers and consumers are actually the main actors of the reintroduction of marginalized urban places back into the urban cultural landscape. At the intersection between structural economic changes and sectorial group interests, indeed, the cultural infrastructure is responsible for a crucial phase in the recentralization of urban space, turning old and forgotten places into vibrant, fashionable areas (Zukin, 1992). In this view, the contemporary synergy between cultural and economic values leads to a rise in the economic value of spaces, especially through the increasing popularity of the artistic and bohemian lifestyle.

Secondly, a clarification on terms is basically important (Pratt and Hutton, 2013): the perspective that centres on the interplay between culture and economy has been expressed in the notion of “cultural economy [which] comprises all those sectors in modern capitalism that cater to consumer demands for amusement, ornamentation, self-affirmation, social display and so on” (Scott, 1999) and have high symbolic value (as opposed to a purely utilitarian purpose). Today’s urban economies contain a major cultural-economy component that is apparent in specific sectors that have their logics in clustering and tacit knowledge.

On the other hand, an almost internationally accepted definition of “creative economy” is that of UNESCO (2013) and relies on the one popularized in 2001 by Howkins who applies it to fifteen industries ranging from the arts to science and technology. This notion is very broad as it embraces not only cultural goods and services, but also toys and games and the entire domain of research and development. Therefore, while recognizing cultural activities and processes as the core of a powerful new economy, it is also concerned with manifestations of creativity in domains that would not be understood as “cultural” (UNESCO, 2013). As seen, these definitions are very broad and may not only include for-profit, formal, private sector activities and actors, but also not-for-profit, informal and public funded ones. For this reason, the literature on the cultural and creative economy is very wide and covers many disciplines that range from psychology, organization and geography to economics, management and urban studies⁴².

Now, we try to briefly explain the main theories that characterize the cultural and creative economy and its role in urban regeneration, also providing new advancements in the field led by scholars that focus on issues such as culture, creativity, urban regeneration and social inclusion (Sasaki, 2010), the creative capacity of culture and the societal function of cultural heritage (Lazzeretti, 2009, 2012), social justice and the creative city (Leslie and Catungal, 2012) and culture and creativity in sustainable urban development and culture-led regeneration (Fusco Girard, 2012; Grodach, 2013; Duxbury et al., 2016).

2.3.1. The creative city and the creative class

Studies on the importance of cultural and creative economy in urban development and regeneration begin during the Nineties when new information and communication

⁴² Relying upon the co-citation approach and the Social Network Analysis (Hervas-Oliver et al., 2015; Lazzeretti et al., 2014), Lazzeretti et al. (2017) recognize the birth and rise of creative economy research at the end of the Nineties, characterized by a strong multi-disciplinarity and mainly born in English-speaking countries (North American and Europe). They identify the most cited contributions in the field (“disseminators”), which contributed to the diffusion of the creative economy research. This core emerges as a closed and coherent network of very few authors active in multidisciplinary fields, confirming creativity as a fuzzy concept (Markusen, 2006). This core of “disseminators” mainly focuses on “creative class” (Florida, 2002; Peck, 2005; Markusen, 2006; Florida et al., 2008); “creative cities” (Scott, 2006; Hall, 2000); “cultural clusters” (Pratt, 2000; Mommaas, 2004; Gupta et al., 2002); and the “relevance of the territory” (Drake, 2003). On the other hand, they also identify the so called “founders”, i.e. the theoretical ground upon which “disseminators” are based (i.e. their backward cited works): Florida (2002) with “The Rise of the Creative Class”; Landry (2000) and Landry and Bianchini (1995); Pratt (1997), Scott (1997) and Hesmondhalgh (2002) about the “cultural industries”; Zukin (1995) with “The Culture of Cities”; and Lash and Urry (1994) with the “Economies of Signs and Space”.

technologies and the economic crisis of traditional sectors draw the attention of scholars and policy-makers to the concepts of culture, creativity, creative people and professionals (Caves, 2000) and, over time, to cultural industries (Howkins, 2001) and creative industries (DCMS, 2001). Along these lines of inquiry, a number of scholars developed ideas about the cultural economy of cities (Lash and Urry, 1994; Molotch 1996; Scott, 1996; Pratt, 1997), which were rapidly intertwined with works on the creative city (Landry and Bianchini, 1995; Landry, 2000; Florida, 2002).

Initially, Landry and Bianchini (1995) underline that cities historically needed creativity⁴³ to work as markets, trading and production centres, with their critical mass of entrepreneurs, artists, intellectuals, students, administrators and power brokers. In particular, artists and cultural organizations were often identified as urban agents that participate to raise the vitality and the character of cities (Landry et al., 1996). In the U.S.A., for example, since the late 1960s, they contributed to urban renewal, often through the creation of studios and cultural quarters in run-down central districts. Furthermore, the arts and cultural activities became an increasingly important part of urban regeneration also because of their emphasis on local people as principal asset through which renewal could be achieved. In this regard, Landry et al. (1996) recognize the arts as able to engage people's creativity, lead to problem solving, enable dialogue, question and imagine possible futures and offer self-expression, which is an essential feature of the active citizenship. Accordingly, Landry (2000) insists on the investment of creative energies in virtually every aspect of urban existence and especially for major efforts to be made in promoting the cultural life of the city.

A further proposition in this respect is added by Hall (1998) who argues that density, human interaction and synergy are essential foundations of the creativity of individual places. Hall (2000, p. 646) also points out that a creative city is a place where “outsiders can enter and feel a certain state of ambiguity: they must neither be excluded from opportunity, nor must they be so warmly embraced that the creative drive is lost. They must then communicate –

⁴³ There is no single definition of creativity: it is a complex phenomenon associated with originality, imagination, inspiration, ingenuity and inventiveness. According to Rhodes (1961), creativity relies on 4Ps: person (identification of the characteristics of creative people); process (the components of creativity); product (the outcome of creativity); and press (the qualities of the environment that nurture creativity). According to Torrance (1976, p. 2), creativity is a “successful step into the unknown, getting away from the main track, breaking out of the mold, being open to experience and permitting one thing to lead to another, recombining ideas or seeing new relationships among ideas”. Moving the focus to the urban scale, Landry et al. (1996, p. 8) argue that creativity is that “complex imaginative force which can do so much for our towns and our lives, [involving] experimentation and originality. It requires the capacity to rewrite rules; to be unconventional; to look at a problem from a new angle; to imagine new solutions; to discover common threads among different issues; to be flexible”. Thus, creativity is not only reserved to artists, but also to engineers, planners, social scientists, librarians, business people and the like. UNCTAD (2008), finally, distinguishes among “artistic creativity” which involves imagination and a capacity to generate original ideas; “scientific creativity” which is associated to curiosity and willingness to experiment and make new connections in problem solving; “economic creativity” which is a dynamic process leading towards innovation in technology, business practices, marketing, etc., and is closely linked to gaining competitive advantages in the economy; and “technological creativity” which includes all the previous characteristics and features.

to at least part of the class that patronises them – their uncertainties, their sense that there is another way of perceiving the reality of the world”. In this regard, Andersson (1985) sustains that six critical prerequisites are the bases for the raising of a creative milieu in the city: a financial basis, but without tight regulation; a basic original knowledge and competence; a balance between experienced needs and actual opportunities; a diverse milieu; good internal and external possibilities for personal transport and communication; and a structural instability, i.e. a genuine uncertainty about the future within the general scientific and technical environment.

However, this phase is characterized by the highly influential work of Florida (2002), which discusses the impact of human capital and “creative classes” on urban and regional development (Stolarick and Florida, 2006), although Glaeser (2005) points out that ideas about the significance of creativity in generating economic development were already known at the time of Smith, Marshall and Jacobs⁴⁴.

Nevertheless, contrary to scholars who advance the idea that urban success may come from being an attractive “consumer city” for high skilled people (Glaeser et al., 2001) or being an “entertainment machine” (Lloyd and Clark, 2001) or even developing primarily on the basis of the job-generating capacities (Storper and Scott, 2009), Florida (2002) points out that cities need to attract the creative class in order to ensure successful development: as the economy is transformed, creative occupations grow and firms orient themselves to attract the creative class. The core of this creative class is composed by “scientists and engineers, university professors, poets, and novelists, artists, entertainers, actors, designers, and architects, as well as the thought leadership of modern society: nonfiction writers, editors, cultural figures, think-tank researchers, analysts, and other opinion-makers” (Florida, 2003, p. 8). The creative class also includes creative professionals who work in a wide range of knowledge-based occupations in high-tech sectors, financial services, the legal and health-care professions and business management. In this “creative capital” perspective, thus, creative people are the engine of economic growth and prefer places that are innovative, diverse and tolerant: they move towards the so called “creative centres” which have a high concentration of creative class people and of creative economic outcomes in the form of innovations and high-tech industry growth. These centres succeed because creative people want to live there, mainly attracted by high-quality experiences, openness to diversity and the opportunity to validate their identities as creative people⁴⁵.

⁴⁴ In particular, Jacobs’ book “Cities and the Wealth of Nations” (1985) talks about creative cities, i.e. cities which are particularly innovative, diversified and driven towards innovation. The presence of different ethnic and economic realities in a local context is seen as an advantage for the community, since diversity is a source of creativity. Jacobs (1961), thus, considers that creativity and exchange of ideas play an important role in the socio-economic development of cities.

⁴⁵ According to Florida, the key to understand the new economic geography of creativity and its effects on economic outcomes lies in the 3Ts of economic development: technology, talent and tolerance. It means that to attract creative people, generate innovation and stimulate economic development, a place must have these three features: tolerance as openness, inclusiveness and diversity to all ethnicities, races and walks of life; talent defined as those with a bachelor’s degree and above; and technology as a function of both innovation and high-technology concentrations (Florida, 2003).

Accordingly, putting emphasis on the link between the creative class and cities, Florida stresses that one of the primary indicators of these conditions of openness and tolerance is the conspicuous presence of gays and lesbians defined as the “canaries of the creative economy” as they signal a progressive environment, serving as “harbingers of redevelopment and gentrification⁴⁶ in distressed urban neighbourhoods” (Florida and Gates, 2005, p. 131). This avant-garde, and the creative class in general, asks for some amenities to urban planners and administrators, including historical buildings, converted lofts, walkable streets, coffee shops, art and live music spaces and a range of other typical features of gentrifying, mixed-use, inner-urban neighbourhoods (Peck, 2005). Definitively, Florida’s ideas that cities that want to succeed must attract creative people – first developed in North America and Northern Europe (Florida and Tinagli, 2004) – spread to other European countries (Boschma and Fritsch, 2009) and even to Asia, achieving global diffusion and outstanding popularity and generating great interest both in academics and policy-makers.

2.3.2. Culture and creativity in local economic development

Several studies were carried out to investigate the relationship between culture, creativity and local economic development.

Generally speaking, cultural-based development was conceptualized starting from two main alternative models (Sacco et al., 2009): (1) a top-down process in which the definition of new development strategies comes from the institutional level: in this case, development strategies are promulgated by the government without consulting people at the local level to the definition of aims and goals, but focusing the strategy on exploiting physical cultural assets to attract tourism; and (2) a bottom-up process that refers mainly to the district model, in which the spatial agglomeration of immaterial assets and cultural policies are usually not defined by a specific actor (e.g., at the institutional level), but where society self-organizes and eventually becomes regulated by the government.

At the urban scale, however, Scott (2006) points out that as even more employment in cities is dominated by high-end segments of the new economy, cultural amenities (such as museums, art galleries, concert halls, multifaceted entertainment districts) are often present and combined with up-scale streetscapes, shopping facilities and residential enclaves. “Combinations of attributes such as these within urban areas represent an increasingly potent source of localized competitive advantage and are a critical element of the contemporary creative city” (Scott, 2006, p. 4). Thus, stressing the main economic mechanisms that underlie creative cities, Scott argues that deep social divisions of labour lie

⁴⁶ According to Smith (1982, p. 139), gentrification is “the process by which working class residential neighbourhoods are rehabilitated by middle class homebuyers, landlords and professional developers”. He also defines the process of land-use redevelopment in terms of “rent gap”: inner-city properties often seem to command potential rents far above the actual rent earned and that this gap provides the incentive for land-use upgrading and socio-economic succession. On the other hand, for Zukin (1982, p. 5), “gentrification typically occurs when a higher class of people moves into a neighbourhood, makes improvements to property that cause market prices and tax assessments to rise and so drives out the previous, lower-class residents”.

at the root of functionally distinctive clusters of economic activity which are expressed in vertically disintegrated networks of production units tied together in relations of specialization and complementarity (Scott, 2006). In this new economy, these networks are frequently dominated by big firms that play a role in financing and coordinating the activities of a large number of small and medium units that typically constitute the majority of nodes in any localized web of interrelated producers. In this view, new formed clusters of the cognitive-cultural economy function as intense centres of localized learning and innovation, helping their products to maintain a durable leading edge on global markets (Silicon Valley semiconductors, Hollywood films, Paris fashions and London financial services are paradigmatic examples; Scott, 2008).

Accordingly, policy-makers around the world recognized the interdependence between local economic development and cognitive-cultural districts and clusters, not only because they offer skilled and high-wage jobs, but also because in many instances they are both environmentally friendly and provide community-wide prestige (Scott, 2008). The consequence was the enforcement of place-making and place-promotion activities and programmes of urban renovation as tools for attracting flows of tourists, generating new investments and raising local economic expectations (Scott, 2006). Furthermore, a particular aspect underlined by Scott (2010) is that of the “creative field of the city [seen as a] system of cues and resources providing materials for imaginative appropriation by individuals and groups as they pursue the business of work and life in urban space” (Scott, 2010, p. 121). Basically, it means that within this field, individuals are involved in transactional exchanges with one another and: absorb elements of locally accumulated cultural traditions; become habituated to routines in urban production and social space; deal with challenges in the evolving local economy; and set in motion an urban dynamics of path-dependent development⁴⁷.

A slightly different perspective is provided by Lazzeretti (2009) who defines creativity as the “creative capacity of culture” and argues that creativity is crucial in the enhancement of the economy. In this view, culture is not only seen as a basic element for economic development, but also as a source for innovation as it has the power to revitalize cities, districts, sectors, professions and goods through the generation of new ideas, cross-fertilization and serendipity. Thus, the principal paths of development for the creative capacity of culture are identified in: (1) the urban renewal specifically devoted to urban regeneration strategies such as city branding, physical renovation and culture-led strategies; (2) the economic renewal based on the idea that culture can rejuvenate not only places, but

⁴⁷ An added ingredient is “place” itself, not only as a spatial aggregation of industrial capabilities and skills, but also as a centre of knowledge, traditions, memories and images that inspire creative individuals. Contemporary cities show continuity between the local physical environment, the social and cultural amenities and the industrial and commercial district specializing in creative and cultural activities. And the iconic quality of these spaces ensures the branding of cities as distinctive centres of creativity, having as effect an extensive gentrification of inner city neighbourhoods (Scott, 2010).

also economic industries, products, professions and sectors that are mature or declining; (3) the cross-fertilization built upon innovation of ideas between industries, as well as between economic actors and the broader community; (4) the serendipity, i.e. the discovery of an unusual correlation that is the basis for innovative ideas which may be connected with new uses for a product, diversification or technological correlations. Thus, definitively, the creative capacity of culture “plays a strategic role in the innovation process, above all in the initial phase of ideas’ generation, and in the new creative milieu, favouring the transformation of ideas into innovations, sometimes in sectors different from those where it was originally generated” (Lazzeretti, 2009, p. 289).

2.3.3. Cultural and creative industries and clusters/districts

Cultural and creative industries are significant elements in the context of the cultural and creative economy, although there exists a lively debate on their broad or narrow definition (Lazzeretti and Capone, 2016), which has important implications for policy applications.

The term “cultural industries” has its roots into the work of the Frankfurt School during the 1930s and 1940s (Adorno and Horkheimer, 1944), which criticizes the commodification of art as providing an ideological legitimization of capitalist societies and the emergence of a popular cultural industry. By the early 1960s, however, many analysts recognize that the process of commodification does not necessarily result in the degeneration of cultural expression. And by the 1980s the term (propagated worldwide by UNESCO) refers to forms of cultural production and consumption that have at their core a symbolic or expressive element: it encompasses a wide range of fields, such as music, art, writing, fashion, design and media industries, including radio, publishing, film and television production (UNESCO, 2013). This definition was also accepted and further developed by the traditional cultural economics (Throsby, 2001; Towse, 2003), although already Landry et al. (1996) define the cultural industries as those that include: the performing arts (theatre, dance etc.); music (classical, popular, folk); the visual arts (painting, sculpture and the decorative arts); the audio-visual and media sectors (film, television, photography, video); the publishing and digital technology. However, they also include those sectors where the creative input is a means of enhancing the value of other products: design, industrial design, fashion, the graphic arts (including advertising) and the craft sector, whose skills, ideas and methods of working are crucial in helping the cultural area to develop.

Throsby (2001), conversely, formulates a concentric circle model of cultural industries, with the creative arts lying at the core and other cultural industries (such as publishing, advertising and tourism) forming circles around this core. Also Throsby, however, stresses that artistic and cultural industries may have a pervasive role in urban regeneration through the fostering of community identity, creativity, cohesion and vitality via their characteristics and practices that define the city and its citizens (Throsby, 2001). On the other hand, Towse (2003), signals that cultural industries are those that mass-produce goods and services with sufficient artistic content to be considered creative and culturally significant. “The essential features are industrial-scale production combined with cultural content. The cultural content mostly

results from the employment of trained artists of one sort or another (creative artists, performers, craftspeople) in the production of goods in the cultural industries, but it may also arise from the social significance that attaches to the consumption of goods” (Towse, 2003, p. 170).

However, the creative economy was subjected to a particular shift from cultural to “creative industries” mainly led by the Department of Culture, Media and Sport of the U.K. (DCMS, 2001) and by academic research along the 2000s (Cunningham, 2002; Higgs et al., 2008; Flew and Cunningham, 2010). Actually, the term was applied to a much wider productive set compared to that of cultural industries, including goods and services that depend on innovation, research and software development (UNESCO, 2013). The DCMS proposes the following definition of creative industries: “those activities that have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the general exploitation of intellectual property” (DCMS, 2001). In this view, the creative industries focus primarily on outputs and property rights; have a putative activity to produce a cultural object (such as film making or writing books); and their object is creativity itself (Pratt, 2005). On the basis of this definition, Baycan (2012) points out that creative industries cover all enterprises, entrepreneurs and self-employed persons, producing, marketing, distributing and trading profit-oriented cultural and symbolic goods and include the following activities: advertising, architecture, the arts and antiques, crafts, design, fashion, film and video, interactive leisure software, television and radio, performing arts, music and software and related computer services. Critics to the DCMS approach, however, are provided by Garnham (2005) who argues that the inclusion of software, computer games and electronic publishing industries has the effect of artificially inflating the size and economic significance of the creative industries; while Hesmondhalgh (2007) questions the exclusion of sectors such as heritage, tourism, entertainment and sport; finally, Bakhshi et al. (2013) criticize the inconsistencies of the DCMS definition, presenting an improved methodology which focuses on creative intensity, i.e. the proportion of people within an industry engaged in creative occupations.

On the other hand, Higgs et al. (2008, p. 18) refer to creative industries as those “businesses in the economy which focus on creating and exploiting symbolic cultural products (e.g. the arts, films and interactive games), or on providing business-to-business symbolic or information services in areas such as architecture, advertising and marketing and design, as well as web, multimedia and software development”. According to them, these industries are defined by a selection of Standard Industrial Classification (SIC) codes that are implemented in national datasets and that encompass the specialist businesses that produce creative goods or services. Conversely, UNCTAD (2008) defines creative industries as “the cycles of creation, production, and distribution of goods and services that use creativity and intellectual capital as primary inputs”. They comprise a set of knowledge-based activities that

produce tangible goods and intangible intellectual or artistic services with creative content, economic value and market objectives.

From these lines of research, also raises the debate about “cultural and creative clusters” (Pratt, 2000; Mommaas, 2004; De Propriis and Hypponen, 2008). De Propriis and Hypponen (2008) define a creative cluster as a place that brings together: (1) communities of creative people (Florida, 2002); (2) economic efficiencies derived from external and agglomeration economies; and (3) a thick, open and ever changing network of interpersonal exchanges. Actually, in the 1980s and 1990s many cities saw a wave of flagship museums and art centres growing in their downtowns within larger redevelopment projects also focused on high-rise office development combined with leisure options (Mommaas, 2004). Indeed, artistic and cultural activities tend to cluster in specific urban areas, most of them also incorporating a great variety of entertainment elements such as bars, restaurants, cultural retail spaces, health and fitness complexes and the like (Mommaas, 2004). In some contexts, the projects of cultural clusters are carried out by informal groups of cultural producers who turn them into alternative cultural sites; in others, their existence is planned by cultural managers, searching for ways to strengthen the market position of their amenities within a more competitive cultural and leisure market; in even other cases, the projects come to life through the activities of urban planners looking for ways to revitalise urban quarters or to strengthen the local economy. Actually, cultural clusters are identified as crucial players for both the creative economy and the local urban renewal because of their capacity of stimulating sources of creativity and developing critical infrastructures able to function as sources for artistic, cultural and economic innovation (outstanding examples are the 1960s Rive Gauche in Paris, the 1970s SoHo in New York or the 1980s Silicon Valley in California)⁴⁸. Furthermore, as confirmed by empirical research and differently from manufacturing clusters, creative clusters and their creative industries tend to be attracted by urban areas, especially large capitals or global cities⁴⁹.

Conversely, scholars that focus on “cultural and creative districts” (Lazzeretti, 2004; Sacco and Ferilli, 2006; Santagata, 2006; Cooke and Lazzeretti, 2008) find the roots of this concept

⁴⁸ It has been argued that cultural clusters are expected to create a local climate favourable for attracting creative workers because of their wider symbolic and infrastructural spin-off. In a more direct sense, clusters are expected to function as contexts of trust, socialization, knowledge, inspiration, exchange and incremental innovation in a product and service environment characterized by high levels of risk and uncertainty, also working as a brand and a spatial identity (Banks et al., 2000).

⁴⁹ A particular field of research focuses on the spatial analysis of creativity in relation to the territory. Gong and Hassink (2017) examine the extensive literature on the geographies of creative industries which is embedded in the broader domain of economic geography and show how this literature mainly argues that creative industries tend to concentrate in and around large cities (Boix et al., 2015; De Propriis et al., 2009; Florida, 2002; Lazzeretti et al., 2012; Mateos-Garcia and Bakhshi, 2016; Lazzeretti et al., 2008), particularly considering the agglomeration of small and medium-sized firms and grassroots start-ups (Vinodrai, 2015). These firms strongly benefit from co-locating in certain regions for several reasons, such as uncertain and unpredictable demand for their creative products (Caves, 2000), the mechanisms of spin-off formation (Heebels and Boschma, 2011; Wenting, 2008) and institutional support (Darchen, 2016; Wenting and Frenken, 2011).

in the industrial district theory developed in Italy by Becattini (1979) and his colleagues (inevitably linked to the classic “Marshallian” district theory) in which the industrial district is defined as “a socio-territorial entity characterized by the active presence of both a community of people and a population of firms in one naturally and historically bounded area” (Becattini, 1990). The shift from industrial to cultural district implies a substantial change (Peretto and Connolly, 2007): whereas the industrial district model is focused upon decentralized, vertical integration (an increasing level of coordination among firms operating within the same value chain), the cultural district model emphasizes horizontal integration (increasing levels of coordination and complementarities among firms belonging to different value chains). Furthermore, the differences between cluster- and district-oriented approaches also appear in another crucial domain: in the cluster, the economic dimension is the dominant one and social relationships and local identity issues seem to have secondary relevance. In the district, conversely, the social dimension is equally important as the economic one and the social fabric of interaction and exchange among local players is a keystone that keeps the production system together, particularly in the case of small and medium enterprises, which are often linked by personal or family ties (Sacco et al., 2013). It is not casual that the cluster model tends to prevail in the English-speaking contexts, while the district model is a characteristic of contexts with a prevalence of small family-owned firms like Italy.

In this vein, Santagata (2006) identifies different types of cultural districts and proposes a typology that separates manufacturing-oriented and services-oriented ones into distinct categories, each driven by diverse agglomeration dynamics and calling for different policy approaches. Conversely, Lazzeretti (2004) explores whether it is possible to identify local development processes giving rise to structured cultural districts based on networks of small, localized firms operating in complementary aspects of cultural and artistic markets. Her attempt starts from two points of view: (1) a district analysis of the trend of “replicability” of district logical categories in the service industry and handicraft sector; and (2) a dynamic district analysis focused not on the cultural district as such, but on the forms of cultural districtualization, by means of a process of analysis. In this view, the art city is seen as a “high culture system” in which it is possible to find different degrees of cultural districtualization. In this perspective, workspaces located in mixed-use facilities enable the merging of work, social culture and housing to maximize the transference of creative ideas and the mixing of work life and home life for creative people. Basically, the concept of cultural or creative district is centred on the cultural, artistic and environmental heritage factors of production and, even more important, is characterized by “two intimately-connected knots of relations, on the one hand, economic and productive ones and, on the other, socio-cultural ones, between the local city community and the industrial city community” (Lazzeretti, 2004, p. 25).

Finally, Sacco and Ferilli (2006) put forward a model of cultural district based on the horizontal integration of different systems: they refer to the “proactive cultural district”, a model achieved through strategic complementarity between cultural and production systems and where specialized cultural sectors have an impact on the spatial organization of the territory. Based on this concept, the places of production and supply of culture are not only perceived as sources of profit, but also as perfectly integrated into the new post-industrial value chain (Sacco and Pedrini, 2003): the value created through symbolic content or cultural value is seen as contributing to individual well-being, constituting a necessary factor in the development of a socially recognized and sustainable territorial identity.

Going further, Sacco et al. (2013) advance the concept of “system-wide cultural district”, again based on the horizontal integration of diverse activities: “that is to say, even if culture would not be profitable from a sector-based perspective, it would nevertheless be a key developmental engine” (Sacco et al., 2013, p. 562). What characterizes this system-wide cultural district is not only an agglomeration of cultural facilities or activities, but: (1) the fact that cultural production closely interacts in a socially networked way with non-cultural value chains; (2) that cultural participation presents generalized values across the population; and (3) the intangible value added generated by a cultural orientation shapes the goods and services that are produced locally. In this approach, thus, the cultural and creative sector acts as a regulator of local growth dynamics (Sacco and Crociata, 2013) in addition to being a complex system in itself⁵⁰.

Definitively, a varied terminology of creative clusters, quarters, districts and hubs is employed, often in overlapping ways. Nevertheless, these clusters and districts deal with constant issues such as the ways in which knowledge is formed and shared in the creative and cultural industries; the high levels of human input; the small companies operating on a project basis; the dense transactional flows of information, goods and services; and the complex divisions of labour (Scott, 2008; Crossick, 2006). In these analyses, the relationship between the arts and the urban space comes to be about consumption rather than production, as part of a local experience economy and a distinction in theory and practice between production-led and consumption-led quarters is hard to maintain (McCarthy, 2005). However, although creative and cultural quarters were a feature of urban policy over the last decades, research points to the often negative dimensions of their development such as the marginalization of production, the social gentrification and the increasing inequality within the urban space (Crossick and Kaszynska, 2016).

⁵⁰ In this concept, the key aspect lies in the level of participation of local actors (Sacco and Segre, 2009): an increased level of popular participation provides an incentive for individuals to invest in cultural capability building, which in turn is conducive to more and better cultural production. “This is the positive feedback loop that drives the dynamics of cultural districts as the involvement of subjects operating in various productive sectors causes spillovers of creative practices in strategically complementary value chains and modifies behavioural dispositions and consumer behaviours” (Sacco et al., 2013, p. 562).

2.3.4. Culture and creativity in local policy-making

Studies about cultural and creative economy also draw a great interest on policy-making and local urban policies.

UNESCO (1969) defines a “cultural policy” as characterized by five principal objectives: being a key feature of developmental planning in individual communities; encouraging creativity and public participation in cultural life; reinforcing the cultural industry, taking account of economic aspects and preserving the heritage of culture; strengthening and preserving cultural diversity, especially with reference to small communities; involving assets and human resources allocated to cultural affairs.

More recently, Einarsson (2016) underlines that participants in cultural policy can be divided into eight groups: (1) individuals producing cultural goods, including artists and those involved in artistic production; (2) for-profit business enterprises that produce cultural goods and operate in a competitive market; (3) nonprofit organizations that produce cultural goods for purposes other than profit; (4) associations of artists and producers; (5) public cultural institutions whether operated by public or private entities – such as art museums, libraries, concert halls, radio stations – and educational institutions; (6) government ministries and their cultural agencies; (7) international cultural organizations; and (8) consumers and their associations. In this meaning, an important factor is the direct participation of all these actors in cultural policies, not only for a fairer allocation of public funds and resources, but especially because culture is regarded as a public good whose main characteristic is accessibility and, by definition, it must be available to all people in the community in question (Einarsson, 2016).

Focusing on cultural policy-making in Europe, Cooke and De Propris (2011) sustain that in order to respond to the financial crisis and the economic recession, a European reactive economy requires a growth agenda built upon a balanced industrial mix, where the adoption of new knowledge or technological platforms enables existing sectors to launch an upgrading trajectory. Of course, this growth agenda should necessarily include cultural and creative industries as they play a crucial role in opening up opportunities to service sectors, enabling the upgrading of sustainable high-value added manufacturing activities. Menger (2010), on the other hand, argues that cultural policy may be regarded as one of the pillars of the European welfare state, together with educational, social and health policies; while Power (2011) remarks the importance of such policies on the basis of the relationship between the presence of cultural and creative industries and regional prosperity (he shows that Europe’s wealthiest regions are home of high concentration of these industries). For this reason, European institutions insisted on such industries and sectors as actors with potential for the creation of economic wealth as well as for innovation and competitive advantages (European Commission, 2010).

Specifically concentrating on the literature about urban cultural policy, Bianchini (1994) underlines how cultural policy is a significant component of economic and physical

regeneration strategies in European cities as demonstrated by the increase in the expenditure on culture and the creation of specialized bureaucracies and policy-making bodies to enhance their provision of cultural services. Many city decision-makers, indeed, are even more interested in expanding economic sectors like leisure, tourism, the media and other cultural industries including fashion and design, trying to compensate the job loss in traditional industrial sectors. A lively, cosmopolitan cultural life is seen as a crucial element of city marketing and internationalization strategies, designed to attract mobile international capital and specialized personnel, particularly in the high-tech industrial and advanced service sectors, but also to attract customers and travellers in terms of cultural tourism. In this regard, a particular attention is dedicated to the different policy models that integrate cultural capital into urban regeneration processes: (1) “culture and regeneration” (Evans, 2009) sees culture as functional in strategic planning but not integrated in concrete specific plans; (2) “cultural regeneration” (Tavano Blessi et al., 2012) conceives culture as a structural part of strategic planning, fully integrated in the improvement of environmental, social and economic spheres; and (3) “cultural-led regeneration” (Miles and Paddison, 2005) utilizes culture as an aesthetical and instrumental tool of a regeneration mainly based on flagship cultural building⁵¹, hallmark event⁵² and internationally recognized designations⁵³ that aim to revitalize deprived neighbourhoods as well as to stimulate urban and socio-economic experimentation.

However, many problems remain: the increasing economic, social and spatial inequities have a clear manifestation in the segregation of low-income groups in many European cities, especially between city-centre and suburban residents on the one hand, and low-income citizens living in peripheral areas, on the other. According to Bianchini (1994), to counteract the trend towards increasing social polarization and fragmentation, cultural policy-makers should encourage the urban social movements to contribute their energies, resources and ideas to debate about the future of the city and to improve the quality of life of the wider community. He highlights the importance of involving disadvantaged, ethnic and geographical communities, disabled people organizations, feminist and environmentalist groups in the enrichment of the city’s cultural policy. In this regard, also the presence of solid partnerships between local government, private and voluntary sectors is seen as a tool to formulate practical action plans and inclusive urban cultural policies.

⁵¹ Examples of cultural-led urban regeneration based on flagship buildings are the Frank Gehry’s Guggenheim Museum in Bilbao (Plaza, 2007) or the Tate Modern in the revival of London’s South bank of the Thames (Dean et al., 2010).

⁵² An outstanding example of urban regeneration through the Olympic Games is that of Barcelona in 1992, when new infrastructures and landscapes led the city to improve its economy and employment and to its physical transformation (Degen and Garcia, 2012).

⁵³ A policy based on an international designation is that of the “European Capital of Culture” used by Glasgow in 1990 as a vehicle for urban regeneration in the face of the city’s industrial and economic decline (Mooney, 2004).

In this vein, Scott (2010) points out that new urban policies should take into account specific priorities that focus on the relationships that intersect the “creative field”, such as: (1) local traditions, norms and sites of memory (e.g. museums and exhibitions dedicated to local crafts or skills) through which certain kinds of creative impulses are transmitted; (2) a visual landscape that supports the ambitions of the city by projecting a distinctive image; (3) a system of leisure opportunities and amenities that provide relevant forms of recreation, distraction and edification for citizenry and workers; (4) appropriate housing and infrastructural services in residential neighbourhoods for workers in the urban cultural economy; (5) education and training activities that play a major role in supplying skilled labour for the local production system; (6) social networks that supplement interpersonal contacts in the workplace and through which creative and cultural workers maintain up-to-date stocks of job-related information and know-how (Scott, 2010).

Nevertheless, Camagni (2012) stresses how in the Scott’s concept of creative field, a crucial role is attributed to local governance due to a strong presence of market failures in the field of urban policies and the consequent need for ex-ante coordination of actors, collective action and sanction against opportunistic behaviour. Camagni underlines that specific governance styles, open to public-private partnership, can allow: control over possible exploitation of crucial urban and cultural resources; restraint of possible opportunistic behaviour by some land owners; and regulation of land rents (mainly through appropriate taxation) which may destroy some locational advantages. However, as underlined by Monardo (2013), innovative urban redevelopment practices may overcome the traditional public-private partnership models through the integration of not-for-profit organizations in the planning of alternative policies. These entities – it is argued – may play a crucial role in balancing public, private and local community interests and demands, representing a privileged vector for new urban regeneration policies. Thus, new practices, tools and actors appear on the scene: in this, the involvement of not-for-profit organizations in the planning and execution of alternative urban policies seems to be decisive in order to satisfy unmet citizens’ requests (especially low-income residents of depressed neighbourhoods) because of their closeness to the local community and their capacity of encouraging participation and active citizenship.

2.3.5. Main critiques

Despite the international success of the previous theories, many criticisms raised on the topic. In particular, the theories on the creative city and the creative class received the most severe critiques from numerous scholars.

As reference, Scott (2010) defines the creative city as characterized by a widening economic and social gap between upper and lower classes of the labour force and underlines that this model of socio-economic development and its complex urban conditions implies an evident socio-spatial segmentation that characterizes the major centres of the global cultural economy. According to Scott (2006, 2014), indeed, while in the classical Fordist society the

dominant division of labour in production was represented by white and blue-collar fractions of the workforce reflected in the intra-urban space by the separation of neighbourhoods, in the new economy this division is represented by the creative class on the one hand, and by the low-wage service underclass (also called “precariat” by Standing, 2011), on the other⁵⁴.

Of course, the significant re-stratification of urban society involves consequential readjustments in the geography of urban neighbourhoods: one of the most dramatic of these rearrangements is the revitalization of selected areas, especially in and around the urban core which leads to gentrification. In many cases, the initial stages of gentrification are signalled by incursions of artists and bohemians into run-down working-class neighbourhoods (Lloyd, 2002; Zukin, 1982), followed by the rapid increasing of property values and the consequent displacement of the original low-income residents. These transformations are frequently pushed on by landlords who want to gain the benefits of rising property values and by city councils that aim to enhance the image of the city (Lees et al., 2008; Wacquant, 2008). Furthermore, inner-city areas redevelopment is typically accompanied by major investments in cultural and entertainment facilities such as museums, art galleries, music venues and sports arenas, that attract well-paid, well-qualified, cognitive and cultural workers in the neighbourhood. These transformations imply that “increasing numbers of cities [...] today are marked by a yawning void between their internal islands of prosperity linked to the global economy, and widely ranging tracts where social and political marginalization is the order of the day” (Scott, 2014, p. 573).

On the other hand, Markusen’s critique (2006) to the notion of the creative class focuses on the fuzzy causal logics about its relationship with urban growth. She argues that the formation, location, urban impact and politics of creative class occupations are much more complex and distinctive than suggested by Florida. Using a case study of artists in Minnesota, she demonstrates that their spatial distribution is a function of semi-autonomous personal migration decisions: they make positive contributions to the diversity and vitality of cities and boost economic growth by providing import-substituting consumption activities for residents and through direct export of their work (Markusen and Schrock, 2006), but their contribution in attracting high-tech activities is ambiguous. She suggests that occupations included in the creative class have very different urban preferences, politics and impacts on urban forms and community life: thus, the attractiveness of certain cities to artists is not the result of “atomistic” responses to amenities but is shaped by investment decisions that cities make in artistic spaces and organizations.

⁵⁴ The gap between these two strata is function of their differential command of skills and formal qualifications, but is exacerbated by the increasing competitiveness of the labour markets raised by the neoliberal ideology and by globalization. Indeed, “the human capital assets of the top half of the urban labour force comprise advanced technical knowledge, analytical prowess and relevant forms of socio-cultural know-how [...] By contrast, the abilities of the service underclass are very much more informal and undervalued. These workers are deployed in jobs whose subaltern status is underlined by the high proportion of politically marginal social groups (such as immigrants from poor countries) who carry them out” (Scott, 2014, p. 571).

Furthermore, Markusen criticizes the creative class concept also arguing that the metric used to define it, the bringing together of many disparate occupations, the lack of a development theory applicable to local economies and the causal urban growth differentials attributed to it increase the ambiguities of this fuzzy notion. Markusen, however, remarks the importance to analyse the role that artists play in creative cities on multiple levels – socially, culturally and economically (Markusen and King, 2003): the existence of artists' centres where artists periodically get together, practice, give public performances and communicate openly with different audiences attracts other artists, stimulates cultural consumption in the region and stops the trend of population exodus. Such an approach to urban regeneration helps declining areas to recover and gives rise to a socially inclusive environment, which can help to tackle problems in low-income communities (Markusen, 2006).

Successively, Pratt (2008) builds his critique on the role that the creative class plays in urban regeneration, mainly focusing on the causality between creative class and urban transformations. According to Pratt, indeed, the creative class argument is used as a magnet to attract hi-tech industries, implying that cities must adapt themselves to the values of the creative class. This leads to several problems: (1) place-based competition for mobile investment is a zero-sum game; (2) the reification of the relationship between production and consumption is implemented; (3) the concept of the creative class and its values seems to be reduced to occupation; (4) Florida's ideas that a particular skill replaces educational attainment is not tested; (5) the focus on occupations obscures the embedded relationships with industries and with production and consumption. On this basis, Pratt (2011) highlights two types of contradiction of the creative city: first, the need to explore the outcome of such a city in consumption and production modalities; and, second, the nature of creativity and its linkage to neoliberalism: he does not agree with Florida about the universalism of creativity, rather he underlines that creativity is relative and situational. In this, he criticizes Florida's neoliberal creative city as it "is a particular city built for a particular audience, one that makes it easier for the privileged group's quality of life, and makes it implicitly worse for others" (Pratt, 2011, p. 6).

Following these contradictions, Pratt and D'Ovidio (2014) stress that the creative city model perfectly adapts to the global neoliberal strategies of competition among cities but is hidden by its human, artistic and cultural face. Specifically, the creative city represents a turning point in the neoliberal discourse, especially on the way in which the city should sell itself, its citizens and its culture in order to attract foreign direct investments, i.e. basing its development model on consumption and not on self-sustaining endogenous growth. Furthermore, not only jobs and quality of work produced by creative industries raise polarization processes, but creative and cultural work is either badly remunerated and its social conditions are poor, particularly when compared with its strategic role in innovation processes and in facing economic crises (Pratt and Hutton, 2013; Pratt, 2015).

Finally, Leslie and Catungal (2012) criticize the creative class theory, starting from the fact that it confines the working and service classes to a passive role in economic transformation. They agree with Scott and Pratt that the creative class thesis is linked to rising inequalities as creative class cities tend to have higher levels of social and economic polarization: the reason is that the growth of a creative class seems to be accompanied by the growth of a service class which provides a range of outside services in order to meet professionals' social reproduction needs. Service classes' jobs are focused above all on sustaining the facilities and infrastructures of the urban system, implying that their work is adjusted in large degree to provide the direct and indirect demands of the creative class workers. The presence of the creative class, thus, would increase the growth of low paid jobs in sectors such as cleaning, childcare, food preparation, etc., contributing to the income polarization of the city.

A further way in which the growth of the creative class thesis is associated with class inequality relates to the fact that the policies influenced by this thesis tend to emphasize the establishment of "bohemian neighbourhoods" and arts districts: also in this case, Catungal et al. (2009) remark that the redevelopment of inner city neighbourhoods as cultural quarters is typically associated with gentrification and rising real estate prices, which can lead to the displacement of low-income populations. In this critical view, the rise of the neoliberal creative city agenda is associated with the abandonment of comprehensive Keynesian-style policies concerned with income redistribution, contributing to a well established rise in class, racial and gender-based inequalities. In this, it seems to exist "an ironic and unproductive contradiction between policies that attempt to attract creative workers and those that prevent these workers from practicing their occupations" (Leslie and Catungal, 2012, p. 115).

2.3.6. Culture and creativity in sustainable urban regeneration

Relying on the previous critiques and going beyond the creative city and creative class theories, but focusing on the neoliberal city in general, many scholars have proposed alternative models based on culture and creativity as tools of a sustainable urban regeneration and development (Duxbury et al., 2016)⁵⁵.

As reference, Sasaki (2010) affirms that rethinking the creative city theory implies offering creative solutions to problems of social exclusion: in particular, urban and cultural policies of social inclusion should allow all citizens to participate economically, socially and culturally in their communities, providing a basic standard of living and welfare as well as the necessary opportunities and resources to guarantee their basic human rights. These policies should raise the capacity for the city as a whole to "embrace the creativity inherent in art and culture

⁵⁵ Duxbury and Gillette (2007) refer to sustainable urban development, recognizing culture as having a distinct and integral role. In this context, sustainability is reflected in "the capacity of the community to cope with change and adapt to new situations" (Williams, 2003, p. 15), creating an equitable environment through encouraging social and cultural diversity (Roseland, 2005) and a collective decision-making process that meets social, cultural, environmental and economic community needs. Even more important is the community cultural development which often involves creativity and is considered as part of a sustainability framework which encompasses "a huge range of activities that give communities the opportunity to tell their stories, build their creative skills and be active participants in the development of their culture" (O'Hara, 2002, p. 4).

to create new industries and employment opportunities, while also including and empowering the unemployed and homeless populations as part of a bottom-up and inclusive urban vision” (Sasaki, 2010, p. 57). Therefore, in this view, creative cultural policies should be carried on through the cooperation of a broad selection of citizens, including business leaders and not-for-profit organizations, facing directly the problem of social exclusion and providing the social infrastructures to foster the active participation of the citizenry. Definitively, the new goal seems to be a closer integration of the economic and social values of the cultural heritage within a model of sustainable growth that aims at social inclusion and cohesion (Sasaki, 2010).

Following this discourse, in order to reinforce democracy and well-being and to design new forms of “sustainable cultural capitalism” (Scott, 2008), Lazzarotti (2012) underlines that the arts and culture (and their industries) are not only assigned a strategic economic role, but they are also acknowledged to have a fundamental function in the transition to a different economic model which highlights the relationship between economy, culture and society. “A new phase characterized by a social enhancement of culture has begun to assert itself, revealing – also thanks to the current economic crisis – a societal function of cultural heritage where the primacy of social aspects over economic aspects in cultural policies is explicitly being acknowledged” (Lazzarotti, 2012, p. 230). In this view, the societal function of cultural heritage underscores the capacity of culture to share value: artistic, cultural, material and immaterial heritage becomes a strategic tool for safeguarding the identity of places and local communities, pursuing an inclusive urban society⁵⁶.

In a more urban-oriented perspective, Grodach (2013) looks at sustainable culture-led regeneration which considers the capacity of interaction between local government agencies and key interest groups, including artists, cultural organizations, neighbourhood groups, property developers, members of the local business community and industry representatives. In short, sustainable urban culture-led regeneration should be carried on with all the groups of public, private and nonprofit interests that compose the field of urban life. In particular, planning sustainable culture-led regeneration requires strategic negotiations among the competing interests that comprise the urban cultural policy field: “with creative applications and adjustments, proponents have many tools to help realize sustainable culture-led

⁵⁶ In this regard, the role of the arts and culture in reducing social exclusion was underlined by many scholars. Actually, three types of groups are perceived to be at risk of exclusion: those who are economically disadvantaged (long-term and young unemployed, disadvantaged elderly and poor families); refugees and immigrants; and disabled people (European Commission, 2005). Concretely, the arts and culture bring a wide range of public and private benefits to individuals and communities (Markusen, 2014; Toepler and Wyszomirski, 2012): public benefits refer to the enhancement of the attractiveness of the local community, the provision of voice to cultural minorities, the building of a community’s identity and a general economic development (Grodach, 2009; Markusen and Gadwa, 2010); private-to-public benefits include expanding individuals’ capacities for empathy, understanding different perspectives and fostering civic dialogue and social capital (Putnam et al., 2003; Stern and Seifert, 2009); private benefits include the provision of satisfaction through aesthetic pleasure, enhancing individual creativity and problem solving abilities (McCarthy et al., 2004; Throsby, 2010) and better educational and health outcomes (Purnell et al., 2007; Sowden et al. 2015).

regeneration, but these cannot be employed in isolation and without regard for the impacts on local cultural representation and social equity” (Grodach, 2013, p. 512).

Furthermore, Duxbury et al. (2016) remark that in order to create a new culturally sustainable urban development model, the role of cultural practices must be explicitly recognized, supported and integrated into planning in a systematic and comprehensive way. Again, culture is a key element in the success of sustainable urban development policies, as a driver of people-centred societies and a crucial element for the dynamic construction of individual and collective identities (Duxbury et al., 2016). In such a context, thus, culture is conceived both as a key tool and a core aspect of the social fabric: not only a means through which citizens feel they belong to their city, but also a tool which can empower marginalized individuals and communities to participate in social and economic life.

Finally, Fusco Girard (2012) points out that a different vision of the creative city involves the idea of a city that invests in economic (wealth), ecological (environment) and social (employment) resilience⁵⁷ and in cultural resilience which allows for creative responses to changes and shocks. A resilient city is also a creative city, able to reinvent a new equilibrium against destabilizing external pressures and multiplying the potential of people to build new opportunities. However, beside the recent economic crisis, combined with ecological and social ones, he stresses that there is a further emergency connected to the democratic organization of city life: namely, the complex relationships among civil society, private institutions and public bodies and their different power. Indeed, the increasing crisis of trust between citizens and institutions has determined a fall in the cooperative capacity and the democratic control of power. In this, a different application of creativity in the institutional field may promote community, trust, citizenship and self-organizational capacity: “new institutions (North, 1990) are needed to guarantee to all the right to the city (Brown and Kristiansen, 2009) and to regenerate democracy (which is degenerating into oligarchies), by integrating representative with participative/deliberative processes, and promoting responsibility and people’s self-government” (Fusco Girard, 2012, p. 64).

In this context, some aspects merit to be further emphasized. First, the promotion of people’s participation in the construction of public and economic choices seems to be particularly linked to the involvement of associations, voluntary organizations, non-governmental entities, nonprofit firms, social cooperatives, social enterprises and foundations. The reason, according to Fusco Girard (2012), is that third sector institutions (especially social economy organizations) are able to: produce relational values; generate sense and meanings; look for long-term objectives, intrinsic values and common goods; be connected to a particular geographical area; and be a carrier of creativity. Second, these

⁵⁷ In this context, resilience is defined as “the capacity of a system to maintain over time its original organizational structure (its identity and unity), absorbing shocks from outside, thanks to its self-organizational capacity” (Fusco Girard, 2012, p. 60). A similar definition states that resilience is “the ability of places to adapt and react to internal and external shocks using local resources [i.e.] the capacity of a system to absorb disturbance and reorganize itself” (Walker et al., 2004; Oliva and Lazzaretto, 2017; Lazzaretto, 2012, p. 229).

organizations can provide relevant support in the fight against poverty and social fragmentation as they contribute to the production of social services and goods (but also trust, common goods, social capital and social cohesion), stimulating economic processes and employment and allowing the economy and democracy to work. Third, the involvement of third sector organizations in promoting urban development sustains the circular economy of a city from the bottom-up, structurally advancing new virtuous circles of value exchange.

Consequently, a new creative urban governance which involves public, private, not-for-profit and community actors may multiply opportunities for reducing poverty, injustice and disparities, investing in culture: this alternative governance should reproduce participation, cooperation and trust, combining the private and the public interest and stimulating circular relationships between local common goods and the community⁵⁸. In conclusion, as emerged in the recent literature and also underlined by Leslie and Catungal (2012), more equal and more-than-capitalist ways of doing the creative city are possible, especially if these forms are exemplified by volunteer-based and not-for-profit entities which may overcome the neoliberal framework and ensure a fairer and more socially sustainable urban development.

Table 2. Summary table about culture and creativity in sustainable urban regeneration

Concept	Main references	Definitions and ideas
Creativity in sustainable urban regeneration	Sasaki (2010)	Rethinking the creative city implies offering creative solutions to problems of social exclusion
	Scott (2008)	New forms of sustainable cultural capitalism reinforce democracy and well-being
	Lazzeretti (2012)	The arts and culture have a fundamental function in moving to a model between economy, culture and society
	Grodach (2013)	A sustainable culture-led regeneration should be carried on with groups of public, private and nonprofit interests
	Duxbury et al. (2016)	In a culturally sustainable urban development model, cultural practices are explicitly integrated into planning
	Fusco Girard (2012)	A new creative city invests in economic, ecological, social and cultural resilience
	Leslie and Catungal (2012)	Nonprofit entities may overcome the neoliberal framework and ensure a more socially sustainable urban development

⁵⁸ This discourse has also been applied to creative place-making (Markusen and Gadwa, 2010), where partners from public, private, nonprofit and community sectors strategically shape the physical and social character of a neighbourhood, town, city or region around the arts and cultural activities. In this view, creative place-making animates public and private spaces, rejuvenates structures and streetscapes, improves local business viability and public safety. In turn, these creative locales foster entrepreneurs and cultural industries, generating jobs and income, spin-offs of new products and services and attraction and retaining of unrelated businesses and skilled workers (Crossick and Kaszynska, 2016).

Table 3. Summary table about culture and creativity in urban regeneration

Concept	Main references	Definitions and ideas
Creative city	Landry and Bianchini (1995)	Cities need creativity to work as markets, trading and production centres
	Hall (1998)	Density, human interaction and synergy are essential foundations of the creativity of individual places
	Florida (2002)	Cities need to attract the creative class in order to ensure successful development
Creativity and local development	Scott (2006)	Even more cultural amenities represent a potent source of localized competitive advantage of the creative city
	Lazzeretti (2009)	The creative capacity of culture is a source for innovation, revitalizing cities, districts, sectors, professions and goods
Cultural industries	Landry et al. (1996)	Cultural industries include performing arts, music, audio-visual, media, publishing and digital technology sectors
	Throsby (2001)	Cultural industries have at their core the creative arts, while publishing, advertising and tourism form circles around it
	Towse (2003)	Cultural industries are those that mass-produce goods and services with a sufficient artistic content
Creative industries	DCMS (2001)	Creative industries include those activities that have their origin in individual creativity, skill and talent
	Baycan (2012)	Creative industries cover advertising, architecture, arts, crafts, design, fashion, film, leisure, TV, music, software
	Higgs et al. (2008)	Creative industries focus on creating and exploiting symbolic cultural products or information services
Cultural and creative clusters	De Propris and Hypponen (2008)	Creative clusters bring together creative people, economic efficiencies and open networks of interpersonal exchanges
	Mommaas (2004)	Artistic and cultural activities tend to cluster in specific urban areas, incorporating entertainment elements
Cultural and creative districts	Lazzeretti (2004)	Local development gives rise to structured cultural districts based on networks of small and localized firms
	Sacco and Ferilli (2006)	The proactive cultural district is a model where specialized cultural sectors have an impact on the spatial organization
	Sacco and Crociata (2013)	The system-wide cultural district is an agglomeration of cultural activities that interact in a socially networked way

2.4. Merging the two approaches through the common field of social innovation

In this paragraph we try to merge the two previous academic approaches, underlining the role of artistic and cultural third sector organizations in the urban regeneration of deprived contexts, also providing some concrete case studies analysed in the literature.

First of all, some explanations for the presence of nonprofit organizations in some cultural fields have been given along the years in the nonprofit literature (Baumol and Bowen, 1966; Hansmann, 1981; Di Maggio, 1990; Young, 2007; Kim et al., 2017). As reference, Baumol and Bowen (1966) argue that the arts, as a service industry, are highly labour-intensive so that nonprofit firms can improve productivity solely by implementing technical innovations in production. Conversely, Hansmann (1981) underlines that nonprofit enterprises in the performing arts seek to extract part of their revenues from the audience through donations, rather than simply raising their ticket prices because of price discrimination. Successively, Di Maggio (1990) highlights the role of nonprofit enterprises in the production and distribution of culture analysing the heterogeneity of their objectives that are likely to be ambiguous and varied, as their commitment to education and artistic accomplishment is not rigorously defined. On the other hand, Young's (2007) benefits theory shows that as most nonprofits receive revenue from various sources and have a diverse set of stakeholders (service recipients, resource providers or both), dealing with the critical aspect of balancing relationships among them. Relying on this theory, Kim et al. (2017) investigate the determinants of free access to cultural programmes provided by performing arts nonprofits, advancing that some resource providers – especially those most interested in the public good and social impact – are likely to incentivize recipient nonprofits to offer free access to arts programmes than other resource providers. Finally, a more social economy oriented approach (McQuilten et al., 2015) shifts the attention on art-based social enterprises, underlining the inevitable tensions in the relationship between economic and non-economic values in both the social sector and the arts.

However, more recently, not-for-profit artistic organizations raised increasing interest in different research fields especially around their community-centric role; the “importance of equal access of all people to cultural opportunities” (Markusen and Gadwa, 2010); the reduction of economic barriers to cultural programming; and the general cultural access for diverse groups that distinguishes nonprofit from for-profit arts organizations (Markusen, 2014). Specifically focusing on the European literature, along the 2000s, many researchers recognized a common theoretical ground for the social economy and the artistic and cultural sector around the concept of “social innovation” and its importance in local and urban development⁵⁹.

⁵⁹ Different contributions (Mumford, 2002; Hillier et al., 2004; Moolaert and Nussbaumer, 2008) underline that the concept of social innovation dates back to the 18th and 19th centuries when Franklin evokes it in proposing modifications within the social organization of communities, while Durkheim highlights the importance of social regulation in the development of the division of labour which accompanies technical change. At the beginning of the twentieth century, Weber demonstrates the power of rationalization, examining the

Moulaert et al. (2013, p. 16) refer to social innovation as “acceptable progressive solutions for a whole range of problems of exclusion, deprivation, alienation, lack of wellbeing and also to those actions that contribute positively to significant human progress and development”. Substantially, these solutions are “forms of sustained collective action based on common purposes and social solidarities” (Moulaert et al., 2010, p. 11) that involve a series of concrete objectives: (1) the satisfaction of human needs and the improvement of human condition; (2) the empowerment of the local community (with specific reference to vulnerable groups) in terms of becoming aware of their skills and knowledge resources and of taking part to the decision-making process; (3) the changes in relations and governance practices; and (4) the setting of agendas for a better future, searching for fulfilment of human existence and a better equilibrium in living together. In other words, social innovation means pursuing a community that would accede to universal rights and more social inclusion through the improvement of social relations, both between individuals and people and between classes and other social groups (Moulaert et al., 2013).

Actually, Moulaert (2009) signals four approaches to social innovation: (1) the sphere of management science that emphasizes the opportunities to improve social capital, allowing economic organizations either to function better and to produce positive effects on social innovation in both profit and nonprofit sectors; (2) the sphere of the arts and creativity that encompasses the role of social innovation in social and intellectual creation (Mumford, 2002, p. 253, defines social innovation as “the emergence and implementation of new ideas about how people should organize interpersonal activities, or social interactions, to meet one or more common goals”); (3) the sphere of social innovation in territorial development (Moulaert, 2000) that focuses on urban problems such as the lack of integration between the spatial levels and the failure in satisfying the needs of deprived groups; (4) the sphere of political science and public administration that concerns new proposals for change in the political system through territorial decentralization, transparency of public administration and democratization of administrative systems.

Despite its very broad definition, the multidimensional concept of social innovation was utilized as a driver of inter- and trans-disciplinary scientific research, especially in order to indicate significant changes in the way society evolves, how its structures are modified and its ethical norms are revisited. Such changes are, in first place, the concern of collective action, socio-political movements, spontaneous organization and the like, that recognize past

relationship between social order and innovation and affirming that changes in living conditions are not the only determinants of social change, but that behaviour variants introduced by individuals may become established social usage. In the 1930s, Schumpeter considers social innovation as structural change in the organization of society or within the network of organizational forms of enterprises. In the 1970s, the French intellectuals of the *Temps des Cerises* organize a debate of wide social and political significance on the transformation of society and on the role of the revolts by students, intellectuals and workers, also debating with scholars such as Rosanvallon, Fournier and Attali. Furthermore, Chambon et al. (1982) show how the mechanisms of crisis and recovery both provoke and accelerate social innovation, which signifies the satisfaction of specific needs thanks to collective initiative.

failures of conventional service delivery to tackle poverty and social exclusion, trying to promote new ways of doing things grounded in social relations and experiences of people in need. In fact, as this concept is considered path-dependent and contextual, referring to changes, agendas, agency and institutions that lead to a better inclusion of excluded groups and individuals, it inspired many bottom-up initiatives around the world to claim improvements in human conditions. These actions may be considered as a response to the dissatisfaction with the outcomes of innovation in technology, markets, policy and governance systems as well as to the macro-institutional changes such as the privatization of social services or the deregulation of markets at the expense of the satisfaction of collective needs. In this regard, particularly important for the dynamic nature of social innovation, are the lessons drawn from social enterprises and social economy organizations in pursuing specific social other than economic objectives (Moulaert et al., 2013).

2.4.1. Social innovation and local urban development

Crucial in the conceptualization of social innovation is its relationship with local development (MacCallum et al., 2009), especially at the urban scale: as seen, since the 1970s, neoliberal development strategies centred on economic actions to make cities more market-feasible and competitive through physical renewal (e.g. large-scale redevelopment projects, new technological systems, flagship cultural districts, etc.) accompanied by institutional transformations – such as deregulation of markets and state practices, privatization of public domains and actions, promotion of public-private partnerships – to encourage capital investment in new fields of economic activity and across newly opened borders. At the same time, however, initiatives taken by local bottom-up movements in cities started to rise through socially oriented and area-based collective actions and programmes. These initiatives were generally led by various types of public actors (mainly civil society) and often followed an integrated logic of development, trying to address a diverse range of problems and needs through coordinated action. In these experiences, social innovation was recognized as an anchor concept for urban regeneration because of its focus on innovation in social relations, as well as in meeting human needs, highlighting issues of solidarity and cooperation and economic, human, cultural diversity, situated both outside and in combination with market.

In this regard, Moulaert (2009, p. 12) remarks that social innovation involves, among others, “the transformation of social relations in space, the reproduction of place-bound and spatially exchanged identities and culture, and the establishment of place-based and scale-related governance structures”. Spatially speaking, the approach of social innovation in territorial development associated with Moulaert (2000) stresses local development problems in the context of European cities, with particular attention to: (1) the diffusion of skills and experiences among the various sectors involved in the formation of urban and local development policies; (2) the lack of integration between spatial levels; and, above all, (3) the neglect of the needs of deprived groups within urban society. To overcome these problems, Moulaert et al. (2007) suggest organizing urban development along the lines of the

“Integrated Area Development” approach that brings together various spheres of social development and the roles of the main actors by structuring them around the principle of social innovation⁶⁰. This principle links the satisfaction of human needs to innovation in social relations of governance and is based on the satisfaction of basic needs of local communities which should be guaranteed by the combination of several processes (Moulaert, 2009): (1) the revealing of these needs by social movements and institutional dynamics, within and outside the state sphere; (2) the integration of deprived citizens into the labour market and the local social economy production systems (especially referring to social services); (3) the education and professional training leading to a more active participation in consultation and decision-making on the future of a territory (Martens and Vervaeke, 1997).

More specifically, according to Moulaert (2009), the Integrated Area Development is socially innovative in two senses: it involves innovation in the relations between individuals as well as within and among groups, especially between privileged and disfavoured citizens; and it evokes the “social” of the social economy and social work (Amin et al., 1999) as the challenge is to meet the fundamental needs of groups of citizens deprived of basic benefits such as the minimum income or the access to quality education. From the combination of these two elements, it raises the importance of creating bottom-up institutions for participation and decision-making, as well as for production and allocation of goods and services. Consequently, the pillars of an Integrated Area Development approach become three: the territorially-based needs satisfaction; the innovation in social relations; and the socio-political empowerment that is crucial to democratic governance. From this point of view, “social innovation means not only the (re)production of social capital(s) in view of the implementation of development agendas, but also their protection from fragmentation/segmentation, and the valorisation of their territorial and communal specificity through the organization and mobilization of excluded or disfavoured groups and territories” (Moulaert, 2009, p. 20).

It is not casual that such phenomena mainly refer to the neighbourhood scale: the high tangibility of urban decline and density of low-income social groups (the so called “disintegrated areas”; Moulaert and Leontidou, 1995) and, at the same time, the presence of dynamic populations and creative migration flows which are instrumental in revalorizing social, institutional, artistic and professional assets, make this urban area as a privileged spatial focus of territorial development based on social innovation. In this vein, Moulaert et al. (2010) argue that neighbourhoods are not only considered places of social, economic and political exclusion processes, but also places of innovative social initiatives for development and regeneration: they are key sites for the development of social actions with multiplicative effects; have an innovative character in responding to different social problems

⁶⁰ A similar approach was also proposed for regional development policy through the concept of “social region” (Moulaert and Sekia, 2003; Moulaert and Nussbaumer, 2005).

(unemployment, social exclusion, lack of aggregation spaces or essential public services); and have the capacity to generate positive impacts on the whole urban reality as well as within and between local communities. Definitively, these places are considered to have positive impacts in the creation of new organizations able to provide answers to deprived populations, to increase their political skills (governance) and, at the same time, to improve the social interaction at different scales (community building).

2.4.2. Social innovation and social economy organizations in urban regeneration

Social economy organizations are considered important contributors to a better understanding of social innovation in the contemporary economy (Moulaert and Ailenei, 2005). In fact, as seen, social economy is rooted in the satisfaction of local communities' unmet needs that the public sector and the market increasingly fail to satisfy, especially when potential users are financially deprived citizens or groups operating at the margins of society. In this regard, Moulaert and Nussbaumer (2005) consider the social economy as part of social innovation at the local level as it rests on two intimately related pillars: (1) institutional innovation (innovation in social relations and in governance comprising empowerment dynamics) which includes cultural emancipation, interpersonal and intergroup communication, preference revealing, decision-making mechanisms, systems development and coordination, community dynamics, organization of the local social economy and its employment relations. "Without these types of institutional innovation, new (social economy) production and allocation initiatives cannot be grounded in community dynamics and will be alienated from community needs; from this perspective, institutional innovation is connected to evolution and creativity in facing collective demands" (Moulaert and Nussbaumer, 2005, p. 2072).

And (2) innovation in the sense of the social economy, i.e. the satisfaction of different needs in local communities that not only refer to food, clothing, health and housing, but also to the self-determination of individuals who require education, employment and good governance. Thus, a social economy that is intimately related to social innovation at the neighbourhood level development inevitably involves the notion of social capital. Indeed, combining a basic needs satisfaction strategy with a social innovation strategy in setting up a social economy at the local level, means focusing on the crucial role local communities play in the production of social capital (in terms of trust and cohesion). In this view, a neighbourhood becomes more than a place of routine activities (eating, sleeping, purchasing, etc.) or recreation and leisure, but it is "an arena where humans can express themselves, converse or rediscover their identity, their spirit of solidarity, and work on their connectedness with other networks such as in regional and national kinship, political, social support and economic interest organizations" (Moulaert and Nussbaumer, 2005, p. 2083).

Analysing more specifically the relations between social innovation, social economy and social enterprises, Defourny and Nyssens (2013) completely agree with Moulaert and

Nussbaumer (2005) about the fact that social innovation at the local level rests on institutional innovation and innovation in the sense of the social economy. They underline that social innovation seems to be at the heart of the literature around the social enterprise concept. Indeed, the existing links between the corpus of social enterprise research and the social innovation dynamics relate to three major features: (1) the satisfaction of human needs which is the basic criteria of producing goods and selling services with an explicit aim to benefit the community; (2) the relations between humans in general and between social groups in particular; and (3) the empowerment of people trying to fulfil their needs, which are deeply linked to the governance pillar of the EMES approach to social enterprises.

In fact, “the participatory governance pillar can be seen as a set of institutional characteristics designed to ensure that the initial collective impulse will be maintained over time” (Defourny and Nyssens, 2013, p. 46). Within its cooperative-like tradition, the social enterprise may be seen as innovative as it often represents a new type of cooperative-like enterprise, involving various types of stakeholders in its governance structure and focusing on the needs of target groups who are not necessarily part of the membership (this institutional characteristic shows that social innovation does not solely concern outcomes, but also processes and especially the social relations between groups). Thus, the EMES approach underlines that in social enterprises, the production of social value through the provision of goods and services meets important needs of a community. Furthermore, the implementation of specific governance patterns are deeply interrelated: other than the collective action based on trust and cooperation, in fact, also the multi-stakeholder governance and the corporate social responsibility of social enterprises can be seen as social patterns informed by inclusion in place of exclusion (Poledrini et al., 2018). Moreover, a great deal of empirical works confirms that social enterprises with such structural features are more likely to be vehicles of social innovation (Brandsen and Pestoff, 2009)⁶¹.

From here, it can be concluded that social enterprises prove to be innovative not only in terms of processes and services delivered, but also in terms of their ability to plan interventions in diverse social contexts: different experiences demonstrated how these organizations regenerated urban contexts through environmental intervention and protection or the reorganization of spaces and the valorisation and reutilization of the historical, cultural and urban patrimony (Sacchetti et al., 2018). For this reason, we now shift the focus to the role of social economy organizations in urban regeneration strategies that foster social innovation. In this regard, Murtagh (2013) argues that an effective social economy-led urban regeneration requires an integrated approach to non-monetized trading,

⁶¹ Another link is found by Fraisse (2013) who not only refers to the social economy but also to the solidarity-based economy, often presented as a laboratory for social innovation on the basis of: the societal goals of economic action which are distinctive characteristics of many solidarity-based economy initiatives and enterprises; the non-capitalist business statutes (cooperatives, mutuals, nonprofits) invented by the solidarity-based economy which include an explicit social aim of participatory organization and multi-stakeholder governance; and the contribution of the solidarity-based economy to understand the crucial role played by non-capitalist economic practices to achieve social well-being and environmental regeneration.

enterprise development and community asset transfer on a locality basis. Here, the strategic focus is on how to make communities more resilient to the shocks of global, national and regional crisis: specifically, what is needed is a proactive resilience offered by the social economy and based on “the growth of non-monetized trading, which draws on deeper stocks of social capital, strengthening social enterprises and community assets and developing social finance models that resist exploitative speculation” (Murtagh, 2013, p. 202).

In pursuing this objective, social enterprises play a crucial role as they aim to improve local communities, support vulnerable people and improve health and wellbeing. In this vein, the supply of social finance is particularly important as it extends beyond formal institutional suppliers to embrace more democratic and locally-based financing of urban regeneration: communities’ shares respond to the need for risk finance as they become owners, investors and costumers of the enterprises and services they mostly need. Definitively, these scholars point out that social economy organizations can strengthen the capacity for self-organization and develop more independent and collectivized models of urban regeneration by activating local assets and talents, shaping distinctive place communities that resist neoliberalization and generating new cultural practices about community self-help, trust and reciprocity.

Thus, it seems that the potential for social economy organizations in urban regeneration goes beyond the solely valorisation of physical spaces, involving, instead, relational and immaterial assets: actually, these actors seem to combine economic, urban, environmental and social regeneration⁶², pursuing public interest objectives in relation to the use of physical space. In this, urban regeneration should be understood as a process of creation not only of material capital, but also of relational capital because of the inclusive and deliberative coordination mechanisms that lie at the basis of social economy (Sacchetti, 2016). In particular, as underlined by Sacchetti and Campbell (2014), coordination and cooperation that promote creativity, opportunities, social engagement, change and fulfilment, also generate social capital, emphasizing the role of development models grounded in active citizenship and recognition of mutual interests. “This model of community development fosters co-production and the responsibility of communities to take ownership and contribute to the creation of innovative responses to their needs” (Sacchetti and Campbell, 2014, p. 34), but also requires a coordination of various stakeholders who are not associated

⁶² The idea of social regeneration is inevitably linked to that of social poverty, i.e. a paucity of those relations not necessarily mediated by power asymmetries, authority, contracts and prices. It occurs when relations are dominated by consumerism, opportunism and when conflict is high, leading to an erosion of relational types based on cooperation (Sacchetti et al., 2009; Hirschman, 1979). “The damaging consequence of social poverty is the widespread idea of being constrained by a horizon of set, inadequate, and damaging alternatives in the face of major personal and societal challenges, leading to public and community failure, or the failure of socio-economic relations and decision processes to identify and address multiple needs and interests across society and communities” (Sacchetti and Borzaga, 2018, p. 22). Consequently, social regeneration is defined as a process of transformation based on inclusion and cooperation that is informed by the goal of improving peoples’ lives through democratic empowerment (Christoforou, 2018).

with the owners of financial capital in a traditional sense (Ostrom, 1996; Pestoff, 2012; Borzaga and Sacchetti, 2015)⁶³.

In this respect, as social economy organizations apply in their structure and practices the values of cooperation, they can contribute to the promotion and resilience of cooperative attitudes within communities (Sacchetti, 2014), generating positive effects across societies at large and transforming the value of cooperation for the common good into practical business solutions (Sacchetti and Tortia, 2014; Sacchetti and Campbell, 2014). Furthermore, participation and cooperation play a crucial role in regeneration “by enabling local actors and communities of interest to voice diverse needs and interests, including those of the marginalized and disadvantaged groups, to organize concerted efforts to discuss problems and promote solutions, and to create a public space of deliberative, democratic participation to re-assess values and priorities regarding the means and ends of development and welfare” (Sacchetti et al., 2018, p. 1). These cooperative solutions provided by social economy organizations go beyond the use of material resources and the production of monetary outcomes and involve the use and production of relational goods which are intangible elements characterized by communicative and affective nature, produced through encounters and interactions (Gui, 2000), behavioural norms of reciprocity and cooperation (Borzaga and Tortia, 2017) and values of inter-generational solidarity and respect for the environment (Coraggio et al., 2015).

Finally, as underlined by Cottino and Zandonai (2012), social enterprises carrying out urban regeneration activities are interesting examples of the application of social innovation as they aim to reconvert physical structures and buildings toward new forms of community assets. In fact, their activities are considered innovative as they valorise a wide range of resources and favour their coordinated use toward collective interest objectives (Cottino and Zeppetella, 2009)⁶⁴. In this, social innovation represents the guide-concept for the promotion of systemic change actions as it consists of new ideas (products, services and models) that simultaneously satisfy social needs, generating new relations and collaborations. The fact that the focus is on the creation of collaboration and coordination amongst different subjects

⁶³ Coordination and cooperation for the public interest build on specific contextual features that depend on the existence of a space of opportunities defined by Sacchetti and Campbell (2014) as: inclusiveness (when the process of decision-making is open to publics), mutual recognition (when diverse conditions, needs and perspectives are debated and used as a source for social inclusion), justice (when power unbalances are not abused to reinforce inequality), trust (when individuals take a risk when making a choice since it is impossible to anticipate or control the behaviour of others beforehand), reciprocity (the symmetry of give-and-take relations over time, even in the absence of a payback to the reciprocating individual) and “mental proximity” (the sharing of inner beliefs within and amongst groups and communities of like-minded people) (Pelligra, 2002; Sacchetti et al., 2009; Bruni and Zamagni, 2013; Bowles and Gintis, 2011).

⁶⁴ Cottino and Zeppetella (2009, p. 7) specifically argue that the reuse of abandoned spaces is a key aspect in fostering social innovation: these spaces not only have the function of catalysts of local energies and of incubators of social projects, but they can also be considered as spaces where addressing relevant questions about the issues of social innovation. In fact, new uses of abandoned spaces may indicate changes in the way the public sphere is conceived, especially as “a space of interaction where the locally existent capacities, being them public or private (social), can be creatively combined”.

again remarks the centric role that social economy organizations play, operating at the intersection between public, private and nonprofit sectors.

Considering regeneration strategies for deprived and peripheral neighbourhoods under this light means finding solutions not only for the interpretation of the needs of local residents, but also for the exploration of the potentialities of these places. These depressed territories, thus, should be regarded as “projects”, i.e. as the range of opportunities that could generate localized collective actions (Cottino and Zandonai, 2012). In effect, if we consider the concept of “urban regeneration” not only as the complex of interventions that aim to improve the specific qualities (physical, architectural, environmental, economic and social) of a neighbourhood, but also as those actions that affect the functional connotation of these areas in a dynamic relation and mutual influence with the rest of the city, we can shift the attention toward the mobilization of interests and resources around new visions of the territory that facilitate collective innovative actions and that foster local urban development. Definitively, in this different logics, urban regeneration should be understood as the range of processes that imagine new connections between the “hardware” (physical, material, environmental) and the “software” (social, immaterial, economic) factors of the urban reality (Cottino and Zandonai, 2012): in pursuing this alternative view of urban regeneration, social economy organizations seem to be the appropriate actors to intercept unsatisfied social needs and raise local economic potentialities.

2.4.3. Social innovation and art, culture and creativity in urban regeneration

A different point of view concerns the role of the arts, culture and creativity in promoting social innovation and constructing a socially creative milieu (André et al., 2009).

Creativity – seen as the human ability to produce new things or create new situations – is quite different from the notion of an innovative use of available resources and technologies as it deals with the human faculty of imagination and can occur in all domains of human life. In the arts, however, more than anywhere else, creativity is regarded as a seminal ingredient in what is perceived as the qualitative evaluation of output and is therefore highly appreciated and intensely cultivated. For this reason, social innovation is closely related to artistic production, as it constitutes an alternative to traditional ways of doing things, an avant-garde process and an unconventional response to specific needs. And even more important is the capacity of artistic expression to entail recognition, to refer to collective signs of belonging to groups, communities, cities and neighbourhoods. “The real challenge for artistic expression in communication is to (re)construct identities that can be shared by a multitude of groups” (Nussbaumer and Moulart 2004, p. 255).

In this regard, following Sacchetti et al. (2009), creativity seems to favour the emergence and recognition of different “publics” (Dewey, 1927) interested in the space given to them to take part in decision-making processes and in the development of their localities. Thus, they propose the rise of “public creativity forums [as] spaces where people – the members of

actual and potential publics – can freely engage with each other in learning, discussion and debate about the development of the economies in which they have an interest” (Sacchetti et al., 2009, p. 661). In these forums, people’s relations are characterized by shared values of openness and by a rejection of any significant control of private over public interest as they are conceived as “enablers” for otherwise marginalized publics. Again, artistic activities are recognized as a catalyst in favour of the creation of public forums of debate and inclusion as they represent a tool for the stimulation and expression of people’s creativity.

Moreover, cultural resources also constitute important driving forces in bringing about social innovation: culture is understood as a “voice” for deprived populations, communicating desperation but also calling for consideration and respect. The spontaneous development of specific infrastructures for alternative music, theatre or other artistic activities within deprived neighbourhoods shows this need for expressing contestation and a desire for change. In this regard, different case studies (André et al., 2009; André et al., 2013) show how the implementation of cultural and artistic events can represent a process of social innovation, capable of empowering populations living in peripheral areas and leading them to express their voices through a dialogue with artists and art producers and especially through participation in collective art productions. These experiences demonstrate that the construction of a creative milieu results from the process of using art resources to enhance local mobilization and local expression of wishes and symbols. This also reveals the relevant role of local policy options in terms of integral development and inclusion through the arts and the role of cultural agents, acting as both project stimulators and aggregation catalysts. The presence of these elements contributes to the stimulation of diversity – a basic condition for social innovation – within a framework marked by actions aimed at increasing reciprocal responsibility (collective productions involving local residents; production of cultural events in terms of accessibility and security), overcoming tensions and potential conflicts between the various social groups and reinforcing solidarity and inclusion.

On the other hand, other scholars hypothesize that the manifestation of social innovation in the arts, culture and creative sectors may generate culture-driven urban revitalization based on a model similar to the “proactive cultural district” (Sacco and Ferilli, 2006), which is clearly based on social innovation in a creative sector. Some case studies (Leslie and Rantisi, 2012; Tremblay and Pilati, 2013) highlight the essential role that cultural activities may play in social innovation and their contribution to the urban culture-driven revitalization process centred not only on the economic dimension, but also on the (often neglected) social dimension (Barnes et al., 2010). Furthermore, the fact that many of these projects are led by social economy organizations reinforce the concepts previously underlined about the role these organizations may play in fostering social innovation in depressed neighbourhoods through art and culture-led regeneration. In fact, the rise of social innovation in the arts is a combination of three specific elements: (1) the geographical agglomeration of different organizations; (2) the presentation of artistic and cultural practices and events, not only for

customers from outside, but also for the immediate local community which collaborates in the creation of activities and finds new job opportunities; (3) the rise of a creative ecosystem that is socially innovative where the organic, cooperation-based and self-organization components are essential elements to bring out the authenticity of the interested area (Tremblay and Pilati, 2013).

Definitively, the arts and culture may reinforce the social identity and the sense of belonging shared by citizens through knowing the same artefacts, using the same symbols and going collectively toward the same performance experience (Hutter, 1996). In this, “the contribution of the arts and culture to socio-cultural and economic development of a given space is based on behaviours of cooperation and organization between the territorial actors. It can certainly play a fundamental role in the integration of excluded or marginalized individuals and communities but also in developing social and human capital” (Tremblay and Pilati, 2013, p. 76). On the other hand, the arts and culture may perform as both a cohesive and a networking social factor, answering various human and social needs to improve quality of life and wellbeing, going beyond projects of urban revitalization centred only on the economic aspects, but including the social dimension. Consequently, a new policy aim seems to be that of launching projects of social innovation and urban socio-economic regeneration through activities related to the arts and culture and led by social economy organizations as the link among these elements of the urban reality appears even clearer and crucial.

A summary table about the concepts and definitions of social innovation, social economy, creativity and cities follows (Table 4).

Table 4. Summary table about social innovation, social economy, creativity and cities

Concept	Main references	Definitions and ideas
Social innovation	Moulaert et al. (2013) Moulaert et al. (2010)	Social innovation refers to progressive solutions for problems of exclusion, deprivation, alienation, wellbeing Social innovation involves actions that contribute positively to significant human progress and development
Social innovation and urban development	Moulaert (2009) Moulaert et al. (2007)	Social innovation implies the establishment of place-based and scale-related governance structures Integrated area development is based on the satisfaction of basic needs of local communities
Social innovation and social economy	Moulaert and Nussbaumer (2005) Defourny and Nyssens (2013) Sacchetti (2016) Cottino and Zandonai (2012)	Social economy is part of social innovation as it rests on institutional innovation and the satisfaction of social needs Social innovation and social enterprises share the satisfaction of needs and the empowerment of people Urban regeneration should be understood as a process of relational capital which is at the basis of social economy Social enterprises carrying out urban regeneration activities are clear examples of the application of social innovation
Social innovation and culture and creativity	André et al. (2009) André et al. (2013) Barnes et al. (2010) Tremblay and Pilati (2013)	The arts, culture and creativity promote social innovation and construct a socially creative milieu Culture constitutes a voice for deprived populations, calling for consideration and respect Social innovation in the arts, cultural and creative sectors may generate culture-driven urban revitalization The arts and culture play a fundamental role in developing social and human capital

2.4.4. Two case studies from North America and Europe

We now turn to provide some practical experiences of third sector organizations engaged in urban regeneration projects utilizing artistic and cultural activities. In particular, we focus on the positive experience of *La Tobu* in Montreal, Canada, a nonprofit that not only was the engine of the physical revitalization of a depressed urban area, but also stimulated its socio-economic transformation, promoting social innovation; on the other hand, the negative case of *La Friche* in Marseille, France, a third sector organization that successfully completed the

physical and economic regeneration of a declining industrial neighbourhood, but completely denied its potential role in satisfying local community's needs and requests.

In Montreal, the *Cité des Arts du Cirque* (Circus Arts District) is an interesting case of open and participatory model of governance in urban regeneration that involves artistic and cultural activities with not-for-profit organizations. The district is localized in the neighbourhood of Saint-Michel, a working-class area in the North of the city with a population of around 60.000 – mostly immigrants, young people, low educational and income level residents – which experienced a complete socio-economic transformation (Leslie and Rantisi, 2012; Tremblay and Pilati, 2013). A key role in this regeneration and in the local urban regeneration process was played by *La Tobu*, an artistic nonprofit organization that pursued a strategy centred on including the local community in its activities, but also in its workforce. Indeed, during the 1990s, various territorial actors from the public and private sectors (specifically, the Saint-Michel local community, the civil society and the circus movement) decided for the creation of *La Tobu* and the construction of a large Pavilion to accommodate travelling circuses and new companies or independent performers in need of a space to start their own projects. *La Tobu* was represented by the board of directors of *Vivre Saint-Michel en Santé*, a nonprofit organization itself that united local citizens, community organizations, institutions and businesses, fostering cooperation amongst territorial actors of different sectors. In 1999, the *Cirque du Soleil*, the *École Nationale du Cirque* (National Circus School) and *enPiste* (Circus Arts National Network) designed a project aimed at bringing together in one place a critical mass of infrastructures needed for the creation, training, production and diffusion of circus arts, trying to considerably foster the local socio-economic development (Tremblay and Pilati, 2013).

In terms of governance, *La Tobu* set up a roundtable with the major territorial stakeholders (citizens, sponsors, community representatives from various social and ethnic groups, etc.) based on practices of community planning and the logic of participatory democracy. On the other hand, it also developed projects in collaboration with the City Council of Montreal and several other organizations (especially large and small community groups involved in delivering direct services to citizens and families, seniors, immigrants, young mothers) in order to establish an integrated planning programme. In socio-economic terms, *La Tobu* provided a strong contribution through the employment of young people from the district who experienced social integration problems – occupied as maintenance and administrative staff, security guards, technicians, cleaning and maintenance services personnel, restaurant staff – mainly organized into workers' cooperatives (Leslie and Rantisi, 2012).

From its birth, however, *La Tobu* focused on planning artistic programmes that empowered the community through various activities (free attendance at circus shows for local residents, artistic workshops and games for kids from the neighbourhood, collective painting and events promoting ecological awareness) that mobilized and fostered the participation of

residents and reshaped a sense of belonging to the community. This attention to social cohesion, social participation and integration of the community is actually the most evident proof of *La Tobu's* social mandate and social innovation. In fact, this case illustrates how cultural activities planned and managed by a not-for-profit organization may perform effectively as a cohesive and networking social factor, answering various human and social needs and improving the quality of life and wellbeing. The case of *La Tobu* also shows how the contribution of this actor was positively related to the raise of social and human capital and to the improvement of social networks and relations, job and education opportunities, as well as cultural participation. In doing this, a crucial condition was respected: social innovation could be brought about through creativity, the arts and culture only because designers of projects chose to include the local population in decision-making processes and cultural activities. Finally, the case reveals how deprived neighbourhoods, confronted with social, cultural and economic problems for which conventional state or market-based solutions were not adequate, often adopt “neo-communitarian strategies” (Gerometta et al., 2005) that put community building, civic engagement and social initiatives at the centre of urban revitalization processes.

On the other hand, the case of *La Friche* in Marseille is emblematic in the exactly specular sense. Marseille is an old industrial city whose traditional local economy was concentrated on port activities and processing industries that started to decline in the 1960s. Simultaneously, the city was affected by a demographic crisis: its population decreased as middle and upper classes moved to surrounding suburbs and towns. Peak deindustrialization in the 1970s reinforced economic recession, unemployment and depopulation, which had disastrous consequences on the image of Marseille, perceived as a declining, dangerous, insecure and dirty place with no jobs (Andres, 2011).

During the 1990s, however, regenerating the city was a key priority in order to promote a new economic and demographic growth: amongst the different initiatives, in 1992, thanks to the financial support of the City Council, but in advance of any kind of formal regeneration policies, some artists and cultural actors settled down in an abandoned tobacco factory in the neighbourhood of *La Belle de Mai* – an old industrial district characterized by derelict buildings with cheap rents. They gathered themselves in the association *Système Friche Théâtre*, aiming to develop an alternative cultural area around the art space called *La Friche*. The rise of such an alternative initiative was the result of a combination of two factors: the crisis context and the freely available derelict land, on the one hand and a new city administration, on the other hand. Indeed, the new mayor chose a well-known poet as deputy mayor for cultural policies who was a frequent user of alternative venues that developed on brownfield sites in Europe in the 1960s and 1970s. Consequently, as part of his cultural programme, he focused on the capacity to revalorize derelict areas and districts through temporary cultural activities (Peraldi and Samson, 2005). In that moment, the main strategy was to use the numerous derelict areas of the city, moving from one brownfield site to another and

developing short-term projects in each of them: “through this principle of nomadism, the watching period – the period prior to redevelopment – of the factory was perceived as a strategic opportunity to develop a cultural and artistic project (Andres, 2011, p. 801).

In 2007, *La Friche* became a “Cooperative Society of Collective Interest” – the first one in France – and today it carries on cultural activities and events in a work space of 100.000 m² for 70 on site organizations and 400 artist residents, with 600 public art events per annum (from youth workshops to large-scale festivals), receiving over 400.000 visitors per year and comprising sports areas, a training centre, restaurants, concert venues, shared gardens, a bookshop, 2.400 m² of exhibition space and 8.000 m² of roof terrace (La Friche, 2018). Nevertheless, from the beginning, the focus of *La Friche* was on the economic development of the project rather than concentrating on more specific and local problems such as the relation with the local population of *La Belle de Mai*. It is true that it was clearly considered as an important cultural facility alongside museums and opera in Marseille and a resource for the application to the 2013 “European Capital of Culture”, but the cultural regeneration of the factory did not lead to create a proper cultural district, either in a planned or more spontaneous way. In fact, the realization of a true cultural district only comes out by paying attention to the local scale, understanding local talent, diversity, history and context (Bianchini and Parkinson, 1993; Brown et al., 2000; Miles, 2005), promoting a participatory democracy and recognizing local population’s demands and needs (which was really not the case of *La Friche*). Definitively, *La Friche* seems to be a flagship project that almost completely denied its potential impact on the local community and on the possibility of generating social innovation, despite the fact that a third sector organization – in this case a cooperative – was the leading actor of the whole project.

Conclusion to Chapter II: development of theoretical and analytical frameworks

How can we connect the theoretical framework designed in chapter I with the review of the literature outlined in chapter II? As underlined in most of the literature on social innovation, third sector organizations are acclaimed as new protagonists in social services delivery, positively substituting for the bureaucratic, inefficient or absent public provision, while guaranteeing an ethical commitment. They are considered optimal carriers of a new model of welfare for three main reasons: firstly, they are expression of bottom-up mobilization and are supposedly more rooted in local communities and more responsive to local needs than traditional top-down public services; secondly, they ensure more democratic governance and user-friendly delivery processes than hierarchical and authoritarian systems; finally, they are more cost-efficient than the rigid, centralized bureaucracies of state systems because of their more flexible and decentralized features (Martinelli, 2013). Their potential is most evident at the neighbourhood scale, where third sector organizations are supposedly best equipped to foster empowerment, territorial identity and consciousness, whereas the proximity they afford enables the development of relations of solidarity and reciprocity (André and Abreu,

2007)⁶⁵. Nevertheless, as underlined by some scholars (Montanari, 2014; Murray et al., 2010) and evidenced by the previous case studies, successful social innovation at neighbourhood level fostered by third sector organizations needs a context characterized by reciprocal contamination, shared knowledge, democratic participation and social interaction that lead to the generation of creative outputs (Bertacchini and Santagata, 2012; Montanari, 2011).

However, it is again at the neighbourhood scale that particular tensions between the centre and the periphery seem to raise, especially when we focus on the balance between the regeneration and re-use of abandoned spaces in the inner-city and the redevelopment of peripheral areas. Indeed, as economic inequities have clear spatial manifestations, new conflicts emerge between city-centre residents and low-income citizens living in peripheral neighbourhoods: the latter's opportunities for participation in the city's urban economic, social and cultural regeneration are undermined by a number of factors, firstly the deterioration in their relative economic position, being the main victims of long-term unemployment (Bianchini, 1994). Accordingly, when local administrations put effort in regeneration projects of dismissed spaces in central areas of the city, peripheral neighbourhoods run the risk of becoming urban "ghettos" as they are not visible and attractive to businesses, other residents and tourists (Montanari and Mizzau, 2015).

In fact, what Myrdal (1957) described for developing countries in the 1950s, it happened in the urban areas of developed countries in the last sixty years: backwash effects caused the accumulation of capitals, knowledge and entrepreneurial, relational and organizational assets in central areas, while peripheries were deprived of these resources, becoming even less attractive especially for the creative class. Nowadays, peripheries risk to have nothing to offer, not only in terms of services, but also of opportunities, personal growth, occupation and added value: the process of resources' concentration toward centers, in effect, creates a vicious circle that implies tragic consequences about incomes and status of entire neighbourhoods (Tirunch et al., 2013). Similarly, Myrdal's backwash effects not only refer to central and peripheral areas in spatial terms, but also to immaterial centres and peripheries of social needs and welfare: all these levels are populated by categories of people at risk of isolation, marginalization and lack of opportunities and wellbeing (Sacchetti, 2018).

Thus, we can explain this vicious circle through the failures of the state and the market mechanisms, opening new questions to economists, urbanists, local development scholars

⁶⁵ The neighbourhood is recognized as the primary battleground against social exclusion (Hull, 2000; Kearns and Parkinson, 2001; Morrison, 2003). Especially in disadvantaged neighbourhoods, the spatial concentration of poor households and individuals interacts with factors such as poor housing, neglected infrastructures and services, lack of job opportunities, high crime and insecurity levels, physical isolation, institutional oblivion and so on, exacerbating processes of social, economic, cultural and political exclusion that nurture the formation of excluded communities (Geddes, 1997; Rodriguez, 2009). Thus, here, innovative policy approaches are needed to foster greater integration and coordination together with joined-up solutions, community participation, partnership and empowerment as a means of improving service delivery and economic outcomes, promoting political inclusion and strengthening local democracy (Imrie and Raco, 2003).

and policy-makers. According to different scholars (Sacchetti and Sugden, 2009; Sacchetti, 2015; Borzaga and Sacchetti, 2015), in fact, the even greater concentration and inequality in the distribution of decisional power, capitals, knowledge, status and resources, are to be attributed to a governance failure, i.e. a failure in structures and processes about strategic decision and monitoring actions. Actually, this process of concentration involves the market and the enterprise, but also a neo-statalist model in which the authority concentrates in its hands all the decisions related to objectives, services and solutions of local development. The governance failure is expressed by the concentration of the decision-making power and the consequent exclusion of interests, motivations, knowledge and other resources in fields where it is worth recognizing the complexity of social challenges and needs. In our opinion, urban governance is one of these settings where a recognition of local residents' interests and roles in building neighbourhoods is needed and where, at the same time, their participation is mostly excluded. The consequences of this accumulation/exclusion of decisional power both in market and local administrations' solutions, are reflected in non-satisfying responses and non-innovative objectives as expressions of partial and non-participative perspectives.

On the one hand, we experience these “failed” solutions that do not create the desired public value and that are generated by the concentration of strategic control and decisional power (Sacchetti and Sugden, 2010); on the other hand we are still living the social costs of the cutback of social services, amplified by the 2008 economic crisis. The austerity measures introduced by national governments in many countries after the break out of the crisis sought to reduce budget deficits by spending cuts, minimising labour costs, privatizing, downsizing local administrations and reconfiguring and reducing public services such as social care, childcare, education, health and the maintenance of communal spaces and infrastructures. Facing declining revenues and reducing operative budgets, many municipalities were forced to make budget cuts, especially impacting the poor, the young, the unemployed and the elderly, leading to the intensification of socio-spatial segregation at the city level (Patti and Polyak, 2017).

In this context, a response was provided by a number of experiences that set themselves to create spaces and services of their own: these communities – especially in deprived neighbourhoods affected by austerity measures – raised on the basis of the cooperation among different actors and a structure of governance that valorized the diversity of the stakeholders. “Giving up on expecting help or cooperation from municipalities in some cases, or establishing new frameworks for cooperation with local administrations in others, these initiatives become proactive forces in shaping cities by creating new community spaces and launching new social services through the establishment of a parallel civic infrastructure, addressing local needs with local solutions” (Patti and Polyak, 2017, p. 15). These new forms of governance, actually, contributed to the formal or informal extension of the field of actors in urban development and to the outsourcing of “former public tasks and services to

volunteer organizations, community associations, nonprofits, corporations, foundations, and private firms” (Purcell, 2009, p. 145). In this way, individuals and collectives actively participated in the solution of specific problems, through the “downscaling of governance to local practices and arrangements” (Swyngedouw, 2005, p. 1998), and the consequent responsabilization of these individuals and collectives who set themselves to organize their services and venues.

The engagement of not-for-profit actors in renovating, operating and managing civic spaces also brought participation to a new level: instead of expressing consent or dissent related to a planned development project, or even contributing to the program or design of a new urban area, many communities took the initiative into their own hands, becoming developers, urban pioneers, spatial entrepreneurs or city-makers themselves. Particularly important was the engagement of a variety of not-for-profit organizations that often operated as agents filling in the gaps left by welfare states, offering the possibility of a bottom-up, more inclusive and innovative growth. In many urban areas, third sector organisations contributed to the provision of services for marginalized groups, the supply of alternative housing solutions, the rehabilitation of neglected neighbourhoods or the introduction of innovative ways of development and re-use of abandoned areas (Patti and Polyak, 2017).

These experiences are particularly significant if we consider that new areas of “counter-concentration” of resources (Sacchetti, 2018) are developing, involving not only third sector organizations and social enterprises, but also different kinds of actors – mainly community-based organizations – that maintain multi-stakeholdership as their main characteristic. In fact, the third sector has always been the *avant-garde* and the precursor of these multi-stakeholdership experiences, both through its governance model and its interest in social needs unsatisfied by the forms of governance based on public or market actions. In this view, a new governance model seems to be needed, especially in relation to the decision-making process of shared objectives, the produced benefits and the control over activities and results. But in this new multi-stakeholdership governance model, the involvement of all the stakeholders that have interest in the city inevitably presents some costs in terms of transaction and monitoring (Williamson, 1998; Jensen and Meckling, 1976), but also great advantages missing in public and private sectors’ solutions. These advantages may benefit the whole community, with local development effects that generate positive externalities and may invert the centripetal process identified by Myrdal (1957) at the regional level and by Colby (1933) at the urban level.

In fact, the added value produced by an inclusive urban governance relates to the involvement of all the stakeholders in the function of government, with positive effects that can be summarized in: (1) a more accurate identification of the changing needs, objectives and strategic modalities of the community which, on the contrary, mainly suffers the results of decisions taken elsewhere, having a reduced capacity of “voice” (Hirschman, 1970); (2) an

efficient use of the available resources such as human resources, knowledge, social capital, etc., that, otherwise, would remain underutilized; (3) the activation of processes of shared decisions that intensify communication among the actors, not only transferring information, but allowing the circulation of knowledge and experiences and raising trust and reciprocity mechanisms in participants (Polanyi, 1944); (4) the creation of knowledge that reduces the informative asymmetry and the consequent transaction and opportunistic behaviour costs through the inclusion of different stakeholders in the governance process and the production of positive collective effects in the provision of better quality services and generation of innovative solutions (Sacchetti, 2018).

Now, a consequent question raises: is it possible to extend the idea of a multi-stakeholder governance model of cooperation, co-decision and circulation of knowledge among stakeholders – typical of third sector entities – from the single organization to the governance of territories, particularly at the urban level? In our opinion, a multi-stakeholder urban governance model, that includes and valorizes the knowledge and the creative, motivational and innovative potential of all the stakeholders, could provide much more efficient responses to not considered and unsatisfied needs of the community (especially in peripheral and depressed neighbourhoods) than mono-stakeholder governance solutions offered by public or public-private solutions so far. An inclusive governance model, in fact, has the potential for producing positive externalities and benefits for the community, leading to a better identification of needs and responses, an efficient utilization of resources, a reduction of inequalities and the creation of new opportunities. This idea of territorial governance applied to the city and specifically to deprived peripheral neighbourhoods, takes a systemic value in which multiple actors converge, exchanging experiences and knowledge in the definition of community development and urban regeneration goals, that are not only physical or economic, but also cultural, social, and environmental objectives.

Therefore, although the solution of a multi-stakeholder governance may be reproduced at different institutional and territorial levels, we are mainly interested in advancing an urban governance model that takes more into consideration the participation of different actors and that leads to a more inclusive decision-making process. In the specific context of urban regeneration of depressed neighbourhoods, furthermore, such a model represents the alternative solution for the recovery of these derelict areas, especially because of the “governance failure” of state and market actions. In fact, we explicitly refer to a new form of urban governance model that includes different stakeholders and that focuses on the real needs of residents interested by regeneration processes. Concretely, an alternative way of thinking could be that of building multi-stakeholder partnerships with public, private, third sector and community-based entities that operate according to a mixed approach, taking into account the plurality of interests and requests of the involved players also through innovative administrative tools (for example in Italy through forms of co-programming e co-designing provided by article 55 of D. LGS. 117/2017).

It may be even argued that the leading role in this new form of governance model could be played by third sector organizations themselves for the reasons we underlined above: their “embeddedness” in local communities, their ability to better respond to local needs, their capacity-building of democratic and participative decision-making processes, their efficiency in valorising local assets and in leading to positive externalities, but also their better access to localized information and to specific tacit knowledge. In this way, third sector organizations could assume the pivotal role in attracting and reallocating resources towards peripheral areas, providing solutions for spatial renovation of depressed neighbourhoods and socio-economic improvement of local residents’ conditions, also giving “voice” to their unsatisfied needs and requests. In this context, social innovation in urban regeneration processes resides in a clear transformation of urban governance mechanisms and in the reconstruction of power relations between state, for-profit, third sector and civil society actors in the city. Thus, more integrated regeneration strategies could be put forward by creating new and inclusive social relations in the urban governance model, requiring, however, a collective capacity to act and an involvement of different stakeholders into a democratic decision-making process (Oosterlynck and Debruyne, 2013).

Accordingly, this discourse has practical implications over urban policies as new models of governance could lead to alternative strategies grounded around specific community-based interests. We take as reference the experiences raised in the U.S.A., where it seems to be greater the recognition of the value of nonprofits in promoting community involvement in initiatives designed to stimulate economic activity and social integration, leading to changes in the governance and structure of urban public services (Jacobs, 1987). In fact, in the U.S.A., nonprofits are regarded as critical in fostering citizens participation, grass-roots democracy, more responsive and effective services, more satisfied citizenry and to provide an opportunity to bring people together and build community and social capital (Smith, 2001). Governments contracting with these organizations helped them to expand into areas that traditionally were the preserve of public agencies (Savas, 1982) such as the field of urban regeneration. Indeed, experiences of building policies through new partnership models (for example in Boston, San Diego, Baltimore, Detroit and Los Angeles) underlined the strategic role of not-for-profit entities in achieving a balance between public and private interests and the demands of the community (Hula et al., 1997; Monardo, 2013).

Thus, interesting innovative strategies and partnership styles show how the involvement of public, private and not-for-profit actors in urban regeneration may lead to propose community-based solutions to public problems and to the social and economic reactivation of depressed neighbourhoods. Specifically, nonprofit organizations were institutionalized in new forms of governance that expanded the definition of urban planning, including informal practices and “recognizing the role of citizens in constructing their neighbourhoods, cities and livelihoods” (Ward and Imbroscio, 2011, p. 861). In particular, these well-established

partnerships affected the success of redevelopment processes, especially with respect to the quality of their performance in providing social services and facilities and in their support to local community involvement and empowerment in decision-making processes (although in some cases successful strategies were possible only when public authorities promoted, encouraged and financially supported “ad hoc” nonprofits)⁶⁶.

Definitively, the American experience may be of inspiration for new urban regeneration processes in Europe, of course remarking the fundamental discrepancies between the two contexts and designing the necessary adaptations. Among many others, one of the main differences concerns the recent growth of social economy organizations (especially social enterprises) in Europe, representing a distinctive advantage in the implementation of alternative urban regeneration policies. Indeed, the fact that these organizations are located at the intersect between public, private and nonprofit sectors allows them to rely much less on government funding or philanthropic donors, gaining greater independence, critical freedom and economic equity. This independence permits them to be much more flexible and innovative; to challenge policy; to campaign for change; to be closer to their communities; and to pursue the satisfaction of local needs rather than the state or the market priorities. This does not mean, however, that the effectiveness of urban regeneration policies is guaranteed and empowered solely by the presence of third sector organizations: the role played by public administrations and for-profit firms remains important as successful models of “hybridization” demonstrate (e.g. the case of *La Tobu* in Montreal). In this regard, only pursuing different interests and moving from “place-oriented” to “people-oriented” urban regeneration policies seems to lead to an effective physical, economic and social regeneration based on a holistic approach to the city and its enlarged community (Monardo, 2013).

From the previous considerations, it appears that third sector organizations may be properly recognized as entities that play a critical role in urban regeneration of depressed neighbourhoods. For this reason, much more attention should be paid by policy-makers on the potential that these organizations have in the renewal of abandoned and derelict areas, especially when reconverted in artistic and cultural spaces. Their contribution to economic development, physical regeneration and social improvement is, in fact, often undervalued by public administrations, despite their role in fostering social change, establishing new ways of doing business and promoting values of cooperation, trust and networking. Consequently, a possible initial step for the satisfaction of economic, social, cultural and political (other than basic) needs of disadvantaged communities seems to pass through the planning of alternative models of participatory governance and urban regeneration processes that put at their core

⁶⁶ As reference, the Union of Municipalities of Romagna Faentina in Central Italy represents a case in which local authorities and civil society organisations collaborated in implementing new patterns that overcame exclusion and generated positive social effects in the governance of the hospitality system for migrants and refugees. The public authorities mostly provided goods and services and their calls were used to include civil society organisations in the hospitality issue. These organizations implemented activities needed to migrants, while public authorities stimulated and supported their initiatives: the latter’s role, however, was necessary to run the whole system (Caroli and Tortia, 2018).

artistic and cultural activities, inclusive and creative spaces and public-private-nonprofit synergies. Specifically, in the context of depressed neighbourhoods' regeneration, this "hybrid" model could foster social innovation, community responsibility and generalized participation through the commitment of citizens to make decisions, providing the first measure against on-going economic, social and democratic decline. However, as underlined, successful urban regeneration processes led by not-for-profit entities must fulfil the crucial mission of the involvement of local communities if they really want to foster social innovation. In this meaning, third sector organizations may find in artistic and cultural activities not only a crucial economic asset, but also a tool of engagement and participation in public life other than an instrument for expressing "voice" of segregated groups living in depressed urban areas, calling for consideration, respect, desire for change and shifting the focus toward the best use of spaces and resources for the production of collective benefits.

In conclusion, assuming as theoretical starting point, the institutional economics literature which conceives institutions as habits of thought (Veblen, 1899; Commons, 1934), we are firmly convinced that a fairer and more reasonable urban society is possible only if the common social will is expressed collectively and not through market forces and only if the economy is submerged into a broader social order. In this, it is worth emphasizing that "the formula of collective action in control of individual action, which is the institution, gives us a mental tool of investigation, application of which brings together similarities and differences in the varied and innumerable modern economics activities" (Commons, 1950, p. 34)⁶⁷.

Thus, we refer to three main scholars for the building of our theoretical framework: Myrdal (1957) who argues that if a particular area starts growing, it causes the gravitation of people, human and physical capital from other parts of the country towards this growing centre (backwash effects), but economic development effects in one place also spread to its suburbs and all the neighbouring areas (spread effects); Hirschman (1970) who defines backwash and spread effects as polarization and trickle-down effects and claims that the members of any organization (all forms of human grouping) have two possible responses when they perceive a decrease in quality or benefit provided: they can exit (withdraw from the relationship) or they can voice (attempt to repair the relationship); and Polanyi (1977) who identifies three

⁶⁷ According to Commons, economics is the study of "economic organization based on collective action, transactions, economic power, negotiated values, and economic control with the goal of formulating an overall perception of the present economic order" (Gruchy, 1951). By incorporating history into economic analysis, Commons accepts conflicts rather than harmony as the natural and necessary ingredient of social change (Marangos, 2007). From this perspective, transactions are not only individual actions but also interpreted as conjointly social actions (Commons, 1950): the economy is seen as a social organization that consists of active participants; order is achieved through the regulation of activity by establishing working rules, which define the limits under which individuals may exercise their wills and power. Justice, order, security, liberty, equality, or any other public purpose are embodied in the expected collective action of people and are available to each individual. However, collective action is also based on custom, habits and traditions: "custom is the mere repetition, duplication, and variability of practices and transactions" (Commons, 1950, p. 354). Customs, once stabilized, influence social behaviour as it raises the expectation that the usual ways of doing things will continue in the future (Marangos, 2007).

forms of integration (or resources movement), i.e. redistribution as a double movement of resources, first accumulated at the centre and then distributed back to the periphery, exchange as a movement of resources between two random points placed anywhere in the system and reciprocity as a movement of resources among subgroups in symmetric positions.

On the other hand, from the review of the literature about third sector organizations, cultural and creative economy and urban regeneration, we delineate our empirical hypotheses that we will test in the next chapters: we claim that third sector organizations may lead multi-dimensional, multi-actor and cultural-based planned projects that function as milestones of urban regeneration in depressed contexts, especially in: generating backwash effects (Myrdal, 1957) or centripetal forces (Colby, 1933) that attract resources from city centres toward urban peripheral areas; being capable of giving voice to local communities (Hirschman, 1970) and providing resources and opportunities for participating in economic, social and cultural activities; raising cooperative and reciprocity mechanisms (Polanyi, 1977) in the provision, allocation and distribution of resources.

Consequently, we now move to better structure our analytic framework, outlining its fundamental characteristics and features in order to test the empirical hypotheses and answer the research questions in the next chapters. Concretely speaking, our starting point is diagram in Figure 1 in which we graphically represent our analytic framework, outlining its main actors (third sector organizations), crucial tools (creative, artistic and cultural activities), central objectives (urban regeneration of peripheral and depressed neighbourhoods), and advancing primary passages of a process of participative policy-building within an innovative urban governance model that conceives all the previous elements.

In particular, this flow diagram graphically represents our idea of an innovative policy-building process in which third sector organizations assume a fundamental role in launching and promoting alternative urban regeneration policies based on artistic and cultural activities. First of all, a change of perspective is required: traditional public-based urban development models strongly suffered the global recession and public expenditure cuts, favouring models of private-led urban regeneration that mostly pursued private economic and speculative interests. Reconceptualising these issues implies moving toward a social economy-led urban regeneration based on an integrated approach to non-monetized trading, enterprises growth, community asset transfer, development of social finance and investments (Murtagh, 2013).

Actually, such an innovative perspective should be firstly accepted and promoted not only by third sector entities themselves, but also by local governments that should further recognize the importance of these organizations in fostering citizens participation, being closer to their communities, satisfying local needs and providing more effective services, especially after the declining of governmental urban welfare solutions. In this regard, public administrations

should not only be open to third sector organizations, but also encourage them to cooperate more with the for-profit sector, respecting, however, the former's fundamental autonomy. For sure, these organizations are central in the current debate on the future of European (and particularly Italian) urban policy, especially when we refer to degraded and peripheral neighbourhoods where it is mostly needed a strategy of building social capital, trust and cooperation (Putnam, 1995), involving communities in the governance of urban affairs.

In fact, achieving bottom up transformations of the social and economic wellbeing of disadvantaged communities through urban regeneration strategies seems even more passing through the involvement of third sector entities (particularly, social enterprises) in rebuilding local economies where conventional actors failed, especially when long-term planning development was set and defined. Specifically, third sector organizations may contribute to urban regeneration through providing social services for the benefit of the community, generating employment and voluntarism (and consequently, building social capital), providing training and educational programmes, even supporting people financially through affordable loans and debt advice (i.e., activating social finance mechanisms), offering enterprise coaching and loans to set up businesses, supporting youth people with recreational, artistic and cultural facilities (as happened in the UK; Chapman, 2013), or opening social incubators (“agglomerations of social enterprises and social ventures, aiming at providing an advantageous environment of connection, knowledge transfer and experience exchange”; Pieri, 2017, p. 10).

Of course, we are not denying the importance of public and private actors in local development processes and especially in urban regeneration of deprived neighbourhoods: public actor's accountability and control cannot be delegated to other private (for-profit or not-for-profit) institutions that could represent minority (and not collective) interests and its role in convincing private stakeholders to invest in specific neighbourhoods remains important; private stakeholders are, of course, necessary to produce goods and services and may often be key actors in providing substantial funding and resources, other than currently being the only economic forces able to construct and restore urban spaces in degraded physical conditions. Nevertheless, the explanation for the emergence of third sector organizations in urban regeneration policies not only stands in their compensative role for government and market past failures, but also as a response to the request of citizens' participation and democracy in urban affairs and to the need of a fairer redistribution of resources through reciprocity mechanisms among members of a community.

Thus, a change in urban regeneration perspectives would lead to innovative concrete effects at the governance level: private for-profit, third sector, government and community institutions would work in partnership in order to build effective urban regeneration strategies, bringing together resources, entrepreneurial approaches, flexibility and common interest objectives. Of course, in such a mixed system of public, for-profit and not-for-profit

model, traditional governance approaches are no longer appropriate: in order to build innovative and alternative solutions, strengthening the relationships among these actors is the basic step, especially in Italy, where, on the one hand, the connection between third sector organizations and private investors remains fragile, and, on the other, a high degree of economic dependency from public authorities is still evident. Furthermore, building different governance models and forms compared to the past implies planning integration strategies among actors, competences, spaces and opportunities at the urban level and implementing innovative management methods for a multi-actor policy design. Nevertheless, autonomy, independence, effectiveness and mission of third sector should never be compromised, especially because – as we claim – new partnership models should be based on the leading role of not-for-profit organizations in order to produce concrete effects on urban regeneration policies.

In many cities, in fact, innovative partnership models for urban regeneration policies (deriving from alternative urban governance structures) are particularly needed not only in order to renovate public spaces, improve the attractiveness of deprived areas and promote economic development, but also in reinforcing the sense of community, dealing with poverty, crime, safety, social exclusion and environmental degradation. In the second part of the 20th century, actually, regeneration strategies mostly concentrated on the physical requalification (or renewal) of derelict spaces through top down processes that never considered real residents' needs, generating negative gentrification effects or speculative consequences. Nowadays, a change of perspective in urban regeneration policies is required to move toward people-oriented strategies that could link and strengthen physical, economic and environmental aspects of regeneration with social ones, assuming a comprehensive and integrated vision in the shared resolution of urban problems (Roberts and Sykes, 2008). This change of perspective also affects the discourse on common goods that “re-orient the scope of urban policies, shifting the focus of planning towards the best use of spaces and towards the management of the transformation of urban resources into infrastructures that are conducive to the production and the dispersion of collective benefits” (Battistoni et al., 2018, p. 88)⁶⁸. The idea that urban regeneration directly interests possible reformulations of the “social contract” in the regulation of the use of depressed spaces (Colucci and Cottino, 2015), designs new opportunities for actions and policies that derive from innovative forms of broader urban governance models and partnerships.

Building innovative policies, thus, necessarily implies governance models based on multi-sectorial and multi-actor partnerships that could achieve effective urban regeneration in

⁶⁸ Assuming the territory as a common good implies the creation of a different type of value as it refers not only to production of infrastructures, but also, to other activities that have social impacts: the territory is a “shared value” in which all the elements contribute to its creation and collectively invest in generating returns for them. In this regard, the urban regeneration of abandoned spaces could be directed to the re-use of such spaces toward social goals through a negotiation with a plurality of stakeholders, needs and resources in an equilibrated and sustainable way typical of the social economy (Battistoni et al., 2018).

depressed neighbourhoods and deal with the most severe urban welfare problems. The main reason of this necessity is that residents and community organizations could concretely participate in urban redevelopment initiatives and projects that directly concern their own neighbourhoods through a more flexible and innovative model. In fact, traditional public-private partnerships – described as a “contractual arrangement between a public sector agency and private sector concern, whereby resources and risks are shared for the purpose of delivering a public service, or for developing public infrastructure” (Akintoye et al., 2008, p. 31) – often suffered management problems in the interaction between actors and interests involved and in the incompatibility between market-oriented forces and public or collective concerns. In this regard, the capacity of third sector organizations in institutionalizing the roles of a range of actors (Ward and Imbroscio, 2011) is a further reason that justifies their entrance in a multi-stakeholder urban partnership.

Consequently, we argue that implementing and strengthening the role of third sector organizations and building innovative governance and partnership models, could lead to urban regeneration policies of deprived neighbourhoods that may provide those effective solutions that market and state actions mostly failed in supporting, especially sustaining economic vitality and social connection of local residents. Despite all the possible difficulties in managing different actors and interests (private developers, local residents, public authorities, third sector), a participative and inclusive model and a joint effort appear as the most innovative and concrete ways of revitalizing derelict neighbourhoods (as demonstrated by different cases in North America). Such a model inevitably would need a very strong cooperation between all the stakeholders engaged in the process, not only from a managerial and operational viewpoint, but also in the development of a strong and comprehensive decision-making process that involves the community and the main stakeholders in the implementation of regeneration strategies.

Actually, within the discourse on urban regeneration policies and practices and about innovation in partnership and governance models, the role of third sector organizations in such fields is mostly undervalued in many countries, despite their potential in achieving a balance among public, private and community interests, in providing social services and in supporting local community involvement in decision-making processes. Of course, again, we remark that successful urban regeneration partnerships, governance models and policies may raise only if public authorities, private firms, local communities and third sector organizations efficiently collaborate and cooperate in reaching common interests. In this regard, the creation, promotion and financial support of “ad hoc” not-for-profit agencies at the urban level that include governmental institutions, for-profit companies and local communities may be a concrete alternative formula for merging interests and involve stakeholders to address challenges. These agencies, indeed, could facilitate the discussion about problems and possible solutions for the empowerment of disadvantaged

neighbourhoods, giving their residents greater political voice and leading to changes in the urban governance structure.

Concretely, such “ad hoc” not-for-profit agencies, that pursue common interests and benefit the whole community, could favour the cooperation and coordination among actors coming from different sectors (private non-profit, private for-profit, public sector, local residents) with diverse competences (entrepreneurial, developmental, social, artistic, cultural, housing and urban planning skills). “Ad hoc” agencies could pursue urban regeneration objectives that improve the quality of life of local deprived communities, creating a dynamic network of actors that share a participative decision-making process and allow different stakeholders to be included in the definition of strategic choices, having voice and taking shared solutions about urban affairs and regeneration issues. Many studies demonstrate how social and political participation and cooperation play a crucial role in regeneration: local actors, communities and marginalized groups are enabled to voice their diverse needs and interests, discuss problems and advance solutions, creating a public space of democratic participation (Sacchetti et al. 2018).

Nevertheless, the tensions between, public, private and community interests remain and a mature debate about the possibility of keeping together economic, social, development and welfare goals still lacks in Europe and especially in Italy. However, it seems undeniable that a change in perspectives about urban governance models and urban regeneration policies is strongly required, in particular if we look at the last twenty years in which neoliberal visions of the contemporary city emerged and dominated the public debate. Negative consequences of these visions are particularly evident in modern peripheries that suffer phenomena of physical declining, economic failures, environmental degrade and social exclusion problems, inevitably linked to low education rates, unemployment, criminality and poverty. Rethinking urban regeneration policies for peripheral and depressed neighbourhoods implies taking into consideration different actors and stakeholders that could be involved in alternative decision-making and policy-building processes. As underlined, we not only refer to local communities, but also to third sector organizations, whose actions’ effectiveness, however, may be guaranteed only through the crucial cooperation with private and public actors. Nevertheless, such a hybrid model appears to be very far from being even taken into consideration in Italy (for specific economic, political and cultural reasons), where third sector organizations are able to deliver social services in substitution of the public actor, but are neither allowed to participate in multi-stakeholder partnerships nor recognized as valid interlocutors during the definition and implementation of urban regeneration policies.

However, local actors (particularly, public administrations) can no longer ignore the potential of not-for-profit entities in their contribution to urban, social and economic regeneration of deprived neighbourhoods and communities. Opening the policy space to these organizations means involving support and encouragement by governments, not only through funding but

also – for example – through training on specific juridical and economic tools inserted in public contracts. These formalities should never subjugate, lock or limit third sector entities' actions in favour of government agendas, as their flexibility and rapidity to adaptation to sudden changes is their most relevant strength. At the local level, this means that third sector entities could invert the tendency of urban regeneration policies of the last decades of top down models implemented by local or national governments rather than responding to punctual local needs. A new starting point is possible if we accept the idea that third sector organizations have the potential not only for recovering physical abandoned spaces, but also for valorising relational and immaterial spaces of the community through cooperative and democratic mechanisms (Sacchetti, 2016). However, these actors may combine territorial, social and environmental regeneration only cooperating and collaborating with other community, private and public actors, creating material and relational capital and activating democratic, inclusive and deliberative coordination mechanisms.

Finally, an innovative urban regeneration model should be accompanied by an adequate urban cultural policy about creative spaces: implementing, promoting and supporting the arts in depressed and peripheral neighbourhoods – again implying the cooperation among not-for-profit entities, artistic organizations, private companies and public administrations – may produce unexpected outcomes both from economic and social viewpoints. In particular, the involvement of residents of disadvantaged neighbourhoods in creative activities that convert derelict spaces into new artistic and cultural facilities and services is particularly important for generating new employment, activating social connections, responding to local needs and reconstructing identities (Sasaki, 2010)⁶⁹.

In this regard, building innovative policies implies developing a nexus of creativity where different actors (particularly third sector organizations and individual citizens) are empowered to contribute to the revitalization of the city as a whole. In our case study, in particular, we will see how artistic and cultural activities promoted by a not-for-profit entity can stimulate social inclusion and initial attraction of resources in peripheral areas, also being recognized by the public actor for its roles and functions in depressed neighbourhoods. More specifically, we will mainly focus on the role of a pure nonprofit organization engaged in urban creativity (precisely street art) that may constitute an initial economic engine for a deprived neighbourhood (in terms of attraction of resources, people and activities) and an effective tool against social exclusion of local residents (in terms of improvement of quality of life and participation in the transformation of a deprived space).

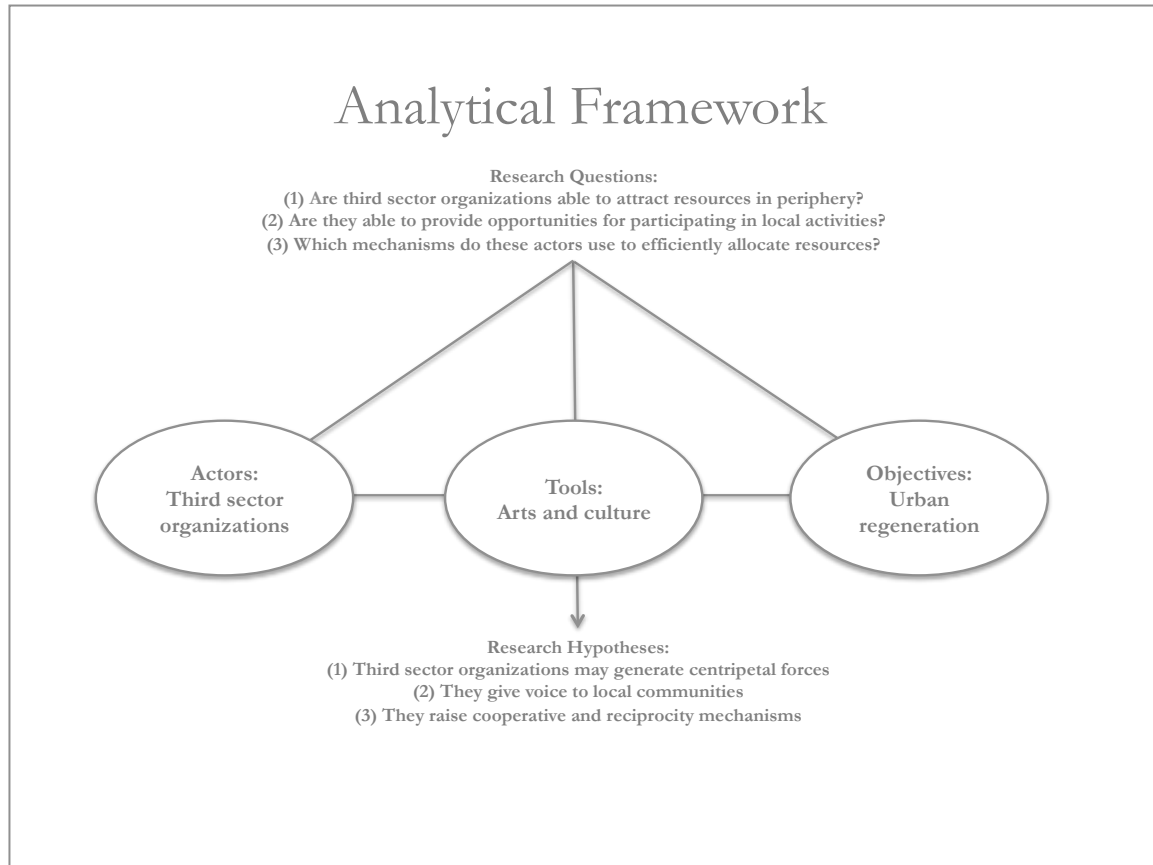
⁶⁹ An example is “Creative Stirling”, a community interest company founded in the city of Stirling, Scotland, in 2012. The idea was to connect people by creating a “hub” that could give space to local artists and their work and give the community access to cultural activities and opportunities. The organization aims to the social inclusion and accessibility for the whole community, especially working on the inequality of access to education and living conditions in deprived neighbourhoods, trying to involve young people, parents, students and the community in general. Furthermore, artists interacting with “Creative Stirling” can be people who are disadvantaged in the education system or have bad experiences in education (Sacchetti and Campbell, 2014).

Definitively, what we argue is that the development of innovative effective policies of urban regeneration in depressed peripheral neighbourhoods derives from alternative governance and partnerships models that include multiple actors, stakeholders, resources and competences. In such a model, third sector organizations assume a leading role and utilize cultural, artistic and creative activities for attracting resources, generating wealth and limit social exclusion in deprived urban contexts, redefining the image of entire neighbourhoods and rethinking local identities. In particular, the arts, culture and creativity may function as leverages of urban regeneration of deprived urban areas, being also connected to the theme of social innovation, defined as a creative collective process finalized to the realization of goods and services that improve wellbeing in a community in terms of education, welfare and social inclusion (Sgaragli, 2014).

However, in order to produce effective outcomes in urban regeneration, it is probably needed to facilitate concrete opportunities for local communities, not-for-profit actors, for-profit firms and public administrations to build new urban governance structures (especially, but not only, for the generation of public goods). The interaction among all these stakeholders is undoubtedly problematic because of the pursuing of different interests and objectives, but overcoming these difficulties means addressing relevant urban questions and leading to successful innovation in the public sphere that requires reciprocal contamination in order to facilitate creative outputs (Montanari, 2014). In this regard, peripheries may be considered the best urban and social laboratories where experimenting innovative forms of synergies among different subjects (public, private, formal, informal ones), resources (economic, social, artistic, juridical, cultural ones), and needs (physical, social, cultural, economic, urban ones).

For the above mentioned reasons, we argue that cooperatives, social enterprises, nonprofits and other third sector organizations should definitively be engaged in urban regeneration policies that aim not only to the physical recovery of derelict spaces, but also to the social inclusion and cultural and economic development of depressed neighbourhoods' residents in search of higher participation in the democratic process. In particular, art-related third sector organizations that usually do not have decision-making power in terms of urban regeneration, can strongly contribute to shape and define adequate policies in depressed neighbourhoods, mobilizing collective action and facilitating a wider participation of residents in the satisfaction of their needs and in the provision of effective development opportunities, other than in the reconstruction of local identities.

Figure 1. The analytic framework



Source: our elaboration

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Chapter III. Naples urban context and its third sector

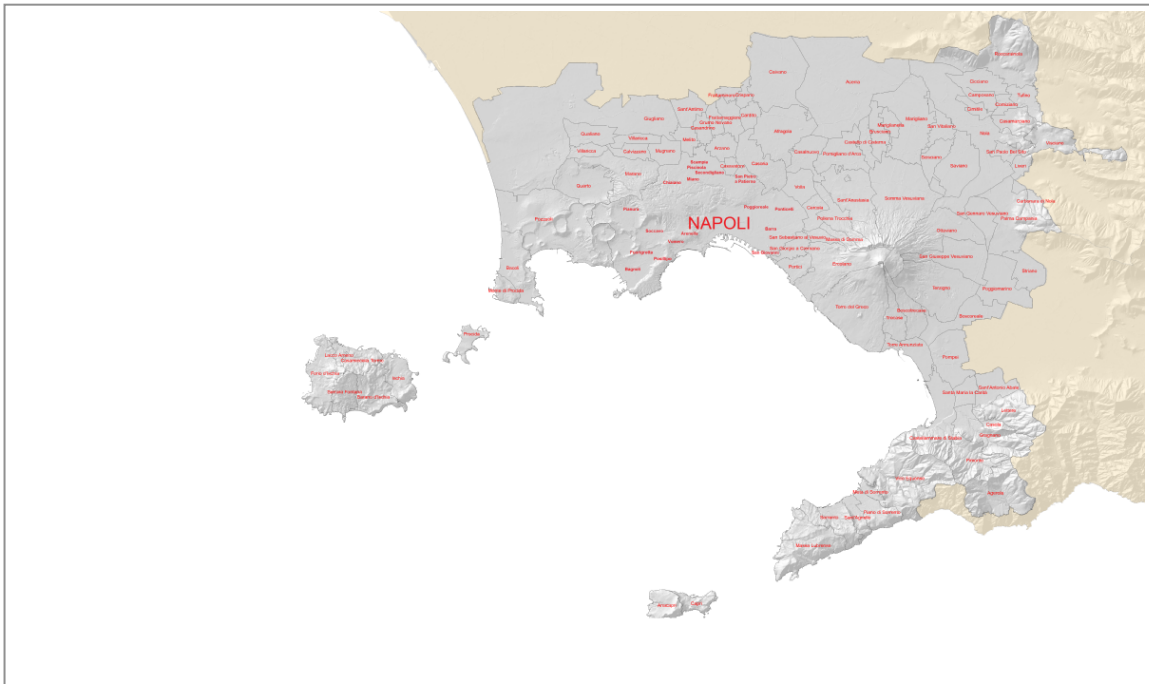
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Introduction

Naples is the regional capital of Campania (the third most-populous Italian region with 5.8 million and a total area of 13.590 km²), and the third-largest municipality in Italy after Rome and Milan, with an area of 119,02 km², 981.374 people living within the city's administrative limits and a density of 8.368 inhabitants per km² (Comune di Napoli, 2017). Naples also is the capital of a vast metropolitan city, having a population of 3.101.002 residents (ISTAT, 2018), being the ninth-most populous urban area in the European Union (EU), with an extension of 1.170 km² and counting 92 municipalities. The economic structure of this metropolitan city can be delineated as follows: in the inner city, tertiary services, trade, handicraft, art, culture and tourism are the main sectors; in the internal province, manufacturing sectors such as textile, automotive, aerospace and agribusiness are the major activities; in the coastal province, tourism and maritime economy are the leading sectors (S.R.M., 2012) (Map 1).

Map 1. Map of the metropolitan city of Naples

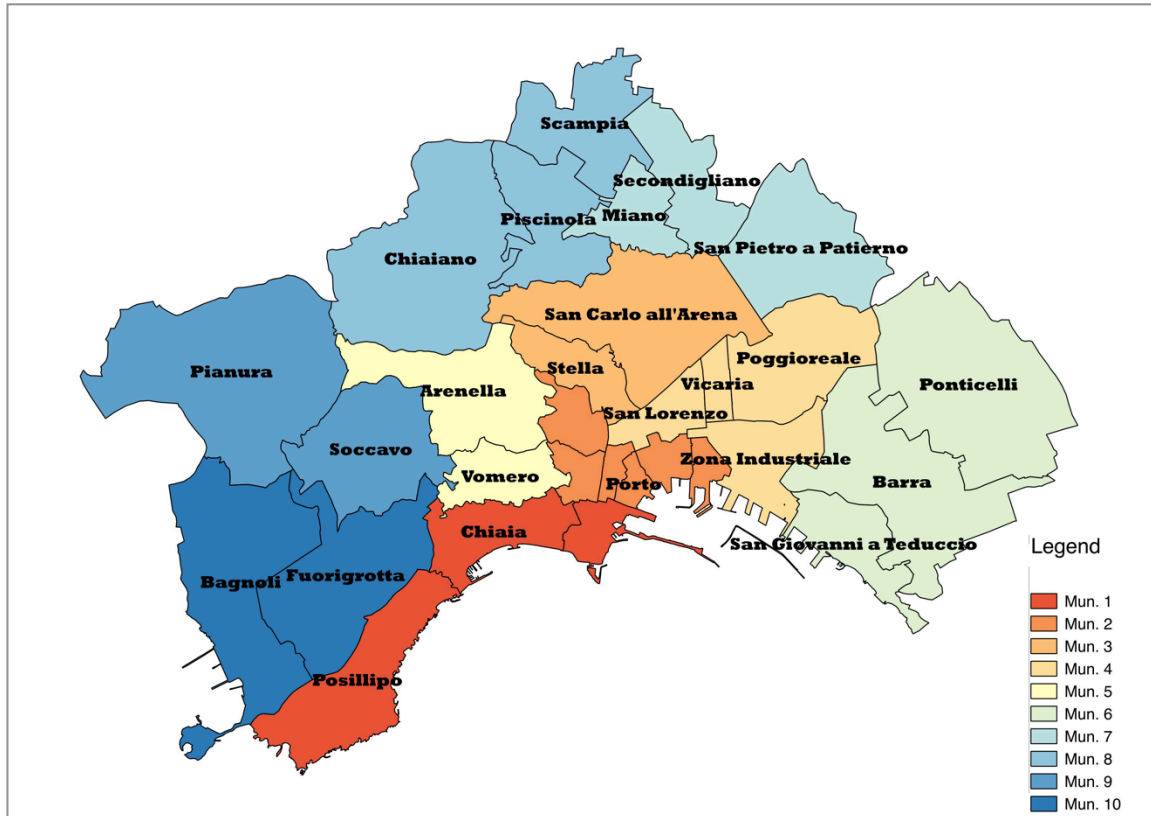


Source: www.cittametropolitana.na.it

Administratively speaking, the city is divided into ten municipalities that include a total of thirty neighbourhoods: Chiaia, Posillipo, San Ferdinando (1st municipality); Avvocata, Mercato, Montecalvario, Pendino, Porto, San Giuseppe (2nd municipality); San Carlo all'Arena, Stella (3rd municipality); Poggioreale, San Lorenzo, Vicaria, Zona Industriale (4th municipality); Arenella, Vomero (5th municipality); Barra, Ponticelli, San Giovanni a Teduccio (6th municipality); Miano, San Pietro a Patierno, Secondigliano (7th municipality);

Chiaiano, Piscinola, Scampia (8th municipality); Pianura, Soccavo (9th municipality); Bagnoli, Fuorigrotta (10th municipality) (Map 2).

Map 2. Naples by administrative municipalities and neighbourhoods

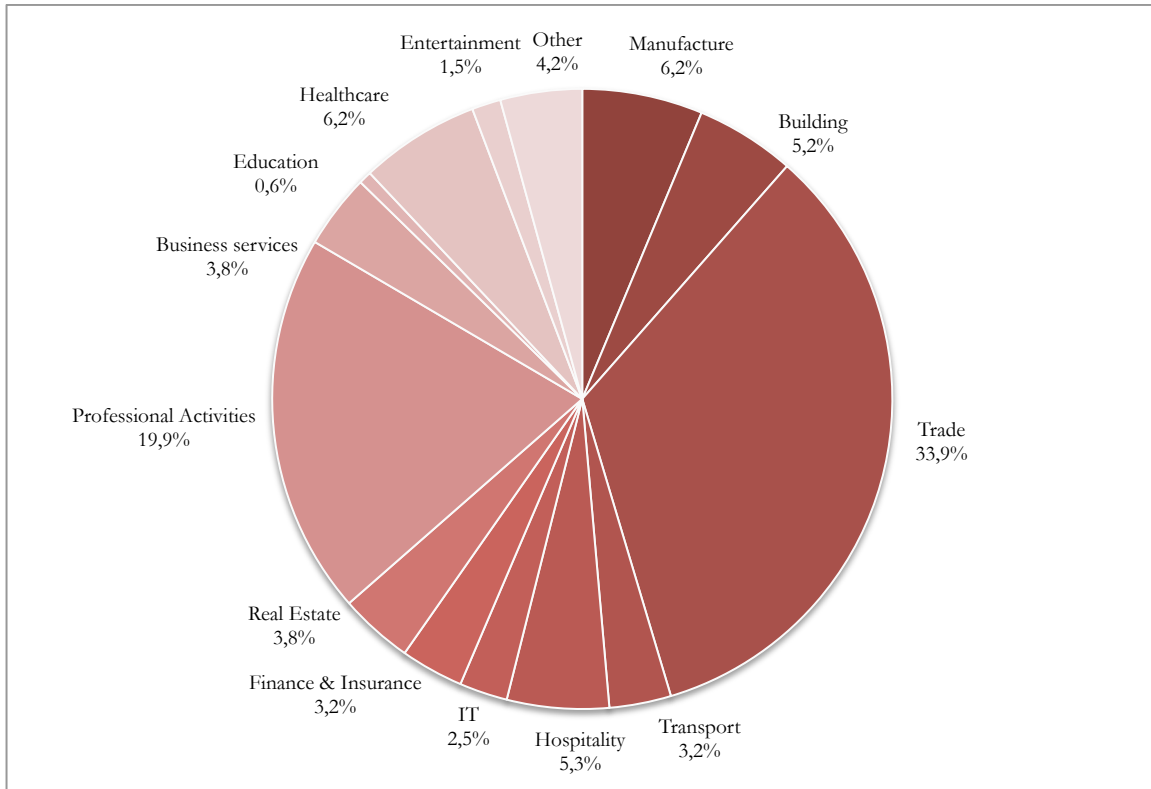


Source: Our elaboration on QGIS software

From an urban economic viewpoint, Naples seems to be in a marginal position both in the international and the national ranking of large cities, while holding a predominant position in relation to other cities in Campania, in terms of size, services and administrative functions (Cafiero, 2009). At a national level, Naples is Italy's fourth-largest economy after Milan, Rome and Turin. The 2011 Census shows the economic structure of the city, which counts a total of 235.269 people employed in 70.895 firms, with 73,7 units every 1.000 inhabitants, and 3,3 employed per firm on average (Comune di Napoli, 2011). As can be observed by the graphs (Graph 1 and Graph 2), considering the number of firms, the main sectors are trade (24.033 units) and professional activities (14.106 units); while, looking at the number of occupied people, the sector of trade confirms its predominant role (48.521), but with a dramatic rising in the number of people engaged in the transport sector (32.998), business services (32.767), and manufacture activities (20.588) (Comune di Napoli, 2011). Furthermore, the city is a major cargo and passengers terminal and its port is one of the Mediterranean's largest and busiest: in 2017, passengers traffic increased by 1,8% compared to 2016, reaching 6.6 million units; while cargos traffic increased by 5,4% in handled

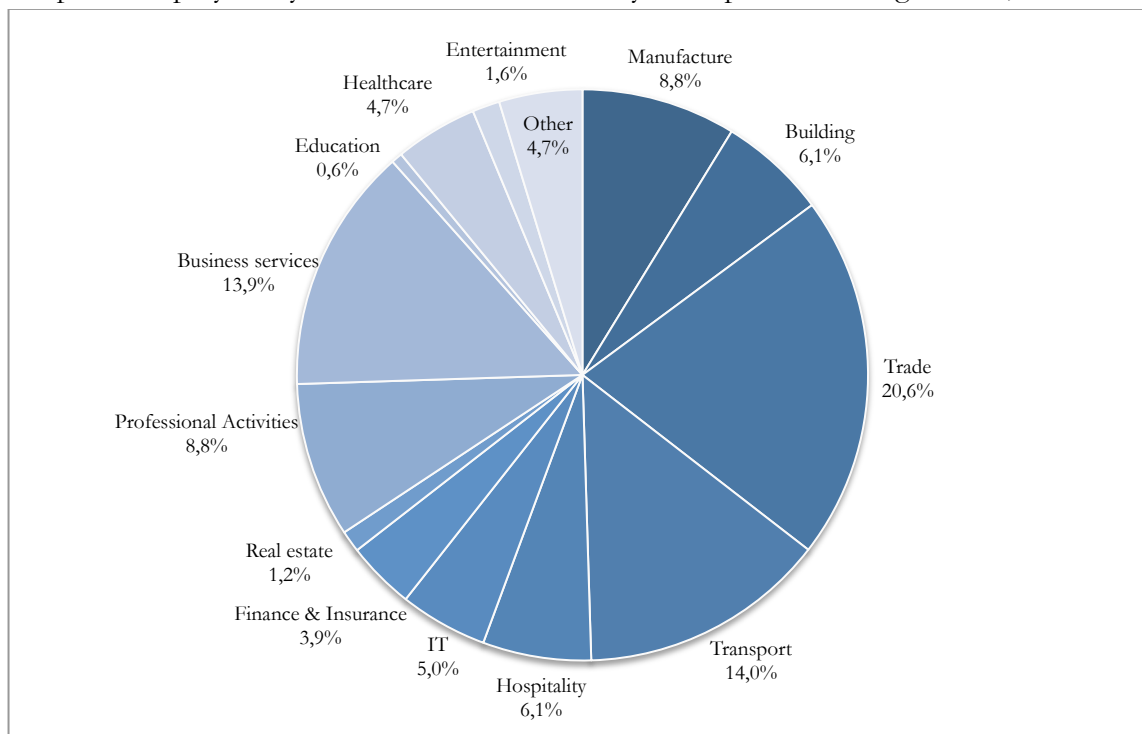
containers (509.876 teus in 2017) and by 8,6% in handled commodities in tons (5.5 million tons in 2017) (Naples Port Authority, 2017). Naples is also a major national and international tourist destination: in terms of total presences, in 2017, 3.2 million people were registered in the city, corresponding to 0,8% of the national amount (ISTAT, 2018).

Graph 1. Firms by economic sector in the city of Naples. Percentage values, 2011



Source: Our elaboration on ISTAT census of industry, services and non-profit institutions, 2011

Graph 2. Employees by economic sector in the city of Naples. Percentage values, 2011



Source: Our elaboration on ISTAT census of industry, services and non-profit institutions, 2011

From a demographic viewpoint, Naples keeps on losing population: in 2016, residents were 981.374, i.e., -2,5% compared to 2011; -2,3% in comparison with 2001; and -8,3% than 1991. Over the long period, the resident population tends to visibly decrease, as happened in the 1980s (-12%), in the 1990s (-6%) and in the 2000s (-4%) (ISTAT, 2011). In fact, in this regard, Naples followed the evolution of many other European cities' demographic transformations: in the period between 1951 and 2011, urban population decreased by 39,4%, while the population of the province raised by 9,6% (S.R.M., 2012). Indeed, the weight of the province increased as more people, goods and services were distributed out of the urban core, generating a whole, enormous and undifferentiated periphery. Of the resident population, 808.461 were born in Naples, i.e. 82,3%, (of these, 3.241 are foreign citizens). Comparing residents' proveniences, the percentage of those coming from other Italian municipalities corresponds to 11,5%, but 53,2% of them was born in the province of Naples (60.189). In contrast to many Northern Italian cities, foreign immigrants are relatively fewer in Naples: in 2017, there were a total of 58.203 foreigners, the majority of these were mostly from Sri Lanka, China, Ukraine, Pakistan and Romania (ISTAT, 2018).

On the other hand, according to Municipality's data, the composition by age population registers significant variations, with a progressive weight loss of young classes and a corresponding increase of old age classes. In fact, after the inversion of the 1960s, starting from the mid-1970s it can be observed a fall in the birth rates and, in general, one of the

most intense changes in the demographic panorama, also aggravated by the recent economic-financial crisis.

In fact, despite the city is experiencing this phenomenon to a lesser extent compared to the national average, Naples' population is getting old: currently, the share of over 65-year-old people represents 19,2% of the whole population (17,7% in 2010), as well as the share of over 80-year-old people (5,2% of the whole population compared to 5,0% in 2010). Also the relationship between old population (65-year-old and more) and young population (0-14-year-old) increases: in 2010, old age population exceeded by 2,1% young age population, but in 2016 this gap doubled to 4,5 percentage points, i.e. every 100 young people, there are 131 old people. Life expectancy at birth is 82,3 years for females and 77,9 years for males, with an average of 80,1 years that is quite inferior to the Italian average of 82,8 (ISTAT, 2017). On the other hand, the total fecundity rate (i.e. the average number of children per woman) is 1,36 in 2016 (1,44 in 2010), higher than the Italian average of 1,32 (ISTAT, 2017). Similarly to the whole country, Naples keeps on registering a declining of fecundity rates and inferior values to the natural substitution threshold (2,1 children per woman). As consequence, the generations of young people (between 15 and 34-year-old) are numerically inferior to those that preceded them.

However, some exceptions to this situation are represented by specific municipalities located in peripheral areas. As reference, the North and East territorial neighbourhoods of the city – municipalities 8th (Piscinola, Chiaiano, Scampia), 6th (Ponticelli, Barra, San Giovanni a Teduccio), and 7th (Miano, Secondigliano, San Pietro a Patierno) – are characterized by high fecundity levels (respectively, 1,45; 1,50; and 1,50 children per woman). In these municipalities, the share of over 65-year-old people represents respectively 15,6%; 16,5%; and 16,4% of the whole population (19,2% in Naples), as well as the share of over 80-year-old people which is respectively 3,8%; 4,0%; and 4,0% of the whole population (5,2% in Naples). The average age is 40,3; 40,2; and 40,3 compared to 42,7 in the city. Also the percentage of population younger than 14 is higher than the city's average: respectively, 16,2%; 16,7%; and 16,6% (14,6% in Naples), as well as the percentage of population younger than 17 (respectively, 20,0%; 20,6%; and 20,4% compared to 18,0% in Naples) and the percentage of population between 15 and 34 (respectively, 26,7%; 26,8%; and 26,4% compared to 24,0% in Naples).

As will be evident in the next paragraph, Naples is a metropolitan area strongly divided between its central part and its periphery, not only in demographic terms, but also regarding assets, resources, infrastructures, services and built environments (particularly lacking in peripheral neighbourhoods). Since the 1980s, in fact, not only a general trend of social polarization of the Italian social structure can be observed, but this process was particularly evident in Naples, especially between the core – where upper classes still live in (Becchi, 1994) – and the peripheries. Despite pockets of poverty still exist in central areas too, this dual, spatially and socially separated city (Castells, 1989; Sassen, 1991) is, actually, reflected

by the great divide between the historical centre and its surrounding areas on the one hand, and the peripheral neighbourhoods, on the other. In these areas, where the quality of the built environment is particularly low as consequence of building with no planning rules and construction permits, resident populations are unable to satisfy basic needs such as access to income, job opportunities, public transport, decent housing, education and security, other than living with the constant threat of micro and macro criminality. This situation is particularly alarming in Northern and Eastern peripheral neighbourhoods where unemployment, illiteracy, criminality and poverty rates reach the highest levels of the whole city and where resident population live in alienated conditions, in symbolical, economic, cultural, social and physical terms.

For this investigation, however, the discourse about third sector organizations in Naples merits a deeper analysis. As we will better see, the last census on nonprofit institutions (ISTAT, 2017) counted 336.275 not-for-profit organizations in Italy in 2015, rising by 11,6% compared to 2011 when nonprofit entities were 301.191. Institutions with volunteers were 267.529 (+9,9% compared to 2011), while organizations with employees considerably increased by 32,2% moving from 41.744 in 2011 to 55.196 in 2015. In total, the number of volunteers was about 5.530.000, while employees were 788.000, also in this case showing a significant growth, respectively by 16,2% and 15,8% in comparison with 2011. About the juridical form of these entities, 286.942 were associations, 16.125 were social cooperatives, 6.451 were foundations, and 26.756 had other juridical forms. The geographical distribution showed a great concentration in Northern Italy, where about 51% of not-for-profit organizations were located, while Central (22,5%) and Southern Italy (26,5%) visibly registered lower rates.

More particularly, in Campania, 19.252 not-for-profit entities were detected in 2015, accounting for 5,7% of the national number, but what is more interesting is the dramatic increase of these institutions between 2011 and 2015: +33%. 82,5% of these organizations chose the juridical form of the association, with a total of 238.858 volunteers and 30.022 employees. About Naples, finally, we can only refer to the data of the 9th census on nonprofit institutions (ISTAT, 2011), which counted 2.356 not-for-profit organizations in total, having 27.481 volunteers, 5.423 employees, and 3.779 external workers. Also in this case, the rise in the number of not-for-profit entities is outstanding: these organizations passed from being 614 in 1991 to 2.356 in 2011 (+283,4%), following the trend of considerable growth of the whole sector in Italy.

In this chapter we will investigate in depth Naples' urban context and its third sector, mainly referring to the peripheries of the city, providing data from the main census detected and analysing the belonging organizations located in the city. It is necessary to clearly have in mind the context in which we move in order to better understand methodology and results of the research outlined in the next chapter.

3.1. Naples' socio-economic urban context

Delays in terms of economic development, gaps in income distribution and poverty rates, inefficiencies in basic services such as healthcare or transports, low education rates, difficulties in forming human capital (especially in comparison with Northern Italian cities), high presence of illegal activities and organized crime, illegal building and abuses, environmental destructions (like *emergenza rifiuti*), corruption and collusion in the governance model, obsolete infrastructural systems and delays in completing the reconversion of ex-industrial sites (Bagnoli is the main example) are only some issues to be dealt with in order to understand the difficult socio-economic conditions of Naples (Punziano, 2016), a city with one of the lowest GDP per capita in Italy and in Europe (19.360 Euros according to OECD, 2016).

To have an idea of the city's socio-economic framework, and especially of the marginalization status of its peripheries, some indicators may be used to represent the conditions of the urban context, with particular reference to social exclusion of specific municipalities and neighbourhoods⁷⁰. In fact, these indicators reflect a very polarized image of the socio-economic geography of the city as upper classes mainly locate in few central neighbourhoods, while another part of the population live in degraded peripheries.

Not surprisingly, the main factors leading to social exclusion are the extremely high unemployment and poverty rates, which result, among other reasons, from the process of deindustrialization and insufficient development of a modern tertiary sector. In fact, between the 1960s and the 1980s, Naples could be considered as an industrial capital because of the presence of medium and large companies (some private, other State-owned) that operated in different sectors. From the 1990s, the city experienced a process of deep deindustrialization, not only caused by the crisis of traditional industrial sectors, but also by other factors such as the EU's action aimed at reducing iron and steel production and new policies directed at protecting fair competition and limiting State aid to industries (Vicari, 2001).

This process of deindustrialization was particularly concentrated in Naples' metropolitan area: in the 1970s, the number of industrial companies decreased by 11%, but between 1981 and 1991 this rate reached 36% with a consequent 27% of industrial jobs losses (in Italy, 18% and 14%, respectively) (ISTAT, 1971, 1981, 1991). At the same time, the unemployment rate in the service sector also started growing between the 1970s and the

⁷⁰ Actually, one of the main characteristics of the city's economy is represented by the basic function of the neighborhood (*quartiere*). The neighborhood plays an important role in the process of survival from one day to the next, notably in terms of providing certain labor market conditions. The long-standing artisan traditions in many neighborhoods allowed these areas to learn and transmit know-how, develop new product ideas, and producing abundant workforce. The neighborhood also plays a basic role in underwriting the flexible working practices which prevail within the firms: in many cases, communities living in the neighborhood are composed by workers and owners who have always lived and interacted through family or kinship ties, not only building trust relationships and avoiding a rigid formalization of labor practices, but especially giving the neighborhood a sense of "productive chorality" generated by homogeneity and cultural congruence of the families that live in there (recalling Becattini, 2015).

1980s, but remained stable during the 1990s, being the main proof of the difficulties the city experienced in transacting toward a strong service economy (Cavola and D'Antonio, 1994). Currently, the local economic system still suffers the disappearance of heavy industries, which was not counterbalanced by the rise of a system of medium and small companies that could re-launch the urban economy. Furthermore, the instability of local governments, their inability to produce local development policies and to ensure the provision of public services, the high operating costs for companies, the distortion of the labour market due to a consolidated informal sector and the presence of organized crime affecting both directly and indirectly the business environment, are some of the causes of the current situation.

As a result, Naples is a capital of unemployment: the rate is still one of the highest in Italy, raising since the 1970s, peaking at 42,7% in 1991, and slowly declining to 31,3% in 2001. However, since 2001, an overall improvement in unemployment and employment rates can be observed in the city as demonstrated by the reduction of unemployed from 31,3% to 27,7% in 2011, and successively to 23,9% in 2017 (ISTAT, 1991, 2001, 2011, 2018). At regional level, in 2017, while the unemployment rate kept on decreasing in almost all Italian areas (-8,0% in the North; -3,7% in the Centre; and -0,5% in the South, stabilizing respectively to 6,9%, 10,0% and 19,4%), Campania registered an increase of 0,6% in comparison to 2016. Also in large Italian cities, unemployment decreased between 2016 and 2017 both in North and South: Palermo (-3,8%), Bari (-2,1%), Turin (-1,5%), Genoa (-2,0%), Venice (-1,0%), Bologna (-0,4%), Florence (-0,1%) and Rome (-0,1%) showed decreasing unemployment rates. On the other hand, while increases in unemployment in Milan (+0,1%), Verona (+0,3%) and Catania (+1,6%) were quite contained, Naples registered the highest growth rate: +3,9% (followed by Messina: +3,2%), i.e. about 113.000 people looking for a job in the city. Also in comparison with other Italian cities, data about employment are negative: in 2017, Naples showed 39,3% of employed people between 15 and 64-year-old, a much inferior rate than Milan (70,9%), Bologna (71,7%) and Rome (66,1%) (ISTAT, 2018).

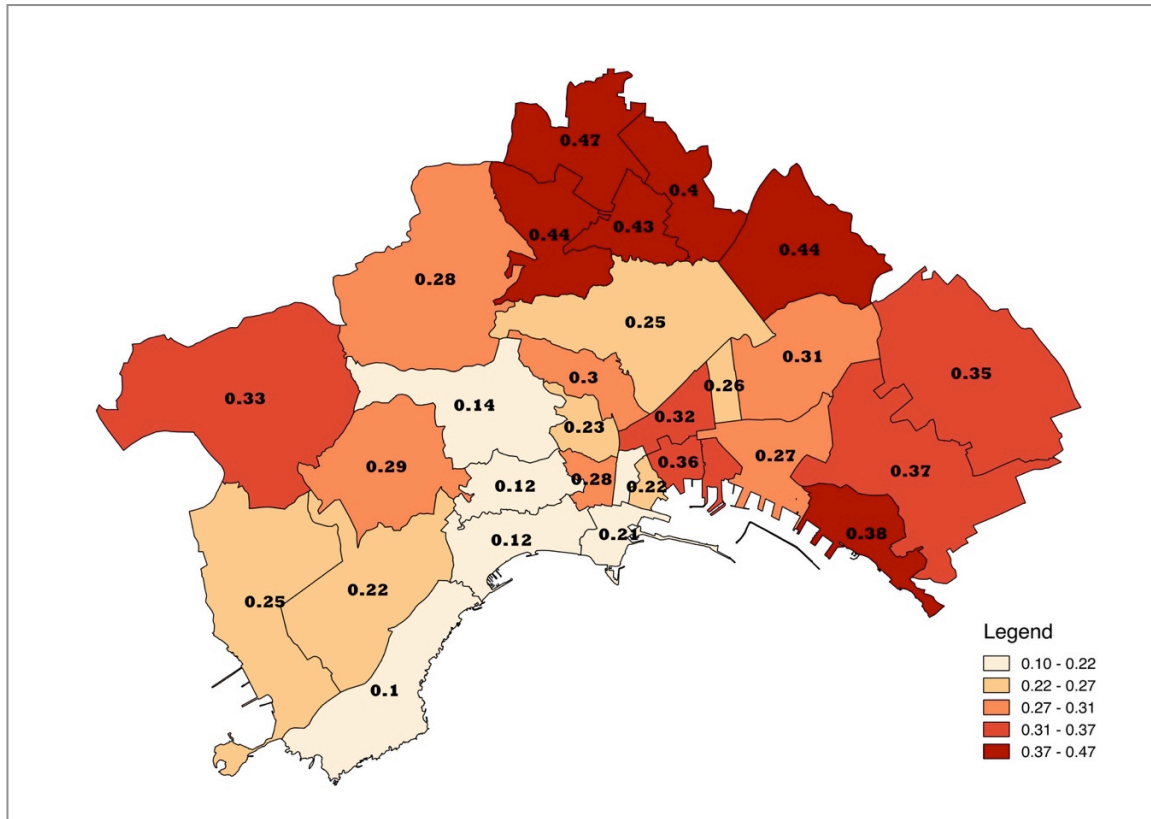
Particularly important is discovering in which neighbourhoods, unemployment reaches the highest rates: not surprisingly, in 2011, the neighbourhoods that overcame 35,0% in unemployment rates were all located in peripheral areas: Ponticelli (35,4%), Barra (36,8%), San Giovanni a Teduccio (38,4%), Secondigliano (39,4%), Miano (43,2%), San Pietro a Patierno (44,2%), Piscinola (44,2%) and Scampia (46,9%) (Table 1; Map 3).

Table 1. Unemployment and employment rates by neighbourhood and municipality in Naples in 2011 and 2001. Percentage values and percentage variation 2011-2001

Neighbourhoods	Unemployment rate			Employment rate		
	2011	2001	% var.	2011	2001	% var.
Chiaia	12,0	15,8	-3,8	42,7	39,2	3,5
Posillipo	10,0	12,0	-2,0	43,3	40,1	3,2
San Ferdinando	21,1	26,6	-5,5	36,2	32,8	3,4
1st Municipality	14,4	18,1	-3,7	40,8	37,4	3,4
Avvocata	22,6	26,2	-3,5	35,9	32,3	3,6
Mercato	33,2	38,0	-4,8	27,1	22,6	4,5
Montecalvario	28,3	30,1	-1,7	31,9	26,6	5,3
Pendino	35,8	40,3	-4,5	28,8	24,6	4,2
Porto	21,9	25,2	-3,2	36,8	31	5,8
San Giuseppe	14,1	22,2	-8,1	43	37,2	5,8
2nd Municipality	26,0	30,3	-4,3	34	29,1	4,9
San Carlo all'Arena	25,0	26,3	-1,3	33	31,1	1,9
Stella	29,9	37,1	-7,1	31,5	27	4,5
3rd Municipality	27,5	31,7	-4,2	32,3	29,1	3,2
Poggioreale	30,6	33,8	-3,2	28,9	26,9	2,0
San Lorenzo	31,9	36,1	-4,1	30,3	25,9	4,4
Vicaria	26,0	29,8	-3,7	32	29	3,0
Zona Industriale	26,7	33,1	-6,4	31,6	27,2	4,4
4th Municipality	28,8	33,2	-4,4	30,7	27,3	3,4
Arenella	14,4	16,4	-2,0	39,2	37,8	1,4
Vomero	12,1	13,9	-1,7	41	39,2	1,8
5th Municipality	13,3	15,2	-1,9	40,2	38,5	1,7
Barra	36,8	39,4	-2,6	25,7	23,5	2,2
Ponticelli	35,4	39,0	-3,6	25,4	23,5	1,9
San Giovanni a Teduccio	38,4	42,6	-4,2	24	21	3,0
6th Municipality	36,9	40,3	-3,4	25,1	22,7	2,4
Miano	43,2	56,4	-13,2	23,6	19,1	4,5
San Pietro a Patierno	44,2	47,1	-2,8	24,2	22,4	1,8
Secondigliano	39,4	45,4	-5,9	25,3	22,9	2,4
7th Municipality	42,3	49,6	-7,3	24,4	21,5	2,9
Chiaiano	27,9	30,1	-2,1	34,5	32,2	2,3
Piscinola	44,2	37,1	7,2	24,7	23,5	1,2
Scampia	46,9	52,2	-5,3	22	20,2	1,8
8th Municipality	39,7	39,8	-0,1	27,1	25,3	1,8
Pianura	33,3	39,6	-6,2	30,3	28,3	2,0
Soccavo	28,7	35,3	-6,5	29,3	27,5	1,8
9th Municipality	31,1	37,5	-6,4	29,9	27,9	2,0
Bagnoli	25,2	27,8	-2,6	32,6	29,4	3,2
Fuorigrotta	21,9	25,6	-3,6	34,1	32,3	1,8
10th Municipality	23,6	26,7	-3,1	33,4	30,9	2,5
Naples	27,7	31,3	-2,9	31,8	29,2	2,6
Italy	11,4	11,5	-0,1	42,7	39,2	3,5

Source: Comune di Napoli, statistics office: elaboration on 15° ISTAT general census of population, 2011

Map 3. Unemployment rates by neighbourhood in Naples, 2011. Percentage values



Source: Our elaboration on QGIS software based on 15° ISTAT general census of population, 2011

A second element of social exclusion is poverty: in 1996, 10,0% of Italian families was below the poverty line, but in Campania this percentage was 24,9% (one family out of four in Naples) (Vicari, 2001). Twenty years later, in 2017, this rate decreased to 6,9% in Italy, but remained very high in Campania (24,4%) (ISTAT, 2018). Poverty rates in the Italian South in general, however, are due to some specific reasons: at the local level, subsidies are subject to municipal budget availability that in many Southern metropolitan areas are very scarce and under pressure so that many people are excluded from the welfare state system. Furthermore, many families that live in degraded areas of historic centres or in the peripheries have their members unemployed in the formal economy, but work in the informal sector, being the only source of (irregular and insufficient) income (Spanò, 1999). In 2016, ISTAT calculated that the Italian informal or illegal economy valued about 210 billion Euros, i.e. 12,4% of GNP (ISTAT, 2018). This kind of informal economy is so present in the South that it could be argued that the unemployment rate is overestimated, as it does not include people working in the informal sector of the local economy. In particular, in Naples this informal and irregular work is usually unskilled, precarious and poorly paid – especially in textile, clothing and shoe manufacturing activities – increasing job insecurity and precariousness. In fact, the informal economy produces specific forms of exclusion such as the negation of labour protections for informal workers, the instability and lack of safety

provisions on the job, the production of segmented labour markets, the outstanding presence of women and children in the informal economy (Goddard, 1996) as the majority of works are carried out at home.

However, State actions continue to be unable to contrast poverty produced by the destructive effects of industrial restructuring, especially in fighting social polarization, in the provision of basic services and infrastructures and in the functioning of the welfare system (Vicari, 2001)⁷¹. At the national level, since the 1980s, social and fiscal policies did not produce redistributive effects, contributing to increase inequality, especially because of the exceptional growth of the State deficit and public debt (about 130% of GNP in 2018), and the consequent effects on quality and quantity of public services (other than the high levels of tax evasion: between 124,5 and 132,1 billion Euros in 2017; Albarea et al., 2018). These peculiarities have stronger effects in Southern Italy where not only public services and infrastructures are scarcer and of worse quality than other areas in the country, but where social polarization seems higher than Central and Northern Italy. As reference, we can see how Naples counts 0,97% of resident population (4.645 people) with incomes higher than 120.000 Euros against a national average of 0,69%, as well as the percentage of Neapolitans with no income sources (0,60%) in comparison with the Italian average (0,39%), confirming the wealth concentration and the social polarization in the city (Agenzia delle Entrate, 2015).

A third element explaining the difficult socio-economic context in Naples is the presence of criminality, symbolizing a further failure of the State action. In the metropolitan area of Naples (i.e., in the provincial territory), Di Gennaro and Marselli (2017) calculated a criminality rate of 4.417 criminal actions every 100.000 inhabitants in 2015, which is quite inferior to the national average (6.003 every 100.000) and other large metropolitan areas such as Milan (8.903), Bologna (7.400) and Turin (6.982). However, other than micro-criminality, the real “cancer” of the city is the presence of criminal organizations also known as camorra clans: between 1995 and 2015, 551 camorra homicides were counted, reaching a peak between 1995 and 2000 when 41% of the total amount was committed (this period was characterized by a camorra war for the drugs traffic control). Between 2001 and 2005, 131 victims of camorra homicides were registered, i.e. 23% of the whole, reaching 36% between 2005 and 2015 (Di Gennaro and Marselli, 2017). The years 1997, 1995 and 2004 showed the peaks, with, respectively, 49, 45 and 41 homicides (Brancaccio, 2009), even though a reduction in the number of these crimes may be registered in recent years: we moved from a

⁷¹ In the South, the clientelistic character of the welfare state, in particular the selective distribution of cash subsidies (Chubb, 1982) is a further cause of exclusion. In the “Southern model of welfare” (Ferrera, 1996), indeed, access to resources, jobs, subsidies, pensions, benefits, etc., “is subject to partisan pressure and manipulation and therefore discriminates between those who through personal and political relationships are able to exercise that pressure or to exchange access for votes, for example, at different levels and in different fields, and those who are not” (Vicari, 2001, p. 107). This discriminating system results into a situation in which individuals who have extensive particularistic networks in prominent positions easily obtain benefits than those who have no such access to key-individuals charged to expedite their claims.

rate of 8 homicides every 100.000 inhabitants in 1989-1991 to 3 every 100.000 in 2013-2016 (Tab 2).

Table 2. Homicide rates per 100.000 inhabitants from 1989 to 2016 in large Italian cities

City	1989-1991	1992-1994	1995-1997	1998-2000	2001-2003	2004-2006	2007-2009	2010-2012	2013-2016
Bari	5,37	3,51	4,29	3,80	2,44	1,85	1,27	1,88	1,84
Bologna	4,2	0,83	1,16	1,57	2,16	1,26	1,17	1,24	0,65
Catania	15,83	13,81	9,71	3,30	2,56	2,02	2,88	1,91	1,19
Florence	0,63	1,82	1,08	1,82	1,50	1,40	0,66	0,90	0,78
Genoa	2,21	1,47	1,13	0,79	0,98	0,66	1,37	1,15	0,55
Milan	2,41	2,39	2,12	1,68	1,75	1,51	1,73	1,20	1,00
Naples	7,93	5,28	5,62	4,84	3,59	4,25	3,45	2,53	3,16
Palermo	4,47	2,77	1,96	1,91	1,00	0,96	0,81	0,76	1,01
Rome	1,73	1,08	1,19	0,98	1,23	1,10	1,14	0,74	0,86
Turin	1,87	1,77	1,66	1,42	1,35	1,35	1,08	1,10	0,81
Venice	1,26	0,76	0,76	0,54	0,62	0,62	0,62	0,98	0,85

Source: Barbagli and Minello's elaboration on archival data of Ministero dell'Interno, 2017

Historically, criminal organizations always tried to impede local endogenous development in order to strengthen their control over territories. Firstly, small and micro firms, both in the formal and the informal economy, tend not to expand in order to avoid extortion that could raise production and transaction costs, resulting in the lack of regular job opportunities and in the increasing power of organized crime over the local community. Secondly, the reduction of security as a collective good particularly impacts on those people who cannot buy security services in the private market, excluding them from one of the most basic rights. Thirdly, camorra clans in Campania and in the metropolitan area of Naples in particular, always tended to dominate the local politics (Allum, 1996): since the 1990s, judiciary investigations brought to light extensive connections between organized crime exponents and politicians, resulting in the crisis of legitimacy of the political system (a consolidate practice is the so called *voto di scambio*, an exchange of votes for individual benefits according to the logic of the patron-client relationship). This perverse clientelistic relationship between politicians, entrepreneurs and criminal organizations not only impedes local development processes, but also produces negative effects on the local economy. Concretely, the system ensures the absence of controls over public contracts – favouring the diffusion of informal work and the scarce quality of buildings and infrastructures – so that colluded enterprises may prosper in a sort of controlled market, while others are forced to exit, close or enter into the informal economy (Cavola and Vicari, 2000). The conclusion is that a great part of the local population – especially in peripheries – is deprived not only of formal and regular job opportunities and socio-economic resources, but also of effective democratic rights.

A fourth element of social exclusion, obviously, is the lack of education: low levels of education are a barrier which excludes people from participating in economic, social and civic commitment and in the pursuit of collective goods, other than being an obstacle to production capacity at work. In 2017, at national level, Southern Italy registered only 21,6% of people comprised between 30 and 34-year-old holding a tertiary education title (30% in North and Central Italy); and also data about secondary education titles are negative for *Mezzogiorno*: 52,5% people between 25 and 64-year-old obtained at least a *diploma*, while the percentage is 67,4% in North and 64,5% in Central Italy. In the South, also really alarming is the percentage of people that prematurely abandon the education system: 18,5% against 11,3% in the North and 10,7% in Central Italy; as well as the presence of the so called “Neets”, young people not in education, employment or training: 34,4% against 16,7% in the North and 19,7% in the Centre (ISTAT, 2018). In this context, Campania shows negative values in all these indicators compared to the national average (Table 3).

Table 3. Education indicators in Campania and in Italy in 2017. Percentage values

Regional areas	Participation rates at primary school 2017	25-64 year-old holding a diploma 2017	30-34 year-old holding a degree 2017	Early exit from education 2017	Neet people 2017
Campania	90,2	52,8	21,4	19,1	36,0
North	92,5	64,5	30,0	11,3	16,7
Centre	89,8	67,4	29,9	10,7	19,7
South	90,1	52,5	21,6	18,5	34,4
Italy	91,1	60,9	26,9	14,0	24,1

Source: ISTAT, *Rapporto sul Benessere Equo e Sostenibile*, 2018

With reference to the city of Naples, ISTAT 15th general census (2011) also provides a complete framework on the scholastic education, based on qualifications and education degrees of Neapolitan residents. From a socio-cultural viewpoint, the illiteracy rate (calculated as the percentage of over 6-year-old population who do not know neither reading nor writing) remains high: 1,4% in Naples against 1,0% in Italy. However, compared to the national data, in Naples, people holding higher qualifications (in particular, degree and university diplomas) are more numerous than the Italian average: 12,8% against 11,1%. Nevertheless, with reference to the percentage of people that at least hold a high school degree, the municipal data of 39,4% is inferior to the national one of 41,0%; on the other hand, the incidence of population with any qualification is closer to the national context: 7,9% in Naples against 7,7% in Italy (ISTAT, 2011).

It is important to understand which neighbourhoods show the lowest education rates (calculated as the relationship between the population holding at least a secondary school diploma and the whole over 25-year-old population). In 2011, again, neighbourhoods that registered residents' education rates below 35% were located in peripheral areas: Barra (34,8%), Secondigliano (34,6%), Mercato (33,0%), San Giovanni a Teduccio (31,9%), San

Pietro a Patierno (31,9%), Scampia (29,6%) and Miano (28,9%). Despite these alarming results and a growth rate in education that is much inferior to the national average, we can note an improvement in the city between 2001 and 2011: from 47,7% to 51,5% in the overall education rate (Table 4; Map 4). Furthermore, if we compare the youth concentration rate (calculated as the relationship between under 25-year-old population and the whole resident population), we can see how this rate is basically inversely proportional to the education rates, i.e. the higher the young concentration rate, the lower the education level. Not surprisingly, more educated people live in neighbourhoods with better socio-economic conditions and tend to decrease in peripheral and contested neighbourhoods (Table 4).

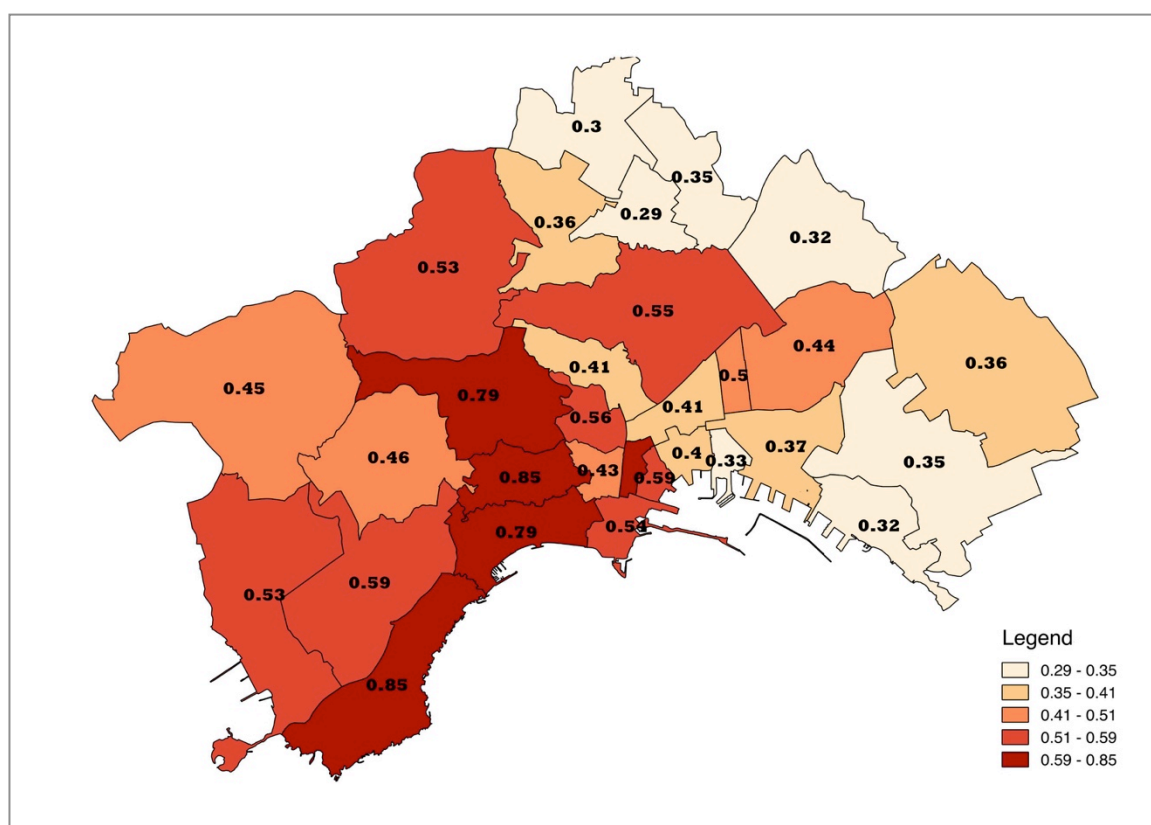
Table 4. Young concentration and education rates by neighbourhood and municipality in Naples in 2011 and 2001. Percentage values and percentage variation 2011-2001

Neighbourhoods	Young concentration rate			Education rate		
	2011	2001	% var.	2011	2001	% var.
Chiaia	24,0	24,8	-0,8	79,2	76,1	3,1
Posillipo	25,6	24,7	0,9	85,1	80,6	4,5
San Ferdinando	26,1	28,6	-2,5	54,3	51,1	3,2
1st Municipality	25,2	26,0	-0,8	72,9	69,3	3,6
Avvocata	25,9	27,8	-1,9	56,0	54,1	1,9
Mercato	28,6	31,0	-2,4	33,1	31,9	1,2
Montecalvario	28,4	30,6	-2,2	42,6	47,5	-4,9
Pendino	28,3	31,8	-3,5	39,8	33,2	6,6
Porto	23,8	26,3	-2,5	58,5	52,0	6,5
San Giuseppe	22,2	24,5	-2,3	72,9	68,0	4,9
2nd Municipality	26,2	28,7	-2,5	50,5	47,8	2,7
San Carlo all'Arena	27,3	28,8	-1,5	55,0	52,2	2,8
Stella	28,7	30,6	-1,9	40,6	38,4	2,2
3rd Municipality	28,0	29,7	-1,7	47,8	45,3	2,5
Poggioreale	28,8	32,1	-3,3	44,4	38,1	6,3
San Lorenzo	27,8	31,0	-3,2	40,5	37,2	3,3
Vicaria	26,3	28,5	-2,2	50,0	45,3	4,7
Zona Industriale	29,6	30,4	-0,8	37,4	35,2	2,2
4th Municipality	28,1	30,5	-2,4	43,1	39,0	4,1
Arenella	22,6	23,6	-1,0	79,3	75,0	4,3
Vomero	22,9	23,6	-0,7	84,9	81,1	3,8
5th Municipality	22,8	23,6	-0,8	82,1	78,1	4,0
Barra	31,9	35,7	-3,8	34,9	28,6	6,3
Ponticelli	33,0	37,6	-4,6	36,4	33,0	3,4
San Giovanni a Teduccio	31,6	34,5	-2,9	31,9	26,4	5,5
6th Municipality	32,2	35,9	-3,7	34,4	29,3	5,1
Miano	32,1	35,3	-3,2	29,0	21,1	7,9
San Pietro a Patierno	35,0	41,2	-6,2	31,9	24,2	7,7
Secondigliano	30,2	34,5	-4,3	34,7	28,9	5,8
7th Municipality	32,4	37,0	-4,6	31,8	24,7	7,1
Chiaiano	29,2	33,8	-4,6	53,2	46,5	6,7
Piscinola	32,0	37,0	-5,0	35,9	29,6	6,3

Scampia	33,4	37,6	-4,2	29,7	25,7	4,0
8th Municipality	31,5	36,1	-4,6	39,6	33,9	5,7
Pianura	31,4	38,9	-7,5	44,8	41,0	3,8
Soccavo	27,0	30,3	-3,3	46,4	40,6	5,8
9th Municipality	29,2	34,6	-5,4	45,6	40,8	4,8
Bagnoli	26,3	29,3	-3,0	53,2	46,2	7,0
Fuorigrotta	24,3	26,3	-2,0	59,2	53,2	6,0
10th Municipality	25,3	27,8	-2,5	56,2	49,7	6,5
Naples	28,0	30,9	- 2,9	51,5	47,7	3,8
Italy	23,9	25,4	-1,4	51,3	42,2	9,1

Source: *Comune di Napoli, statistics office: elaboration on 15° ISTAT general census of population, 2011*

Map 4. Education rates by neighbourhood in Naples, 2011. Percentage values



Source: *Our elaboration on QGIS software based on 15° ISTAT general census of population, 2011*

From these indicators about Naples’s socio-economic conditions, it results evident that – despite a general improvement of the city in recent years – peripheral neighbourhoods still live an alarming situation, especially because of the growing gap between the city centre and the suburbs. Indeed, strong socio-economic divisions seem to lead to social exclusion and spatial separation among residents: neighbourhoods showing better socio-economic conditions are located in the central-Western and hilly areas of the city (Posillipo, Vomero, Chiaia, San Giuseppe, Arenella), while North and East peripheries (Scampia, San Pietro a Patierno, Miano, Piscinola, San Giovanni a Teduccio, Secondigliano, Barra, Ponticelli) are

the neighbourhoods where not only younger population mostly concentrates but also where living conditions result more difficult.

This situation can also be explained by urban policies adopted in Naples since the post-war period. In the city, the territory has been considered one of the main assets of local economy, actually serving as a resource of illegal and speculative building and directly attracting public funds for infrastructures and large-scale projects. Actually, many coalitions of stakeholders were formed in order to dominate urban policies, having as protagonist real estate and building companies, politicians and criminal organizations. In particular, political classes mainly focused on their personal interests, formalizing urban plans with speculative characters, contributing to increase economic degrade and social polarization. It is true that, after the Second World War, Naples was a city to be rebuilt because of the extensive damages suffered before liberation, especially in the port area, and the pressing to ensure safety accommodations for unemployed and homeless was high; but it is also true that the Neapolitan political class did not impede a further rupture of the social and urban fabric, favouring its personal interest.

In this regard, in order to refuse the fascist legacy, the Strategic Plan of 1939 (Piccinato Plan) was abandoned despite the modern urban planning approach it contained, especially in the preservation of agricultural and green areas around the city centre, allowing a moderate residential expansion (Leonardi and Nanetti, 2008). On the contrary, the plan adopted in 1946 allowed a non-regulated reconstruction and an illegal urban growth that, during the 1950s and 1960s, consumed green areas over the hills (Vomero and Posillipo). Specifically, between 1946 and 1972, the public function of urban planning was substituted by the permission to build with neither rule nor respect for a fragile environment, transforming many areas into chaotic neighbourhoods (the so called *sacco edilizio*), and alimending connections between city's political, criminal and entrepreneurial classes (Chubb, 1982).

Almost thirty years after the first post-war plan, the 1972 Strategic Plan evidenced the negative consequences for the environment of the previous phase, but also condemned the decision of focusing only on the building sector as main economic engine. In a moment in which national governments launched a policy of industrial development in South Italy based on industrial hubs, Naples had to locate heavy industrial plants in its Eastern and Western peripheries and, at the same time, build new public housing settlements through law 167/1962 (Dispoto, 2009). Nevertheless, this relocation encountered many obstacles as few areas could host large industrial plants that were not linked to an urban economy made of small familiar firms engaged in the production of consuming goods and services or in micro sectors (the so called *economia del vicolo*; Becchi, 1984).

Furthermore, the events of 1973 (cholera cases) and 1980 (earthquake) affected the city, destroying small dimension economic activities, destructing the social fabric and underlining

the incapacity of the whole political class. Among large cities, Naples was one of the most polluted in Europe, showing the worst results in public healthcare and infant mortality rates, other than corruption and unemployment that raised due to the closure and restructuration of industrial plants in the 1980s (Pardo, 1996). This situation increased the loss of small firms and population that from the city centre moved toward the peripheries or Naples' province, also causing other cases of abusive and illegal constructions in recently born neighbourhoods.

Indeed, urban policies kept on favouring illegal construction also in the 1980s when "emergency" programmes financed by the State, and often administered by ad hoc agencies, were implemented in disregard of local government planning policies. The emblematic case is that of those policies implemented following the 1980 earthquake when extensive funds were made available during the reconstruction phase (one of the major scandals in public expenditure of the post-war period following the realization di 13.000 new accommodations in the peripheries; Sales, 1993). The result was that this clientelistic framework constituted the main strategy of Naples' urban development process in the 1980s (Barbagallo, 1997), when a governance model based on a limited circle of politicians, bureaucrats and entrepreneurs managed the redistribution of public money, favouring few selected interests and excluding local residents' needs and their social and economic development (Cavola and Vicari, 2000).

At the beginning of the 1990s, urban conditions in Naples were disastrous: socio-economic crisis was accompanied by infrastructural services deterioration and by the territorial expansion of camorra clans: public mismanagement and criminal organizations literally "privatized" Naples with results of economic poverty, social chaos and environmental degrade (Leonardi and Nanetti, 2008). Nevertheless, different factors changed this framework, giving room to a new phase: the State fiscal crisis forced to stop generous financing; magistrates' investigations about corrupt practices and mismanagement became more rigid; considerable political changes (such as the end of the so called "first republic") took place at national and local levels; the direct election of mayors (1990) offered radical opportunities of change; a new orientation in urban policies developed under EU's action.

In the 1990s, thus, urban planning interventions in Naples began to be finalized to invert the tendency of private and no-rules urban policies and to focus on specific and urgent issues: recovering the historical centre's cultural heritage, solving public transport inefficiencies, privatizing some municipal services, launching urban regeneration programs with public and private actors, incrementing legality rates, finding new partnership opportunities in Europe. At the same time, some large-scale projects were undertaken, such as the renewal of the stadium and related infrastructures, a new university campus, a new ring road around the city and a new business centre, as "expressions of a dominant view of urban policy based on

large-scale projects, which are assumed per se to improve the quality of the urban fabric” (Vicari, 2001, p. 109)⁷².

In this period, in particular, urban policies began to be characterized by public-private partnerships, but also by the participation of new actors from the civil society and the third sector that claimed more integration between building initiatives and socio-economic actions (nevertheless cooperatives and nonprofit organizations were still far from being considered a valid interlocutor by local governments). In comparison with the physical approach to urban policies, these strategies tried to be more inclusive and to exploit resources and potentialities of local communities (Vicari, 2001). In fact, these area-based policies tended to involve a plurality of subjects, promoting professional and cultural education, mobilising civil associations, local entrepreneurs and institutional actors in order to favour the satisfaction of basic needs and the promotion of social and economic development conditions (Belli, 2006). Their strategic objective was dealing with poverty and social polarization through redistribution of resources, job opportunities, education and services in favour of disadvantaged communities also through the support of EU’s action. In this regard, EU “Urban” program was launched in 1994 in Italy, aiming at the urban regeneration of degraded areas in which unemployment, poverty, housing needs, environmental degrade, criminality and low education levels were more evident: it was based on a “physical” approach that implied the idea that urban regeneration was the right answer to social exclusion problems (Laino, 1999).

However, in Naples, only in 2004 the City Council⁷³ approved the Strategic Plan for the city (initially conceptualized in 1993)⁷⁴, in evident delay in comparison with many other Italian cities where such plans were adopted earlier (in the second half of the 1990s) and 32 years after the 1972 Plan. Naples’ city plan mainly included the regeneration of dismissed industrial areas (in particular Bagnoli), the revaluation of the city centre and the

⁷² These interventions followed the traditional “physical” approach to urban regeneration that considered the concentration of urban functions (such as services) in dedicated mono-functional areas as solutions to problems of urban decay and social polarization: adequate spaces would be allocated for specific services and automatically positive socio-economic effects would be generated. The main example of this approach is *Centro Direzionale di Napoli*, a services and business district of modern skyscrapers in the North-Eastern neighbourhood of Poggioreale, that had to act as a solution to problems of urban decay, stimulating processes of economic regeneration (Laino, 1999). Actually, the partial failure of this large-scale project was also favoured by the clientelistic nature of the relationship between politicians, entrepreneurs (both of private and state-owned companies) and criminal organizations that became heavily involved in the local political-economic system through direct and indirect investments.

⁷³ In the last twenty-five years left-wing parties governed the city, starting with the election of Antonio Bassolino (1993-2001), continuing with Rosa Russo Iervolino (2001-2011) and finally arriving to Luigi De Magistris (2011-present).

⁷⁴ Strategic planning can be seen as “a new form of urban governance that is needed to manage a growing special complexity in the context of global competition and of the new challenges cities have to meet” (De Vivo, 2013, p. 29). In fact, these plans focus on building visions of the future to be realized through cooperation networks over different scales and among more subjects, a sort of “voluntary pact among public administrators, private actors and citizens, in order to realize a shared vision through a strategy and a series of projects” (Società Geografica Italiana, 2008).

modernization of the port area, including new institutional instruments such as the “Free Urban Zone”, i.e. an area with a special system of low taxation that had to attract international investments, promoting occupation and social inclusion. In all these points, city administration, as main public player, had to act as coordinator between private and public actors involved, facilitating forms of participation and involvement of the citizenry.

Nevertheless, the City government met so many difficulties that undermined the implementation process and its potentiality for urban innovation, especially not taking into account bottom up social and participative processes of urban transformation and choosing a dirigisme model based on the concentration of decision power in few stakeholders’ hands. Definitively, public actor’s incapacity, structural socio-economic problems, organized crime, de-skilling and impoverishment of human resources, lack of private investments, low interest of banks to finance private development projects and to participate in financing public infrastructures were all reasons of the failure of the strategic plan (De Vivo, 2013).

The past experiences and the current problematic context imply a reconceptualization of urban policies in Naples, especially referring to the regeneration of depressed neighbourhoods. In fact, an alternative policy should necessarily include, on the one hand, the territorial and physical redevelopment or reconversion of specific areas, and, on the other hand, a regeneration that absorbs social, economic, cultural and relational ways of living those spaces (Punziano, 2016). Indeed, urban regeneration interventions should even more focus on filling the empty spaces provoked by the abandon of functions, identities, businesses and people, both concentrating on physically degraded areas (brown-field spaces like former industrial sites), and socio-spatial degraded areas (social-field spaces like educative, administrative, historic, or cultural sites; Punziano, 2016). Many Neapolitan urban spaces – mainly located in the peripheries – need this alternative approach, especially as they are characterized by abandon, deterioration and identity rupture between places and residents. In the next sub-paragraph, we will focus on these peripheral neighbourhoods, trying to understand their main features and socio-economic conditions, underlining failures of public and private urban regeneration processes they experienced along the years.

3.2. Peripheries of Naples and their socio-economic conditions

Traditionally, in Italy, peripheries were conceptualized as transition and intermediate territories located between city centres and the countryside (Bellicini and Ingersoll, 2001) and mainly described through negations: areas with no specific characteristics or identities; spaces that were neither countryside nor city; neighbourhoods with no history, rules, meanings and qualities (Di Biagi, 2006). Currently, however, the concepts of “city” and “countryside” are no longer clearly separated: they need a rethinking as well as the extensive territory of residential districts of the dispersed city that persist between them and where a process of suburbanization – with decentralization of residences, services and infrastructures – developed (Dubois-Taine and Chalas, 1997; Indovina, 1990; Governa and Saccomani, 2004).

In Italy, in particular, traditional approaches in urban planning and research defined peripheries starting from the observation of city centres: if centres are unique and different, peripheries are all the same (Della Pergola, 1989) and are located far from downtowns both in physical, social, economic and cultural terms. Phenomena of destruction of local identities, loss of social cohesion, social exclusion, physical decadence and degrade, contributed to define these places as “dormitory neighbourhoods”, alighting the idea of an impossible rehabilitation for local residents. This view of a homogeneous periphery conceptualized as a “non-place” also implied the immobility of the public actor in implementing urban policies apt to distinguish different situations, conditions, complexities, features and potentialities of these urban areas (Belli, 2006).

Of course, urban peripheries cannot be defined only as abandoned, uniform and anonymous territories, but are much more multifaceted spaces that contain both positive and negative elements from physical and social viewpoints. In fact, the specificity of each urban periphery derives from a series of elements: the diversity of available resources; the different attributions of meanings that residents give to their own living environment; the ways of collective action of local people; the shared construction of a common territorial identity that contributes to build heritage, history and memories. In this meaning, peripheries are also social and territorial laboratories in which innovations and changes in living conditions, lifestyles and social relations are experimented: they are plurality spaces where several actors, practices, resources and potentialities are present and where innovative forms of local self-organization, construction of new identities and a sense of local community can develop (Governa and Saccomani, 2002).

In this regard, Paba (1998) argues that new forms and roles of peripheries derive precisely from the fact of being animated by a process of diversification in their identities, activities and functions and by the fact of being laboratories of social interaction: not only spaces of social exclusion and deprivation, but also places characterized by a defined social capital and specific forms of collective identity (Forrest and Kearns, 2001; Purdue, 2001; Mayer, 2003). Thus, peripheries can be seen as laboratories of modernity, in which new policies, projects and ideas can be experimented in order to improve living collective spaces and residents' living conditions (Di Biagi, 2008). Consequently, cultural, social and economic potentialities of peripheries should be exploited in order to develop new and alternative urban regeneration strategies that include a plurality of actors, tools and ideas and that are able to renovate local individual and collective identities. In this new and alternative view, we try to insert Neapolitan peripheries in our study.

First of all, we have to clarify what the term “periphery” currently means in Italy and in the city of Naples. In Italy, along the whole 20th century, the urbanization process was characterized by the expansion of public building neighbourhoods in order to respond to consistent housing needs, alighting a public city in peripheral areas. Actually, the rapid and

disordered expansion of a neoliberal city (in contrast with the liberal vision of the compact city able to reduce urban functioning costs and diseconomies) was proved by the absence of strict urban planning rules and the invasion of cement and asphalt in the country during the 1960s and the 1970s that mainly favoured real estate and building companies. The result was that in each part of the countryside, new malls, residential complexes and public and private residences were built, not only increasing urban sprawl, disorder and social polarization (as many people were forced to move toward squalid peripheries), but also fragmenting the urban space and generating unsustainable energetic consumptions, environmental and social degrade, economic dysfunctions and low living standards (Berdini, 2014). In this regard, adoption and dominance of neoliberal policies implied a dramatic cut of urban welfare, especially with the reduction of basic services like healthcare or education that mainly affected residents of peripheral neighbourhoods.

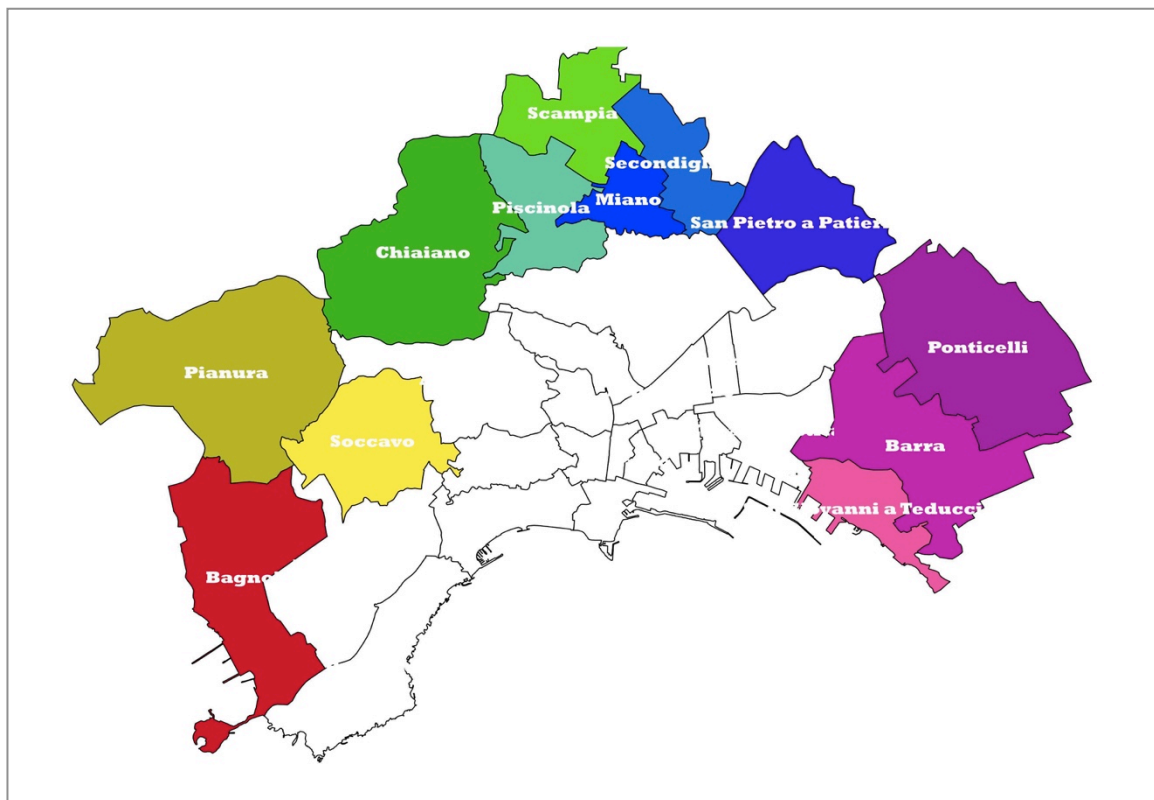
Currently, however, we need to consider restructuration in productive, economic and urban systems in the transition from a Fordist to a post-Fordist economy; changes in demographic, social, ethnic and economic compositions of contemporary societies and cities; and – last but not least – the devastating economic crisis begun in 2008. Thus, it is also needed to revise concepts and features of peripheries: the generalized image of the periphery, particularly present in the centre-periphery model of the 1960s and the 1970s was abandoned, allowing room to a mosaic of local territorial geographies developed in the 1980s and 1990s, arriving to conceptualize the periphery as an arena with diversified practices, identities and features, where a productive and economic decentralization and redistribution is needed (La Foresta, 2011). In an alternative and non-conventional approach, thus, peripheries may be defined by considering (Della Pergola, 1989): (1) differences in distance from city centres; (2) diversity of social stratifications; (3) different settlement densities; (4) differences in available services; and (5) presence of diverse traditions. Consequently, “the term periphery describes highly diverse areas and phenomena: central areas that manifest social and physical decadence, inner areas of the consolidated city and areas that are expanding, mono-functional residential areas of public initiative, and wealthy and dynamic areas that are part of suburban growth where the location of significant real estate investments have defined new centralities” (Governa and Saccomani, 2004, p. 332).

From this conceptualization, three main typologies of peripheries can be currently individuated in Italy, bringing new challenges that cannot be addressed separately as they are fundamental in the construction of new cities, citizenships and identities (Indovina, 2006; Lanzani, 2006): (1) traditional peripheries, i.e. dismissed areas, dormitory neighbourhoods, public building suburbs born in the 1960s, mainly populated by industrial workforce residents and characterized by different regional cultures and collective mobilization for social services; (2) new peripheries, i.e. newly settled villages and towns that were previously on the outskirts and are now contiguous to the diffused city grown in the 1970s and the 1980s; (3) degraded enclaves, i.e. spaces lived by foreign people, nomads camps, abandoned

and occupied buildings – located both in peripheral and central neighbourhoods – that are at the margins of developed areas.

Looking at Naples, despite the fact that also in the historical centre, differently from other Italian and European cities, wide degraded areas currently live phenomena of poverty and segregation (such as Quartieri Spagnoli or Sanità) – making of Naples a city with many and different peripheries – social exclusion is mainly localized (spatially speaking) in peripheral neighbourhoods where the quality of life is really low, there are no factors of centrality, economic activities are almost inexistent, primary social protection is very fragile and resources and opportunities lack. Excluding from this analysis Naples' spatial central or semi-central but deprived areas, three socio-geographic *insulae* can be considered in peripheral conditions, not only because of their distance from city centre but also for their rates of demographic concentration, young people, poverty, unemployment, education, abusive housings, social exclusion, criminality, lack of services, infrastructures and productive activities. These peripheries are: (1) East Naples, identified in the neighbourhoods of San Giovanni, Barra and Ponticelli (6th municipality); (2) West Naples, identified in the neighbourhoods of Bagnoli, Soccavo and Pianura (part of 10th and 9th municipalities); (3) North Naples, identified in 7th and 8th municipalities (Map 5).

Map 5. Peripheral neighbourhoods of Naples



Source: Our elaboration on QGIS software

These peripheral neighbourhoods are the result of sectorial and fragmented solutions taken along the 20th century, when the process of city expansion led bordering municipalities from South-West to the Vesuvius area to be incorporated into the city's administrative limits in a hybrid expansion model that did not take into account the morphologic characteristics of Naples (built between the hills and the sea). Furthermore, between the end of the 19th century and the first half of the 20th century, extensive plans were approved in order to localize large industrial plants and to realize public housing complexes, especially through law 167/1962 and after the 1980 earthquake.

Specifically, on the one hand, the localization of industrial plants in Bagnoli (West) and San Giovanni, Barra, Ponticelli (East) attracted low quality public and private housing in the first half of the 20th century; on the other hand, starting in the 1970s, the rising housing demand was satisfied through the localization of further public buildings in Northern and Eastern peripheries, increasing social degrade conditions especially in Soccavo (North-West), Scampia (North) and Ponticelli (East). Finally, after the 1980 earthquake, thousands of families (almost 20.000) were forced to abandon their houses in the historical centre and to occupy abusive accommodations that – also through the location of further private buildings, industrial plants and commercial complexes – configured entirely new neighbourhoods such as Pianura (North-West) (Laino, 2008).

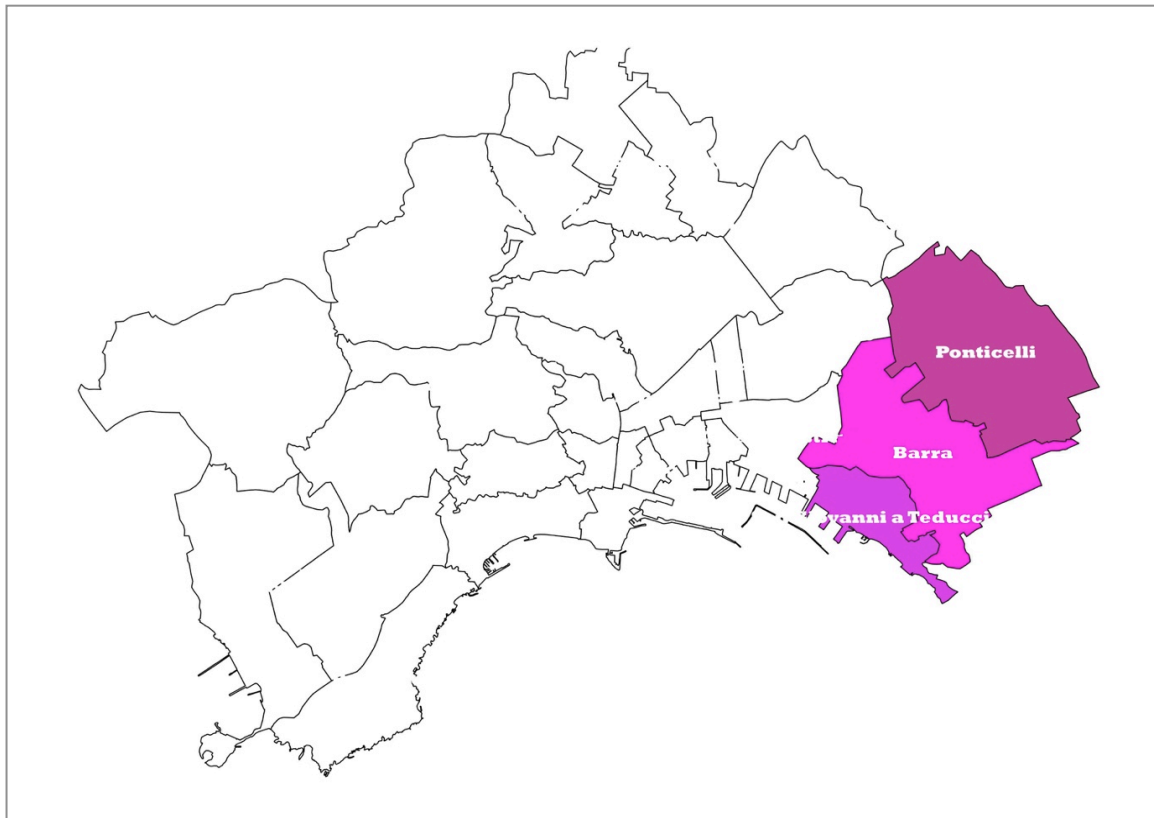
Thus, the result of this irregular development was a territorial imbalance that determined a chaotic mobility and a confused definition of the territory (the so called “diffused city”), with consequent growth of diseconomies and spatial and social separation between peripheries and city centre (La Foresta, 2011). In many of these neighbourhoods, in fact, the confused combination between industrial and productive plants and dense residential functions provoked problems of settlements' congestion, environmental degrade⁷⁵ and social polarization, especially after the crisis of heavy industrial sectors begun in the 1970s. Deindustrialization, in particular, introduced further problematic elements in urban peripheral contexts, not only in occupational, economic and social terms, but also in the loss of functions and roles of specific areas that did not receive a strategy of re-use of abandoned spaces nor a general territorial reorganization (Belli, 2006). Definitively, common elements in all these peripheries are the environmental degrade, the housing saturation and deterioration, the absence of a community sentiment mainly due to the lack of productive sites and leisure activities (Delle Donne, 2011).

⁷⁵ A serious problem is that of soils' contamination that affects peripheral neighbourhoods: in Bagnoli a complete process of clean-up and reconversion of abandoned industrial plants is urgently needed; in East Naples, the Regional Plan of Clean-up identified nine polluted sites and 246 potentially polluted sites that need about 200 million Euros of investments. Incompetence and inefficiencies in managing clean-up works in the Western and Eastern peripheries rendered slower the development process of Bagnoli and East Naples arriving to the current point of immobilization (Cafiero, 2009).

3.2.1. Peripheral neighbourhoods in East Naples

Now, analysing more in depth these peripheries, we begin from the Eastern area corresponding to the neighbourhoods of Barra, Ponticelli, San Giovanni a Teduccio (6th municipality; Map 6). Already in the 17th century, this territory was delineated as a peripheral zone in comparison with the city centre, mainly because of the construction of specific infrastructures that underlined a physical separation. In this period, indeed, the area was individuated as goods' production site for the city and for the exploitation of its resources. In the 18th century, the presence of the Sebeto river implied the construction of new mills, making the area a hydropower reserve, but also a territory characterized by the production of grain and the location of tanneries. In mid-18th century, the modernization of the port area that favoured trades and traffics, allowed the building of the first productive plants that worked as granaries, arsenals and rope factories. In this way, this territory was assuming an industrial typology, also changing its relation with city centre (Musto, 2009).

Map 6. Eastern peripheral neighbourhoods of Naples (6th municipality)



Source: Our elaboration on QGIS software

In the 19th century, new infrastructures (the train station was built in 1861; the first Italian railway line – Naples-Portici – was completed in 1839; the first highway in the country – Naples-Pompeii – was realized in the 1930s), determined a further separation of this area and the assumption of a definitive industrial aspect, with the opening of silk factories, steel

plants, foundries and tanneries. In order to satisfy new workers' housing needs, projects realized until 1904 were based on a separation principle that segregated local residents in these unhealthy industrial neighbourhoods. The 1904 law on the economic resurgence of Naples oriented industrialization toward large industries, determining wide changes in the area, especially because of the opening of new chemical and pharmaceutical plants and, in the 1930s, of oil refining factories. However, this expansion increased promiscuity between residential complexes and industrial plants (a situation that is currently experienced by this territory with residential areas and resized or abandoned industrial spaces) and contributed to the closure and isolation of the whole territory.

After the Second World War, the 1946 Plan adopted a temporary solution for the Eastern periphery: the reconstruction of local industries was encouraged, but the creation of new ones was only allowed in the neighbourhoods of Bagnoli and Secondigliano. The chaotic post-war reconstruction, however, was justified by the priority of economic and housing emergencies: in East Naples, residential complexes were chaotically built close to industrial plants and new infrastructural lines (Pagano, 2012). In the 1960s, however, the last phase of the industrialization process was realized, also presenting the first signals of industrial decadence that were evident in the 1970s and even more in the 1980s: the fire of an oil storage in 1985 and the closure of the wood production company Feltrinelli (one of the major importing firms in the sector) marked the beginning of the decline of the area.

Furthermore, on the basis of law 426/1998 that defined this area as a clean-up site of national interest because of its high environmental risk, the 2004 Strategic Plan oriented the transformation and requalification of the abandoned industrial Eastern area into a modern productive system of goods and services. This conversion implied a necessary improvement of the environmental quality, the delocalization of dangerous petrochemical plants (in particular oil storages that subtracted space to more qualified activities), and the re-organization of the infrastructural and logistic system. In particular, the Plan proposed a synergy between the development of the tertiary sector and the re-use of the areas released from the industrial plants. It was also based on a "creative" regeneration of the peripheral space that could be activated by local potentialities and social auto-promotion through the following tools: a new cultural entrepreneurship, better services for citizens, social and cultural centres, increasing safety levels, and relaunch of the productive network through a "Free Urban Zone" (as previously underlined, tax benefits for small and micro firms that started a new economic activity and decided to locate in the Eastern periphery).

Nevertheless, the proof of the failure of this urban regulation plan is the presence of the so called "future fossils" (Russo and Lucci, 2012), i.e. infrastructures, oil plants, abandoned warehouses, that are still waiting for their way of conversion. A further evidence is the never realized touristic port along the coast, after that ex Corradini plants were acquired by the Municipality at the end of 1990s and granted to private companies through project financing.

Another example is the incomplete reconversion of Vigliena power plant whose spaces had to become a new aquarium and that actually were reconverted into a huge port terminal for containers in 2002. The same discourse could be made for petrochemical plants: those spaces had to be cleaned up and converted into areas of public green (*Parco del Sebeto*), service activities and housing, but actually still remain abandoned.

In the last years, a new strategic plan was developed for East Naples: the *Grande Progetto Riqualificazione Urbana Area Portuale Napoli Est* was part of the Regional Operative Plan 2007-2013 and allocated a financial investment of 200 million Euros to the infrastructural system of the area. The plan – based on a public-private partnership – followed an intricate procedure: EU funds financed a major part of the project; private actors were mobilized by a Committee appointed to promote entrepreneurial initiatives; local administrations (Regione Campania and Comune di Napoli) decided to involve private entrepreneurs in the realization of the project through a memorandum of understanding (Avolio, 2016). Nevertheless, other than rhetorical discourses on cooperation for collective interest, the partnership's objective remained pursuing a private economic and real estate interest. And, in fact, the presence of few private actors, the difficulty in coordinating two public institutions and the closure toward possible contributions of external actors (such as territorial community players) did not favour the development of the *Grande Progetto*, especially in the production of new ideas for satisfying the rising demand for social and urban quality. The result is a further situation of immobilization that does not allow triggering a virtuous circle between urban regeneration and local socio-economic development in Naples' oriental periphery.

Basically, incapacity in reconverting abandoned industrial plants, uncertainty in the intended uses of spaces, promiscuity between small firms, warehouses, residential complexes, schools, commercial activities, etc., still define the current situation of the Eastern periphery. This area, in its long history, has never experienced a concrete and direct relationship with the “compact” city (Musto, 2009), despite its closeness to port, airport, highways and railways and its strategic importance in the urban and regional logistic system (Forte et al., 2007).

It is precisely its location that could potentially lead Naples' Eastern area to transit toward a post-metropolitan condition (Soja, 2012) that implies a transformation from a metropolitan configuration to a regional model. In fact, despite past and current failures in the development of this area, Naples' Eastern periphery remains an extraordinary experimental territory as meeting point of different urban systems that need an urgent physical and social regeneration (conversion of abandoned plants and agricultural fields, completion of unfinished infrastructural networks, clean-up of high-risk environmental spaces; Lanzi, 2016). Nevertheless, this part of the city continues to lack in territorial, functional and social relations with the local context and especially with the city centre, leading to a real crisis of the urban public space which is no longer conceived as a place of collective identity construction, but as a residual and fragmented space (Vendemmia, 2012). Currently, Naples' Eastern periphery is more similar to a no man's land (Veenstra, 2009) in which living

conditions are very difficult as testified by all standard indicators for socio-economic analysis that show how illegal housing, environmental quality, unemployment, education and number of economic activities are much worse than the city average.

Demographically speaking, the 6th municipality is the area with the major number of residents, counting 113.388 inhabitants (11,5% of Naples) (Comune di Napoli, 2016). Actually, in the last decades, neighbourhoods forming part of the municipality lost population (like the whole city): the municipality moved from 120.575 in 1991 to 117.641 in 2001 and 112.765 in 2011, losing 6,5% of population in twenty years (ISTAT, 1991, 2001, 2011). Nevertheless, the young concentration rate remains one of the highest in the city (32,2% in 2011) – despite declining in comparison with 2001 (35,9%) – maintaining a share of people between 0 and 14-year-old of 16,6%, (14,7% in Naples), while the share of residents between 15 and 34-year-old is even higher: 26,9% (Comune di Napoli, 2016). Thus, it is a “young” municipality as the average age is 40,2 (42,7 in Naples) and the percentage of over 65-year-old people is 16,5% of the total population (19,2% in Naples) (Comune di Napoli, 2016). Particularly important also is the indicator about the number of old people per child: 2,7 in the 6th municipality in comparison with 3,6 in Naples.

The conditions of socio-economic degrade are especially confirmed by indicators about the professional and educational structures of the municipality, that are particularly alarming: in 2011 the schooling rate was 34,4% (51,5% in Naples), while early school leaving reached 0,8% (Comune di Napoli, 2011). Despite an improvement between 2001 and 2011, thus, the area is characterized by an incomplete educational structure also in compulsory education. This situation also affects job opportunities and work insertion of local residents: despite the young age structure, indeed, 2011 unemployment rate was 36,9% (27,7% in Naples), while employment rate reached 25,1% (31,8% in Naples). Finally, the number of active units of economic activities was only 4.704 in 2011 (6,3% of Naples’ total units), confirming the conditions of socio-economic degrade of this municipality and its chaotic connotation of industrial and residential uses (Photo 1).

Photo 1. Ponticelli, East Naples

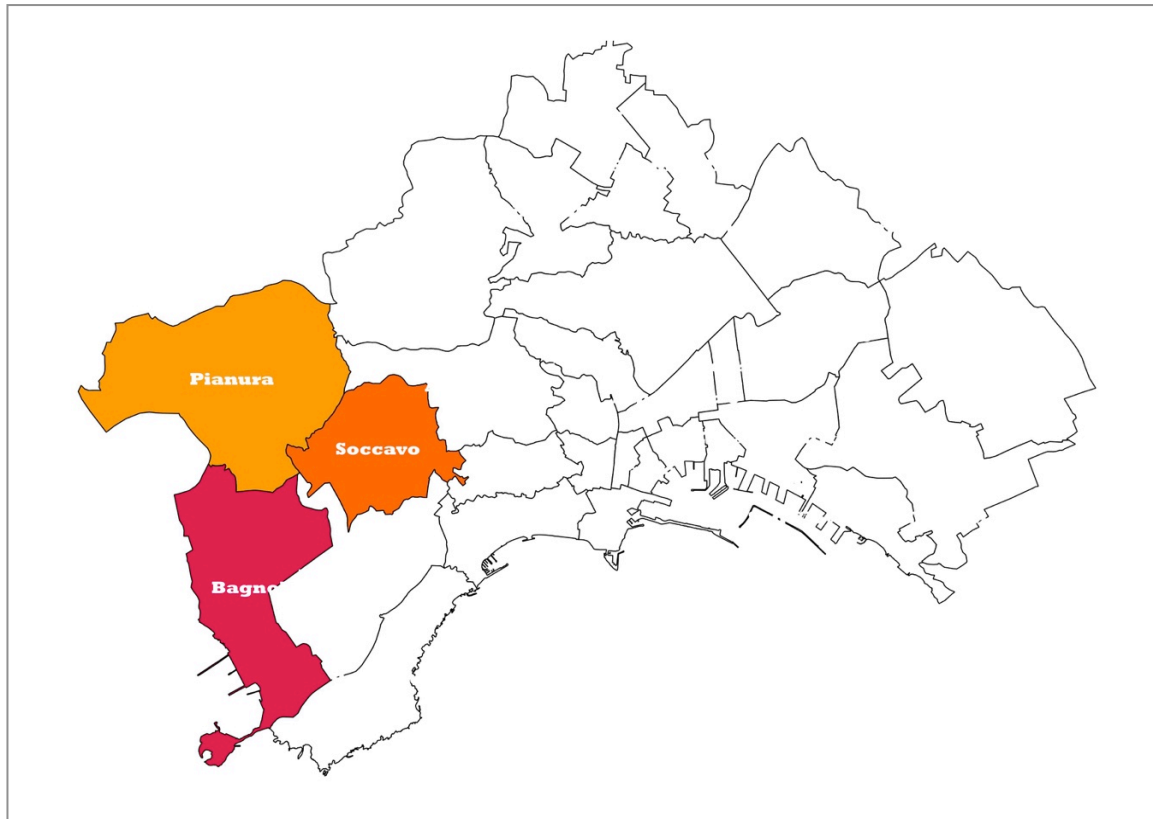


Source: *Angelo Laudiero, 2019*

3.2.2. Peripheral neighbourhoods in West Naples

Moving toward the Western periphery, we specifically refer to the neighbourhoods of Bagnoli, Soccavo and Pianura (part of 10th and 9th municipalities; Map 7); we will particularly focus on Bagnoli as neighbourhood mainly linked to the industrial transformation of Naples into an industrial city (Vitale, 1992) and example of the failure of public and private initiatives of conversion and regeneration of an abandoned and polluted area (Fiorito, 2002). Along the 17th century, first settlements were built by Marquis Candido Giusso in Bagnoli – located at the entrance of *Campi Flegrei*, a large volcanic area in West Naples – imagining it as a residential area for leisure and vacation close to the beaches of Coroglio and La Pietra. Furthermore, following the discovering of thermal springs in 1830, first bathing establishments were built and a new port was realized in Nisida (North Bagnoli), laying the foundation for a proto-industrial and tertiary sector development of the area (Cardillo, 2006).

Map 7. Western peripheral neighbourhoods of Naples (part of 10th and 9th municipalities)



Source: Our elaboration on QGIS software

In this period, however, it is possible to note the feature that will characterize Bagnoli in the following periods: the conflict about the use of the area between industrial and tertiary objectives. The question, however, was easily solved in the 18th century in favour of a Fordist industrialization, especially after the completion of the *Cumana* railway between Naples' city centre and *Campi Flegrei* in 1889. In fact, the area was identified as main industrial hub of the city, despite architect Lamont Young planned and proposed a development plan for Bagnoli as a residential and vacation area, also allocating entertainment, bathing, sport attractions and green areas. However, this proposal remained unrealized as in 1853, Ernesto Lefevre's chemical products plant and Melchiorre Bournique glass plant were opened on the Bagnoli's beach. In 1901, a commission in charge of identifying measures in favour of Naples' industrial development was instituted and in 1904 the special law for the economic resurgence of the city focused on creating the conditions for incentivising foreign investments through a series of duty and custom facilitations and the realization of an infrastructural industrial neighbourhood.

Consequently, ILVA (the main Italian steelworks company), decided to localize an important industrial plant in Naples' Western area, contrarily to all programmatic urban visions and to the initial vocation of Bagnoli as residential and vacation location. In 1911, first ILVA blast

furnaces were opened and rapidly became the second iron and steel hub in Italy, following Piombino (Vitale, 1992). At the beginning of the 20th century, Naples was definitively delimited by the sea (South), the hills (North) and two industrial areas (East and West) that had to relaunch the local economy and ensure the city's urban expansion, especially toward West after the inauguration of the Rome-Naples railway (also called *Direttissima*) in 1927. This expansion was accelerated by the realization of new accommodations for workers in Bagnoli in 1940, and the launch of the Piccinato Plan in 1939: in this period, ILVA reached its major extension, completing its integral production cycle, despite it was forced to stop production in 1943 because of the war.

In 1946, ILVA plants reopened and in 1961, a new company – Italsider – was born from the merge between ILVA and Cornigliano companies: Italsider produced in Bagnoli 860.000 tonnes of iron and 820.000 tonnes of steel each year (Leonardi and Nanetti, 2008), mainly through the “economic miracle” of the post-war reconstruction and the creation of the European Coal and Steel Community (ECSC) (Iaccarino, 2005). In 1962, a new industrial plan was launched in order to expand the Italsider plant, increasing its productive capacity to one million tonnes yearly: new spaces were acquired for the installation of factories and the enlargement of existing ones and in 1964 they were definitively operating. Nevertheless, in the second half of the 1960s, first crisis signals that led to an initial process of deindustrialization became more marked (ILVA's other production site in Taranto received the major part of investments), forcing Italsider to resize production and to imagine a possible delocalization. Despite these signals, a third phase of plants enlargement was realized in the 1970s, exactly at the beginning of the rapid deindustrialization that affected large industrial and extractive sectors of Western countries (Mazzucca, 1983).

In the meantime, behind the steel and iron hub, new important public investments were being realized: the faculty of Engineering of University Federico II, the San Paolo stadium, sport arenas, the zoo, CNR research centres, that with *Mostra d'Oltremare* (a specialised exposition space realized during the fascist era) and *Istituto Superiore di Educazione Fisica* (a university institute), began configuring Naples' Western area for collective, sports and touristic services. These investments toward the touristic conversion of the area forced Bagnoli plants to operate ordinary maintenance investments only, denying expansion and restructuring. In this period, workers fighting against delocalization and maintenance of the social industrial structure of the area led to a stronger identification of Bagnoli working-class neighbourhood with Italsider plants: workers were able to impose productive transformations for a decade only, but not to stop delocalization (Andriello et al., 1991). Between 1979 and 1984, a further restructuring was realized, aiming at overcoming a productive crisis that was not perceived as part of a world reallocation process of productions and investments. However, also this restructuring – in part defined by the European Community – did not produce the expected results and at the beginning of the 1990s, Bagnoli industrial plants were forced to close.

The questions raised in the 1980s had a high social impact on the local population because the future of the plant was even more uncertain and the number of unemployed kept on raising: crisis advanced so rapidly that the number of workers moved from 9.000 to 3.500 units along the decade (Iaccarino, 2005), marking the years between 1988 and 1994 as a phase of definitive abandonment (in 1993 Italsider definitively closed). This situation of inevitable decline led assessor Vezio De Lucia to value the opportunity to conduct the area to its initial and pre-industrial vocation, provided a necessary and urgent clean-up of the polluted soils and waters. In 1994, the Inter-ministerial Committee for Economic Programming (CIPE) identified ILVA as the responsible for clean-up operations of the abandoned industrial sites. In this way, Bagnoli was the first polluted site in Italy to be subject to activities of environmental recovery through 343 billion Lire allocated (261 billion as public contribute and 82 billion as revenues from plants' sales).

In 1995, ILVA prepared an environmental recovery plan for Bagnoli, whose actuation passed to a public ad hoc company. In those years, the debate about Bagnoli's future was on the passage from heavy industry to industrial archaeology and its opportunities of re-utilization (Rea, 2002): in 1996, the Naples' Municipality presented a proposal of urban plan and in 1999 it assumed the management of clean-up and retraining activities through Società Bagnoli s.p.a. The plan defined the transformation of Bagnoli in general terms as a public and private green area for residential, touristic, congress, nautical, research and technological activities; the recovery of the beach; the improvement in its infrastructural system finalized to the environmental protection and conversion of former industrial plants. Following this direction, an abandoned chemical factory was transformed into *Città della Scienza*, i.e. a museum opened in 1996 about science and natural phenomena (Ferrara and Villani, 2018).

Actually, the demolition works of abandoned industrial plants and soils' clean-up were already started: on the one hand, between 1988 and 1989, the former Eternit soils (the plant closed in 1985, dispersing high quantities of asbestos in the environment) were cleaned up, while between 1994 and 2001, a part of blast furnaces, some warehouses and a thermoelectric central were dismantled and sold abroad by Società Bagnoli s.p.a.; on the other hand, clean-up operations evidenced a wide presence of heavy metals in the subsoil (arsenic, lead, tin, vanadium, zinc), while in the waters, traces of iron, hydrocarbons and manganese were found in much superior quantities than permitted. Despite the alarming situation, operations advanced very slowly and stopped in 1999, after a judicial proceeding accused Società Bagnoli s.p.a. of occulting tonnes of asbestos in the subsoil. Definitively, in 2001, 163.277 tonnes of machinery and 551.383 cubic metres of cement buildings were demolished, while clean-up operations were very far from the scheduled plan: only 30% of the interested area was completed (TICCIH, 2006).

Thus, delays, incomprehension between national and local institutions and freezing of funds for Bagnoli (that were unlocked only in 2003) forced the Naples' Municipality to act: in 2001, it bought ex Italsider and Eternit soils (ex Cementir remained owned by Caltagirone Group), and established a new public company of urban transformation – Bagnoli Futura s.p.a. – in substitution of Società Bagnoli s.p.a. (its participation was as follows: 90% by the Naples' Municipality; 7,5% by Regione Campania; 2,5% by Naples' Province). The company was in possess of the areas interested by clean-up operations, deciding for their transformation, maintenance, commercialization, promotion, development and occupation, also encouraging private actors to invest in building activities. Nevertheless, also Bagnoli Futura s.p.a. encountered many delays in clean-up operations and in selling soils to private actors, implying a series of difficulties in repaying debts incurred in the first phase of activity. The fact that private actors were not interested in those soils was probably due to a great uncertainty over Bagnoli's clean-up and regeneration projects that, as underlined, suffered many delays and interruptions. In 2014, Bagnoli Futura s.p.a. was forced to announce its failure: first, the Municipality denied a recapitalization of the company which was unable to pay its debts; second, an investigation of Naples' public attorney led to the lock down of ex Italsider and ex Eternit plants, where a situation of environmental disaster had been perpetrated by the company. In 2018, the Court of Naples judged Bagnoli Futura s.p.a. guilty of having voluntarily provoked delays during the clean-up operations of ex Italsider in order to keep alive a public company whose managers' objectives were guaranteeing the provision of public funds, building careers and controlling the future of the whole metropolitan area.

In 2014, a central government's decree known as *Sblocca Italia* identified Invitalia s.p.a. (the national agency for the attraction of investments and development) as the subject that had to lead environmental recovery and urban regeneration operations in Bagnoli, under the supervision of a government commissioner. However, after five years from that decree, the mechanism is stopped again: the analysis on waters and soils' status evidenced the necessity of repeating cleaning-up (for a cost of 388 million Euros). Definitively, all these delays, inefficiencies, judicial investigations and scandals, raised the “Bagnoli problem” as a national emergence, especially in environmental and social terms (Photo 2). This case demonstrates how in so many years, nothing has been concretely done for cleaning up soils and waters and for providing a different future to Bagnoli. The failure of public and private interventions is evidenced by the current situation of immobility that is mainly damaging local residents and Naples' national and international image.

As underlined, the feature of industrial neighbourhood that characterized Bagnoli for a century slowly started to change after the closure of the first plants at the end of the 1980s, determining the initial lost of workers population that had ensured a relative demographic equilibrium and limited camorra influence in the area (Balconi, 1988; Persico, 2002; Iaccarino, 2005). In fact, the 10th municipality (thus, considering both Bagnoli and Fuorigrotta) has a population of 94.337 (Comune di Napoli, 2016), showing a continuous

population loss in the last decades: from 113.321 in 1991 to 101.192 in 2001, to 95.141 in 2011, with an overall decrease of 16,7% between 1991 and 2016, also due to the crisis of the industrial sector in the area (ISTAT, 1991, 2001, 2011, 2018).

Furthermore, the juvenile concentration rate of 25,3% is inferior to Naples' average (28,0%), implying that young people between 0 and 14 year-old are only 13% of residents, while over 65 year-old people represent 23,1%, which is close to "older" municipalities (like 5th or 1st). The average age of population is 45,3 (42,7 in Naples) and also the presence of over 65-year-old people per child is indicative of the age structure of this municipality: 5,04 compared to 3,62 in Naples (Comune di Napoli, 2016). Also the analysis of educational and occupational data is outstanding: unemployment rate was 23,6% in 2011, while employment reached 33,4% (the city averages are 27,7% and 31,8%, respectively) as well as educational levels (56,2%) and schooling dispersion (0,8%). Finally, in 2011, 5.731 active units of economic activities were recorded (7,7% of Naples' total units), but evidencing the necessity for an urgent conversion toward tertiary, technological, touristic and entertainment economic sectors (Comune di Napoli, 2011 and 2016). The 10th municipality also registers higher cancer incidence rates than Naples' average (459 every 100.000 versus 402 every 100.000; ANGIR, 2013), confirming that among risk factors that influence this data, there is the exposure to the asbestos and other pollutant elements of industrial origin (IARC, 2013).

Photo 2. Bagnoli, West Naples

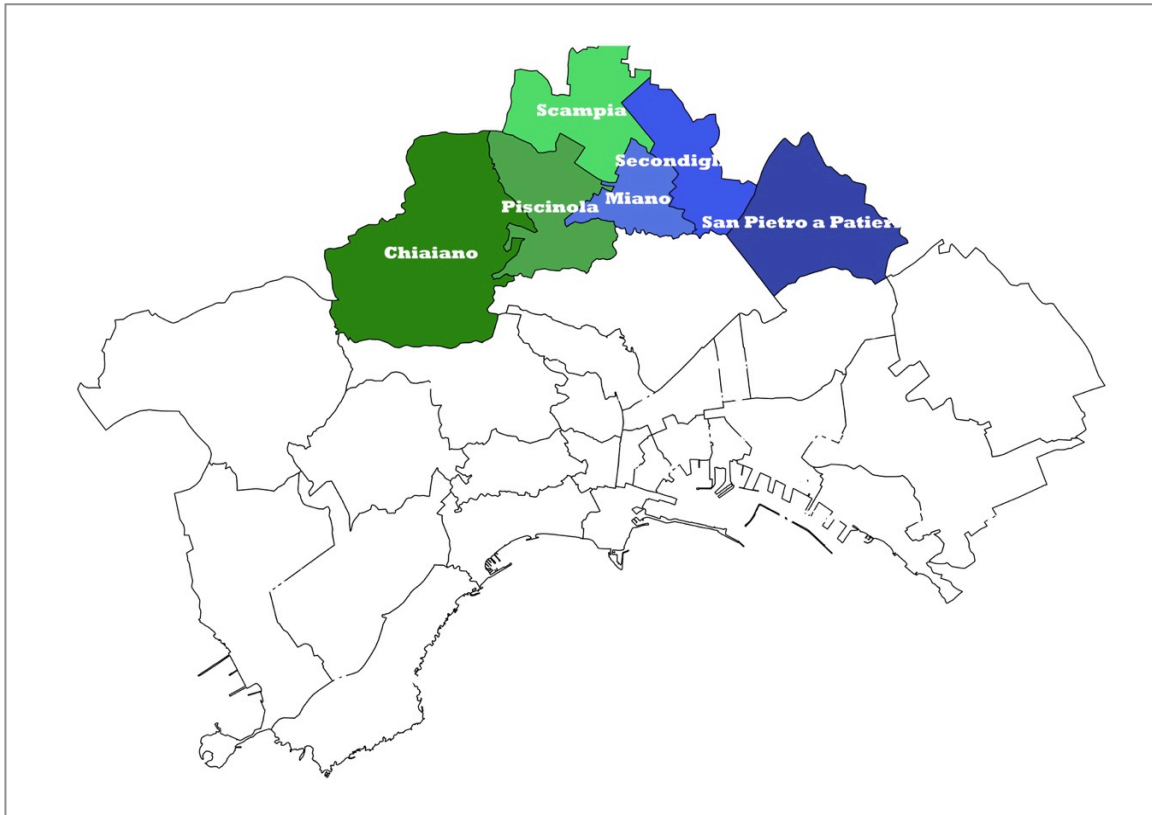


Source: Angelo Laudiero, 2019

3.2.3. Peripheral neighbourhoods in North Naples

Finally, we move to the Northern periphery of Naples, identified with the neighbourhoods of the 7th (Miano, Secondigliano, San Pietro a Patierno) and 8th municipalities (Chiaiano, Piscinola, Scampia) (Map 8). In this case, we mainly refer to the neighbourhood of Scampia, which is unfortunately worldwide known as one of the worst and most dangerous neighbourhoods of Naples, a territory that represents an urban aggregate lacking economic vitality, connective networks and relational and sociality spaces.

Map 8. Northern peripheral neighbourhoods of Naples (7th and part of 8th municipalities)



Source: Our elaboration on QGIS software

Scampia is the most recent district to be born in Naples, a new residential and popular housing neighbourhood realized in the Northern periphery of the city. It is a wide territory that in the 1970s was divided among the neighbourhoods of Miano, Piscinola-Marianella and Secondigliano, till obtaining administrative autonomy in 1987, acquiring its identity but dealing with delays, wrong urban and political decisions and bureaucratic and administrative problems whose negative effects are still evident nowadays (Zamprota, 2016). In fact, history and design of Scampia are linked to the strong development of the building sector after the approbation of law 167/1962: the neighbourhood was built under the dominant urban planning logics of the 1960s based on the expansion of the city through zoning (planning and conquering new spaces through a functionalistic lecture of the territory that,

like in other cities, failed in ensuring an equilibrated urban growth) and under the idea that peripheries had to receive residential functions only, cutting them off from the main city's urban, social and economic context.

Scampia (with a surface of 4,23 km² mainly belonging to ex "167" of Secondigliano), in fact, was set in a discussible manner both in social and urban aspects, creating an unique hybrid case in Europe: the major part of the accommodations are property of *Istituto Autonomo di Case Popolari* (Autonomous Institute of Public Housing), while other settlements were realized through the funds of numerous private cooperatives or through public capitals. After few years from its constitution, the neighbourhood was soon transformed into a degraded and isolated territory, receiving low-income classes coming from Naples city centre (mainly from Forcella, Quartieri Spagnoli, Arenaccia) and its province. In large part, these families were unemployed and linked to informal economy or illegal activities: in few years, the wide territory of Scampia became a "ghetto neighbourhood" and a fertile soil for criminal organizations that were alimeted by the conditions of social and economic degrade of local residents (many of them will be enlisted by camorra clans of Secondigliano and Miano). For this reason, many residents tried to relocate after few years living in Scampia, allowing room for a new phenomena: selling accommodations that people received through a public call in order to obtain private profits.

This situation of social degrade (experienced by many Neapolitan peripheries but particularly evident in Scampia) was exasperated by the 1980 earthquake as an unexpected number of Neapolitans migrated toward the Northern periphery where it was possible to find very cheap or even empty housings (Comune di Napoli, 2005). The abusive occupation of buildings continued along the 1980s, without considering the possibility of realizing adequate social and commercial services able to deal with this dramatic increase of population. In few months, the territory had to cope with a variety and diversity of social and urban factors that it was not able to absorb, contributing to increase the explosion of a dangerous situation of environmental and social degrade. A situation that favoured the development of different forms of illegal activities, especially because people mainly affected by this situation were youngsters, unemployed and single-income families (Zamprota, 2016).

Unfortunately, the city's public administration was not able to deal with this explosive situation in a territory where primary urban and social functions lacked, no adequate revitalization interventions and solutions were found and the absence of infrastructural networks, illumination, better quality housings, schools, commercial and cultural activities, enlarged the distance with city centre.

The emblematic failure of Scampia is represented by *Vele*, seven ugly and environmentally damaged buildings that were identified as temporary residential structures at the beginning of the 1980s. The original idea was that of large housing units where thousands of families had to integrate and create a community also because of the presence of tracks and green areas.

Indeed, in 1969 the project was approved by the Naples' Municipality and financed with 6,2 billion Lire by *Cassa per il Mezzogiorno*, IACP and GESCAL, conceiving eight buildings and 956 accommodations. Architect Francesco Di Salvo's project aimed at solving problems of public housing, trying to combine residential and social services needs of residents in an urban peripheral context. Despite the original project identified socialization spaces and meeting places for collective activities and primary services, nothing of this was ever realized. Actually, lately, the original project was modified: buildings passed from eight to seven, but accommodations increased by 23% (Comune di Napoli, 2005).

The construction phase began in 1971 and was completed only in 1980, hosting about 6.000 people that were entitled to receive an accommodation. According to the intentions of the Naples' Municipality, these housings were conceived to host, for a temporary period, homeless and evicted families waiting for a new accommodation. It was the first case in Italy, and in Europe, in which accommodations could be utilized for short periods by specific social categories in need. Nevertheless, as many other "temporary" situations in Italy, this condition became stable and permanent, especially after the beginning of abusive occupations of public housings and the 1980 earthquake. Indeed, poor families, homeless and evicted people from other parts of the city, utilizing the alibi of the earthquake and the defence of poorest social classes, illegally occupied not assigned accommodations. It is true that – in order to deal with the urgent housing crisis – 50% of these accommodations were assigned to people that had suffered the earthquake consequences, but in few weeks, *Vele* received more than 10.000 inhabitants in 1.200 accommodations (Comune di Napoli, 2005).

Actually, many people decided to move to the Northern periphery, occupying not only regular public goods and accommodations, but also basements with no electricity and running water: along the years about 110 illegal and insecure accommodations were built inside *Vele* (Comune di Napoli, 2005). The result was an explosive social mix made of old and new poor families, unemployed, people entitled to receive a regular accommodation and abusive occupiers, other than criminal organizations and drug addicts. All these factors limited and blocked a concrete territorial socio-economic development: inside *Vele*, chaos was the only rule, confirming the failure of public administration in providing efficient development and regeneration strategies. Along the years, Scampia was rapidly transformed into a neighbourhood where each form of illegal activity was allowed (drug dealing represented – and still represents – the primary source of economic subsistence for many families whose children are used as spotters or couriers by camorra clans), and where the lack of structures and the absence of ordinary maintenance contributed to the birth of a "mega ghetto" with the worst liveability conditions in the city (Zamprota, 2016).

Currently, the lack of commercial and economic networks, unemployment and illegal activities continue to be the main problems of the area, partially limited by informal and abusive markets that could flourish also because of the total absence of territorial control by

the State (as reference, the first police station was opened only in 1987). Furthermore, works of primary urbanization completed through funds of law 219/1981 (funding interventions after the 1980 earthquake) and many others of second urbanization (schools, cultural centres, neighbourhood markets) realized between 1981 and 1991, were never utilized, abandoned and devastated by vandals (Comune di Napoli, 2005).

Nevertheless, the evident degrade and abandon of the area represented the occasion for new projects aimed at recovering the neighbourhood: between 1997 and 2003 three *Vele* were demolished (out of seven); in 2016, a municipal decision ordered the demolition of the three remaining buildings and the requalification of the fourth one, for a total cost of 18 million Euros; and, finally, in 2019, the Naples' Municipality launched the project *Restart Scampia*, for the regeneration of the neighbourhood that will host the Metropolitan City's offices. However, conditions of social degrade and exclusion remain, testifying the complete abandon of this territory and the lack of a policy able to efficiently respond the needs of people living in peripheral neighbourhoods (not only in Scampia, but in all Neapolitan peripheries). Scampia is the most evident and notorious example of this failure, as a territory completely left behind that represented a great economic occasion only for building companies and criminal organizations (a relation often facilitated by a corrupt and incompetent political class). The only certain facts for people living in this neighbourhood are the drug river that continues to flow in its streets and the criminal presence that, actually, represents for many young people the unique life alternative.

From a demographic point of view, population living in Scampia is 38.270, i.e. 42,5% of the 8th municipality (Comune di Napoli, 2016), also in this case, showing a consistent decrease in the last decades: from 43.980 in 1991 to 41.350 in 2001 and 39.060 in 2011, and an overall contraction of 13,0% between 1991 and 2016 (ISTAT, 1991, 2001, 2011, 2016). Nevertheless, the neighbourhood is very "young", evidencing a juvenile concentration rate of 33,4% (Comune di Napoli, 2011) and an average age of 40,3 (42,7 in Naples). These demographic characteristics are also reflected in educational and occupational conditions of local residents: in 2011, only 29,7% of residents obtained a *diploma* (51,5% in Naples), while unemployment rate peaked at 46,9% in the same year. Furthermore, despite the young social structure of the population, only a limited number of residents found stable jobs, while a major part was engaged into informal or illegal activities: the weight of occupied people over the total population was 22,0% in 2011, with only 397 local units of economic activities present in the area (17,7% of the whole municipality). These indicators confirm a condition of socio-economic exclusion mainly due to the presence of a high number of criminal activities, the lack of primary social services and the absence of social cohesion other than infrastructural networks that could effectively integrate the neighbourhood into a wider urban context (Comune di Napoli, 2005) (Photo 3).

Photo 3. Scampia, North Naples



Source: Angelo Laudiero, 2019

From this analysis, it results that Neapolitan peripheries are fragmented, decentralized and physically, socially and economically distant from the city centre, confirming the failure of public and private initiatives since the post-war period. These spaces continue to be territories where economic and educational poverty, environmental degrade, poor housing conditions, unemployment and criminal activities are mainly concentrated. Consequently, it is needed to close the gap between these peripheries and the city centre through launching an integrated urban system and providing public spaces in which participation and sharing of choices and decisions can effectively be implemented (Rinaldi and Violano, 2009). For this reason, future urban regeneration policies will have to focus on economic development, wellbeing, liveability and environmental protection, other than trying to construct a social, cultural and economic capital with a long-term horizon. Nevertheless, Naples, like many other Italian cities, is far from actuating models of sustainable urban development and regeneration: despite public administrations can no longer neglect aspects of social, economic and environmental unsustainability, policies that insist on alimending those positive externalities derived from living in an urban context – reducing negative ones – lacked so far. In this regard, the position we maintain is that innovative urban policy models can no longer ignore the fundamental role of third sector organizations in the construction

of a more equal city, especially for what concerns socially sustainable initiatives and regeneration strategies in depressed neighbourhoods. In the next paragraphs, we will deeper analyse the features of the Italian and Neapolitan third sector and finally try to support and argument the idea that third sector organizations may gain a paramount importance in building new governance models and planning alternative regeneration policies for the city.

3.3. The third sector in Italy

Historically, the Italian nonprofit sector was a vast universe falling in the area created by the overlapping of the realms of private and public institutions. Charity organizations developed in Italy since the end of the 18th century: social and health assistance and education were the main sectors in which their activities were carried on, especially supported by the Catholic Church. However, as the liberal State was even more acquiring the legitimacy to promote the protection of individual rights, providing a direct relationship between citizens and the State itself, intermediate entities were seen with suspicion and their activities were progressively substituted by the direct intervention of public authorities (Borzaga and Santuari, 2000).

According to Barbetta (1997), indeed, two parallel conflicts took place in the second half of the 19th century in Italy: the tentative of new political elites to limit the influence of the Catholic Church and, on the other hand, to integrate the growing socialist movement into the political structure of the Italian economy. Actually, social, welfare and health services were provided largely by religious institutions founded during the medieval era: at the end of the 19th century, 18.000 *Opere Pie* met most of the social and health needs of the very poor. At the same time, a rising socialist workers' movement began to establish its own mutual care organizations, the so called *Società Operaie di Mutuo Soccorso* (workers mutual aid societies). However, the Italian welfare system derived from an attempt by the State to drive both Catholic and socialist private nonprofit initiatives into public channels, trying to increase its political control over the sector (Barbetta, 1997).

On the one hand, between 1860 and 1890, the State enacted a series of laws that forced organizations like *Opere Pie* to adhere to the State jurisdiction: in 1866, about 1.800 orders and congregations were suppressed, their belongings confiscated and their buildings converted into schools, hospitals, social institutions, public libraries and museums. Later, in 1890, the Crispi law n. 6972 defined any institution offering public assistance and providing health, education and job training as *Istituzioni Pubbliche di Assistenza e Beneficenza* (or IPABs, public charity and assistance institutions) that were submitted to public control. This process increased during the fascist era (1922-1943), when the State and the Church signed the *Concordato* (1929), which granted a great deal of freedom of action to the Church and declared Catholicism the official State religion, but with the result that the Catholic Church was considered as part of the State and Catholic institutions as public ones (Barbetta, 1997). On the other hand, the integration of the working class mainly developed under the Giolitti administration between the end of the 19th century and the beginning of the 20th century. A State legislature established, organized and regulated the voluntary worker-contributed

insurance through mutual funds that provided illness and retirement insurance under the substantial control of central authorities. In 1898, the State enacted a compulsory insurance for industrial accidents and a national welfare and assistance fund for aged and disabled workers was approved, working as a State institution of popular insurance whose members were dependent upon the government (Paci, 1989). Compulsory insurance for retirement (pensions) and unemployment was instituted in 1919, while, during the fascist era, the State suppressed workers' mutual societies, substituting mandatory public health, pension insurance and government-administrated services.

As the Italian welfare system expanded greatly between the post-Second World War and the 1970s, especially in the public provision of health and education services, the role of nonprofit organizations decreased. In fact, the Italian welfare model was basically built upon the presence of the State, which directly managed or controlled both interventions with distributive functions (social security, social assistance, etc.), and provisions of welfare services. For this reason, many private social institutions were transformed into public agencies and autonomous nonprofit organizations (especially belonging to the Catholic Church) started relying even more on public financing and decision-making processes. The Italian welfare state, furthermore, was mainly founded on the redistribution of monetary resources, much more than the provision of services and on a strong protection of the dependant employment. The only social services guaranteed were education and health assistance, mainly provided by few public institutions whose limited diffusion left a great part of social needs unsatisfied, especially those related to care services which were even more entrusted to families and mainly to women.

Thus, since the 1970s, Italy experimented for the first time a growing gap between new, emerging needs and the ability to cope with by the public welfare system, favouring the development of the third sector. In fact, starting by the end of the “economic miracle” and the 1973 oil crisis, the slowdown of economic growth caused an increase in unemployment rates and in the demand for income support. At the same time, the elderly population grew, new needs connected to mental disability, homelessness, alcohol and drug addiction, immigration, and long-term unemployment dramatically rose, and the role of the family in providing social support declined because of the raising female participation in the labour market (Borzaga and Galera, 2012). All these events resulted in the emergence of the so called “new poverties” that demanded social services which the public welfare system and IPABs were not prepared to deal with (Borzaga et al., 2017). In few years, despite the nonprofit sector was poorly developed, the belonging organizations were able to overcome their mutualistic orientation, also through the massive social mobilisation in favour of new forms of social work that tried to respond to those needs unsatisfied by the public sector (Borzaga and Santuari, 2000).

These groups were also engaged in health and social services toward families, immigrants and disadvantaged people, despite the 1978 general health reform act guaranteed equality to

all citizens in terms of access to healthcare. Initially, they did not aim to substitute the welfare state, but to anticipate and stimulate its intervention, waiting for a return of public institutions in the provision of services; however, these groups soon understood that this was no longer possible (Borzaga and Fazzi, 2011). In this period, furthermore, first social cooperatives emerged mainly based on the initiative of small groups of volunteers and workers who were dissatisfied with the poor provision of social and community care services. Later, these cooperatives innovated the supply of social services, especially targeting young people with social problems, elderly, disabled, drug addicts and homeless, trying to integrate them into the labour market (Borzaga and Galera, 2012).

In the 1980s, these groups of people that began to organize themselves voluntarily, developing new forms of organizations in order to make up for the shortcomings of the Italian public sector, became even more consistent. During the decade, the social and economic context made it necessary for public institutions to regulate these new organizations: the first legal action was taken in 1988, when the Constitutional Court declared unconstitutional the Crispi law's art. 1, that prohibited the existence of IPABs as private entities. "By invoking art. 38 of the Italian Constitution, the Constitutional Court declared that the provision of welfare services could not be monopolized by the government, and therefore sanctioned the right of all citizens to establish organizations that could provide welfare services and have them assigned a legal form consistent with their characteristics" (Borzaga et al., 2017, p. 7). The Constitutional Court also specified that this right was guaranteed even in the absence of appropriate legal forms, but invoked the intervention of the Italian Parliament in order to accelerate the approval of laws that regulated the sector. Consequently, new organizations could be incorporated under a different law, while existing IPABs might apply for a private character. The juridical form these organizations mainly decided to adopt was that of the cooperative, a commercial organization with democratic characteristics whose social function was recognized by the Italian Constitution. As public support for these groups was not guaranteed, the management of many of these new organizations, including cooperatives, primarily relied on members' voluntary activities.

In this decade, also the first experiences of social enterprises were registered: small dimension entities based on private resources and volunteers – resulting more from a bottom-up dynamics driven by social movements than from public policies or governmental funding (Borzaga et al., 2017) – started organizing services and activities of work insertion in favour of disabled people, mentally ill and drug addicts (Borzaga and Fazzi, 2011). Actually, the term "social enterprise" was used in Italy – for the first time in Europe – to identify "the innovative private initiatives established by volunteer groups that had formed to deliver social services or provide economic activities designed to facilitate the integration of disadvantaged people" (Borzaga and Galera, 2012, p. 89).

Because of the changes verified in the previous decade, in the 1990s, the Italian nonprofit sector was even more identified with those organizations that produced goods and/or services and managed activities outside the market or, if they operated in the market, acted with not-for-profit purposes, being obliged to reinvest revenues in raising quantity or improving quality of the provided services. Thus, new regulations and norms were needed to institutionalize the belonging organizations in a more definitive way. In particular, two laws assumed a paramount importance: law 266/1991 about voluntary organizations; and law 381/1991 on social cooperatives.

Law 266/1991 regulated voluntary organizations that became organized and coordinated entities with explicit objectives. It defined such organizations as those pursuing participation, solidarity and charity purposes, mainly acting in health and social fields, heavily relying on volunteers. The law noted that such groups should not seek profits and that volunteers should play a prominent role in management and service provision. Sources of income might include government grants, donations and contributions from both members and non-members, while revenues from properties and commercial or productive industrial activities had to play a minor and limited role. They were also exempt from value added taxes on their solidarity services and from income taxes on their marginal commercial activities.

On the other hand, law 381/1991 represented a fundamental innovation about social cooperatives both nationally and internationally. This law defined social cooperatives as “cooperative firms with the aim of pursuing the general interest of the community in the human promotion and social integration of citizens” (art. 1). These organizations shared with traditional cooperatives a democratic governance (the “one member, one vote” rule), but operating through a partial distribution constraint: “they cannot distribute more than 70% of their overall profits, and with a cap of about four-five per cent (depending on the rate of return paid to the subscribers of bonds issued by the Italian postal services) for each share, and they cannot distribute any asset to their members in case of closure, merger or bankruptcy” (Borzaga et al., 2017, p. 11). However, social cooperatives also differed from classic cooperatives in the fact that the latter were typically devoted to the satisfaction of their members’ interest, while the former had the social purpose of satisfying the community’s general interest in human welfare and social integration of citizens, even though they were not members (Mancino and Thomas, 2005). Basically, these organizations could have different typologies of stakeholders: members who worked and gained some earnings (operators, managers); members that benefited the services (e.g. older and disabled people); members who worked as volunteers (no more than 50% of the total workforce)⁷⁶.

⁷⁶ Borzaga and Tortia (2006) showed that employees of nonprofit organizations, in particular those of social cooperatives, are more satisfied and loyal to their organizations than employees of for-profit or governmental organizations. This higher loyalty to the organization results in the absence of opportunistic behavior and low turnover of workers, which facilitates increasing internal know-how. Furthermore, they explained that social cooperatives are freer to pursue their social purpose than are traditional nonprofit organizations, as they are less subject to pressure from their benefactors, being financially autonomous in conducting their business. It appeared that opportunistic behaviour in this type of organization is rare and employees strongly share the organization’s goals and thus achieve above-average performance in the sector (Borzaga and Tortia, 2006).

These members had a control power over the cooperative but cannot receive any monetary or non-monetary reward: in particular, volunteers participated in the decision-making process, but they were distinct from the beneficiary group.

Art. 4 of law 381/1991 listed the different “typologies” of disadvantaged persons: physical, psychical and sensorial disabled people, ex mental institute patients, drugs and alcohol addicts, working age children in difficult family situations, prisoners with alternative measures to detention. Typical activities of social cooperatives included social services such as education and job training, mainly conducted through artisan workshops, agricultural enterprises or commercial businesses so that these organizations could sell their products and services on the open market. Furthermore, members could not obtain dividends higher than the legal interest on the amount of money given to the cooperative; financial reserves could not be distributed to members; and in the event of dissolution, remaining assets had to be disbursed for a public purpose. Social cooperatives enjoyed some fiscal advantages such as the tax-exemption of donations and reserves accumulated, the reduction of registration fees, the reduction of VAT rates (4% instead of 22%) for the sales of services in social, educational and health fields, the exemption from payment of national insurance contribution for disadvantaged workers (ILO, 2001).

The norm also defined two typologies of social cooperatives: (1) A-type social cooperatives that managed social-welfare and educational services; (2) B-type social cooperatives that undertook other agricultural, manufacturing or commercial activities or delivered services (other than social) for the work integration of disadvantaged people, provided that their share represented at least 30% of the total workforce. There were other two types of organizations that belonged to the social cooperative sector: (3) social cooperatives that were engaged in activities performed both by A and B-type cooperatives and for this reason, these are referred to as “mixed social cooperatives”; and (4) consortia made up of more social cooperatives that decided to set up a second-level organization, provided that their share must not be inferior to 70% of the overall belonging organizations⁷⁷.

Also on the basis of previous norms that started modifying the organization of the public administration and the policies of public spending (in particular, law 142/1990 and law 241/1990)⁷⁸, law 381/1991 explicitly allowed the process of contracting out the production

⁷⁷ The distinction made by law 381/1991 between social cooperatives engaged in providing social services and work insertion social cooperatives (that were obliged to remunerate disadvantaged workers), created a unique and innovative model that evolved independently from public policies. An emergent phenomenon in those years was also that of social enterprises that were managed by social entrepreneurs interested in issues like the environment, sustainable development, local development, i.e. themes that went beyond the primary objective of protecting disadvantaged people (Borzaga and Fazzi, 2011).

⁷⁸ These laws normed the management modalities of local public services (included social, health and educative ones), with the possibility of entrusting these services to private entities, reducing the spending in public administrations. Specifically, law 142/1990 obliged municipalities to recognize the associative forms and allowed local authorities to organize the provision of local public services through outsourcing procedures. Law 241/1990 enabled collective subjects, such as associations, to intervene in administrative proceedings and for public authorities to conclude agreements with private nonprofit entities (Borzaga et al., 2017).

of social services to social cooperatives that could stipulate contracts with public bodies for the delivery of services or work integration activities. The law recognized an affinity of mission between public bodies and social cooperatives and emphasized the possibility of collaboration between them. In the 1990s, thus, the practice of outsourcing social services to private organizations increased, with the result of promoting and strengthening the growth of many social cooperatives that offered a valid alternative to the provision of welfare services by public agencies. This experience showed that it was really possible to create private enterprises that pursued both social and economic aims, being their growth an innovative modality of satisfying the increasing unmet demand of social services. This will also be the starting point for the legal recognition of social enterprises in the 2000s as this notion entered even more in the public debate after the approbation of law 381/1991, (Borzaga and Santuari, 2000).

The 1990s, actually, was also the decade of many other institutionalization steps for third sector organizations. In particular: law 222/1985 disciplined the confessional entities that played not only religious, but also social, charity, educative, cultural activities, provided that they were inscribed into specific juridical registers; law 218/1990 instituted the banking foundations that became fundamental in financing projects and initiatives with social aims; the legislative decree 460/1997 normed not-for-profit organizations of social utility (ONLUS) which were ordered from a tributary point of view, gaining specific fiscal advantages; in 1997, voluntary services centres (CSVs) were institutionalized, providing logistic, training and support services to the voluntary organizations located in the territory, being financed by a regional special fund; finally, the patronage entities instituted in 1947, started providing a free form of protection, assistance and representativeness to workers that had to obtain social and welfare services from the pertaining entities (Inps, Inail, etc.). Consequently, similarly to other European countries, Italy registered in the 1990s an extensive quantitative growth of the third sector as a whole, which was particularly noticeable in central and Southern Italy where the phenomenon was less developed (respectively these areas accounted for 21,2% and 27,7% of overall third sector organizations), also in fields other than welfare, including culture, art, education and environment (Borzaga et al., 2008a). In particular, this legislative process led to a dramatic growth in the number of social cooperatives: since 1991 so far, they registered an average annual growth rate comprised between 10% and 20%, hiring thousands of highly skilled professionals in the fields of healthcare, psychology and job training (Borzaga, et al., 2017).

During the 2000s, the number of Italian third sector organizations kept on rising. Furthermore, although the concept of “social enterprise” was already introduced in Italy to designate those pioneering initiatives which combined entrepreneurial activities with the pursuit of social aims, only in the 2000s different legislative proposals culminated in law 118/2005 and in the legislative decree 155/2006 which recognized forms of social enterprises other than social cooperatives, also expanding types of goods and services that

could be provided by these organizations (Fici and Galletti, 2007)⁷⁹. However, the first step was law 328/2000, which recognized nonprofit organizations and social enterprises as actors of welfare policies, in partnership with public authorities, regulating their involvement in both planning and delivery of services.

Consequently, law 118/2005 introduced an opening towards new sectors of activity, other than welfare and the variety of the types of enterprises qualified to become social enterprises. In fact, the law incorporated the principle of pluralism in the organizational form: basically, it did not consider the organizational structure as a condition for being eligible as a social enterprise; on the contrary, different types of organizations (not only cooperatives and nonprofit organizations) were enabled to obtain this qualification, provided that they complied with specific constraints (Borzaga and Galera, 2012). The law, basically, obliged associations and foundations that wanted to be registered as social enterprises to provide evidence of their entrepreneurial nature (social capital, accounting, audit committee, etc.); conversely, investor-owned companies applying for the social enterprise brand had to respect a total non-distribution constraint of benefits and organize the representation of certain categories of stakeholders, including workers and beneficiaries (Borzaga et al., 2008b). Furthermore, according to law 118/2005, social enterprises were obliged to redact and publish a corporate social responsibility report and “devolve the residual legacy to other social enterprises, in case of closure of the undertaking” (art. 1).

On the other hand, according to the legislative decree 155/2006, social enterprises were “those private organizations that exercised in a stable and continuous manner an economic activity of production or exchange of goods or services of social utility, aiming at realizing objectives of general interest” (art. 1). The decree also identified a number of business activities of social utility in which social enterprises could be engaged in: welfare; health; welfare-health; education, instruction and professional training; environmental and ecosystem protection; development and cultural heritage; social tourism; academic and post-academic education; research activities and delivery of cultural services; extra curricula training; support to social enterprises (art. 2). Decree 155/2006 remarked that all the juridical forms included in the Civil Code might acquire the qualification of social enterprise: associations, foundations, limited liability companies, joint stock companies, cooperatives, social cooperatives and consortia (Borzaga and Fazzi, 2011). Again, social enterprises were

⁷⁹ To understand the origins and the evolution of social enterprises in Italy, Borzaga and Ianes (2006) underline that it is important to take into consideration economic, social and cultural changes that took place in the country since the 1970s. They summarize this evolution in four stages: (a) the emergence of new social problems, to which the Italian welfare system was unable to respond (in the 1970s); (b) the birth of first social enterprises experiences initiated by citizens (in the 1980s); (c) the legislative recognition of social enterprises as actors of the Italian welfare system (in the 1990s); and (d) the evolution of traditional forms of nonprofit organizations into social enterprises (in the 2000s). Two distinctive features of these innovations merit particular attention: (1) a multi-stakeholder governance model in which stakeholders directly participate through new democratic forms of management, with the active participation of employees, volunteers, sponsors and beneficiaries; and (2) the extensive use the cooperative juridical form (Poledrini, 2015).

prohibited from redistributing profits among administrators, natural or juridical persons, collaborators or employees, in order to guarantee the non-speculative character of the organization, being obliged to reinvest earnings in their activities (of course, the ownership structure excluded the possibility for public actors or private for-profit firms to control the organization).

The last step of this long juridical process began in 2014 when the Italian government launched a public consultation in order to define the guidelines of a comprehensive reform of the legislation concerning the third sector, which culminated in law 106/2016 and in the legislative decree 112/2017 that regulated social enterprises. The debate was very controversial especially about the features that organizations had to fulfil in order to be qualified as social enterprises and about the possibility to relax the total non-distribution constraint to facilitate their access to the financial market. At the end of this process, law 106/2016 defined the third sector as constituted by “those private entities that pursue civic, solidarity and social utility aims in the implementation of the subsidiarity principle [art. 118 Constitution], that promote and realize activities of general interest through forms of voluntary, unpaid, mutual, production and trade of goods and services activities” (art. 1). This definition does not include political associations, trade unions, sectorial associations or cooperatives that are allowed to distribute profits among members (Table 5).

Also instituted were: (1) a ministerial fund for the general interest activities promoted by voluntary organizations and social promotion associations; and (2) *Fondazione Italia Sociale*, a foundation whose public aim is the promotion, support, attraction and growth of social enterprises also through the financing of specific development programmes, philanthropic initiatives and innovative tools of social finance. The foundation, however, does not play a substitutive function of public intervention, but simply a subsidiary one. Furthermore, according to the law, nonprofit organizations that operate a business are not obliged to assume the qualification of social enterprise, but they must fulfil all the obligations that any enterprise is expected to comply with (mainly, transparency and accountability). The law also stipulated that social enterprises belong to the third sector, whatever the legal form they assume, expanding the business areas in which these organizations can operate and the category of disadvantaged individuals who were entitled to work in (Borzaga et al., 2017).

On the other hand, the legislative decree 112/2017 considered social enterprises as those “private entities that carry out general interest and not-for-profit activities in a permanent manner, adopting responsible and transparent management arrangements, favouring a wide involvement of workers, users and other interested subjects” (art. 1). It considered the “general interest activities” as those related to – among others – health services; education; professional training; immigration; cultural activities of social interest; protection and improvement of environmental conditions and natural resources; organization and management of amateur sport activities; fair trade; protection and valorisation of cultural

heritage; development cooperation; scientific research of particular social interest; services to other social enterprises or third sector entities (Table 5). In any case, the main general interest activity must generate at least 70% of the social enterprise's overall profits (art. 2). It is also considered as a general interest activity the pursuing of civic, solidarity and social utility aims in which disadvantaged or disabled people are occupied: social cooperatives are, thus, considered social enterprises. Furthermore, in social enterprises, the voluntary activity is allowed, provided that the number of volunteers is inferior to the number of employees (art. 13), being also mandatory the inscription of volunteers in an appropriate register.

As third sector entities, social enterprises cannot pursue the distribution of profits as main objective, but revenues have to be reinvested in the statutory activities or in increasing equity. However, a great novelty of the decree refers to the possibility for social enterprises to allocate part of annual surpluses (if association, foundation or committee) or profits (if company by less than 50%) to increase social capital or to distribute dividends to members (a partial non-distribution constraint), not exceeding the maximum interest rate of *Buoni Fruttiferi Postali* (BFP) increased by 2,5 points of the capital paid (art. 3). Social enterprises can also provide a share inferior to 3% of profits to funds instituted by social enterprises associations or to *Fondazione Italia Sociale* (these payments are deductible for corporate income tax purposes).

About tax benefits, social enterprises' profits do not constitute taxable income for direct taxes purposes whether they are destined to an appropriate non-distributable reserve under suspension of excise duty in the procedure for adopting the budget (art. 18). On the other hand, those who finance a social enterprise, both natural or legal persons, can benefit a tax deduction equal to 30% of the investment in the capital of an organization set up less than three years previously, not exceeding the amount of 1 million Euros in the case of a natural person, and 1,8 million Euros in the case of a legal person.

Table 5. Typologies of third sector entities based on law 106/2016, art. 4 and activity sectors of social enterprises based on D. Lgs. 112/2017, art. 2

Third sector entities (law 106/2016, art. 4)	Activity sectors (D. Lgs. 112/2017, art. 2)
Voluntary organizations	Health services
Social promotion associations	Social services ex L. n. 328/2000
Philanthropic entities	Interventions and services ex L. n. 104/1992
Social enterprises	Social-health services ex D.M. 14.02.2001
Social cooperatives	Protection of human, civil, social and political rights
Associative networks and consortia	Promotion of legality, peace, and non-violence
Associations	Extra-scholastic education with social aim
Mutual associations	Education and professional training
International cooperation NGOs	Cultural activities of social interest
Amateur sportive associations	Protection and valorisation of the environment
Committees	Protection and valorisation of the cultural heritage
Religious entities	University and post-university education
Foundations	Scientific research of social interest
	Artistic, and cultural activities of social interest
	Touristic activities of social interest
	Ancillary services to third sector entities
	Development cooperation
	Work insertion or reinsertion
	Amateur sportive activities
	Charity and other activities
	Civil Defence

Generally speaking, as underlined by Borzaga et al. (2008a), the Italian third sector has always been characterized by a great heterogeneity implying a different growth rate of the belonging organizations. This differentiation was the result of several forces: (1) the number of legal forms and organizational types that compose the third sector; (2) the development of new activities in sectors other than welfare; (3) a territorial differentiation generated by the various welfare models implemented at regional levels; (4) the increase in competition among different organizational types engaged in the supply of social services; and (5) the “entrepreneurialization” of the third sector itself.

However, the evolution of recent years and the impressive development of specific organizations such as social enterprises (and among them, especially social cooperatives remain the most developed typology of social enterprises in Italy) can be explained by specific key factors according to Borzaga and Galera (2012): (1) the favourable legal and political context created the pre-conditions allowing for the emergence and multiplication of social enterprises and their legal recognition; (2) the particular features of the Italian welfare model whose deficiencies were evident since the 1970s; (3) the process of decentralization of public competences and the public support that was provided through public contracting and fiscal advantages; (4) the specific features of Italian social enterprises which were strongly rooted at local level as they developed as voluntary responses of groups of citizens

to social needs; (5) the multi-stakeholder governance structure that allowed high levels of involvement of diverse types of stakeholders in the decision-making process; (6) the creation of local consortia which supported members' capacities and management activities with respect to both internal and external functions (support services, training, technical-administrative services, project planning, etc.).

Actually, through the EMES definition of social enterprise, Borzaga et al. (2017) identify four groups of social enterprises currently present in Italy: (1) social cooperatives, as regulated by law 381/1991, that aim to pursue the general interests of the community and the human promotion and social integration of citizens through the management of social, healthcare and educational services or the performance of different activities that provide employment for disadvantaged people; (2) social enterprises under the form of associations constituted by groups of people that pursue a shared goal, which can consist in an advocacy activity for members and non-members, but also in the provision of services. Law 266/1991 allows voluntary organizations and associations of volunteers to be engaged in income-generating and commercial activities, despite the restrictions included in the Italian Civil Code; (3) social enterprises under the form of foundations or religious institutions as regulated by the Civil Code which defines foundations as assets dedicated to pursuing a specified non-commercial objective such as educational, religious, family-related and even military aims. Operational foundations, instead of distributing earnings derived from their assets, directly perform activities that are functional to the pursuit of their objectives (they can manage museums, hospitals, rest homes, libraries or other types of business); (4) limited companies social enterprises as regulated by legislative decree 155/2006, i.e. those privately owned enterprises that perform business activities and act in the interest of the community on a nonprofit basis.

These social enterprises must respect certain general principles regarding transparency and efficient management as well as guarantee the participation and protect the interests of both their workers and users (Fici, 2006). Thus, as seen, in recent decades in Italy, both the legislature and the general population appear to be increasingly aware of the third sector: new laws and reforms provide opportunities and fiscal advantages for voluntary organizations, social cooperatives and social enterprises, thereby acknowledging their social value and the role they play in the Italian welfare system. Hopefully, the recognition of the importance of the third sector will allow the belonging organizations to be permanently included in multi-actor partnerships for the accomplishment of collective needs.

About data on the Italian third sector, we mainly draw on the three census on nonprofit institutions published so far by ISTAT (2001, 2011 and 2017 – the last one is the permanent census) in order to understand how the sector developed in the country since the 2000s. In Italy, the engaged organizations in the production of services to contrast social exclusion in 2001 were 235.232 units, involving 3,3 million volunteers and about 500.000 employees. In

particular, these organizations were subdivided into: 4.651 social cooperatives according to law 381/1991, providing social services or work integration activities (in 2005 they were 7.363, employing 244.000 workers); over 3.000 foundations (4.700 in 2005); about 10.000 voluntary organizations according to law 266/1991 (21.000 in 2003); 202.059 associations according to the Civil Code, mainly operating for the benefits of their members. Most of these organizations were active in the fields of culture, sport and entertainment (63%), social care (8,7%), education and research (5,2%) and health (4,4%) (Borzaga et al., 2008b).

However, the expansion of the sector is signalled by the 2011 ISTAT census, which counted 301.191 nonprofit organizations in Italy, 28% more than 2001, representing 6,4% of productive units (5,4% in 2001) and 3,4% of employees (2,5% in 2001), counting on the work of 4,7 million volunteers, 681.000 employees, 270.000 external workers, 5.000 temporary workers. If the public sector was contracted (-21,8% institutions and -11,5% employees compared to 2001) because of the effects of the economic crisis, the diminishing available resources and the externalization of services, the nonprofit sector signalled its expansion exactly in those sectors in which the public actor mainly lacked. In fact, the numbers of the nonprofit sector were all positive: +43,5% volunteers⁸⁰, +39,4% employees, +37,3% local units and +28% productive units compared to 2001, demonstrating to be less affected by the economic crisis in comparison with public and private institutions (Table 6).

For the most part, the main juridical form these organizations adopted was that of the association (also considering volunteer organizations, associations of social promotion, amateur sportive associations, etc.), while social cooperatives doubled their consistence compared to 2001 (+98,5%), particularly through enlarging their field of intervention (Table 7). These organizations were mainly involved in the sectors of culture, sport and entertainment (65%) – even though this category was too extensive and heterogeneous as there was no distinction between sport and cultural activities – followed by institutions engaged in welfare, socio-assistance or sanitary activities (11,9%) – that also included civil defence activities (Table 8).

⁸⁰ The major increase in the number of volunteers referred to the sector “philanthropy and promotion of volunteering” (+408,6% compared to 2001) followed by the sector “economic development” (+174,4%) and “international cooperation” (+100%), while the presence of stable occupation diminished in nonprofit traditional sectors such as “labour relations” and “protection of rights”.

Table 6. For-profit firms, public institutions and nonprofit institutions with employees and volunteers in 2011 and 2001. Absolute values and percentage variation 2011-2001

Typology	2011 a.v.	2001 a.v.	2011-2001 % Var.
Firms	4.425.950	4.083.966	8,4
- number of employees	16.424.086	15.712.908	4,5
Public institutions	12.183	15.580	-21,8
- with employees	11.535	15.449	-25,3
- number of employees	2.840.845	3.209.125	-11,5
- number of external workers	116.429	98.588	18,1
- number of temporary workers	11.506	14.620	-21,3
- number of volunteers	68.801	159.253	-56,8
Nonprofit institutions	301.191	235.232	28,0
- with employees	41.755	38.121	9,5
- number of employees	680.811	488.523	39,4
- number of external workers	270.769	100.525	169,4
- number of temporary workers	5.544	3.743	48,1
- number of volunteers	4.758.622	3.315.327	43,5

Source: ISTAT census of industry, services and non-profit institutions, 2011

Table 7. Nonprofit institutions in 2011 and 2001 by juridical form. Absolute and percentage values and percentage variation 2011-2001

Juridical forms	2011		2001		2011-2001 % Var.
	a.v.	%	a.v.	%	
Association	269.353	89,4	218.364	92,9	23,3
Social cooperative	11.264	3,7	5.674	2,4	98,5
Foundation	6.220	2,1	3.077	1,3	102,1
Other juridical forms	14.354	4,8	8.117	3,5	76,8
Total	301.191	100	235.232	100	28,0

Source: Our elaboration on ISTAT census of industry, services and non-profit institutions, 2011

Table 8. Percentage distribution of nonprofit institutions by sector and juridical form in 2011

Sector of activity	Associations	Social Coop.	Foundations	Other
Culture, sport and entertainment	96,3	0,4	0,8	2,6
Education and research	65,2	5,8	11,0	18,0
Healthcare	81,5	10,9	4,5	3,1
Social assistance and civil defence	71,3	17,8	4,7	6,1
Environment	90,5	2,0	1,2	6,3
Economic development	45	49,0	2,0	3,9
Protection of rights	94,7	0,3	0,7	4,3
Philanthropy	87,7	0,2	9,9	2,2
International cooperation	91,9	0,7	3,8	3,7
Religion	58,4	0,0	5,2	36,4
Labour relations	98	0,1	0,2	1,7
Other activities	53,5	7,7	2,3	36,5
Total	89,4	3,7	2,1	4,8

Source: Our elaboration on ISTAT census of industry, services and non-profit institutions, 2011

The geographic distribution of nonprofit institutions remarked the concentration of this phenomenon in Northern regions (52,2%) where, actually, 45,7% of population live; on the other hand, in the South – with 34,8% of resident population – 26,3% of these organizations were located. The central area of the country was a privileged territory as it is possible to affirm that volunteering was born there (*Confraternite di Misericordia* were born in Florence in 1412), favouring the raising of a solidarity culture for the development of the third sector. Indeed, Central Italy collected the remaining 21,5% of nonprofit organizations, having a population of 19,5% of the whole (Table 9).

There are no significant differences in these three geographical areas about the distribution of juridical forms, excluded a larger presence of social cooperatives in the South, where many local entities favoured their development in the fields of work integration and economic sustainability of social services. Nevertheless, Northern regions showed much better results in comparison with Southern regions not only for what concerned the insertion of new employees, but also for the presence of volunteers (on average 1 volunteer every 10 inhabitants in the North and 0,5 every 10 in the South) (Table 10).

It is important to underline the geographical distribution of nonprofit institutions by sector of activity (Table 11): there was a sort of vocation in the North-East for cultural, sport and entertainment sectors, for education and research in the North-West, for rights protection in Central Italy, while in the South, organizations tended to pursue religious activities as well as labour relations. Finally, data about budget revenues and expenditures of not-for-profit organizations show a total amount of respectively 64 billion Euros (3,5% of GDP) and 57 billion Euros: regions that presented a greater volume in terms of both revenues and expenditures were Lombardy (17 billion and 15 billion, respectively) and Lazio (about 15 billion and 12 billion, respectively), which represented about 50% of the overall amount of revenues and expenditures.

Furthermore, 86,1% of Italian nonprofit organizations had as main financing source the private sector, while the remaining 13,9% utilized public provisions. Regions with higher percentage of public funded organizations were Sardinia (26,2%) and the Autonomous Province of Trento (26,3%); while, Veneto (10,9%) and Emilia-Romagna (9,6%) were the regions where the dependence from the public financing was lower. The greater part of the expenditures was oriented toward the purchase of goods and services (38%) and the payment of employees (31%). Overall, non-market organizations were still predominant as they constituted 69,4% of the Italian nonprofit sector, while the remaining 31,6% were institutions that mainly operated on the market and were oriented to the production of saleable goods and services.

Table 9. Percentage distribution of population and nonprofit entities in Italian geographic areas. Percentage variation in the number of nonprofits by geographic area 2011-2001

Geographic areas	Population	Nonprofit entities	2011-2001 % Var.
North	45,7	52,2	38,9
Centre	19,5	21,5	37,7
South and Islands	34,8	26,3	29,4
Italy	100	100	36,0

Source: ISTAT census of industry, services and non-profit institutions, 2011

Table 10. Employees, other workers and volunteers of nonprofit institutions in Italy by geographic area. Percentage variation 2011-2001 and density in 2011

Geographic areas	Employees		Other workers		Volunteers	
	% Var.	per 10.000 i.	% Var.	per 10.000 i.	% Var.	per 10.000 i.
North-West	47,5	156,0	150,4	52,5	45,0	892,4
North-East	56,0	141,0	175,5	55,1	46,7	1.146,0
Centre	32,0	127,2	165,7	59,5	68,1	940,2
South	12,5	49,7	168,3	27,4	17,0	418,6
Islands	25,8	85,3	186,9	34,9	20,6	550,3
Italy	39,4	114,6	165,0	46,5	43,5	800,9

Source: ISTAT census of industry, services and non-profit institutions, 2011

Table 11. Percentage distribution of nonprofit institutions by sector and geographic area in 2011

Sector of activities	North-West	North-East	Centre	South	Islands	Italy
Culture, sport and enter.	63,9	68,0	65,3	63,1	63,2	65,0
Education and research	5,6	5,1	5,0	4,9	4,8	5,2
Healthcare	4,2	2,9	3,7	3,5	4,1	3,6
Social assistance	9,0	7,7	7,1	8,9	9,7	8,3
Environment	2,0	2,4	2,0	2,0	2,2	2,1
Economic development	2,4	2,0	2,7	2,8	2,6	2,5
Protection of rights	2,2	2,0	2,9	2,4	1,8	2,3
Philanthropy	2,0	1,7	1,3	1,3	1,2	1,6
International cooperation	1,6	1,4	1,3	0,5	0,5	1,2
Religion	1,9	1,6	2,3	3,3	2,8	2,3
Labour relations	4,4	4,7	5,8	6,9	6,8	5,4
Other activities	0,8	0,5	0,5	0,4	0,3	0,5
Total	100	100	100	100	100	100

Source: ISTAT census of industry, services and non-profit institutions, 2011

The permanent ISTAT census on nonprofit institutions published in 2017 provides updated information about the third sector in Italy as data refer to 2015, i.e. only four years after the 2011 census. On 31 December 2015, active nonprofit organizations in Italy were 336.275, 11,6% more than 2011, counting 5,5 million volunteers and 788.000 employees. Compared to 2011, the number of volunteers raised by 16,2%, while employees increased by 15,8%, demonstrating the sector's continuous expansion despite the economic context characterized

by a long recession (Table 12). Institutions that operated with volunteers were 267.529, i.e. 79,6% of total active units (+9,9% compared to 2011); those with employees were 55.196, i.e. 16,4% (+32,2% compared to 2011). Comparing 2011 and 2015 data, among institutions with workers the average dimension decreased in terms of employees, moving from 16 employees in 2011 per organization to 14 in 2015; among institutions with volunteers, on the contrary, the average dimension raised in terms of volunteers (21 volunteers per institution in 2015 compared to 20 in 2011).

Table 12. Number of active nonprofit institutions and human resources. Absolute and percentage values in 2015 and 2011 and percentage variation 2015-2011

Data	2015	2011	2015-2011 % Var.
Nonprofit institutions	336.275	301.191	11,6
Institutions with volunteers	267.529	243.482	9,9
Volunteers	5.528.760	4.785.622	16,2
Institutions with employees	55.196	41.774	32,2
Employees	788.126	680.811	15,8

Source: ISTAT permanent census of non-profit institutions, 2017

In 2015 the Italian nonprofit sector confirmed to be mainly constituted by recognized and non-recognized associations (286.942 units, i.e. 85,3% of the whole), followed by social cooperatives (16.125, i.e. 4,8%), foundations (6.451, i.e. 1,9%) and institutions with other juridical forms (26.756, i.e. 8,0%), mainly represented by ecclesiastical entities, committees, mutual associations, healthcare or educative organizations, social enterprises (Table 13). Compared to 2011, social cooperatives registered a dramatic increase (+43,2%) – differently from foundations (+3,7%) – even though the highest growth rate is evidenced by the organizations with other juridical forms (+86,4%).

As in 2011, the distribution of nonprofit institutions by juridical form in the different Italian geographic areas showed significant differences in the composition of the sector over the national territory. In fact, recognized and non-recognized associations hold a higher weight in Friuli-Venezia Giulia (90,7%) and Abruzzi (89,0%), while social cooperatives were much more present in almost all the Southern regions and islands, in particular in Sardinia (8,8%), Puglia (8,5%), Sicily (8,4%) and Campania (8,3%). Foundations, on the contrary, were relatively more diffused in Lombardy (3,6%) and Lazio (2,2%), while institutions with other juridical forms were more localized in Liguria and Tuscany (both 12,2%).

Table 13. Nonprofit institutions by juridical form. Absolute values and percentage variation 2015-2011

Juridical forms	2015		2011		2015-2011
	a.v.	%	a.v.	%	% Var.
Association	286.942	85,3	269.353	89,4	6,5
Social cooperative	16.125	4,8	11.264	3,7	43,2
Foundation	6.451	1,9	6.220	2,1	3,7
Other juridical forms	26.756	8,0	14.354	4,8	86,4
Total	336.275	100	301.191	100	11,6

Source: ISTAT permanent census of non-profit institutions, 2017

Again nonprofit organizations confirmed their main engagement in the sector of culture, sport and entertainment where the highest number of institutions was concentrated: about 220.000, i.e. 65% of the whole (Table 14), while social assistance was the second main sector of activity with 31.000 institutions (9,2% of the whole), followed by labour relations (20.614 institutions, i.e. 6,1%), religion (14.380 institutions, i.e. 4,3%), education and research (13.481 institutions, i.e. 4,0%) and healthcare (11.590 institutions, i.e. 3,4%). In comparison with 2011, some traditional sectors of concentration of nonprofit activities registered an increase in the number of active institutions, even though with different intensities: the rate of religious nonprofit institutions dramatically raised (+110,3%), followed by institutions engaged in labour relations (+25,6%), social assistance (+23,4%) and international cooperation (+21,5%), while the number of organizations that operated in culture, sport and entertainment slightly raised (+11,5%) as well as those involved in healthcare (+5,6%) and other activities (6,2%).

Table 14. Nonprofit institutions by sector of activity. Absolute and percentage values in 2015 and 2011 and percentage variation 2015-2011

Sector of activities	2015		2011		2015-2011
	a.v.	%	a.v.	%	% Var.
Culture, sport and entertainment	218.281	64,9	195.808	65,0	11,5
Education and research	13.481	4,0	15.528	5,2	-13,2
Healthcare	11.590	3,4	10.975	3,6	5,6
Social assistance and civil defence	30.877	9,2	25.019	8,3	23,4
Environment	5.105	1,5	6.293	2,1	-18,9
Economic development	6.838	2,0	7.458	2,5	-8,3
Protection of rights	5.249	1,6	6.810	2,3	-22,9
Philanthropy	3.782	1,1	4.844	1,6	-21,9
International cooperation	4.332	1,3	3.564	1,2	21,5
Religion	14.380	4,3	6.839	2,3	110,3
Labour relations	20.614	6,1	16.409	5,4	25,6
Other activities	1.746	0,5	1.644	0,5	6,2
Total	336.275	100	301.191	100	11,6

Source: ISTAT permanent census of non-profit institutions, 2017

About the relationship between juridical form and sector of activity, associations were relatively more diffused than the national composition (85,3%) in labour relations (99%), rights protection (96,4%), environment (96,2%), culture, sport and entertainment (95,0%) and philanthropy and promotion of volunteering (90,4%) (Table 15). On the other hand, social cooperatives were more specialized in the sectors of economic development – where many work integration cooperatives are included (86,1%) – other activities (23,5%), social assistance (20,9%), education and research (11%) and healthcare (9,4%). Foundations were relatively more present in the sectors of education and research (13,2%), philanthropy and promotion of volunteering (7,8%) and international cooperation (6,6%). Finally, institutions with other juridical forms (in particular ecclesiastical entities, committees, mutual associations, educative institutions, assistance entities) were mainly active in the sectors of religion (84,7%), education and research (27,3%) and other activities (18,0%).

Table 15. Percentage distribution of nonprofit institutions by sector and juridical form in 2015

Sector of activity	Associations	Social Coop.	Foundations	Other
Culture, sport and entertainment	95,0	0,4	0,8	3,9
Education and research	48,5	11,0	13,2	27,3
Healthcare	85,2	9,4	3,1	2,3
Social assistance and civil defence	70,9	20,9	5,0	3,2
Environment	96,2	0,0	1,1	2,7
Economic development	11,1	86,1	0,5	2,2
Protection of rights	96,4	0,0	1,3	2,3
Philanthropy	90,4	0,0	7,8	1,8
International cooperation	86,7	0,0	6,6	6,7
Religion	13,5	0,0	1,8	84,7
Labour relations	99,0	0,0	0,2	0,7
Other activities	54,7	23,5	3,9	18,0
Total	85,3	4,8	1,9	8,0

Source: ISTAT permanent census of non-profit institutions, 2017

The territorial distribution of nonprofit institutions confirmed an elevated concentration in Northern Italy in 2015 (171.419 units, i.e. 51% of the whole) compared to Central Italy (75.751 units, i.e. 22,5%) and Southern Italy (89.105 units, i.e. 26,5%) (Table 16). Lombardy and Lazio were again the regions with a major presence of nonprofits (respectively, 15,7% and 9,2%), while, regions with a minor presence were Valle d'Aosta (0,4%) and Molise (0,5%). However, comparing the number of organizations with the resident population, North-East showed the highest incidence (67,4 institutions every 10.000 inhabitants); the relationship was also high in Central Italy (62,8) and in North-West (57,7), while it was lower in the islands (46,8) and in Southern Italy (40,8) (Table 16). The Autonomous Province of Trento presented the highest relation with 111,5 organizations every 10.000 inhabitants, followed by Valle d'Aosta (105,1) and the Autonomous Province of Bolzano (102,5). Compared to 2011, the number of nonprofit institutions raised in all Italian regions

(excluded Molise which registered a slow decrease of 2%), with outstanding growth rates in Campania (+33%), Lazio (+29,5%) and Lombardy (+14,1%).

Table 16. Nonprofit institutions by geographic areas. Absolute and percentage values, incidence over the population and percentage variation 2015-2011

Geographic areas	2015 a.v.	2015 %	Per 10.000 inhabitants	2015-2011 % Var.
North-West	92.988	27,7	57,7	12,2
North-East	78.431	23,3	67,4	5,5
Centre	75.751	22,5	62,8	17,1
South	57.615	17,1	40,8	15,6
Islands	31.490	9,4	46,8	6,9
Italy	336.275	100	55,4	11,6

Source: ISTAT permanent census of non-profit institutions, 2017

As already underlined, Italian nonprofit institutions counted on the contribution of 5.528.760 volunteers and 788.126 employees: on average, 16 volunteers and 2 employees per organization, even though the internal composition of the different typologies of resources notably varied in relation to locations, activities, sectors and organization structures. At the territorial level, the areas that presented a major concentration of employees in nonprofit institutions also registered a greater intensity of human resources employed in the sector compared to the resident population. In North-East and Central Italy, the highest numbers of volunteers (respectively, 1.221 and 1.050 every 10.000 inhabitants) were registered, while in terms of employees, North-West and North-East presented the highest relationship (respectively, 169 and 156 employees every 10.000 inhabitants) (Table 17).

Compared to 2011, however, Southern regions showed a sustained growth in terms both of employees (+36,1%) and volunteers (+31,4%). About the distribution of these human resources by sector of activity, it can be said that employees were mainly concentrated in four fields that collected 86,1% of the overall employed people: social assistance (36%), healthcare (22,6%), education and research (15,8%) and economic development (11,8%). Even higher was the concentration of volunteers: more than 3 million (56,6%) were engaged in the field of culture, sport and entertainment, while social assistance and healthcare reached 16,1% and 7,8%, respectively.

Table 17. Employees and volunteers of nonprofit institutions by geographic areas. Absolute values, percentage variation 2015-2011, incidence over the population in 2015

Geographic areas	Employees a.v.	Employees 2015-2011 % Var.	Employees per 10.000 inhabitants
North-West	271.911	10,6	168,8
North-East	181.812	12,6	156,1
Centre	177.339	20,3	147,0
South	94.531	36,1	67,0
Islands	62.533	10,4	92,9
Italy	788.126	15,8	129,9
Geographic areas	Volunteers a.v.	Volunteers 2015-2011 % Var.	Volunteers per 10.000 inhabitants
North-West	1.662.178	18,2	1.031,7
North-East	1.442.089	8,4	1.221,3
Centre	1.266.461	16,2	1.049,5
South	768.406	31,4	544,6
Islands	409.625	12,1	608,4
Italy	5.528.760	16,2	911,4

Source: ISTAT permanent census of non-profit institutions, 2017

From the financial point of view, the total of the economic revenues of nonprofits corresponded to 70 billion Euros; while the total of expenditure reached 61 billion Euros (higher than 2011 by 10,1% and 6,9%, respectively). 77,6% of entrances was concentrated in five sectors of activities: healthcare (17,1%), culture and sport (16,9%), social assistance (16,7%), other activities (15,8%), education and research (11,1%). 61% of Italian nonprofit institutions had economic limited sizes, with revenues inferior to 30.000 Euros (38,1% less than 10.000 Euros and 22,6% between 10.000 and 30.000 euro), while 20,9% of these institutions gained profits between 30.000 and 100.000 Euros and the remaining 18,4% registered revenues superior to 100.000 Euros. For 85,5% of nonprofit institutions, the main financial source was private, while 14,5% received public financings (in 2011 it was 13,9%). Institutions that mostly utilized public financings were active in sectors such as healthcare (48,2%), social assistance (33,4%), economic development and social cohesion (27%); while private financing was mostly used in sectors like religion (97,8%), trade union relations (94,6%) and international cooperation (89,6%). On the other hand, the major part of the expenditures of nonprofits was destined to buy goods and services (35,2%) and paying salaries (32,3%).

In conclusion, 63,3% (+1,5% compared to 2011) of nonprofit institutions in 2015 was defined as public utility institutions (directed at pursuing a general interest of the community), while the remaining 36,7% was constituted by mutualistic organizations (oriented to satisfy interests and needs of theirs members only). In continuity with 2011, solidarity institutions were present much more in the sectors of international cooperation (98,0%), religion (92,1%), social assistance (91,1%), economic development (90,2%),

philanthropy and promotion of volunteering (89,0%) and healthcare (88,7%). Mutualistic organizations, on the contrary, were more engaged in the sectors of labour relations (52,6%), culture, sport and entertainment (46,4%). Overall, at national level, 34,4% of nonprofit organizations aimed to support disadvantaged people, 20,4% pursued rights promotion and protection and 13,8% attempted to take care of collective goods.

Generally speaking, despite still little known, the Italian nonprofit sector is characterized by several subjects and modalities of action. It is evident the simultaneous presence, on the one hand, of few large-dimensions institutions with articulated organization structures in economic and occupational terms and many small organizations that often continue to exist only through the exclusive contribution of volunteers, on the other hand⁸¹. These organizations, however, attracted the attention of policy-makers, who necessarily recognized their role and potential, allocating significant public resources to the services they provide. As evidenced by data from 2001 to 2015, the nonprofit sector grew during the last twenty years in terms of active units, employees and volunteers, users and activities, expanding from traditional social services and job placement to satisfying needs in the sectors of quality of life, free time, civic engagement, healthcare and social assistance, demonstrating to be able to better react to the economic and financial crisis.

Furthermore, the quantity of people involved into the sector is an even more outstanding fact: data about the dramatic increase in the number of employees and volunteers as primary or complementary value in nonprofit organizations are a proof. The growth of the social capital – as signalled by ISTAT (2017) – seems to be the most influential indicator of the importance of the nonprofit sector in Italy as laboratory of innovation, sociability and solidarity significance. Indeed, Italian third sector mainly arose from spontaneous initiatives of groups of citizens supported by social participation and civic engagement, making of it a bottom-up and grassroots phenomenon (Borzaga et al., 2017), differently from other European countries (Hulgard and Spear, 2006).

⁸¹ Borzaga et al. (2017), in particular, estimate that social enterprises (those enterprises that derived at least 50% of the income from the sale of goods and services to private individuals or from contracts with public institutions, having at least one employee) are 20.431 corresponding to 6,8% of the total number of nonprofit institutions, accounting for more than 28 billion Euros in terms of revenues (about 45% of the sector's total revenues). Furthermore, they employ 80% of the total number of employees in nonprofit institutions and around 32% of collaborators with non-standard labour contracts. The number of users reveals the relevance of social enterprises in comparison with other nonprofit institutions: 45% of all the disadvantaged users served by the nonprofit sector (i.e., 9.327.188 users out of a total of 20.763.078). Finally, Italian social enterprises can be subdivided into: 8.491 social cooperatives (41,1%); 7.883 associations (38,1%); 3.324 foundations and religious institutions (16,1%); 235 limited company social enterprises (1,1%).

3.4. The third sector in Campania and in Naples

In Campania, art. 13 of regional law 11/2007 established that voluntary organizations, social promotion associations, social cooperatives and other private subjects with nonprofit aims such as foundations and religious entities can be classified as third sector organizations. Historically, volunteering represented the most evident phenomenon of social solidarity in Campania: despite the belonging organizations do not satisfy all the social fields, they assumed more organized and diversified forms along the years also through different regional norms such as law 9/1993 (modified and integrated by law 18/1996) and law 11/2007 which regulated the inscription of these organizations in specific regional registers.

The 9th census on nonprofit institutions (ISTAT, 2011) registered 14.472 active units in Campania in 2011, corresponding to 4,8% of the national whole, showing an increase by 11,2% between 2001 and 2011 (a growth rate much inferior than the national average of 28,0%) and a relationship between nonprofit institutions and resident population of 25 institutions every 10.000 inhabitants, half the national average (50,7 every 10.000 inhabitants). About human resources, on the other hand, employees and volunteers were about 36.000 and 167.000 respectively (3,7% and 3,5% of the national whole), increasing by 22,0% and 7,0% between 2001 and 2011 (in Italy they grew by 37,2% and 43,5%, respectively) (Table 18).

At the territorial level, the highest share of institutions was concentrated in the province of Naples (38,4%), followed by the province of Salerno (26%) and the province of Caserta (16,2%). The province of Naples also showed the highest share of human resources: 48,3% of employees and 38,8% of volunteers (Table 19). Comparing these data with the resident population, the province of Naples (about 3 million people) registered 62 employees and 290 volunteers every 10.000 inhabitants (Table 20): however, the regional nonprofit sector was characterized by a minor intensity in the engagement of both employees and volunteers compared to the rest of Italy (respectively, 160 and 801 every 10.000 inhabitants).

Table 18. Nonprofit institutions, local units and human resources in Campania in 2011 and 2001. Absolute values and percentage variations

Campania	a.v. 2011	a.v. 2001	2011-2001 % Var.
Nonprofit institutions	14.472	13.020	11,2
Nonprofit local units	16.447	13.876	18,5
Employees	22.029	18.059	22,0
External workers	13.595	4.490	202,8
Volunteers	166.962	156.013	7,0

Source: ISTAT census of industry, services and non-profit institutions, 2011

Table 19. Nonprofit institutions and local units by Campania province in 2011. Absolute and percentage values

Province	Nonprofit institutions		Local units	
	a.v. 2011	% 2011	a.v. 2011	% 2011
Caserta	2.342	16,2	2.649	18,3
Benevento	1.110	7,7	1.268	8,8
Napoli	5.557	38,4	6.451	44,7
Avellino	1.695	11,7	1.912	13,2
Salerno	3.767	26,0	4.203	29,1
Campania	14.472	100	14.447	100
Italy	301.191		347.602	

Source: Our elaboration on ISTAT census of industry, services and non-profit institutions, 2011

Table 20. Human resources in nonprofit institutions by Campania province in 2011. Absolute values and percentage incidence

Province	Employees	External workers	Volunteers	Employees per 10.000 i.	Volunteers per 10.000 i.
Caserta	3.207	2.171	25.066	59	277
Benevento	1.962	1.139	13.033	109	457
Napoli	10.478	6.741	64.699	56	212
Avellino	1.952	981	21.592	68	503
Salerno	4.430	2.563	42.572	64	391
Campania	22.029	13.595	166.962	62	290
Italy	680.811	270.769	4.758.622	160	801

Source: ISTAT census of industry, services and non-profit institutions, 2011

In Campania, associations represented 86,2% of the whole juridical forms (64,8% non-recognized associations and 21,4% recognized associations), while social cooperatives were 6,9% of the whole, showing a growth rate of 396,5% between 2001 and 2011. In the same period, foundations rose by 94,9% (+102,1% in Italy), while non-recognized associations increased by 14% (+28,7% in Italy), differently from recognized associations that declined by 22% (Table 21). On the other hand, about the sectors of activity of nonprofit organizations, these institutions mostly operated in the sector of culture, sport and entertainment (62,7%), while 10,2% were engaged into social assistance, 6,1% in education and research and 5,6% in labour relations. A dramatic increase was registered in the sectors of philanthropy and promotion of volunteering (+300%) and international cooperation (+237,5%), while other sectors showed a growth comprised between 3,3% (religion) and 66,9% (economic development) (Table 22). About human resources employed, sectors with outstanding increases were those of philanthropy (+8000% employees and +358,8% volunteers), international cooperation (+520,0% employees and +229,6% volunteers) and environmental issues (+1206% employees and +20,7% volunteers).

Table 21. Nonprofit institutions by juridical form in Campania in 2011. Absolute and percentage values and percentage variations 2011-2001

Juridical form	a.v. 2011	% 2011	2011-2001 % Var.
Recognized association	3.095	21,4	-21,8
Non-recognized association	9.380	64,8	14,0
Social cooperative	1.003	6,9	396,5
Foundation	267	1,8	94,9
Other juridical form	727	5,0	46,9
Total	14.472	100	11,2

Source: ISTAT census of industry, services and non-profit institutions, 2011

Table 22. Nonprofit institutions by sector of activity in Campania in 2011. Absolute and percentage values and percentage variations 2011-2001

Sector of activity	a.v. 2011	% 2011	2011-2001 % Var.
Culture, sport and entertainment	9.075	62,7	20,4
Education and research	887	6,1	49,1
Healthcare	492	3,4	66,2
Social assistance and civil defence	1.482	10,2	45,7
Environment	263	1,8	38,4
Economic development	404	2,8	66,9
Protection of rights	282	1,9	15,1
Philanthropy	168	1,2	300,0
International cooperation	81	0,6	237,5
Religion	464	3,2	3,3
Labour relations	815	5,6	10,7
Other activities	59	0,4	63,9
Total	14.472	100	26,8

Source: ISTAT census of industry, services and non-profit institutions, 2011

Concerning public utility (solidarity) institutions in Campania, a minor diffusion was registered in comparison with Italy (61,9% and 62,7%, respectively), excluding some sectors in which their presence was higher than the national average such as healthcare (91,9%), social assistance (91,8%), philanthropy and promotion of volunteering (91,7%), environment (85,9%) and economic development (81,4%). A further element to consider was the economic dimension of regional nonprofit organizations: 1.42 billion Euros in the amount of revenues (2,2% of the national whole) and 1.44 billion Euros in expenditures (2,5% of the national whole).

The 2015 ISTAT permanent census on nonprofit institutions (ISTAT, 2017) counted 19.252 active organizations in Campania (5,7% of the national whole), registering the national highest growth rate (+33% in comparison with 2011), with Lazio (+29,5%) and Lombardy (+14,1%) (Table 23). For what concerning human resources, Campania registered outstanding results: the number of employees (30.022) and volunteers (238.858) raised by 53,6% and 50,1%, respectively, compared to 2011 (Table 24). In particular, data about

volunteers showed the highest increase rate at national level, but comparing this number with resident population, regional volunteering was quite far from the national average: 408 volunteers every 10.000 inhabitants in Campania against 911 every 10.000 in Italy. Finally, with reference to the distribution of juridical forms, associations kept on showing the highest results (82,5%), followed by social cooperatives (8,3%) and foundations (1,7%). About social cooperatives, interesting data showed how in Italy their percentage was only 4,8% of the whole, while Campania almost doubled this percentage (8,3%) (Table 25). Definitively, Campania's third sector has considerably grown in the last years as demonstrated by the dramatic increase in the number of active organizations, employees and volunteers.

Table 23. Nonprofit institutions in Campania, South Italy and Italy in 2015. Absolute and percentage values, incidence over population and percentage variation 2015-2011

Areas	a.v. 2015	% 2015	Institutions per 10.000 i.	2015-2011 % Var.
Campania	19.252	5,7	32,9	33,0
South Italy	57.615	17,1	40,8	15,6
Italy	336.275	100	55,4	11,6

Source: ISTAT permanent census of non-profit institutions, 2017

Table 24. Employees and volunteers in nonprofit institutions in Campania, South Italy and Italy in 2015. Absolute and percentage values, incidence over population and percentage variation 2015-2011

Employees	a.v. 2015	% 2015	per 10.000 i.	2015-2011 % Var.
Campania	30.022	3,8	51,3	53,6
South Italy	94.531	12,0	67,0	36,1
Italy	788.126	100	129,9	15,8
Volunteers	a.v. 2015	% 2015	per 10.000 i.	2015-2011 % Var.
Campania	238.858	4,3	408,2	50,1
South Italy	768.406	13,9	544,6	31,4
Italy	5.528.760	100	911,4	16,2

Source: Our elaboration on ISTAT permanent census of non-profit institutions, 2017

Table 25. Nonprofit institutions in Campania, South Italy and Italy by juridical form in 2015. Absolute and percentage values

Juridical form	Campania		South Italy		Italy	
	a.v. 2015	% 2015	a.v. 2015	% 2015	a.v. 2015	% 2015
Association	15.888	82,5	48.911	84,9	286.942	85,3
Social coop.	1.589	8,3	4.406	7,6	16.125	4,8
Foundation	322	1,7	772	1,3	6.451	1,9
Other	1.453	7,5	3.528	6,1	26.756	8,0
Total	19.252	100	57.616	100	336.275	100

Source: Our elaboration on ISTAT permanent census of non-profit institutions, 2017

In the specific case of the city of Naples, laws and reforms introduced during the 2000s, deeply influenced the local third sector in quantitative and qualitative terms: as reference, between 1991 and 2011, the belonging organizations increased by 281%, moving from 614 to 2.356 units (ISTAT, 2011) (Table 26). Interesting data about human resources showed that employees decreased by 16,2% between 2001 and 2011 (from 6.470 to 5.423 in absolute values), but the number of external workers and volunteers dramatically rose by 161% and 30%, respectively (Table 26). About the juridical form, in 2011 the highest percentage was represented by associations (85,7% constituted by both recognized and not recognized ones), despite a slight decrease in comparison with 2001 (-6,6%) (Table 27), also absorbing the highest share in the number of employees (34,9%), external workers (71,5%) and volunteers (93,7%) (Table 28). On the contrary, a dramatic growth was registered in the number of social cooperatives (+450%) and foundations (+106,8%) (Table 27): the former also showed outstanding growth rates in employees (+302%), external workers (+485%) and volunteers (+163%) (Table 28). About employment rates, however, the growth of new organizations illustrated the ability of these entities to intercept economic resources provided through financial tools finalized to alimnet the impact of the sector in occupational terms (Musella, 2003; Fantozzi and Musella, 2010).

Table 26. Nonprofit institutions, local units, employees, external workers and volunteers in nonprofits in Naples in 2001 and 2011. Absolute and percentage values and percentage variation 2011-2001

Typology	2011		2001		2011-2001 % Var.
	a.v.	%	a.v.	%	
Institutions	2.356		2.342		0,6
Local units	2.714		2.522		7,6
Employees	5.423	14,8	6.740	23,0	-16,2
External workers	3.779	10,3	1.447	4,9	161,2
Volunteers	27.481	74,9	21.147	72,1	29,9
Total	36.683	100	29.334	100	25,1

Source: Our elaboration on ISTAT census of industry, services and non-profit institutions, 2011

Table 27. Nonprofit institutions in Naples by juridical form in 2001 and 2011. Absolute and percentage values and percentage variation 2011-2001

Juridical form	2011		2001		2011-2001 % Var.
	a.v.	%	a.v.	%	
Association	2.020	85,7	2.162	92,3	-6,6
Social cooperative	110	4,7	20	0,9	450,0
Foundation	91	3,9	44	1,9	106,8
Other juridical form	135	5,7	116	5,0	16,4
Total	2.356	100	2.342	100	0,6

Source: Our elaboration on ISTAT census of industry, services and non-profit institutions, 2011

Table 28. Employees, external workers and volunteers in nonprofit institutions by juridical form in Naples in 2011 and 2001. Absolute and percentage values and percentage variation 2011-2001

Employees	2011		2001		2011-2001 % var.
	a.v.	%	a.v.	%	
Association	1.891	34,9	3.554	54,9	-46,8
Social cooperative	965	17,8	240	3,7	302,1
Foundation	867	16,0	880	13,6	-1,5
Other juridical form	1.700	31,3	1.796	27,8	-5,3
Total	5.423	100	6.470	100	-16,2
External workers	2011		2001		2011-2001 % var.
	a.v.	%	a.v.	%	
Association	2.702	71,5	1.047	72,4	158,1
Social cooperative	579	15,3	99	6,8	484,8
Foundation	206	5,5	245	16,9	-15,9
Other juridical form	292	7,7	56	3,9	421,4
Total	3.779	100	1.447	100	161,2
Volunteers	2011		2001		2011-2001 % var.
	a.v.	%	a.v.	%	
Association	25.758	93,7	19.843	93,8	29,8
Social cooperative	348	1,3	132	0,6	163,6
Foundation	501	1,8	173	0,8	189,6
Other juridical form	874	3,2	999	4,7	-12,5
Total	27.481	100	21.147	100	29,9

Source: Our elaboration on ISTAT census of industry, services and non-profit institutions, 2011

As underlined by Delle Cave (2014), the Neapolitan third sector is characterized by a strong philanthropic dimension accompanied by the development of a more recent entrepreneurial component. Actually, the sector's continuous growth in the city should be seen as part of the reformist phase of local social policies that involved nonprofit institutions in the promotion and planning of new social services and in the construction of the territorial welfare. During the 1990s, in particular, a first attempt to systematise specific actions in socio-assistance services moved from problems related to childhood: in that decade, the development of volunteering – even before than social cooperation – mostly raised through some experimentations finalized to the promotion of interventions for children in high criminality risk areas. At the territorial level, thus, initiatives promoted by different voluntary associations and social cooperatives marked a first and important passage toward a participated management between the Municipality and nonprofit organizations in the construction of social policies.

Law 285/1997, in addition, formally allowed third sector organizations to participate in defining and planning interventions for social services, consolidating some projects and acceding to structural national resources. Furthermore, in this period, the relationship between the municipal administration and third sector organizations was going on through

strengthening some collaboration formulas adopted in childcare, immigration, drug addiction, etc. Between 1997 and 1998, in fact, innovative measures were inaugurated on the basis of two typologies of intervention: (1) law 285/1997 regulated adolescence and childhood and opened a direct relationship with third sector organizations through activities of territorial education; (2) the adoption of social assistance interventions for aged and disabled people marked the beginning of monetary contributions to assistance, trying to build a public service that could cover the whole urban territory.

Particularly important in this period was the participation of third sector organizations into the process of renovation of social policies, gradually assuming a role of privileged interlocutor of the municipal administration. At the political-institutional level, an important debate about territorial problems, especially social exclusion, led to the constitution of a “Permanent Board on Social Policies” in which different realities took part (municipal institutions, trade unions, nonprofits, etc.). The Board opened a direct communication channel between the Municipality and third sector organizations that were part of the discussions about specific social policies to adopt. Law 285/1997 also marked the beginning of a higher professionalization of the sector, both under organizational and managerial profiles, allowing the provision of social services through structured interventions and skilled personnel that could give stability and continuity to the service.

Law 328/2000, then, speeded up the process of externalization (regulated by concurrent mechanisms) of social services from the local administration to private nonprofit actors, opening a new phase in the development of the Neapolitan third sector. Indeed, from basic associative forms, many nonprofit entities assumed articulated organizational forms, coinciding with a process of internal polarization and a growth of social cooperatives that assumed a dominant role in the definition of the territorial welfare framework. Furthermore, the scarcity of public resources accentuated the propensity of the Neapolitan third sector to be even more market-oriented (Corbisiero, 2009): in fact, the reduction of public expenditure characterized this new phase of the relationship between the public actor and nonprofit institutions, which tried to organize an efficient territorial welfare state after the retreat of the public institution from the process of provision of social services.

In this regard, local third sector organizations activated new relations with a variety of territorial public and private partners and opened social capital resources and financing channels, operating through vertical and horizontal subsidiarity principles, mainly acting through informal processes based on trust and networking (Delle Cave, 2014). Nowadays, many of these organizations manage a conspicuous part of the services externalized by the municipal administration, consolidating their leadership role through a gradual organizational growth and the extension of their action over a vast territorial area. Furthermore, many traditional social cooperatives and associations adhere to national federative organisms

(second and third level organizations), assuming a strong bargaining power at regional level and being the main protagonists of the “Third Sector Regional Forum”.

In conclusion, it seems that Neapolitan third sector organizations actively participate in the local welfare-building process, operating as connecting actors in a system of interdependent points (Corbisiero, 2012; Piselli, 2010). Along the years, the sector experienced the consolidation of the role of social cooperatives that became crucial in the governance process, also being able to integrate different action plans (from political to institutional to economic ones). They strongly rooted at the territorial level and found in personal resources, networking and civic mobilization, the fundamental components to guarantee continuity and stability in their development process (Delle Cave, 2014). From this context, it emerges that Neapolitan third sector organizations share a series of relational, professional, informative resources that allow them to structure innovative interventions in the fields of social disadvantage. Nevertheless, because of the changes in the welfare dynamics and the management of public resources, a part of the local third sector is moving from a philanthropic character towards an entrepreneurial dimension that implies the attempt to generate economic development and employment. Indeed, after the crisis of the welfare state and the reduction of public financial resources, many nonprofit organizations are forced to integrate their solidarity actions with market operations, assuming a capillary diffusion over the municipal territory also through the raising of networks in which local organizations may catch new social and economic opportunities (Delle Cave, 2014).

Conclusion to Chapter III: merging the contexts

As underlined, Naples public administrations, since the post-war so far, always conceived peripheries as places of industrial or residential presence (often confusing both aspects in a chaotic territorial configuration). In the 1970s, a plan for peripheries was launched (mainly recurring to law 167/1962), becoming a reference point after the 1980 earthquake when reconstruction works financed by law 219/1981 led to a new building expansion and the consequent saturation of the living space (especially in the Northern periphery). In the 1990s, on the contrary, some initiatives were taken in order to animate peripheral neighbourhoods through cultural activities that actually did not reach the expected results and that further underlined an alarming social crisis (also exploded in indignation and civil protests). In those years, the centralistic vision of urban planning mainly focused on the regeneration of the city’s historical centre and on the transformation of Naples into a cultural tourism city, also assuming a new national and international image (Laino, 2008).

On the other hand, despite interventions in peripheral areas were occasional and temporally limited, in the 2000s, many innovative social policies were approved: a fruitful collaboration between the public administration and third sector organizations (financed through law 216/1991), realized a municipal plan for childhood and adolescence, an experimental plan of minimum income of insertion and an innovative plan of socio-health services (through law

328/2000) that allowed the realization of a series of interventions for residents in peripheral neighbourhoods (even though few thousands of citizens were involved).

Nevertheless, it results evident that Naples' strategic policies never concretely took into account citizens' needs, leading to social degrade, exclusion and marginalization in peripheries and impeding local development and participation in public decisions. Currently, however, the city needs a new urban vision capable of overcoming its decline and definitively expressing its identity as a post-industrial city, stimulating economic development and fighting against social marginality and exclusion in a sustainable manner. In fact, the global competition context forces Naples to promote its image, attract resources, create a new city brand and position itself on the global market. As in other cities, however, the risk is that of focusing only on the "spectacle" of city centre, further neglecting peripheries and urban contexts where development and regeneration policies are urgently needed (De Vivo, 2013; De Rosa and Di Palma, 2013).

Indeed, regarding the city's historic centre, identification, preservation and valorisation of cultural heritage seem to be the tools chosen by the current public administration in order to reinforce the role of Naples as a cultural city, evidencing connections between economic, social, environmental and cultural factors as engines of urban development and regeneration. Actually, processes experienced by many European port cities in the last decades (Barcelona and Marseille are the most famous examples), may inspire Naples in its regeneration process, identifying critical success factors and good practices, but also negative consequences and mistakes, always considering Naples' stratified urban fabric, its tangible and intangible cultural values, and its particular nodal position within the Mediterranean basin (De Rosa and Di Palma, 2013).

Now, a culture-led urban regeneration strategy is not only based on the conservation of cultural heritage, but it integrates the production of new creative synthesis and contents between tradition, continuity, identity and innovation that inspire new paths of development through "alternative" artistic and creative productions that often find their space in peripheral and depressed contexts. As we will better see in the next chapter, urban creativity, street art, graffiti, hip hop music are some examples of artistic productions that directly interact with urban peripheral landscapes – considered as places of experimentation – and that conceptualize artists and art-based organizations as community integrated agents, acting for reaching common interests, affirming cultural identities and mobilizing for better life conditions (Belli, 2006). In this view, innovative urban regeneration policy models should be based on relational, economic, environmental, artistic, cultural and social circuits of value creation in order to develop an entirely sustainable economy. Reaching this objective necessarily implies the fundamental participation of social enterprises, foundations and nonprofit organizations as well as the third sector in general: these actors are essential in recognizing the centrality of social relations and common goods such as landscape, cultural

heritage and environment (De Rosa and Di Palma, 2013), but also in acting in substitution of public actors in many depressed contexts (Donzelot, 2008), carrying out projects of work insertion, empowering individual capacities, trying to reduce inequalities and operating as mediators between institutions and local residents (Gardini, 2016).

Of course, third sector organizations' solutions cannot be exhaustive in the response to urban problems, as they always need the participation and contribution of public and private interventions, at least in funding. Nevertheless, the State even more counts on the third sector in carrying out those social services that in the past were a public prerogative but that currently the public actor is no longer able to provide. In fact, the raise of neoliberal policies, privatizations and speculations (Lanzani, 2006), and the contraction of public initiatives because of large public debts (Peck and Tickell, 2002) in the last decades limited the possibility of urban welfare and assistance for all people (Castel, 2011), leaving many peripheral neighbourhoods in degraded and marginal conditions.

Particularly focusing on urban regeneration, this process touches social, economic and cultural aspects (housing, social exclusion, integration, education, culture, legality, safety and socio-spatial degrade) that should be addressed through bottom-up initiatives that aim to modify the urban space (Punziano, 2016). In Naples, in this last regard, third sector organizations – especially social cooperatives and social enterprises – may play a predominant role in the development of depressed neighbourhoods through the transformation of social exclusion issues in improvement opportunities (Gardini, 2016), the urban regeneration of abandoned areas (such as Bagnoli), the provision of social protection in urban welfare policies and a more general response based on the construction of social, cultural and economic capital.

Such a mechanism would imply a mutation also in the form of collective actions in the city, i.e. a new governance model based on a process of governing in which public policies are no longer implemented by a single actor, but a multiplicity of agents can intervene in the decision-making process and in making collective choices (Jessop, 1995; Rhodes, 1997; Bagnasco and Le Galès, 2000). Thus, also urban policies for peripheries should take into account these important changes at the governance level, including strategies for urban regeneration that assign an active role to local actors through a bottom-up logics of intervention (Governa and Saccomanni, 2004). In this regard, a new governance model for peripheries would imply the participation of multiple actors – such as public institutions, private companies, third sector organizations and local inhabitants – in promoting development initiatives and contrasting social exclusion and marginalization. In Naples, however, the direct involvement of third sector organizations seems more urgent than in other cities, not only in giving voice to local community's needs, but also in finding alternative and creative responses, rediscovering local collective identities and stimulating

experiences of urban regeneration “from inside”, enhancing the territorial specificity of peripheral neighbourhoods.

Thus, a substantial change in governance models and in urban regeneration policies of depressed neighbourhoods would necessarily imply the integration of community, public, private and third sector resources that should interact in order to find a synthesis of various needs and objectives of transformation of the public space and contrast social exclusion. In particular, a more general urban policy that proposes a polycentric idea of the city (i.e., the existence of multiple centres rather than a single city centre; Kloosterman and Musterd, 2001), should aim to construct identities and quality of every place, including peripheral neighbourhoods, and to search complementary actions to develop relationships across various levels of the community. In particular, in Naples’ peripheral areas, an alternative inclusive model that involves public and private actors, citizens and third sector organizations could aim to create opportunities for economic and social development by valorising local resources, improving liveability and environmental quality and favouring a feeling of belonging to a specific territory (Governa and Saccomanni, 2004).

Nevertheless, innovative urban regeneration policies and governance models always require continuity in the participatory process, construction of an active network of local actors, renewed knowledge of the urban context and a new institutional culture for the public administration. In fact, the public actor should be open to the relationship with local players and in particular with third sector organizations in order to promote innovative institutional tools, overcoming departmentalization and sectorial competencies. In recent years, Naples’ public administration began a process like this in specific fields (in particular, in constructing or re-using urban common goods and shared spaces), but the building of concrete alternative policies for peripheries based on innovative governance models still lacks.

In this regard, understanding that the territory itself is the first urban common good is an absolute priority: it is formed by more common goods that belong to the community and from its territorial configuration depends the future and wellbeing of local residents (Maddalena, 2014). Consequently, private actors that pursue economic profits only, cannot substitute public actions, despite a period of crisis for public administrations in managing and providing urban welfare and social services, especially in a city like Naples. This is a further reason for opening to different local actors, such as third sector organizations, the pursuit of collective interests: environment preservation, protection of common goods, valorisation of cultural heritage, promotion of creative productions, construction of economic, cultural and social capital are all expressions of this collective interest that needs to be further implemented in peripheral neighbourhoods. For all these reasons, Naples definitively remains an experimental laboratory in which is mainly represented the contemporary urban question: a city where social vulnerability, marginalization, exclusion, competitiveness, attraction and economic potentialities are all faces of the same modernity.

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Chapter IV. Methodology and Results

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Introduction

As underlined in the previous chapters, this study mainly aims to understand if art-based third sector organizations can be recognized as engines of urban regeneration, being able to generate economic forces, attracting and efficiently allocating resources in depressed neighbourhoods, giving “voice” to local communities’ needs and requests. Moreover, it is also worth focusing on those practices and policies that should be implemented in order to enable these entities to access the economic and social resources they need to effectively operate as providers of specific services and as players of urban regeneration in depressed contexts. In order to reach these objectives and to comprehend the interactions between third sector organizations, the creative and cultural economy, and urban regeneration processes, a mixed methodology is applied.

In this chapter, we explain the different research methods and tools that we utilized during the research. Successively, we show the results obtained, underlining, however, that it is important to consider these findings in the context of the limitations of this exploratory study. Furthermore, the results from database, survey, regression, case study, fieldwork and interviews are analysed in order not only to answer the research questions, but also to advance some possible alternative solutions to the urban governance model and related policies concerning urban, social and economic regeneration of depressed neighbourhoods. Finally, we discuss these findings, hoping to stimulate the debate and the advancement of further research in a field that has been only partially addressed both by academics and policy-makers.

In fact, the importance of the creative and cultural capital in the economic development of post-industrial inner cities has been widely demonstrated by urban development literature as it interacts with the physical environment and sustains regeneration processes. Nevertheless, we sustain that also in depressed and peripheral neighbourhoods, creative, cultural and artistic nonprofit organizations, cultural associations, and independent entities can be identified as actors of substantial urban revitalization. Thus, as underlined, the main purpose of this chapter is to focus on the potential of art and culture-based third sector organizations in the emergence of virtuous patterns in urban regeneration strategies.

Data gathered from databases, interviews, analyses and surveys about the theme of not-for-profit entities engaged in revitalizing deprived areas of the city of Naples through artistic and cultural activities are provided, analysed and discussed. Within the general framework of urban redevelopment processes through specific not-for-profit models and tools, indeed, this chapter also aims to understand if these actors can be effectively identified as engines of urban regeneration and what lessons policy-makers may learn by these practices in order to build alternative policies that derive from a more inclusive, participative and multi-stakeholder governance model.

4.1. Research methods

In order to reach the research objectives, we utilized a mixed methodology that included both qualitative and quantitative techniques, implying certain difficulties in conducting the research process, especially in the way in which different types of textual data produced from various interviews and analyses fit with the quantitative data gathered from database, survey, cluster and regression analyses.

From a general point of view, we passed through different steps: first, we built our own database of third sector organizations operating in the administrative limits of the city of Naples, obtaining a snapshot of the not-for-profit sector, especially considering their territorial distribution at the neighbourhood scale, their juridical form and their social objective. The main reference utilized is the ISTAT census of nonprofit institutions (2011) and its relative sources, i.e. the official national, regional and municipal registers in which these entities are inscribed.

Secondly, we geocoded third sector organizations that were present in our database by using a geographic information system (QGIS), analysing the belonging entities having legal address in the city. Thus, we focused on the neighbourhood density of these entities, trying to understand the socio-economic factors that mostly influence their location decisions through a multiple regression model that could capture this relationship.

Thirdly, in order to obtain quantitative data, we launched a survey through the sending of an e-mail questionnaire to all the entities present in our dataset, asking about their internal structure, economic turnover, financial sources, number of employees and volunteers, relationship with the public administration and other general questions. This step was finalized to obtain quantitative data needed to statistical and cluster analyses that allowed us to develop hypotheses and make more advancement in the field.

Fourthly, we tried to deeper analyse the case of a nonprofit organization that began a process of urban regeneration in a peripheral neighbourhood of Naples in order to gather qualitative data. The specific case study organization was selected on the basis of three parameters: its activities are carried out in a Naples' depressed neighbourhood; its aim is finalized to the urban regeneration of the area; its main tools are related to artistic and cultural activities (specifically urban creativity). Of course, colloquia with researchers and experts in the field also contributed to the selection of the case study. Consequently, semi-structured interviews with stakeholders of the analysed organization were taken to identify the different driving forces, operations, outcomes and actors involved in urban regeneration projects.

Finally, also taking advantage of the visiting period spent at the Naples' Municipality between February and May 2019 – specifically at the Department for Youth Policies – we analysed some policy perspectives and tried to provide hypothetical solutions about the city's governance model. Indeed, semi-structured interviews at the institutional level were collected

in order to underline policy-making aspects about art and culture, third sector and urban regeneration, especially with city council administrators from the Departments of Culture and Tourism, Social Policies, Youth Policies and Urban Planning. The whole study – and the survey questionnaire in particular – received the patronage of Naples City Council signed by the Mayor, Luigi de Magistris.

It is important to note that the results provided in the research need to be interpreted with some caution. About the section focusing on measuring nonprofit density and spatial distribution across the city, data may present some problems associated with the presence of deceased organizations, the omission of satellite branches and the difficulty of verifying the exactness of these organizations' legal address. A further problem relating the mail survey was that not all the organizations of our dataset hold a valid mail address. Given this caution, these problems are unlikely to invalidate the results reported here.

4.1.1. Building the database

Conducting a research about third sector organizations poses a unique set of challenges especially with regard to the recognition of the role that these organizations may play not only under a general welfare perspective, but in the urban regeneration of depressed neighbourhoods in particular. The core activity of this reconnaissance is to explore existing connections among third sector organizations, creative and cultural activities and urban regeneration in Naples' peripheral and depressed neighbourhoods. Consequently, the primary data-gathering task is that of identifying third sector organizations with legal address in the city in order to have a more definite snapshot of the sector in the local urban context, particularly underlining the territorial distribution, the juridical form and the social objectives that these organizations pursue.

By “third sector organizations”, we refer to all those institutions that have the legal status of third sector entity and are inscribed in specific national, regional and municipal registers. As explained in the previous chapter, in Italy, third sector organizations represent a new typology of entities introduced by the reform of the third sector (law 106/2016, art. 4, comma 1, let. b) and described by the “Codex of the Third Sector”. According to law 106/2016, the belonging organizations pursue not-for-profit, civic, solidarity and social utility aims through carrying out one or more activities of general interest in form of voluntary action or free provision. Of course, political parties, public entities, private for-profit firms, trade unions and category associations are not considered as third sector organizations.

Conversely, the belonging entities should inscribe in the “National Register of Third Sector Organizations” and assume the legal status of: voluntary organizations, social promotion associations, philanthropic entities, social enterprises (including social cooperatives), associative networks (consortia), mutual societies, associations, foundations, committees,

non-governmental organizations of international cooperation, amateur sport associations and religious entities. Furthermore, art. 4 of law 106/2016 is the cornerstone for the individuation of the activities that characterize the sector: these activities of “general interest” that third sector organizations pursue have to be carried out coherently with the statutory provisions and actuated through modalities that imply the wider conditions of access of beneficiary subjects. This article explicitly establishes that “third sector organizations exercise in exclusive or principal way one or more activities of general interest”, to be individuated according to criteria that take into account civic, solidarity and social utility aims.

In order to understand Naples’s third sector, we mainly referred to the ISTAT Census of nonprofit institutions (*9° Censimento delle Istituzioni Non Profit*, 2011), which is the most upgraded and completed census in the analysis of third sector organizations at the urban scale. Census data allowed us to obtain a deeper knowledge of economic, cultural, social and welfare roles of not-for-profit entities in Naples through the use of a wide range of administrative sources. The ISTAT Census, indeed, defines these institutions as those “juridical-economic units with or without juridical personality, of private nature that produce goods and services destined or not destined to be sold and that, based on the existing laws or their own statutory norms, do not have the right to distribute, even indirectly, profits or other earnings different from the remuneration of work of the founding subjects or members”⁸².

Specific administrative registers were used by ISTAT in order to take a Census of nonprofit institutions in Italy: this database is a methodological starting point for the collection of all the necessary updated information about the belonging organizations, despite the difficulties encountered because of the fragmentation of the legal system. These sources also are a starting point for the present contribution as we built our own dataset of third sector organizations with legal address in Naples through the screening of the administrative registers reported in the methodological note of the 2011 ISTAT Census.

These administrative sectorial sources include: lists of associative entities that compile the EAS model; lists of entities that benefit of *5 per mille*; registers of nonprofit organizations of social utility (ONLUS); registers of amateur sport associations; lists of non-governmental organizations; regional registers of voluntary organizations, social promotion associations and social cooperatives; lists of non-public schools; registers of social welfare entities; lists of foundations; registers of anti-racket organizations; lists of ecclesiastic entities. The following table reports the administrative registers of nonprofit institutions used by ISTAT in building the Census (Table 1):

⁸² This definition responds to the indications provided at the international level by the System of National Accounts (SNA938 and SNA20089), by the European System of Economic Counts (SEC9510 e SEC2010) and by the Handbook on Nonprofit Institutions elaborated by the Statistical Division of the United Nations.

Table 1. Administrative sources used by ISTAT, Census 2011

Entity	Source
Agenzia delle Entrate	Enti associativi – Modello EAS
Agenzia delle Entrate	Anagrafe delle ONLUS
Agenzia delle Entrate	Enti beneficiari del contributo 5 per mille dell'IRPEF
CONI	Registro associazioni e società sportive dilettantistiche
Ministero dell'Istruzione	Anagrafe scuole non statali
COVIP	Fondi pensione chiusi o negoziali preesistenti
Ministero degli Affari Esteri	Elenco organizzazioni non governative
ACRI	Fondazioni bancarie
Ministero del Lavoro	Registro nazionale associazioni promozione sociale
Ministero dell'Interno Ufficio Territoriale Governo	Organizzazioni antiracket e antiusura nel registro delle persone giuridiche nazionali
CEI	Elenco enti ecclesiastici
Regioni e Province	Registri delle organizzazioni di volontariato (L.266/1991)
Regioni e Province	Registri associazioni promozione sociale (L.383/2000)
Regioni e Province	Albi delle cooperative sociali (L. 381/1991)
Regioni e Province	Registri delle persone giuridiche (DPR. 361/2000)
Ministero della Salute	Registri delle istituzioni sanitarie

Source: ISTAT census of industry, services and non-profit institutions, 2011

Once recognized all the administrative sources utilized by ISTAT, we moved to collect the public registers in order to build our own dataset of third sector organizations with legal address in the city of Naples. Unfortunately, we only had access to those registers that were publicly consultable on the official websites of the different entities. At the end of this process, we completed our own dataset on the basis of the following administrative sources (Table 2):

Table 2. Administrative sources used for the construction of our dataset

Entity	Source	Register
Agenzia delle Entrate	Anagrafe delle ONLUS	Registro soggetti iscritti all'anagrafe ONLUS (March 2018)
Agenzia delle Entrate	Enti beneficiari del contributo 5 per mille dell'IRPEF	Elenco permanente enti iscritti (March 2018)
CONI	Registro associazioni sportive dilettantistiche	Registro associazioni sportive dilettantistiche (January 2018)
Ministero dell'Istruzione	Anagrafe scuole non statali	Anagrafe scuole non statali della Campania (March 2018)
Ministero degli Affari Esteri	Elenco organizzazioni non governative	Elenco iscrizioni dei soggetti senza finalità di lucro (January 2018)
ACRI	Fondazioni bancarie	Elenco fondazioni di origine bancaria (March 2018)
Ministero del Lavoro	Registro nazionale associazioni promozione sociale	Registro nazionale associazioni di promozione sociale (March 2018)
Ministero dell'Interno Ufficio Territoriale Governo	Organizzazioni antiracket e antiusura	Elenco associazioni antiracket e antiusura (March 2018)

Comune di Napoli	Registri delle persone giuridiche (DPR. 361/2000)	Registro associazioni e istituzioni di carattere privato (December 2017)
Comune di Napoli	Registri delle organizzazioni volontariato (L.266/1991)	Elenco albo volontariato (September 2017)
Regione Campania	Registri associazioni promozione sociale (L.383/2000)	Registro associazioni promozione sociale (December 2016)
Regione Campania	Albi delle cooperative sociali (L. 381/1991)	Albo regionale cooperative sociali (January 2018)

After the screening of these registers, we built our own informative basis, adding the following information for each belonging organization: denomination, juridical form, social objective, legal address (postal code, neighbourhood and municipality), email address and phone contact. During the process, this informative basis was cleaned up regularly by potential errors or duplications as we tried to certify the correctness of the information and the real existence of these organizations. We double-checked their Internet websites and other platforms containing detailed information other than their inclusion in the most recent and updated registers. However, precisely the estimation of the state of activity of each organization through the administrative data was a quite complicated operation as not-for-profit institutions are not subject to the obligation of communicating the suspension of their activities.

At the end of this process, we built a dataset of 1.308 third sector organizations that have legal address in Naples (the 9th Census provided by ISTAT in 2011 counted 2.356 not-for-profit organizations in total in the city). The subdivision of these entities by location (their number per 1.000 residents in 30 Neapolitan neighbourhoods), social activity and juridical form was necessary in different respects: first, we obtained a clearer snapshot of the third sector in Naples; secondly, we looked at the typology and juridical form of these organizations; thirdly, we analysed their main sectors of activity and especially their spatial distribution in the city. The following step was the collection of socio-economic indicators about Naples neighbourhoods elaborated by the Municipality Statistical Office. Consequently, we could compare these data with the territorial distribution of third sector organizations of our dataset.

Successively, we geocoded all third sector organizations that were present in our database to explore the spatial distribution of these entities in Naples by using a Geographic Information System (QGIS), an application to analyse and edit spatial information about selected units. Other than composing and exporting graphical maps and punctually localizing units on the geographical territory of the city, QGIS allowed us to make comparisons between the localized points and specific socio-economic indicators, visualizing the results on the map itself. Thus, we compared the presence of third sector organizations of our database with specific socio-economic data for each neighbourhood, with the aim of understanding in which urban areas these entities tend to spatially concentrate.

Finally, it is from this dataset that we selected the case study organization to be analysed more in detail during the fieldwork activities and through semi-structured interviews. Indeed, the case study methodology carried on through these interviews was a justifiable rationale for conducting an exploratory study whose main goal was to develop pertinent hypotheses and propositions for further inquiry. In this regard, spending a visiting period at Euricse European Research Institute on Cooperative and Social Enterprises, in Trento, from May to September 2018, was particularly useful, especially because of the expertise gained in the building of the theoretical framework, the collection of data and the construction of the database. Indeed, during the visiting period, we acquired knowledge about the main previous theories and empirical analysis conducted so far in the nonprofit field of study, other than in more specific settings such as those of urban and social regeneration policies in depressed urban contexts. Furthermore, we built our dataset of third sector organizations starting from Euricse's updated data on numbers, distribution and profiles of these entities over the Italian territory and particularly in the Campania region and in the city of Naples. Finally, we also gained more knowledge about the methodology that researchers at Euricse utilize in their case-based analysis, receiving useful advices about the structure of questionnaires, the necessary aptitude in conducting a semi-structured interview and the best practices to apply in case-based research.

4.1.2. Quantitative research methodology

After setting up the database and mapping the distribution of third sector organizations in the urban territory of Naples, we were interested in understanding the relationship (and correlation) between this territorial density and some socio-economic factors that could affect their distribution at the neighbourhood scale. For this reason, we built a multiple regression model in order to catch this relationship. Although the results obtained should be mainly treated as exploratory and descriptive, we would like to understand what types of neighbourhoods have the largest number of third sector organizations and which socio-economic factors mainly affect this density (Rutherford, 2004).

Actually, some policy-makers and urban sociologists suggested that third sector organizations spatially locate in socio-economically advantaged neighbourhoods (Anderson, 1999; Logan and Molotch, 2007), as these areas hold the social capital necessary to secure resources and services from the nonprofit sector (Peterson et al., 2000; Vélez and Lyons, 2014) and have the attractive socio-economic infrastructures for policy-makers. Furthermore, these neighbourhoods exhibit civic engagement, residents who share similar values and goals and a stable base of community leaders. Thus, disadvantaged neighbourhoods would be expected to have fewer organizations than socio-economically advantaged neighbourhoods (Wo, 2018).

On the other hand, other scholars argued that nonprofit organizations tend to locate in disadvantaged neighbourhoods as the provision of need-based social services is their main objective (as government and the market cannot provide all social services or other public

goods, as proposed by the main theories of nonprofit), also implying a neighbourhood revitalization perspective (Powell and Steinberg, 2006; Small and Stark, 2005; Wo et al., 2016).

However, it is mostly accepted that these social organizations are crucial in building community capacity and addressing socio-economic issues such as poverty, unemployment, family disruption and delinquency. Nevertheless, few empirical researches have been conducted to assess neighbourhood differences in nonprofit organizations (especially in Europe) so that it is an open question if third sector organizations locate where they are needed or not (Small and McDermott, 2006; Yan et. al, 2014). Thus, understanding differences in the density of third sector organizations across Naples neighbourhoods may provide important insights for local policy-makers in terms of access to services and goods, especially in relation to social disadvantage indices. Accordingly, in this study, we examined the influence of social disadvantage on nonprofit density across Naples throughout a multiple regression model that captured the relation between density and socio-economic indicators. Consequently, in our model the dependent variable was the density of third sector organizations in 30 Neapolitan neighbourhoods (the number of these entities per 1.000 neighbourhoods residents); while, explanatory variables included unemployment, employment, juvenile concentration and education rates per neighbourhood, provided by the Naples Municipality Statistical Office (Comune di Napoli, 2017).

Unemployment and employment rates were chosen to reflect the community economy that enables residents to use or support the local third sector and to represent the state of its economic performance and needs (Kim, 2013; Saxton and Benson, 2005). The juvenile concentration rate was included as measure of the relationship between under 25-year-old resident population and the whole resident population. While the education rate indicated the relationship between the population holding a secondary school diploma and the whole over 25-year-old population. In this regard, from a supply-side perspective, some scholars argued that higher levels of income and education have positive effects on the supply of trust and collective goods by nonprofit organizations as these factors reduce the costs associated with forming and controlling such an organization (Ben-Ner and Van Hoomissen, 1991; Marcuello, 1998; Matsunaga and Yamauchi, 2004).

However, several limitations can already be detected: (1) not all the organizations may serve the members of the communities in which they are located, although some studies indicate that location matters as many of these entities are designed specifically to benefit their surrounding neighbourhood and the residents of that community (Wolpert, 1993; Silverman, 2001); (2) the study offers a snapshot of a single period in time and therefore may not provide definite information about causal changes over time as a longitudinal study would; (3) we count on a database of 1.308 organizations, implying the problem of the validity of the addresses reported and the effective services provided by the belonging organizations.

Nevertheless, the following step was related to the collection of quantitative data through the survey tool. Between February and May 2019, we conducted a survey directed to third sector organizations of our database in order to identify their internal structure (number of employees, volunteers, members), financial resources, motivations, perspectives and relationships with the public administration. Specific literature on survey questionnaires and informal talks to some experts – especially from Euricse – were very useful in order to improve the protocol's structure. Of course, the case study interviews and the previous literature on this field were of paramount importance in the selection of those questions that eventually entered in the survey questionnaire.

The survey instrument was structured in four parts, including a total of 19 questions. The first part asked about the organization's internal structure: number of members, owners, volunteers, employees and completed projects (questions 1 to 6). The second section regarded the organization's financial resources, those needed for opening the activities, the last three years' economic turnover, the main funding institutions and the related percentage of financing (questions 7 to 11). The third section included questions about motivations that led to set up the organization and carry out its specific activities, also focusing on the social relations these entities have with other Neapolitan third sector institutions (questions 12 to 14). The final section comprises questions about the relationship between the organization and the public administration, especially focusing on the degree of trust it puts in policies and tools developed by the public actor (questions 15 to 19; see Appendix).

The survey was conducted via the Internet using "SurveyMonkey", an online survey development cloud-based software that provides customizable surveys, as well as a suite of back-end programs that include data analysis, sample selection, bias elimination and data representation tools. Of course, this kind of survey had the great advantage of eliminating unwanted interviewer effects and providing more privacy when answering sensitive questions, other than being timeliness and low costs. However, this Internet survey faced the typical challenges of web-based surveys, such as little control over respondents to the questionnaire and absence of the interviewer to solve difficulties and misunderstandings. In fact, the only communication between the researcher and the respondents was via wording questions and the way they were formatted. Thus, respondents were on their own to figure out what to do, with the resulting consequences for data quality. For this reason, all information about the study and the questionnaire was carried by the questionnaire itself and by accompanying instructions about the explanations on the goal and content of the study and on how to respond. As with any survey, non-response bias – the fact that the members of the sample who did not respond would have provided different answers than those who did – was a significant interpretive problem. However, it seems logical to assume that non-respondents were less concerned with the issues proposed in the questionnaire, although the questions were quite general.

On the other hand, in order to build the most valuable questionnaire possible, we tried to follow Krosnick and Presser (2010), in particular about: (1) using simple familiar words and a simple syntax, as questions that contained unfamiliar or technical terms would have been difficult for respondents to answer, while by writing questions using simple words and defining uncommon or technical phrases, we tried to decrease the potential for vocabulary problems; (2) avoiding words with ambiguous meanings and using specific and concrete wording that made response options exhaustive and mutually exclusive especially through providing respondents with time boundaries of a precise reference period; (3) avoiding questions that would have pushed respondents toward an answer; (4) asking about one thing at a time in order to avoid unreliability as respondents had to decide on their own how to deal with this ambiguity; (5) asking easy questions at the very beginning of the questionnaire to address the topic of the survey, while grouping together questions on the same topic, moving from general to specific. In order to reach these objectives, before sending, the questionnaire was tested by experts in survey research and by face-to-face interviewees who were asked to verify the clarity and the accuracy of questions.

Furthermore, we built the form, giving respondents a way to accurately report their answers both through closed-ended questions that provided a list of alternatives and open-ended questions that did not provide a set of responses, but rather allowed respondents to answer in their own words. For some specific closed-ended questions, we designed rating tasks using categories labelled with words, rather than just labelling the end points or using numbers as there was evidence that respondents gave more consistent (and hence reliable) answers to these kinds of questions (Krosnick and Fabrigar, 1997; Fowler and Cosenza, 2008). The set of possible responses in close-ended questions was chosen referring to specific literature (e.g. on social capital) or data (e.g. the average number of employees in Neapolitan not-for-profit organizations; Delle Cave, 2018).

In addition, we assured that respondents' data were kept secure and anonymous, i.e. a response could not be linked to a person's name or organization, although we needed respondents' identification to prevent multiple responses and follow up non-respondents (De Leeuw and Hox, 2008). Definitely, the following elements formed part of the questionnaire: introduction, motivation, information regarding contents and instruction to respondents. (1) The introduction was meant to indicate the topic of the request for the answer; (2) the motivation explained the broader purpose of the research to stimulate respondents to answer questions; (3) the information regarding the content clarified and explained the content of the survey item; (4) instructions to respondents were given in order to clarify the way in which they had to complete the questionnaire (Saris and Gallhofer, 2007).

Successively, results were analysed through a cluster analysis in order to classify units into groups of homogenous observations (Filho et al., 2014), i.e. groups of similar objects or individuals that were gathered into clusters as they were more alike to each other than to other clusters (indeed, observations within a specific cluster were more homogeneous than observations between clusters; Aldenderfer and Blashfield, 1984; Hair et al., 2009).

This technique was also chosen because sample size in the analysis was not related to statistical inference as the aim was not to estimate to what extent the results found in the sample could be extended to the population, but only in representation of small groups (considering the difficulties in receiving sufficient reliable data). In fact, in cluster analysis, there is no general rule to specify a minimum sample size even though the recommendation is to obtain the greater number of variables and cases possible.

In this regard, we selected nine qualitative variables included in our questionnaire (that were all independent and not statistically significant) in order to estimate the distance between clusters, before defining the similarity measure. These nine variables were: number of members, volunteers, and employees; number of jobs created; initial capital invested; financing sources; number of contacts with other third sector organizations in the last month; relationship and trust in the local public administration. Then we defined how clusters had to be created through a hierarchical clustering method: we opted for the Gower Distance, a distance measure that can be used to calculate distance between entities whose attributes have a mixed of categorical and numerical values, as in our case (Gower, 1971). Then, to classify Neapolitan third sector organizations into clusters, we chose the Ward's method, a minimum variance method that suggests a general agglomerative hierarchical clustering procedure, where the criterion for choosing clusters to merge at each step is based on the optimal value of the error sum of squares (for this reason, the Ward's method is also called Ward's minimum variance method; Ward, 1963). The cluster analysis was realized by using the "R" statistical software.

Finally, as this analysis aimed to segment Neapolitan third sector organizations data into meaningful clusters, these clusters were reviewed, evaluated and discussed to better understand behaviours that linked those organizations within a cluster and differentiate them from those in other groups (Facca and Allen, 2011). Following Milligan (1996), we tried to build a typical cluster analysis in which we identified: (1) the units we clustered that were representative of the Neapolitan third sector; (2) the variables that were included as relevant for our study; (3) the missing values (whose proportion was low, fortunately); (4) the proximity measure (Gower) that we chose as the most appropriate for the kind of data we held; (5) the clustering method designed to recover the types of clusters (Ward) and the consequent cuts; (6) the interpretation that we graphically represented in order to provide insights into the data structure.

4.1.3. Qualitative research methodology

The further step of the research was related to: (1) the selection and analysis of a specific case study organization that operates in a Naples' depressed neighbourhood and that aims to the urban regeneration of the area through artistic and cultural activities; (2) the analysis of the policies implemented by the public administration in order to enable third sector entities to access the economic and social resources they need to effectively operate as providers of specific services and as players of urban regeneration in deprived contexts.

The case study methodology research was chosen because of the specific research questions that seek to explore the contemporary circumstances of the phenomenon, requiring an extensive and in-depth description. In fact, not only the forms of the research questions (mainly “what” questions) indicated a rationale for conducting an exploratory study, but also the fact that the analysis concerns contemporary events (the recent past and the present) reinforced the choice for the case-based methodology in this phase (Yin, 2018). Furthermore, we chose this specific methodology in order to get direct data from interviews to persons who were straight involved in the studied events and to deal with a full variety of evidence – documents, artefacts and direct observations – that would have been difficult to obtain through conventional methods.

First of all, we conducted a screening of the candidate cases, starting from the entire pool of Naples' third sector organizations present in our dataset. Then, we defined three relevant criteria for reducing the number of candidates, arriving to only a dozen of potential case studies. The following three criteria were utilized for the selection of the final case study: (1) the spatial localization of the entity, i.e. an organization that operates in a Naples' depressed and peripheral neighbourhood as emerged by the socio-economic indicators of official administrative statistics (ISTAT Census 2011); (2) the final objective of the organization, i.e. the urban regeneration of the territory in which it works, especially through the recovery and reuse of abandoned buildings, creation of an artistic heritage and valorisation of local skills; (3) the tools, activities and projects used by this institution, i.e. artistic and cultural activities (specifically urban creativity) aimed at the regeneration of the spaces and the improvement of the socio-economic conditions of local residents. Furthermore, the interrogation of people knowledgeable about the case study organization and other researchers and experts of the field also contributed to the selection of this final case study. At the end of this process, the organization selected as case study was *Arteteca*, located in the Eastern peripheral neighbourhood of Ponticelli.

Secondly, once selected the nonprofit organization to be analysed, we built a case study guideline focused on a set of substantive questions to be used in collecting the case evidence. This overall guideline included an overview of the case study organization (issues, mission and goals), a data collection procedure (identification of data sources, key interviewee, specified periods of time in which collecting data), general questions to insert in the questionnaire for the interviews.

Third, in order to construct validity, multiple sources of evidence were collected during the case study (following the principle of data triangulation): documentation such as articles appearing in the media or newspaper, documents, proposals, reports and other existing publications related to the organization. Of course, this documentation was useful even though not always accurate; for this reason we did not accept it as literal recordings of events that took place but as documents to provide specific details to corroborate information from interviews.

Forth, because of the exploratory nature of this contribution and the specific research questions we aim to address, a semi-structured interview data collection strategy was chosen as main methodological tool (Richards and Morse, 2007; McIntosh and Morse, 2012; Morse, 2012). The qualitative research interview was: (1) built as semi-structured, i.e. neither an open everyday conversation nor a closed questionnaire; (2) conducted at the respondents' place of operations in order to help interviewees to feel more comfortable (Naumes and Naumes, 2012); (3) carried out between October 2018 and January 2019, taking different steps according to the interviewee's availability to answer questions; (4) transcribed, i.e. written text and sound recording together constitute the materials for the subsequent analysis of meanings (Brinkmann and Kvale, 2015). Nevertheless, given the emphasis on how the respondent made its experiences meaningful and the typical lack of quantification during the analysis, the semi-structured interview was not utilized for producing generalizable results.

Of course, before starting the interview, we made sure that the respondent had understood the aim of the interview, assuring him that data were managed confidentially. We first constructed a specific protocol of questions on the basis of the three research questions, i.e. from the main general question we developed a series of deeper and more detailed sub-questions (Johnson and Rowlands, 2012). This protocol was composed by 40 questions: two or three introductory icebreaker questions; several transition questions that explained the purpose of the interviewing project; about ten key questions for each main research purpose that addressed the heart of the interview; a summarization of the interviewer about some of the main points emerged. The interview was conducted face-to-face, for a total of 05:11:43 recorded hours (included the follow up questions realized after a first analysis of the answers in order to clarify some aspects), remaining open-ended and following the protocol quite closely (of course we also asked for aspects that were not included in the protocol and that emerged during the interview).

This is an additional reason for utilizing semi-structured interviews: this methodology allowed us to follow certain topics given in the interview protocol and, at the same time, being open to the interviewee's personal way of talking about relevant topics (Flick, 2014). As already underlined, data were recorded using technical media (tape recording) and, of course, their transcription was a necessary step on the way to their interpretation (Bruce,

1992). However, handwritten field notes also were important, although far inferior to audio recording (Lofland and Lofland, 1995). During the interview, we evaluated answers of the interviewee and asked further questions in order to summarize and check to have understood properly.

Fifth, for the qualitative interview, a process of content analysis was conducted. First of all, we transcribed the whole recorded interview from the oral to the written discourse. The time needed to transcribe 60 recorded minutes was about 5 hours that resulted in 48 single-spaced pages. Successively, data were separated from the interview context for analysis, coding the relevant passages, skipping less relevant and repetitive ones.

Sixth, we moved to the interview verification based on issues of reliability and validity, i.e. on whether knowledge produced through the interview could be considered objective. In this case, objectivity as freedom from bias referred to reliable knowledge, checked and controlled, undistorted by personal bias and prejudice: we tried to reach this kind of objectivity through sending our interpretations to the interviewee in order to check if we had properly understood the exact meanings of sentences and allusions.

Finally (seventh), we reported the interview with the overall implications of results, trying to answer the original research questions and involving theoretical and practical implications of the findings. In many cases, we reported the situations described by the interviewee in his own words or with the actual raw data as recommended by different case study researchers (Naumes and Naumes, 2012). During the writing of the case, furthermore, we tried to combine direct quotes and objective observations as it was shown to be the best way of presenting the case study itself.

As underlined, other than analysing a case study nonprofit organization, we would like to investigate the policy perspectives offered by the Naples Municipality concerning the themes of urban regeneration, third sector and cultural activities. For this reason, our request of spending a visiting period between February and May 2019 at the Department for Youth Policies of the Naples Municipality was accepted by Assessor Alessandra Clemente. During this period, we had the chance to focus on: (1) completing the survey questionnaire to be sent to our database organizations receiving the support of the Department; (2) the acquisition of available data concerning third sector entities operating in the city; (3) to conduct semi-structured interviews with policy-makers and stakeholders from the Municipality; and (4) to participate to inter-department meetings and roundtables with different actors coming from the public administration, the third sector and the local community. Furthermore, the agreement signed between the University of Trento and the Naples Municipality implied that research results were shared with the public administration in terms of data and potential solutions produced, especially after receiving the support and the patronage of the Naples Municipality itself. Policy-makers, assessors and councillors we interviewed as the best informants about the policies developed by the public administration in the field of social inclusion and urban regeneration, are listed in Table 3.

Table 3. Naples Municipality interviewed stakeholders

Name	Function	Department	Interview date	Duration
Daniela Buonanno	Department Staff	Common Goods and Urban Planning	07-05-2019	33:27
Alessandra Clemente	Councillor	Youth and Heritage	08-04-2019	20:55
Federica Cola	Coordinator	Board for Urban Creativity	30-04-2019	52:18
Gaetano Daniele	Councillor	Culture and Tourism	10-04-2019	19:49
Roberta Gaeta	Councillor	Social Policies	20-06-2019	48:52

Finally, on the one hand, the analysis of a nonprofit organization which operates in a depressed neighbourhood through urban creativity and, on the other hand, the perspectives provided by policy-makers and councillors from the Naples Municipality, allowed us to get deeper insights into needs and requests of third sector organizations and problems and responsibilities faced by the public administration in dealing with scarce social, economic and urban resources in peripheral areas of the city and to advance some policy implications and suggestions about future possible urban governance models to be adopted in Naples.

4.2. Findings

After having explained the mixed methodological tools we used during the research, we now move to report and analyse the results we obtained. As seen, we analyse results from different sources: (1) the descriptive statistics of our own database were useful to understand how the Neapolitan third sector is structured, especially in terms of territorial distribution at the neighbourhood scale, juridical forms and social objectives, also visually representing the neighbourhood density of these entities through QGIS maps.

(2) Starting from spatial results, we were interested in understanding the relationship between the density of these organizations at the neighbourhood scale and some socio-economic factors that may influence the location decision. In this meaning, we analysed the results coming from the regression model we built in order to capture this relationship. On the other hand, the descriptive statistics obtained from the survey questionnaires were used to deeply analyse specific elements of third sector organizations such as internal structure, economic turnover, financial resources, number of members, employees, volunteers, relationship with the public administration and with other not-for-profit entities. From here, we built a cluster analysis to classify homogenous organizations on the basis of specific variables derived from questionnaire responses.

(3) Finally, the analysis of the case study focused on a nonprofit organization that aims to the urban regeneration of a Naples' depressed neighbourhood through artistic and cultural activities, trying to understand which role it actually plays, not only from an urban point of view, but also socially and economically speaking. On the other hand, the analysis of the

policies implemented by the Naples Municipality in the field of social inclusion, relation with third sector, urban planning and cultural and artistic activities was the last step needed to understand how not-for-profit entities may operate as players of urban regeneration in deprived contexts of the city.

Of course, once reported the results of our analyses, we moved to the discussion of the obtained findings, especially focusing on policy implications that could derive from them. The last section, indeed, is dedicated to policy perspectives that may rise in Naples, also trying to propose some suggestions that may be addressed by the public administration in the field of urban governance and regeneration processes of peripheral neighbourhoods of the city. In this regard, as most observers of the nonprofit sector recognize (Gronbjerg and Paarlberg, 2001), these entities are strongly embedded in the society in which they are located. Consequently, because of their capacity of recognizing social problems, satisfying specific needs, giving the opportunity for citizens' participation, generating economic and social capital, these organizations should be even more considered by governments in decision-making structures, especially at the urban governance level. In fact, if third sector entities are able to undertake collective action for public benefit, why do not policy-makers allow them to take on major responsibilities in addressing problems of social disadvantage, poverty, unemployment and urban degrade? A new governance model, which includes a number of different actors and sectors and the implementation of specific tools of partnerships and co-planning, may be possible answers to the previous question.

4.2.1. Database analysis

As described in 4.1.1., we built a dataset of 1.308 third sector organizations that have legal address in Naples, as our starting point for the following analyses. In this paragraph we report descriptive statistics of data resulting from the database analysis in order to have a snapshot of the Neapolitan third sector on the basis of a sample of these 1.308 belonging entities. We mainly look at some aspects related to the characteristics of these institutions such as location, social object, juridical form, etc., comparing these data with specific socio-economic indicators that were available at the neighbourhood scale and geocoding these organizations by using QGIS maps. As previously underlined, data about these organizations were provided by official national, regional and municipal registers that referred to the period 2017-2018, representing the most updated and recent available sources.

Looking at the spatial distribution and density of third sector organizations in Naples, we found a very high positive correlation between the neighbourhood population size and the number of these institutions per neighbourhood ($r = .99$). Consequently, we adjusted the count of third sector organizations for the size of neighbourhood population by computing the number of these entities per 1.000 residents. The result was that the distribution of these organizations is not homogeneous across the urban territory, as they tend to locate in specific neighbourhoods of the city. In fact, there are significant variations in the number of

registered not-for-profit organizations per neighbourhood ranging from 6 in San Pietro a Patierno to 111 in Chiaia (the average number of not-for-profit organizations per neighbourhood is 44). However, considering the nonprofit density per 1.000 residents, the average was 1,9, ranging between 0,3 and 10, in the neighbourhoods of San Pietro a Patierno and San Giuseppe, respectively (Table 4).

On the other hand, the main juridical form these organizations adopt is that of the simple association (37,0%), followed by the amateur sport association (19,3%) and the social promotion association (12,0%). In total, despite its diverse declinations, the associative form is the most representative one, reaching 68,3%. Associations are followed by voluntary organizations (9,5%) and religious entities (8,6%), both historically embedded in the urban fabric and the social context of the city. Conversely, social cooperatives reach a total amount of 7,2%, being divided into B-type (0,6%), mixed A/B-type (1,1%) and A-type ones (5,5%) (Table 5). Less represented are other juridical forms as they only reach 6,5% divided between foundations (5,7%) and other structures (0,8%). Actually, these data reflect the regional and national frameworks presented in chapter III: associations continue to be the most represented juridical form, being mainly involved in socio-assistance, healthcare and education activities.

Looking at the sector of activity, indeed, amateur sport is the main field in which these entities are engaged (20,6%), followed by institutions that deal with socio-assistance (16,0%), education and professional training (15,4%) and socio-health activities (9,3%) (Table 6). Actually, differently from ISTAT (2011), we divided sport activities from cultural and artistic ones, finding that the latter represent 7,0% of the total, only. However, if we consider the aggregate data of assistance services, unifying socio-assistance and socio-health activities, we register the highest percentage (25,3%). Conversely, sectors in which we find a reduced engagement (less than 3,0%) are: scientific research (2,9%), work insertion (1,8%), development cooperation (1,4%), civil defence (1,1%), social tourism (0,8%) and other activities (0,8%).

Table 4. Third sector organizations per neighbourhood and municipality in Naples. Absolute and percentage values and third sector organizations per 1.000 residents

Neighbourhoods	a.v.	%	Per 1.000 residents
Chiaia	111	8,5	2,9
Posillipo	35	2,7	1,5
San Ferdinando	56	4,3	3,0
1st Municipality	202	15,4	2,5
Avvocata	55	4,2	1,7
Mercato	25	1,9	2,7
Montecalvario	32	2,4	1,4
Pendino	46	3,5	2,7
Porto	44	3,4	9,1
San Giuseppe	52	4,0	10,0
2nd Municipality	254	19,4	2,8
San Carlo all'Arena	109	8,3	1,6
Stella	32	2,4	1,0
3rd Municipality	141	10,8	1,4
Poggioreale	71	5,4	3,0
San Lorenzo	64	4,9	1,3
Vicaria	17	1,3	1,1
Zona Industriale	12	0,9	1,9
4th Municipality	164	12,5	1,8
Arenella	91	7,0	1,3
Vomero	94	7,2	2,1
5th Municipality	185	14,1	1,6
Barra	30	2,3	0,8
Ponticelli	47	3,6	0,9
San Giovanni a Teduccio	14	1,1	0,6
6th Municipality	91	7,0	0,8
Miano	18	1,4	0,8
San Pietro a Patierno	6	0,5	0,3
Secondigliano	15	1,1	0,4
7th Municipality	39	3,0	0,5
Chiaiano	39	3,0	1,7
Piscinola	14	1,1	0,5
Scampia	20	1,5	0,5
8th Municipality	73	5,6	0,8
Pianura	35	2,7	0,6
Soccavo	39	3,0	0,9
9th Municipality	74	5,7	0,7
Bagnoli	22	1,7	0,9
Fuorigrotta	63	4,8	0,9
10th Municipality	85	6,5	0,9
Naples	1.308	100,0	1,4

Source: Our elaboration

Table 5. Third sector organizations by juridical form. Absolute and percentage values

Juridical forms	a.v.	%
Association	893	68,3
-Simple association	484	37,0
-Amateur sport association	252	19,3
-Social promotion association	157	12,0
Voluntary organization	124	9,5
Religious entity	112	8,6
Social cooperative	94	7,1
-A-type social cooperative	71	5,4
-A/B-type social cooperative	15	1,1
-B-type social cooperative	8	0,6
Foundation	75	5,7
Other	10	0,8
Total	1.308	100,0

Source: Our elaboration

Table 6. Third sector organizations by sector of activity. Absolute and percentage values

Sector of activity	a.v.	%
Amateur sport activities	270	20,6
Socio-assistance services	209	16,0
Education and professional training	201	15,4
Socio-health services	121	9,3
Protection of human, civil, societal and political rights	94	7,2
Cultural, artistic and recreational activities	91	7,0
Charity	76	5,8
Valorisation of the nature and environment	51	3,9
Valorisation of the cultural heritage	41	3,1
Legality, peace and nonviolence promotion	39	3,0
Scientific research of social interest	38	2,9
Work insertion	23	1,8
Development cooperation	18	1,4
Civil defence	15	1,1
Touristic activities of social interest	11	0,8
Other activities	10	0,8
Total	1.308	100,0

Source: Our elaboration

What is even more interesting is comparing the spatial distribution of these organizations with specific socio-economic indicators per neighbourhood. In this case, socio-economic indexes were provided by the Naples Municipality Statistical Office (Comune di Napoli, 2017)⁸³. In this phase, we only tried to catch a superficial relationship between the density of

⁸³ Specifically, the municipal data we utilized were the following: *Atlante Statistico dell'Area Napoletana* (Comune di Napoli, 2011); *Elaborazione sui dati della Lista Anagrafica Comunale al 31 dicembre 2016* (Comune di Napoli, Servizio Statistica, 2016); *Elaborazione sui dati definitivi ISTAT relativi al 15° Censimento generale della popolazione*

third sector organizations and social and economic factors that could influence the location choice at the neighbourhood scale. As main reference, we used a synthetic index utilized by the Naples Municipality to explore the social disadvantage per neighbourhood. This social disadvantage index (*Indice di Disagio Sociale*) was built on the basis of four socio-economic sub-indices: unemployment rate, employment rate, youth concentration rate and education rate⁸⁴.

At a first glance, the highest densities are registered in neighbourhoods where the social disadvantage index is relatively lower. It means that those neighbourhoods where employment and education reach high scores are areas of the city where third sector organizations tend to locate. Conversely, these entities appear to be less numerous in those neighbourhoods where social issues linked to employment, education and youth concentration reach the worst scores (Table 7).

Table 7. Third sector organizations per 1.000 residents and unemployment, employment, youth concentration and education rates per Naples' neighbourhoods in 2011

Neighbourhoods	Per 1.000 residents	Unemployment rate (2011)	Employment rate (2011)	Education rate (2011)	Youth rate (2011)
Chiaia	2,9	12,0	42,8	79,2	24,0
Posillipo	1,5	10,0	43,4	85,1	25,6
San Ferdinando	3,0	21,2	36,2	54,3	26,1
Avvocata	1,7	22,7	35,9	56,0	25,2
Mercato	2,7	33,3	27,1	33,1	25,9
Montecalvario	1,4	28,4	32,0	42,6	28,6
Pendino	2,7	35,8	28,9	39,8	28,4
Porto	9,1	22,0	36,9	58,5	28,3
San Giuseppe	10,0	14,1	43,1	72,9	23,8
San Carlo all'Arena	1,6	25,0	33,0	55,0	22,2
Stella	1,0	30,0	31,6	40,6	26,2
Poggioreale	3,0	30,6	28,9	44,4	27,3
San Lorenzo	1,3	32,0	30,3	40,5	28,7
Vicaria	1,1	26,1	32,0	50,0	28,0
Zona Industriale	1,9	26,7	31,7	37,4	28,8
Arenella	1,3	14,4	39,3	79,3	27,8
Vomero	2,1	12,2	41,1	84,9	26,3

(Comune di Napoli, Servizio Statistica, 2016); *Servizio Educativo e Scuole Comunali* (Comune di Napoli, Servizio Statistica, 2016).

⁸⁴ The unemployment rate was calculated as the over 15-year-old resident population that was unemployed over the total workforce. The employment rate was calculated as the over 15-year-old resident population that was employed over the total workforce. The youth concentration rate was the relationship between the under 25-year-old resident population and the total population. The education rate was the relationship between the resident population holding at least a secondary high school diploma and the total of the over 25-year-old population. On this basis, the social disadvantage index (IDS) resulted from the weighted mean of deviations of the indicators' values of the single neighbourhood from the correspondent national average values, detected by the 2011 ISTAT Census, according to the formula: $IDS = 0,40*(DIS(i) - DISNAZ) + 0,30*(OCCNAZ - OCC(i)) + 0,15*(GIOV(i) - GIOVNAZ) + 0,15*(SCOLNAZ - SCOL(i))$, where DIS: unemployment rate; OCC: employment rate; GIOV: juvenile concentration rate; SCOL: education rate.

Barra	0,8	36,8	25,8	34,9	29,6
Ponticelli	0,9	35,4	25,4	36,4	28,1
San Giovanni a Ted	0,6	38,4	24,1	31,9	22,6
Miano	0,8	43,2	23,7	29,0	22,9
San Pietro a Pat	0,3	44,3	24,2	31,9	22,8
Secondigliano	0,4	39,5	25,4	34,7	31,9
Chiaiano	1,7	28,0	35,5	53,2	33,0
Piscinola	0,5	44,3	24,8	35,9	31,6
Scampia	0,5	46,9	22,0	29,7	32,2
Pianura	0,6	33,4	30,4	44,8	32,1
Soccavo	0,9	28,8	29,4	46,4	35,0
Bagnoli	0,9	25,2	32,7	53,2	30,2
Fuorigrotta	0,9	22,0	34,1	59,2	32,4
Naples	1,4	28,4	31,8	50,4	29,2

Source: Our elaboration on ISTAT census of industry, services and non-profit institutions, 2011

However, a clearer snapshot is provided by the relationship between the density of third sector organizations in Naples and the synthetic index of social disadvantage (Table 8). In this case, the main descriptive results indicate that these entities tend to be concentrated in more socially advantaged neighbourhoods despite persistent poverty, unemployment, scholar dispersion and other social challenges are more evident in specific communities and neighbourhoods, especially located in peripheral areas. Thus, it seems that there is a generally positive relationship between organizational density and indicators of community wellbeing, even though we still are in a descriptive phase and have not yet proved such a correlation. Nevertheless, this is in line with earlier researches that consistently found that the spatial distribution of not-for-profit organizations is markedly uneven as they tend to be concentrated in prosperous areas, abandoning low-income ones (Bielefeld, 2000; Gronbjerg and Paarlberg, 2001; Joassart-Marcelli and Wolch, 2003).

Table 8. Third sector organizations per 1.000 residents and social disadvantage index per Naples' neighbourhoods in 2011

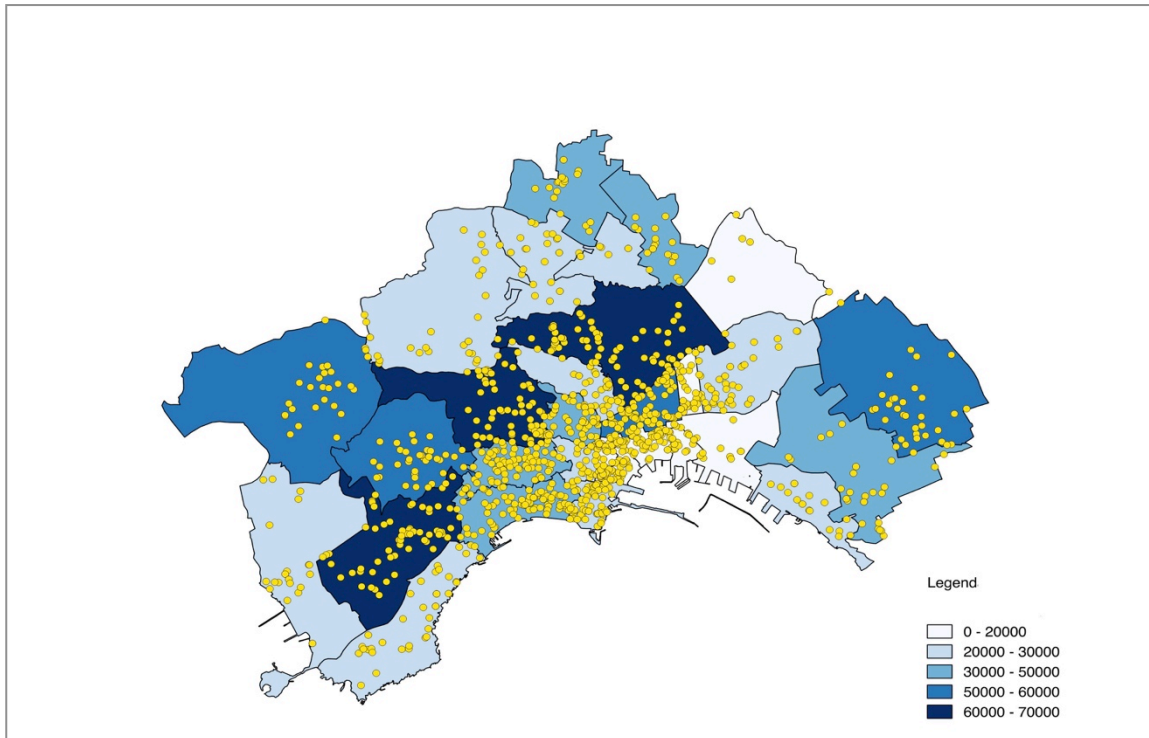
Neighbourhoods	Per 1.000 residents	Social disadvantage index (2011)
San Giuseppe	10,0	1,82
Porto	9,1	5,59
San Ferdinando	3,0	6,41
Poggioreale	3,0	14,29
Chiaia	2,9	3,23
Pendino	2,7	17,00
Mercato	2,7	17,57
Vomero	2,1	3,69
Zona Industriale	1,9	13,05
Avvocata	1,7	6,84
Chiaiano	1,7	10,27
San Carlo all'Arena	1,6	8,99
Posillipo	1,5	4,88

Naples	1,4	11,09
Montecalvario	1,4	12,68
Arenella	1,3	1,45
San Lorenzo	1,3	14,86
Vicaria	1,1	10,32
Stella	1,0	13,80
Fuorigrotta	0,9	6,38
Bagnoli	0,9	9,31
Soccavo	0,9	12,85
Ponticelli	0,9	19,08
Barra	0,8	19,60
Miano	0,8	23,71
Pianura	0,6	15,29
San Giovanni a Teduccio	0,6	21,16
Piscinola	0,5	22,76
Scampia	0,5	25,78
Secondigliano	0,4	20,55
San Pietro a Patierno	0,3	23,96

Source: Our elaboration on ISTAT census of industry, services and non-profit institutions, 2011

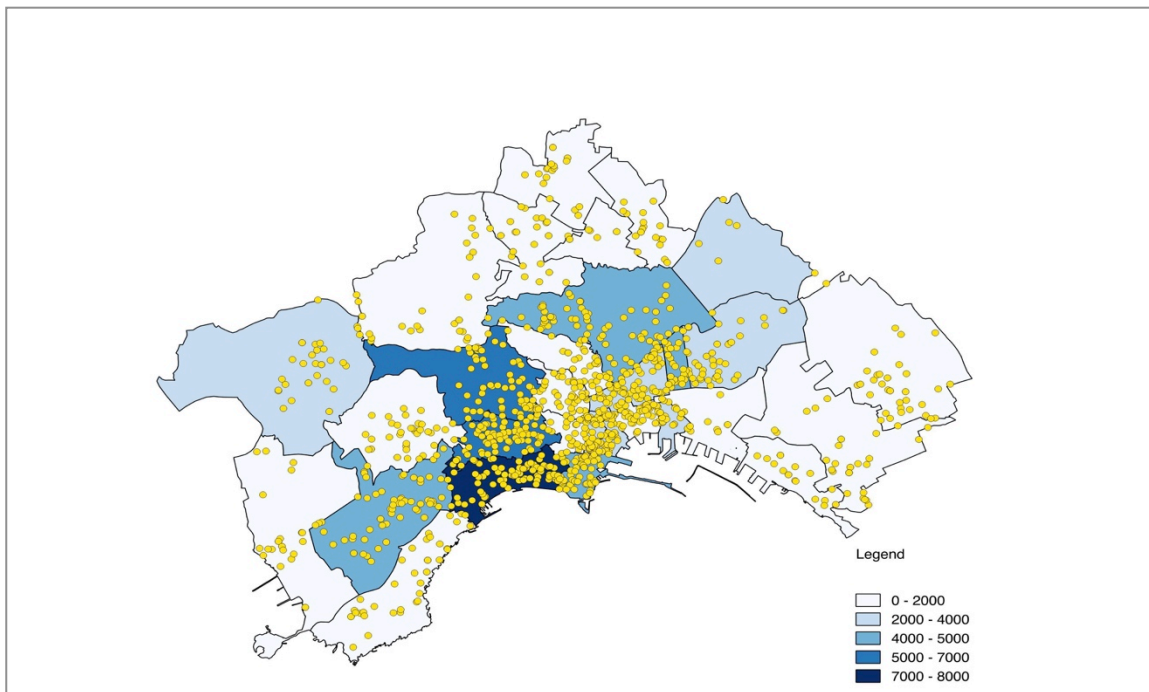
Converting these results in spatial terms and mapping Naples's third sector organizations per neighbourhood, we found that central city neighbourhoods (geographically speaking) have the highest concentration of not-for-profit entities, while peripheral areas register the fewest institutions in numerical terms (Map 1). Indeed, it seems that the outer edges of the city, extending into West, East and North neighbourhoods, actually reflect a sort of abandon of third sectors organizations. We can advance the idea that as most of Naples's biggest businesses and resources are concentrated in the central city, the existing infrastructure and professional networks may encourage third sector organizations to locate in that area (Map 2). Furthermore, as previously signalled, positive socio-economic factors such as education and employment may favour the birth of these organizations that tend to locate in advantaged neighbourhoods of the central city.

Map 1. Number of residents and third sector organizations density in Naples



Source: Our elaboration on QGIS software based on 15° ISTAT general census of population, 2011

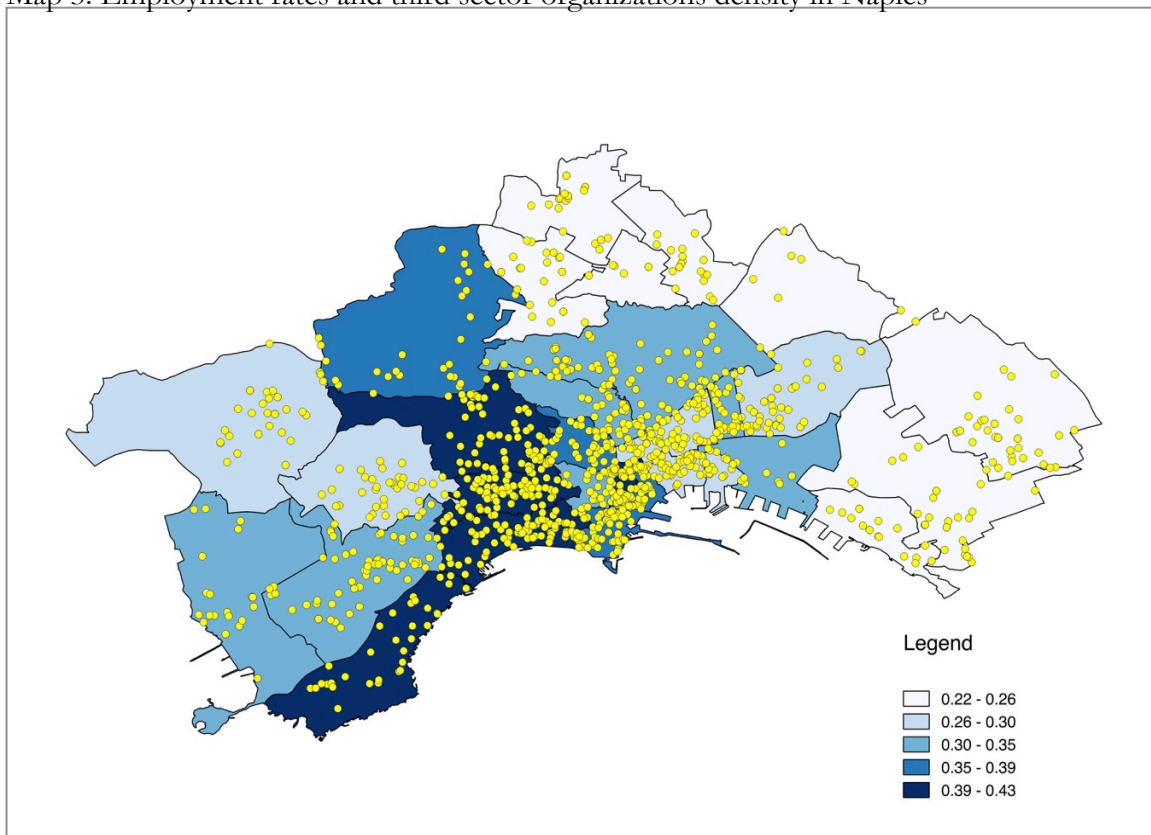
Map 2. Number of local business units and third sector organizations density in Naples



Source: Our elaboration on QGIS software based on 15° ISTAT general census of population, 2011

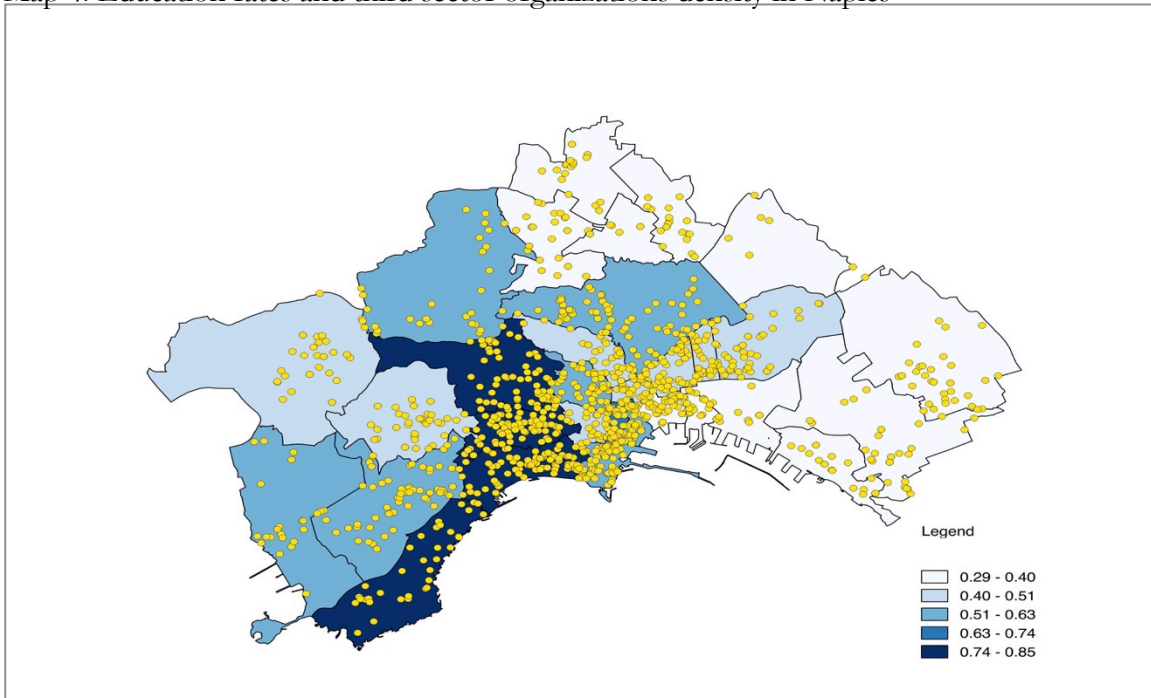
However, we also report the spatial location of third sector organizations per neighbourhood overlapping the density result with those socio-economic indicators utilized to compose the synthetic social disadvantage index. Spatially speaking, it results that not-for-profit institutions tend to locate in central city neighbourhoods where employment (Map 3) and education rates are higher (Map 4). On the other hand, peripheral neighbourhoods that show higher unemployment (Map 5) and youth concentration rates (Map 6), also exhibit small absolute numbers of not-for-profit entities, despite the urgent necessity to respond to these and other worrying and pressing social problems.

Map 3. Employment rates and third sector organizations density in Naples



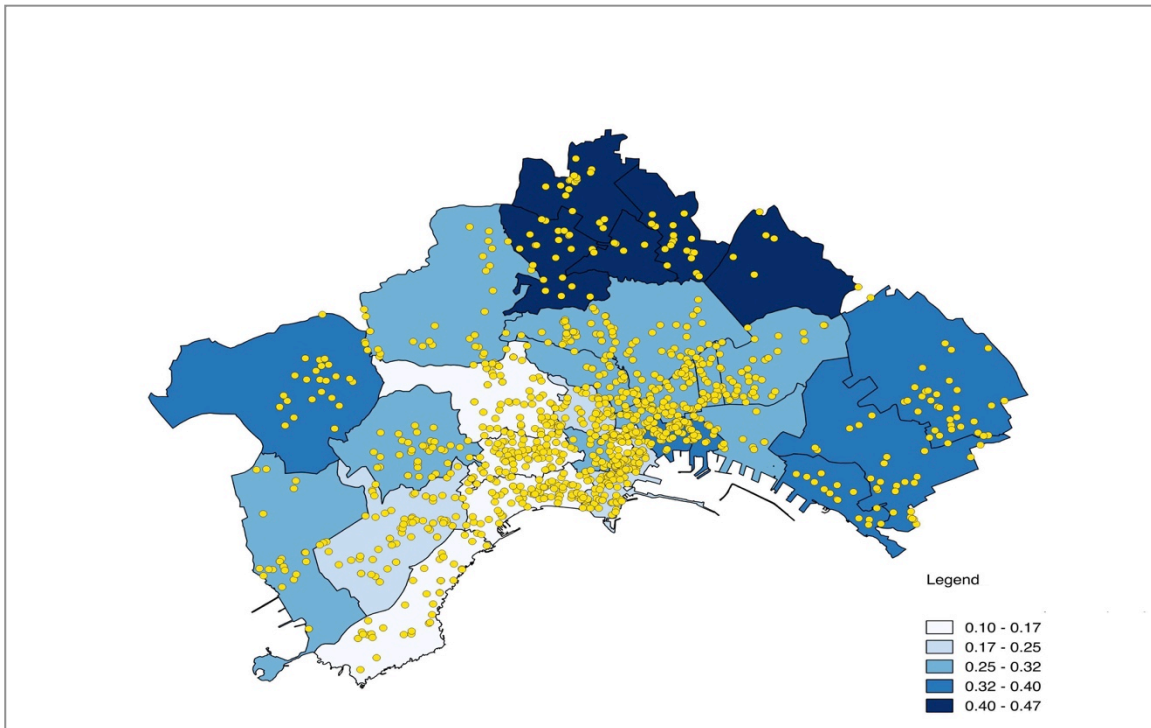
Source: Our elaboration on QGIS software based on 15° ISTAT general census of population, 2011

Map 4. Education rates and third sector organizations density in Naples



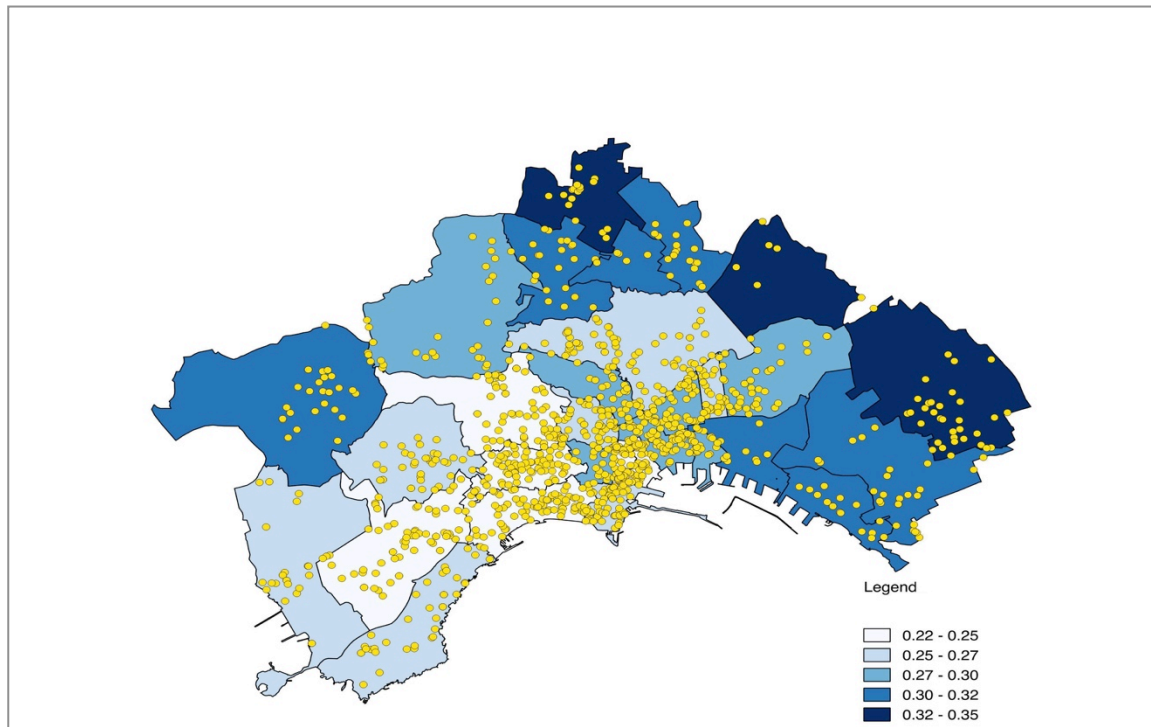
Source: Our elaboration on QGIS software based on 15° ISTAT general census of population, 2011

Map 5. Unemployment rates and third sector organizations density in Naples



Source: Our elaboration on QGIS software based on 15° ISTAT general census of population, 2011

Map 6. Youth concentration rates and third sector organizations density in Naples



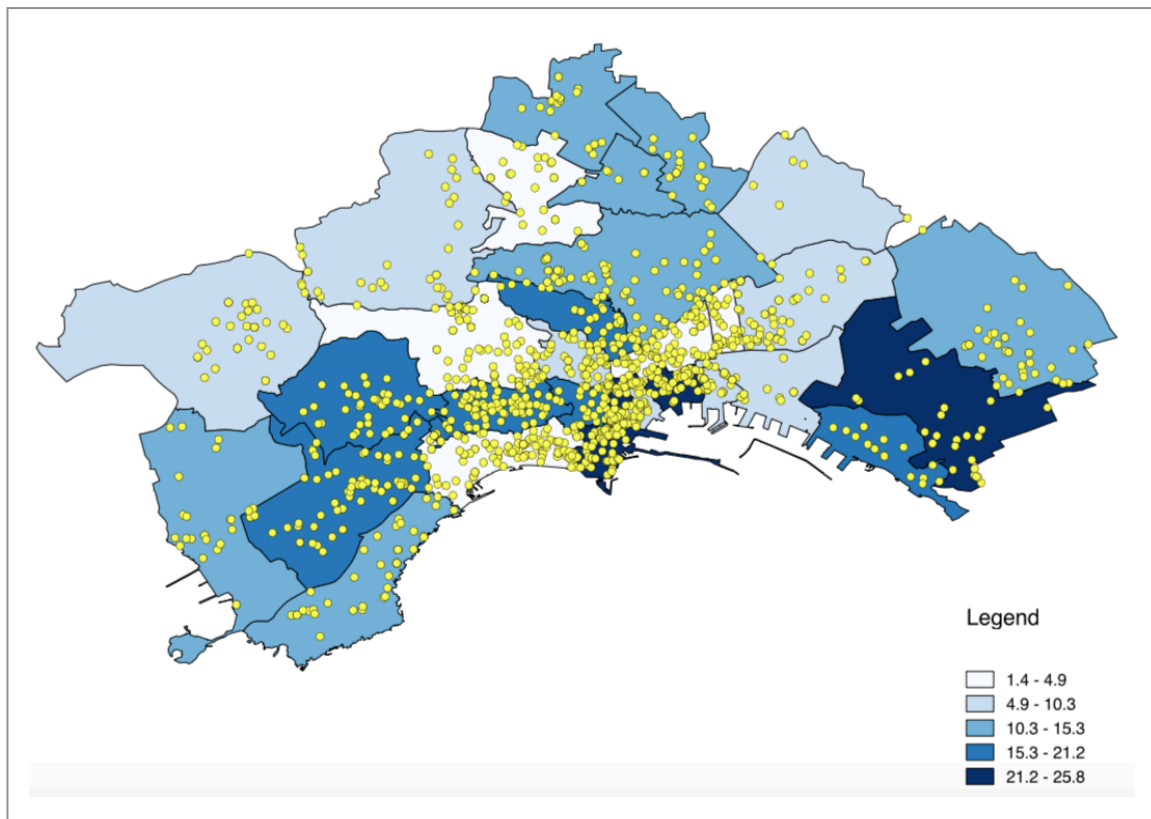
Source: Our elaboration on QGIS software based on 15° ISTAT general census of population, 2011

Finally, we present a more explicative and synthetic map utilizing the social disadvantage index. Basically, we overlapped the organizational density and the synthetic index per neighbourhood in order to visualize their spatial location on the basis of the social disadvantage. In line with the previous maps, we found that West, East and North peripheral neighbourhoods, not only present the highest scores in terms of social disadvantage, but also count a limited number of third sector organizations in comparison with central neighbourhoods. Data show that 34,9% of our database organizations concentrate in the 1st and 2nd municipalities and that 31,0% of them are located in four central neighbourhoods (Arenella, Vomero, San Carlo all’Arena and Chiaia) that also show a low grade of social disadvantage (1,45; 3,69; 8,99; 3,23, respectively). On the other hand, neighbourhoods that report an elevated rate of social disadvantage (Miano: 23,71; San Giovanni a Teduccio: 21,16; Piscinola: 22,76; Scampia: 25,78; Secondigliano: 20,55; San Pietro a Patierno: 23,96), also show the lowest rates both in absolute, relative and density numbers of third sector organizations that have legal address in these areas (Map 7).

Overall, in this phase, we only reported descriptive statistics and data resulting from our database analysis, also mapping the spatial location of third sector entities in Naples through QGIS maps. However, before moving to the regression model that statistically studies the correlation between the density of these organizations and specific socio-economic factors at

the neighbourhood scale, we can already affirm that the Neapolitan third sector tends to locate in central socially advantaged neighbourhoods of the city, abandoning peripheral areas that present the worst rates in terms of social disadvantage, especially referring to unemployment and education (again remarking that we still have to catch this causal relation between density and socio-economic factors that may influence the location choice). This aspect also emerged during the interview with Assessor for Social Policies of the Naples Municipality who confirmed that this framework corresponds to the real situation. However, we also have to underline that Naples is a very particular city in which some peripheries are spatially located in central neighbourhoods such as Quartieri Spagnoli or Sanità, where huge social problems and unsatisfied needs remain. Other than this aspect, it is worth considering that associations call other associations in the same locations, implying a new challenge for the whole city about building associationism in lacking, peripheral and depressed areas.

Map 7. Social disadvantage index and third sector organizations density in Naples



Source: Our elaboration on QGIS software based on 15° ISTAT general census of population, 2011

4.2.2. Econometric and cluster analyses

Despite its limitations, we opted for a regression analysis as the most appropriate method of investigation in the following phase (Van Puyvelde and Brown, 2016; Raudenbush and Bryk, 2002; Steenbergen and Jones, 2002): exploring the correlation between the density of third sector organizations in Naples and specific socio-economic factors that may influence the location choice. Before building the model, we launched a preliminary statistical analysis in order to catch the specificities of our dataset. We calculated the main statistical indexes: mean, standard deviation, coefficient of variation (to quantify the dispersion of data), and asymmetry (to understand if values occurred at irregular frequencies). We summarize the main statistical indices calculated in our database in Table 9.

Table 9. Descriptive statistics

	Number of TSOs	Per 1.000 residents	Unemployment rate	Employment rate	Education rate	Youth rate	S.D. Index
Mean	44	1,9	0,29	0,32	0,49	0,28	12,91
Median	37	1,3	0,29	0,32	0,45	0,28	13,0
St. deviation	28	2,2	0,10	0,06	0,17	0,03	7,03
C. variation	0,7	1,1	0,35	0,19	0,34	0,12	0,54
Asymmetry	1,0	2,9	-0,11	0,40	0,93	0,05	0,11
N = 30							

Source: Our elaboration

Particularly focusing on the density of not-for-profit organizations, we detected a mean value (1,9) superior to the median value (1,3), implying that more than 50% of Neapolitan neighbourhoods present a number of organizations per 1.000 residents inferior to the average of 1,9. This implies a positive skew as the right tail is longer and the mass of the distribution is concentrated on the left as also demonstrated by the asymmetry coefficient (2,9).

From here, we built an empirical model to explain the determinants of third sector density in Naples at the neighbourhood scale in order to catch any statistical relationship between this dependent variable and specific socio-economic elements. Indeed, we used the four factors that compose the social disadvantage index as independent variables: unemployment, employment, education and youth concentration rates. As we will soon explain, actually, the effects of these variables on not-for-profit sector density seem to differ among neighbourhoods.

Furthermore, before launching the model, we first tried to detect if and how these explanatory variables were correlated each other. In fact, Table 10 describes correlations between variables in the multiple regression analysis, detecting a strong negative correlation between unemployment and all other variables.

Table 10. Correlation matrix for independent variables

	Unemployment rate (2011)	Employment rate (2011)	Education rate (2011)	Youth rate (2011)
Unemployment rate (2011)	1			
Employment rate (2011)	-0,96	1		
Education rate (2011)	-0,93	0,94	1	
Youth rate (2011)	0,90	-0,88	-0,85	1

Source: Our elaboration

As seen, because of the multicollinearity detected, we decided to exclude the unemployment variable from the regression model. In fact, our first empirical model to explain the determinants of third sector density in Naples at the neighbourhood scale is given by:

$$TSOPOP = \beta_0 + \beta_1EMP + \beta_2JUV + \beta_3EDUC + e$$

where (Table 11):

Table 11. Overview of the variables

Variables	
Dependent variable TSOPOP	Total number of third sector organizations per 1.000 neighbourhood residents
Independent variables EMP	Percentage of over 15-year-old neighbourhood population employed over the total population
JUV	Percentage of under 25-year-old neighbourhood population over the total population
EDUC	Percentage of over 25-year-old neighbourhood population who hold a secondary school diploma at least

Source: Our elaboration

Table 12 shows the results of the OLS regression analysis. First of all, a p-value < 0,05 demonstrates that at least one of these coefficients is different from zero. The coefficient estimate of TSOPOP is positive but not statistically significant. The variable employment (EMP), in contrast, is statistically significant at 5 % level⁸⁵ (while at 10% level, employment and education variables are both statistically significant). It means that a neighbourhood with a higher level of employment would have more third sector organizations if other relevant factors were controlled. Indeed, the findings suggest that the presence of an organized not-for-profit sector is linked to a higher level of employment rate: there are more not-for-

⁸⁵ We also detected two outliers in our distribution. Specifically, the neighbourhoods of Porto and San Giuseppe present values that are very far from the average in their organizational density (9,1 and 10, respectively; being the mean distribution 1,9). Thus, we were forced to substitute these values with the third quintile that resulted in 2,1.

profits in neighbourhoods with elevated rates of occupation than in neighbourhoods with less employment.

Table 12. Results of the estimation

	Estimate	Std. Error	t value	Pr(> t)
Intercept	1.686	3.474	0.485	0.6315
Employment	14.741	7.035	2.095	0.0460*
Education	-4.696	2.342	-2.005	0.0555.
Youth	-9.269	7.823	-1.185	0.2468
Significance levels: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 '.' 1				
Residual standard error	0.6757 on 26 DF			
Multiple R-squared	0.4014			
Adjusted R-squared	0.3324			
F-statistic	5.812 on 3 and 26 DF			
p-value	0.003529			

Source: Our elaboration in R

As observable, socio-economic characteristics of Neapolitan neighbourhoods (specifically, employment, education and youth concentration) have different effects on third sector density. The level of youth concentration seems not to matter, as its effect on not-for-profit sector density is negative: in neighbourhoods with a smaller percentage of individuals under 25 years old, there is a larger presence of not-for-profit institutions and a larger third sector density. However, the education coefficient, which is negative but statistically significant (t value > 1,96), implies that this factor negatively affects the density of third sector organizations. In effect, differently from what we could presume, the level of education seems not to have a relevant impact on third sector density in the estimated model, contrasting the idea that a larger percentage of people with a secondary school diploma (or higher) implies more available human resources and consequently more potential persons to set up a not-for-profit organization (as in Ben-Ner and Van Hoomissen, 1991, 1992; and Gronbjerg and Paarlberg, 2001). Actually we try to explain why the education variable is negative and significant at 5% level: in neighbourhoods that show low rates of schooling (< 35%), such as Miano (28,9%), Scampia (29,7%), San Pietro a Patierno (31,9%), San Giovanni a Teduccio (31,9%), Mercato (33,1%), Secondigliano (34,7%), Barra (34,9%), we noted a major concentration of organizations focused on sport (21,1%), education and training (20,3%), and socio-assistance and health services (19,5%). In this regard, these kinds of not-for-profit organizations could partially substitute schools in providing educational services, involving people with low or average education levels, despite the fact that in such neighbourhoods these entities remain less numerous and presumably poorer if compared with institutions localized in more central areas.

On the other hand, as previously underlined, the employment rate is positive and statistically significant at 5% level, appearing to have a greater influence on the sector density: a 1% increase in employment raises total not-for-profit density by 14,7 units per neighbourhood. Thus, from the regression analysis it appears that employment is the only variable to hold an explanatory power, as its effect on third sector density is positive and statistically significant. Finally, the adjusted R-squared shows that 33,2% of variation is explained by the model. Nevertheless, these results are contrasted by the analysis of the variance inflation factor (VIF), i.e. the ratio of variance in the model with multiple terms, divided by the variance of the model itself with one term alone, quantifying the severity of multicollinearity in the ordinary least squares regression analysis. As all the three dependent variables show levels in $VIF > 5$ or close to 5 (employment: 11,92; education: 9,77; youth concentration: 4,58), we try to build the best model possible through the Akaike Information Criterion (AIC) in R. AIC is an estimator of the relative quality of the statistical model for the given set of data, providing a means for the final selection. Thus, the new model excludes the intercept and the education variable, but maintains $VIF < 5$ (employment: 4,50; youth concentration: 4,51), and again shows that the employment variable is positive and statistically significant at 5% level, reinforcing the results of the previous model (in this second case, 57,3% of variation is explained). Table 13 shows the results of the OLS regression analysis for the adjusted model.

$$TSOPOP = \beta_1 EMP + \beta_2 JUV + e$$

Table 13. Results of the estimation of the model selected through the AIC

	Estimate	Std. Error	t value	Pr(> t)
Employment	14.745	3.666	4.022	0.000396 ***
Youth	-9.755	4.176	-2.336	0.026875 *
Significance levels: 0 **** 0.001 *** 0.01 ** 0.05 * 0.1 ' ' 1				
Residual standard error	1.911 on 28 DF			
Multiple R-squared	0.6018			
Adjusted R-squared	0.5733			
F-statistic	21.16 on 2 and 28 DF			
p-value	2.522e-06			

Source: Our elaboration in R

Recapitulating, we developed a framework for understanding third sector density in Neapolitan neighbourhoods, taking into account that socio-economic factors operate simultaneously and that it is difficult to separate them. Thus, we explored the connection between neighbourhood population size and not-for-profit sector size, finding that there is a very high positive correlation between neighbourhood population and the number of third sector organizations. Therefore, we used the number of these institutions per 1.000 residents as dependent variable and socio-economic factors that compose the social disadvantage

index as independent variables. We found that in neighbourhoods with a higher employment rate, there is a larger not-for-profit density, implicitly suggesting that lower unemployment rates represent a better community economy (despite other empirical studies report mixed findings: Kim, 2013; Marcuello, 1998; Corbin, 1999; Lecy and Van Slyke, 2013).

In sum, both the regression analyses suggest that one key characteristic for third sector density in Naples is socio-economic status derived from employment (actually, some previous studies demonstrated that participation in not-for-profit sector is higher among full-time employed; Curtis et al., 1992). These findings, consequently, indicate that not-for-profit institutions are mostly apt to locate in upper and middle-class communities concentrated in central Naples neighbourhoods. Of course, this concentration may also be explained by the fact that communities with high densities of existing organizations provide more favourable conditions for new ones to raise (Wiewel and Hunter, 1985). Indeed, as proved by Lincoln (1977, p. 480) about voluntary organizations, “by socializing a population in organizational skills and by providing resources and opportunities for the creation of new organizational units, the past and present organizational arrangements may be most explanatory of its potential for new organizational growth”.

A further element that influences third sector density at the neighbourhood scale is social capital as it may have a positive impact on the vitality of a community’s voluntary sector and on the rise of new not-for-profit organizations (Saxton and Benson, 2005). Actually, for individuals in communities with higher levels of social capital it should be easier to coordinate, cooperate and pursue a common objective through founding organizations that respond to community-based problems. Indeed, higher levels of social capital in specific communities and neighbourhoods may lead to an overall third sector concentration and growth. Nevertheless, we cannot forget how local, social, economic and political dynamics influence the formation of social structures, as third sector may also be sensitive to peculiar opportunity conditions that mostly differ according to the urban context.

Definitively, given the important role that not-for-profit entities play in local communities, findings from the regression analyses raise further questions about the dynamics of how social, economic and political characteristics influence the density of the sector in local communities at the Neapolitan neighbourhood scale. In particular, we should better understand the processes that regulate community resources and socio-economic factors that influence the development of the third sector and its density in the city, also focusing on how these processes may vary across types of social organizations.

Finally, if true and supported by further research, our findings may raise specific questions for local policy-makers about which tools and policies should be implemented in order to involve not-for-profit organizations in addressing problems of social disadvantage in deprived areas. In this regard, an open question remains: how to incentivize these entities to locate in peripheral neighbourhoods of Naples where social problems and demands are

more pressing? The answer could be that of working on a common objective of building a co-participated process in which private and public actors may sustain investments in third sector's infrastructures in peripheral neighbourhoods, while social institutions may continue to provide services to compensate the lacking urban welfare system.

In this regard, in the specific context of the city of Naples where public economic resources are scarce and badly utilized, the support of firms, foundations and wealthy donors becomes critical to the success of the local third sector in providing quality services for disadvantaged communities and people. Furthermore, as the role of social organizations and local government in public services is rapidly changing – also because of the novelties introduced by the 2016 reform – it is basically important for public managers to understand the implication of third sector organizations in addressing citizens' demands. This seems to be a particularly urgent issue in Neapolitan peripheries: they appear to be abandoned not only by the market and the state (as argued by classical nonprofit theories), but also by those social organizations that should rise in deprived contexts where traditional institutions lack.

As underlined in 4.1.2., we also launched a survey questionnaire, reaching 782 deliverable email addresses over a total of 1.308 organizations present in our dataset, obtaining a response rate of 7,1% (56 out of 782)⁸⁶.

Also in this case, we preliminarily analysed results through a descriptive statistics and a series of indexes: mode (to understand which value appears more often), median (to catch which value separates the higher half from the lower half of the distribution), relative and absolute heterogeneity (in order to catch how answers are different), and a series of graphs and charts reporting data about the percentage of given results.

Of course, we only focused on those questions that were mostly relevant for our analysis and research questions: specifically, the organizational structure (number of members, volunteers, employees), financial resources and relationships between the belonging organizations and the public administration. Table 14 shows descriptive statistics and relative indices calculated on the basis of the answers provided by responding organizations about nine questions:

⁸⁶ In cluster analysis, there is no general rule to specify a minimum sample size.

Table 14. Descriptive statistics

Questions	Mode	Median	Absolute Heterogeneity	Relative Heterogeneity
How many members does the organization count?	> 10	> 10	0,507	0,761
How many volunteers does the organization count?	> 10	5 < x < 10	0,624	0,936
How many employees does the organization count?	< 5	< 5	0,426	0,639
How many jobs did the organization create in the last five years?	< 10	< 10	0,478	0,717
Which was the initial capital invested to found the organization?	< 1.000€	1.000€ < x < 5000€	0,672	0,896
Which is the main financing source of the organization?	Private donations	Private donations	0,743	0,929
How often does the organization contact with third sector entities?	Never	Once a week	0,851	0,993
Which is the relation with the public administration?	Good	Good	0,748	0,935
Which is the degree of trust in the public administration?	Discrete	Discrete	0,724	0,966
N = 56				

Source: Our elaboration

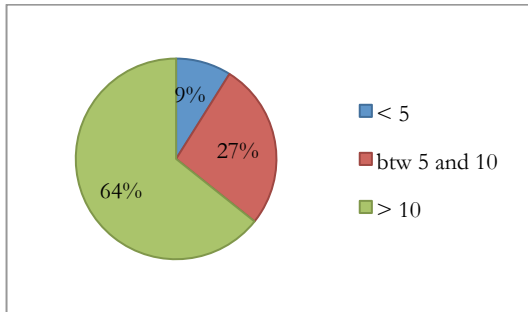
As the table shows, looking at the mode (which for the majority of answers is equal to the median), these organizations present – as most frequent values – more than ten members (64,2%) and ten volunteers (47,2%) but less than five employees (72,9%) and less than ten jobs created in the last five years (68,7%). Furthermore, they mainly invested less than 1.000€ to begin their social activity and to found the organization (46,3%) and still utilize private subsidies and donations as main financial source (36,3%). In this last regard, nonprofit organizations seem to rely on a variety of strategies to raise the revenues needed to finance their activities: the general perception that these organizations rely primarily on philanthropy or private donations to survive is only partially supported by survey results. In fact, despite private contributions represent more than a third of revenue in the variety of sources of financial support for nonprofits in Naples, a significant source of income is directly derived from members who pay membership or service fees (27,2%).

On the other hand, they seem not to have a large number of contacts with other third sector organizations in the city (“never” is the most frequent answer – 17,6% – to the question “How often has the organization contacted with other third sector entities in Naples in the last month?”). Nevertheless, it appears that they have a good relationship with the public administration (36,7%) and a discrete trust in its work (38,3%). Furthermore, 45,4% of respondents declared that they completed more than ten projects in the last five years, spending a period between six and twelve months for each project on average (52,7%).

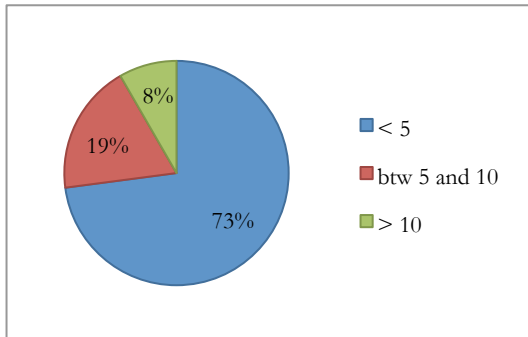
Finally, respondent organizations declared an average turnover of 149.446€ (referred to 2017), even though this data only corresponds to the answers provided by 26 organizations out of 56 (46,4%). Of course, the survey results elaborated on the basis of 56 cases do not provide a strong statistical representativeness as a random and not stratified sample of 56 out of a universe of 1.308 organizations inevitably suffers of bias and auto-selection. Nevertheless, despite these results are not generalizable, some clear indications may be raised. For a clearer overview of the provided answers, see Graph 1.

Graph 1. Percentage of given answer per question

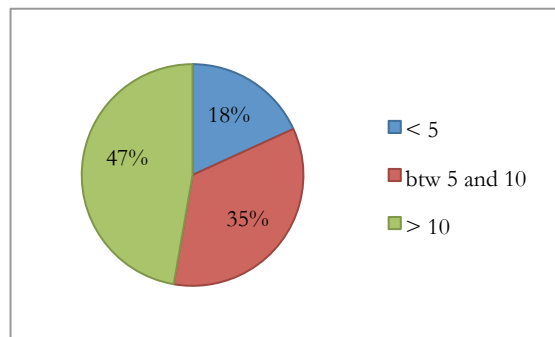
How many members does the organization count?



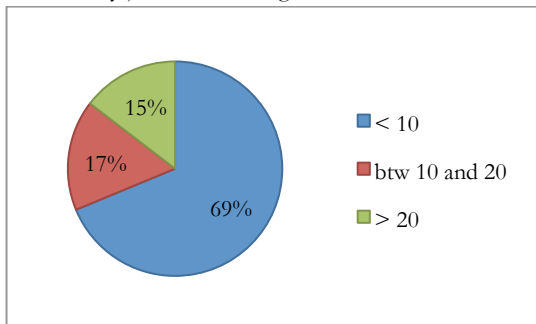
How many volunteers does the organization count?



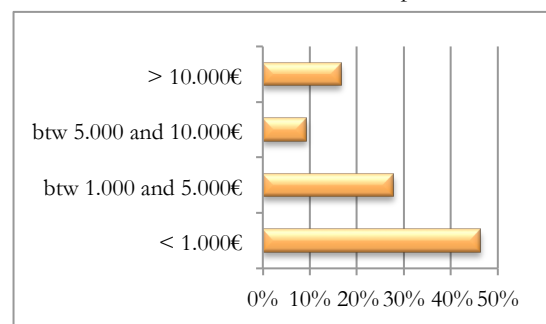
How many employees does the organization count?



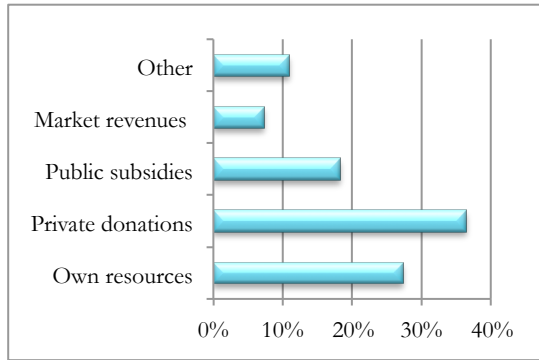
How many jobs did the organization create?



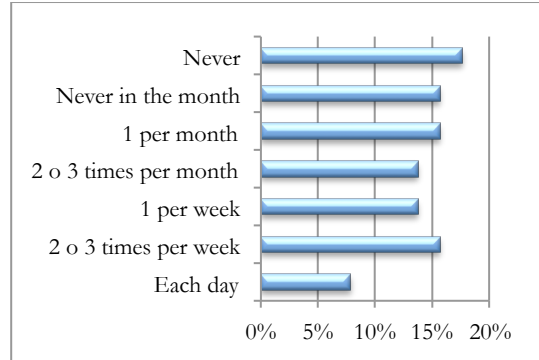
Which was the initial capital invested?



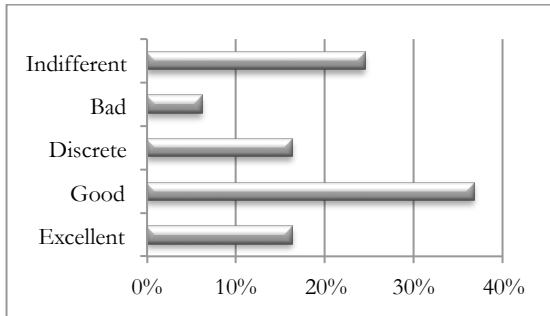
Which is the main financing source?



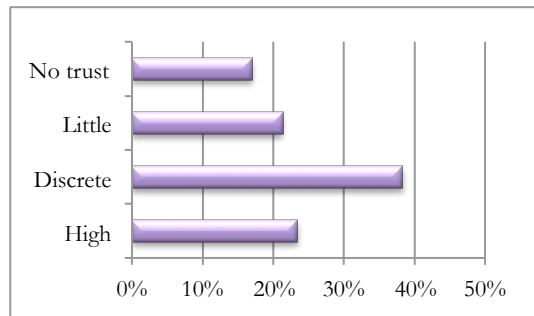
How often do you contact with other nonprofits?



Which is the relation with the public administration?



Which is the grade of trust in the administration?



Source: Our elaboration

Of course, also open-ended questions were included in our questionnaire, especially about specific themes such as: the main motivations that pushed owners to set up a not-for-profit organization (helping others, becoming social entrepreneurs, obtaining fiscal benefits, run limited investment risks, imprinting something positive in the community, etc.); the impacts and effects generated by the realized projects and activities in the development of their neighbourhoods (creation of civic and trust networks, employment generation, opening of economic activities, provision of solutions to social problems, involvement of citizens in pursuing common objectives, raising of a cultural mentality change, increasing trust, altruism and reciprocity, development of relational networks, etc.); and the main internal and external conditions that favoured or impeded the realization of social projects (presence or absence of public and private incentives, economic resources, tradition of cooperation, mentality of local people, adequate public policies, etc.).

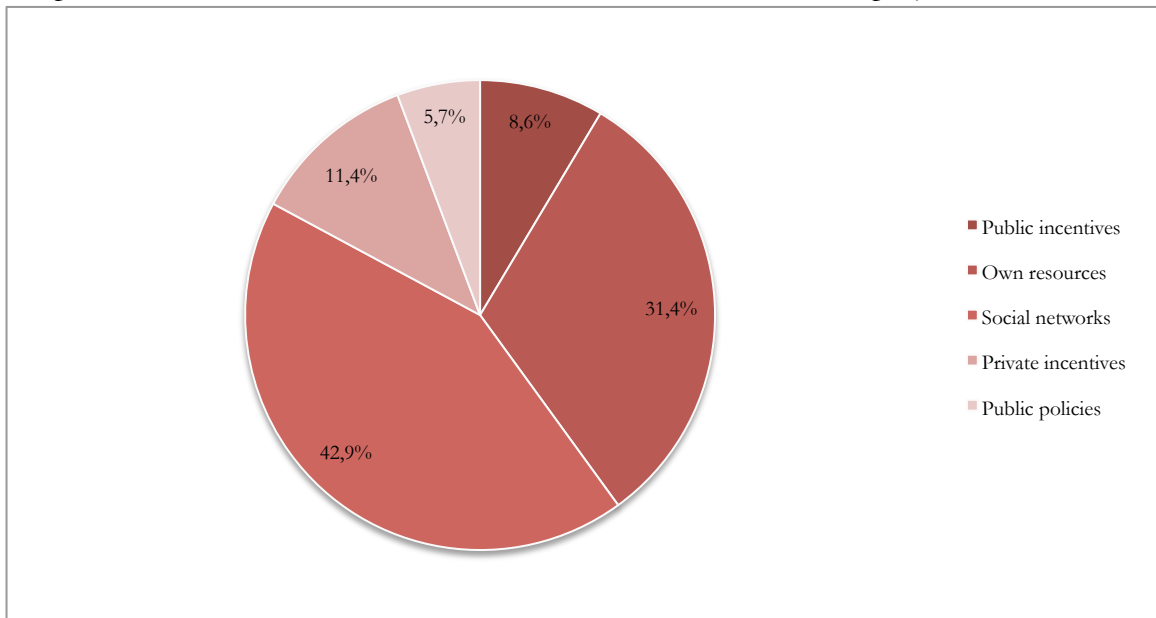
For the purposes of our study, we were mainly interested in the last aspect: the conditions that facilitated or discouraged the realization of social activities. In this last regard, 42,9% of respondents declared that social and trust networks were the main conditions that allowed these organizations to carry out their projects. In particular, they underlined some aspects of these networks such as the trust provided them by local residents, the continuous development of formal and informal civic networks, the sharing of common objectives and interests, a great sense of perseverance and ethics of members and volunteers, but also a

tradition and mentality of social cooperation embedded in local communities and a strong collaboration with other entities operating in the same territory. Of course, the component related to their own private economic resources was indicated as the second basic condition for realizing social activities (31,4%) (Graph 2).

This last aspect, actually, is strongly related to the conditions that, conversely, undermine the conclusion of social projects: 47,1% of respondents declared that the scarcity of economic resources impeded them to realize the planned activities, while 26,5% considered the inadequacy of local policies as the main reason of the failure of projects and programmes, especially citing the indifference of the public administration, the difficult dialogue with local policy-makers and a great discontinuity in the development of social policies.

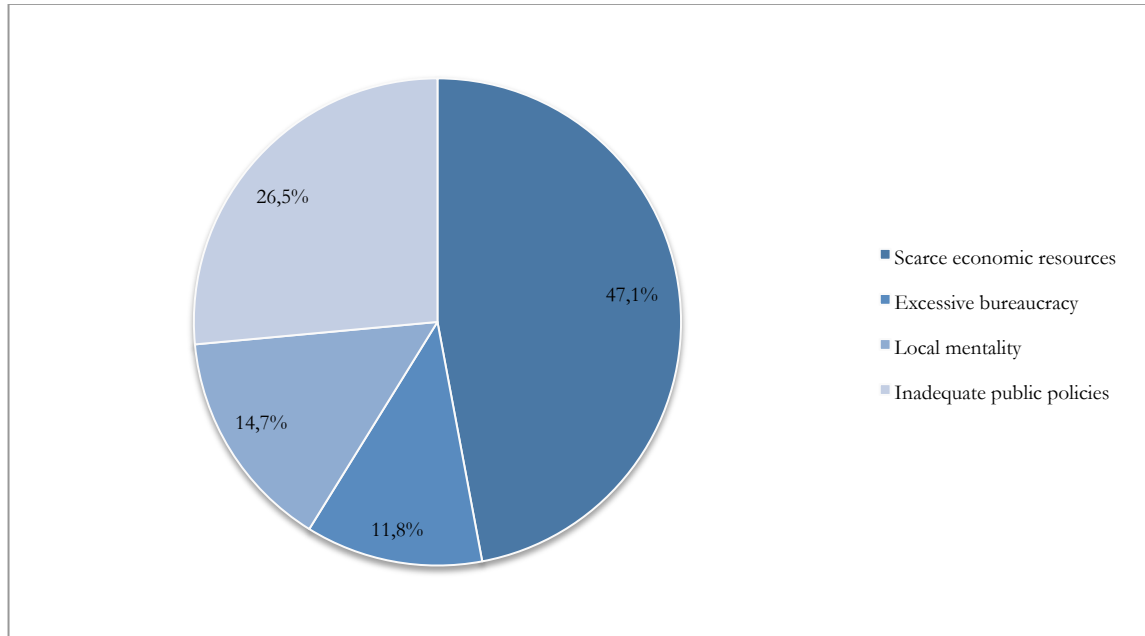
A limited number of organizations, finally, considered the excessive bureaucracy and the local mentality (especially related to the cultural poverty of the social fabric, the absence of entrepreneurial initiatives and the difficulty in involving local people), as main obstacles to the realization of their activities (11,8% and 14,7%, respectively) (Graph 3).

Graph 2. Main conditions that favour the realization of social projects and activities



Source: *Our elaboration*

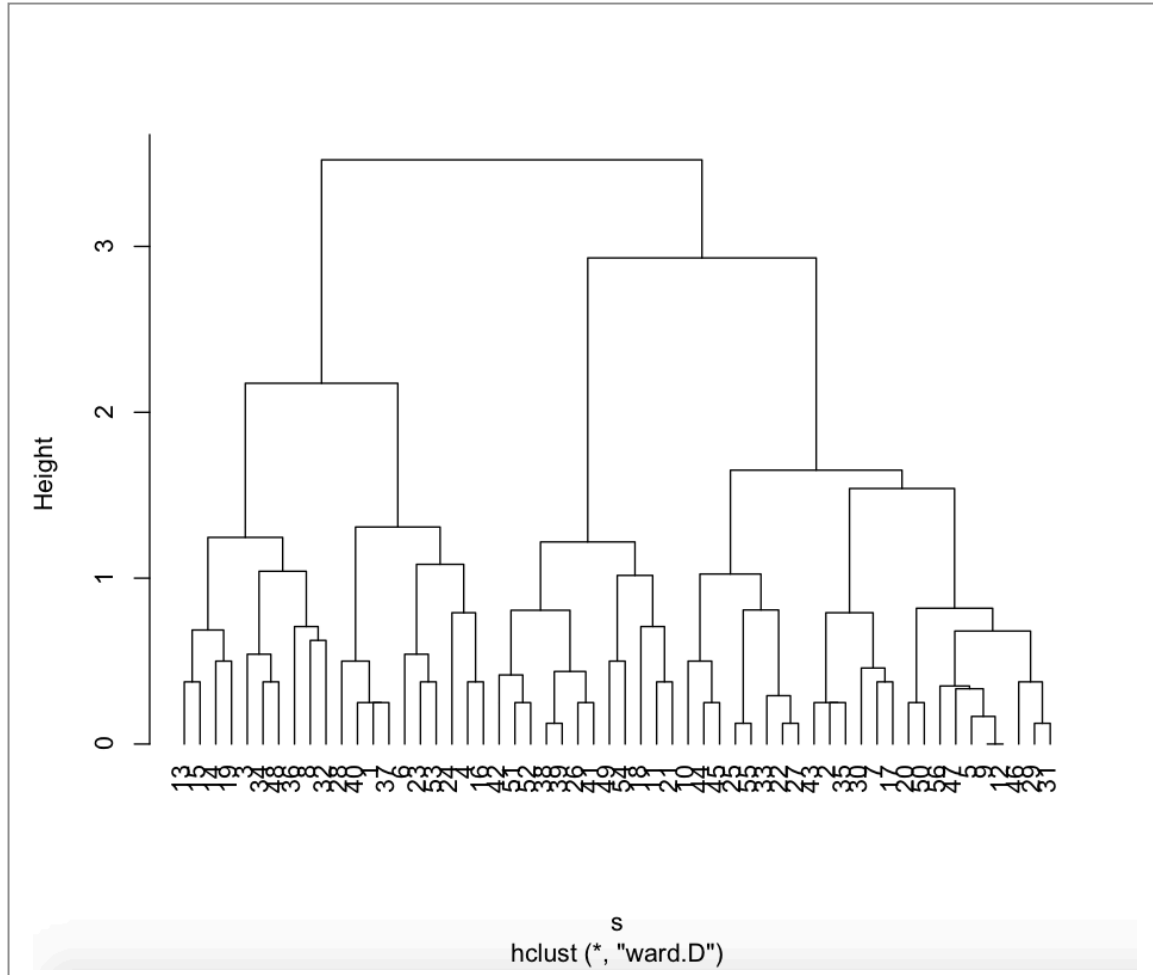
Graph 3. Main conditions that discourage the realization of social projects and activities



Source: Our elaboration

From here, maintaining the variables described in Table 14, we also realized a cluster analysis in order to classify organizations into homogenous groups in which they are more similar to each other than to other clusters. First of all, we checked for the independence of all the selected variables through a chi-squared test (χ^2 test) used to determine whether there was a significant difference between expected and observed frequencies in one or more categories: a p-value $> 0,05$ for all couples of variables demonstrated that all these variables were independent and not statistically significant. Successively, launching the cluster dendrogram command in R, we obtained the dendrogram reported in Figure 1.

Figure 1. Cluster dendrogram



Source: Our elaboration in R

The vertical axis of the dendrogram represents the distance or dissimilarity between clusters; while the horizontal axis shows organizations and clusters: each fusion of two clusters is represented in the graph by splitting a vertical line into two vertical lines. Looking at the dendrogram, we can see four clusters that occur at about the same vertical distance (at height 2). As previously underlined, by using the Ward's method, the fusion of two clusters is based on the size of an error sum-of-squares criterion in order to maximize the internal homogeneity of groups. Furthermore, being a hierarchical method, we cannot predict the number of clusters; we neither can compare our interpretation with an actual plot as our data consist of more than two qualitative variables. The goodness of fit is provided by the cophenetic correlation coefficient, i.e. the correlation between the original distances and those that result from the cluster configuration (we obtained a value $> 0,75$ that is usually considered useful).

Thus, the cluster analysis yields four profiled groups, with organizations distributed in a reasonable manner: given the characteristics that potentially comprise each class rank and

based on the variables analysed, the clusters present the following distributions (Table 15; Graph 4):

Table 15 and Graph 4. Clusters distributions. Absolute and percentage values

Cluster	a.v.	%
Cluster 1	10	17,9
Cluster 2	10	17,9
Cluster 3	12	21,4
Cluster 4	24	42,9
Total	56	100

Source: Our elaboration

Cluster 1

The first cluster is profiled in Table 16, which identifies the characteristics of the belonging organizations. The most differentiating impact from variables is the one concerning the financing resources. Nearly 50% of these organizations are publicly financed, other than having invested more than 10.000€ in the setting up phase. These entities also tend to create more jobs in comparison with the average organization: nearly 60% of them created between 10 and 20 new jobs in the last five years. Finally, they also hold more contacts with other third sector organizations in Naples: in fact, about 50% of them declared to contact with other social entities about 2 or 3 times per week in the last month (Table 16).

Table 16. Cluster 1

Variables	Mode	Median
Members	> 10	> 10
Volunteers	> 10	5 < x < 10
Employees	5 < x < 10	5 < x < 10
Job created	10 < x < 20	10 < x < 20
Invested capital	> 10.000€	> 10.000€
Financing source	Public subsidies	Public subsidies
Contacts with other TSOs	2 or 3 times per week	2 or 3 times per week
Relationship with P.A.	Good	Good
Trust in P.A.	Discrete	Little
N = 10		

Source: Our elaboration

Cluster 2

This group is composed by small organizations that mainly rely on their own resources (50%) and invested less than 1.000€ at the beginning of their activities (60%). What is outstanding in this group is the lack of contacts with other not-for-profit organizations in Naples (43%) and the negative relationship with the public administration (50%) with a consequent absence of trust in the work of the public actor (60%) (Table 17).

Table 17. Cluster 2

Variables	Mode	Median
Members	> 10	> 10
Volunteers	> 10	> 10
Employees	5 < x < 10	5 < x < 10
Job created	> 20	> 20
Invested capital	< 1.000€	< 1.000€
Financing source	Own resources	Own resources
Contacts with other TSOs	Never	Never in the last month
Relationship with P.A.	Bad	Bad
Trust in P.A.	No trust	Discrete
N = 10		

Source: Our elaboration

Cluster 3

Members of the third cluster present different characteristics: 92% of them have between five and ten members, 58% hold between five and ten volunteers and 67% employ less than five people. Furthermore, about 90% of these organizations created less than ten jobs during the last five years, investing 1.000€ or below at the beginning of their activity (42%) and mainly continuing to rely on private donations (50%). The group is also characterized by its good relationship with the public actor (41%) and a discrete trust in its operations and activities (34%), even though maintaining few or no relations with other Neapolitan social organizations (33%) (Table 18).

Table 18. Cluster 3

Variables	Mode	Median
Members	5 < x < 10	5 < x < 10
Volunteers	5 < x < 10	5 < x < 10
Employees	< 5	< 5
Job created	< 10	< 10
Invested capital	< 1.000€	1.000€ < x < 5.000€
Financing source	Private donations	Private donations
Contacts with other TSOs	Never in the last month	2 or 3 times per month
Relationship with P.A.	Good	Good
Trust in P.A.	Discrete	Discrete
N = 12		

Source: Our elaboration

Cluster 4

Finally, the last group is the most numerous (42,9%) and is characterized by entities with more than ten members (83%) and volunteers (67%), but less than five employees (91%). Furthermore, the belonging organizations mainly rely on their own resources (42%) and invested less than 1.000€ to set up the organization (54%). What is remarkable is the relationship with the public administration as 46% of the respondent entities declared to be indifferent to the actions and policies carried out by the public actor (Table 19).

Table 19. Cluster 4

Variables	Mode	Median
Members	> 10	> 10
Volunteers	> 10	> 10
Employees	< 5	< 5
Job created	< 10	< 10
Invested capital	< 1.000€	< 1.000€
Financing source	Own resources	Private donations
Contacts with other TSOs	Once a week	2 or 3 times per month
Relationship with P.A.	Indifferent	Discrete
Trust in P.A.	Discrete	Discrete
N = 24		

Source: Our elaboration

The approach we presented here may help not-for-profit organizations to better identify the characteristics of their own sector and implement strategies to improve their services. In fact, rather than “one size fits all” results, common programs could be developed to understand which specific tools these organizations particularly need. For example, in a cluster mostly dependent on public donations, the higher private support could be considered as an important objective to meet in order to balance financial entrances and budgets. Based on this information, group activities can also be designed by cluster memberships, allowing organizations occupied in the same sector to enforce activities and services through structuring co-planned projects, raising collaborations and partnerships.

A second contribution is providing information for policy-makers in their understanding of the Neapolitan third sector. For instance, an emerging policy may focus on a different set of ideas and activities directly coming from the interested social actors and local community members rather than a top-down policy directed to the whole sector. In particular, implementing co-participated projects, activities and programmes between social entities, public actors, private firms and local communities may allow third sector organizations to directly enter in the urban welfare governance of the city. Being these organizations embedded in local needs and social problems, their contribution will certainly be positive in the provision of solutions that really and completely satisfy citizens’ requests.

These suggestions could have greater impact if local policy-makers focus on specific social sectors and entities and help single organizations to meet their specific needs. From here, we are convinced that the most successful development policies and programs are those that reflect single needs and unique strengths: in this regard, econometric and cluster analyses may provide those statistical tools to better comprehend and thus operate in this direction. In particular, cluster analysis has proven to be really useful in the division of respondents into meaningful clusters based on specific, self-reported behaviours and experiences. For example, in financial resource settings, we identified those organizations that are more dependent on their own resources (clusters 2 and 4) rather than on public subsidies (cluster 1) and private donations (cluster 3). As expectable, the former also present a bad or indifferent relationship with the public actor, while still refusing to have links and contacts with other local not-for-profit entities and continuing to provide services by their own.

We would like to focus more on this last aspect that is common to the majority of organizations and clusters: in our opinion, one of the main urgent points to be debated (other than resources) is the necessity of a further collaboration among Neapolitan third sector organizations. Working toward shared goals through common projects and partnerships inevitably contributes to reinforce local entities as well as the whole sector. This aspect not only implies that they may provide services and develop activities more efficiently, but it could also suggest a higher bargaining power to be used in advancing requests toward the public administration. On the other hand, considering the Neapolitan context, for the public actor (specifically, the Municipality), it is critical to develop intervention plans and policies, particularly understanding how to implement collaborations and partnerships with third sector organizations. Indeed, also applying the process of clustering to other assessments, local policy-makers may design programs and policies for social organizations, differentiating them by characteristics, neighbourhoods, developments, growths, etc. By doing so, they could better understand the specific needs and requests that directly come from the territory and provide adequate solutions in a constant dialogue and collaboration with local communities and social organizations.

4.2.3. Case study analysis

The case study approach is effectively very different from the quantitative perspective. The nonprofit organization we analysed as case study embraces the challenge of being located in a depressed and peripheral neighbourhood of Naples, where social disadvantage, high unemployment, high-crime rates and poor education are characterizing elements. By targeting such neighbourhood, this nonprofit organization initiated a process of urban regeneration, involving local residents through urban creativity: graffiti, murals and street art were conceived as socially useful tools able to guide human improvement and urban regeneration⁸⁷.

⁸⁷ Graffiti typically relates to a range of practices from tagging through to elaborate pieces with a focus on stylized words and texts, usually including the tag name of the artists and their associated crew. In contrast,

The intervention area is Ponticelli (6th municipality) located in Naples' Eastern periphery, one of the most degraded neighbourhoods of the whole city inhabited by about 70.000 residents. The area mainly goes outside the regulatory control of the Municipality, being the location of various illegal activities, from noxious manufacturing, to illegal trading, prostitution and drug trafficking. Thus, the neighbourhood has historically been an area of significant social and urban deprivation where warehouses, popular residential complexes, abandoned industrial plants and former showrooms on major roads dominate the landscape (see chapter III).

The conditions of socio-economic degrade are especially confirmed by alarming indicators about the professional and educational structure of the neighbourhood: the schooling rate is 36,4% (51,5% in Naples), demonstrating an incomplete educational system also in compulsory education. This situation also affects job opportunities and work insertion: despite the young age structure (0-14 year-old are more than 16% and 15-20 year-old population represent more than 10%), indeed, the unemployment rate is 35,4% (27,7% in Naples), while employment rate reaches 25,4% (31,8% in Naples). Finally, the synthetic social disadvantage index concretely shows the alarming condition of Ponticelli: the result of 19,08 (compared to 11,1 in Naples) confirms the conditions of socio-economic degrade of this neighbourhood and its chaotic connotation of industrial and residential uses (Comune di Napoli, 2011). This dramatic situation is even worse in specific areas of the neighbourhood where among young population, the risk of early school leaving touches 50%; less than 18% of young residents hold a high school diploma; and unemployment peaks at 40%.

In this context, *Arteteca* – a cultural nonprofit based in Ponticelli – aims to valorise personal skills and competences through urban creativity projects. Along the years, it boosted the “International Network on Writing Art Research and Development” (*Inward*), an observatory on urban creativity that promotes programs that include educational projects in interdisciplinary sectors and tools. The role of *Inward* is to coordinate projects aiming at regenerating small portions of degraded and peripheral neighbourhoods through images, murals and graffiti which represent dreams, hopes and difficulties of young residents, in a strict interaction among street art, community, environment and personal development. The specific program that we deeper analysed is that of *Parvo dei Murales*, implemented in 2015 in Ponticelli in order to regenerate a residential complex through urban creativity. At the moment of the interview (realized with the director of *Inward* and president of *Arteteca* between November 2018 and January 2019), the organization counted 8 founders, 15 employed people and 4 volunteers from the National Civil Service.

street art, intended as a wider set of artistic practices, often presents a more public address, less tied to the subcultural practices and conventions associated with graffiti (McAuliffe, 2012).

Actually, *Arteteca* was instituted in April 2004 as a result of a fervid activity in different artistic fields related to urban creativity and, specifically, the hip-hop culture of the 1990s. In Naples that movement included musicians, breakdance dancers, street artists, graffiti writers and rappers, who decided to organize their activities within a cultural organization that could operate in a broader sense, also through exhibitions, projects and conferences. Thus, immediately after its foundation, *Arteteca* was internally distinguished into different groups that corresponded to specific artistic fields, implying a sort of segmentation. In fact, this partition was useful in order to direct new members toward more specific areas such as graffiti, street art, hip hop, rap music, audio-visual compositions, contemporary art, communication, design, architecture and electronic music. Along the years, this “division” made that different groups were created, more forces were multiplied and, at the same time, many themes were accumulated under the “cultural umbrella” that also involved social and creative activities directed to young people.

Thus, between 2004 and 2007, the association produced many different projects according to the belonging artistic and cultural platforms: audio-visual laboratories, documentaries, projects with schools, children and experts, contemporary art exhibitions, etc. It also was a period in which Naples was rediscovering its cultural and artistic potential as in 2005 the city Municipality opened the PAN museum (*Palazzo delle Arti di Napoli*), while Regione Campania inaugurated the MADRE museum (*Museo d'Arte Contemporanea Donnaregina*). *Arteteca* took advantage of the cultural ferment, creating *Exposito*, an observatory on young Neapolitan artists and *Black Needle*, a platform engaged in sound engineering and music productions, but also improving the activities of *Evoluzioni* focused on street art and graffiti. Precisely in the field of street art, in 2008 it started implementing different projects, being formally linked to the Municipality of San Giorgio a Cremano (a village close to Naples), the Salerno Province, the Puglia Region, but especially collaborating with the national government.

In this phase, in fact, *Arteteca* focused on the necessity of convening a technical board about street art that had to be coordinated by the national government. Actually, politically speaking, it was a particular period in Italy as anti-writers norms and proclaims about urban decorum had been launched by the right-wing parties of *Lega*, *Forza Italia* and *Alleanza Nazionale*, at the government of the country in that moment. The national government also signalled that the activity and presence of writers had to be submitted to the Civil Code and for some forms of defacement or vandalism, to the Penal Code. Nevertheless, Sandro Bondi, then Ministry for Culture, during a TV talk show, declared that the government had to distinguish between vandals and writers. This declaration allowed *Arteteca* to direct a request to ANSA (the National Press Association), highlighting that actually the government was not distinguishing in that moment, but if politicians were interested into the graffiti question, a technical board on the theme had to be convened. At the end of 2008, Giorgia Meloni, then Ministry for Youth, decided to begin an informal conversation with *Arteteca* in order to work together and collaborate to projects focused on street art. This moment was a turning point

in the mentality change about street art as this operation produced direct and indirect benefits toward many other actors. In particular, the mentality change alimeted the consciousness about the potential of street art as alternative and legal formula, despite maintaining its transgressive form.

Thus, the government started being more committed, accepting the request concerned to the birth of a technical board on urban creativity: the board was formally instituted by CNEL (*Consiglio Nazionale dell'Economia e del Lavoro*) for the duration of one year. From end-2008 to mid-2011, an urban creativity valorisation model was created and presented at the end of this collaboration period between *Arteteca* and the national government. During this period, one million Euro was allocated for street art in Italy, being a first signal of the interest generated by this theme. National funds were channelled by ANCI (*Associazione Nazionale Comuni Italiani*), which emitted calls for tender for local administrations interested in realizing street art projects, also improving the collaboration between associations of graffiti writers and street artists and local policy-makers. The success of the model – presented on 21 July 2011, during an event organized by the Presidency of the Council of Ministers called “General States of Urban Creativity” – was due to the presence of different sectors: public, private, nonprofit and international ones (that currently are at the basis of *Arteteca's* valorisation and governance model).

Furthermore, other organizations were proposed to form part of a national network engaged in urban creativity: social organizations, urban creativity associations (UCAs), cultural enterprises, nonprofit entities, research centres, different Municipalities, formal and informal groups of street artists, a series of for-profit firms, etc., rapidly entered in this network, having in mind social regeneration and artistic requalification as main objectives to be engineered, organized and realized. In this regard, moving along different levels in the relationships with the public actor, *Arteteca* was one of the architects that contributed to raise the cultural weight of urban creativity, also because of the national attention that rose around the phenomenon.

Among the different projects realized along the years (about 200 so far), *Arteteca* mainly focused on regeneration programs carried out in depressed neighbourhood of Naples as results of a long path that firstly came out from the valorisation and governance model adopted by *Arteteca* that include non-profit, private, public and international sections (Fig 2).

Figure 2. *Arteteca's* valorisation and governance model



Source: www.inward.it

The social or nonprofit section includes two sub-sectors: the “associational” section and the “social” section itself. Organizations forming part of the “associational” sector are mainly UCAs (urban creativity associations) that are specifically labelled as entities that only focus on urban creativity. *Arteteca* favoured the birth, growth and coexistence of these organizations, acting as a sort of cultural manager trying to build a network of entities working in the same sector. In 2008, *Arteteca* organized a national tour in ten Italian regions where some memorandums of understanding were signed between regional administrations and local UCAs (currently 36 UCAs are present in 16 regions). During that national tour, *Arteteca's* representatives collected needs, requests and complaints of UCAs and bought them directly to the government through the technical board born in 2008, also showing the strong and diffuse interest about urban creativity in Italy. Thus, five *desiderata* from UCAs were presented at the national government during the event called “General States of Urban Creativity” in 2011: from then, government representatives and UCAs set up a program of interventions in the field of urban creativity which continues so far (despite a lack of linearity).

On the other hand, the “social” section of the model focuses on those organizations that are not directly engaged in street art, but that mainly operate in the social field itself (foundations, cooperatives, associations, nonprofits, ONLUS, NGOs and so on) and that

recognize the instrumental ability of urban creativity to bring social, educational, participative and active citizenship effects. From here, *Arteteca* decided to create some evolved platforms that could include urban creativity and social issues: in 2009 *Inward* with ANCI founded *Italian Graffiti*, a platform which monitors and promotes the work of specific Municipalities in the field of urban creativity (in ten years, it monitored more than 200 municipalities in Italy interested in street art, supporting them from legal aid to financial questions and transparency processes); in 2009, *Do the Writing!* was set up as platform grouping UCAs; in 2010, *Inopinatum* was launched as research centre on urban creativity engaged with twelve universities and fifty researchers.

From the interaction between social and creativity fields, a new project was born in Naples in 2010: the *Cunto* project was the acronym of *Creatività Urbana Napoli Territorio Orientale* (“Naples Oriental Territory Urban Creativity”) and was realized through the collaboration among relevant entities such as Vodafone Foundation Italy, Regione Campania, *Circumvesuviana S.r.l.* (*Circumvesuviana* provided its train station called *Argine Palasport* as *Arteteca*’s headquarter, also being the base of *Centro Territoriale per la Creatività Urbana*, i.e. “Territorial Centre for Urban Creativity”). While previously the organization had always showed interest in the East Naples neighbourhoods of San Giovanni a Teduccio and Barra, *Cunto* was specifically planned for the area of Ponticelli and based on social regeneration through urban creativity and civic participation of the local community.

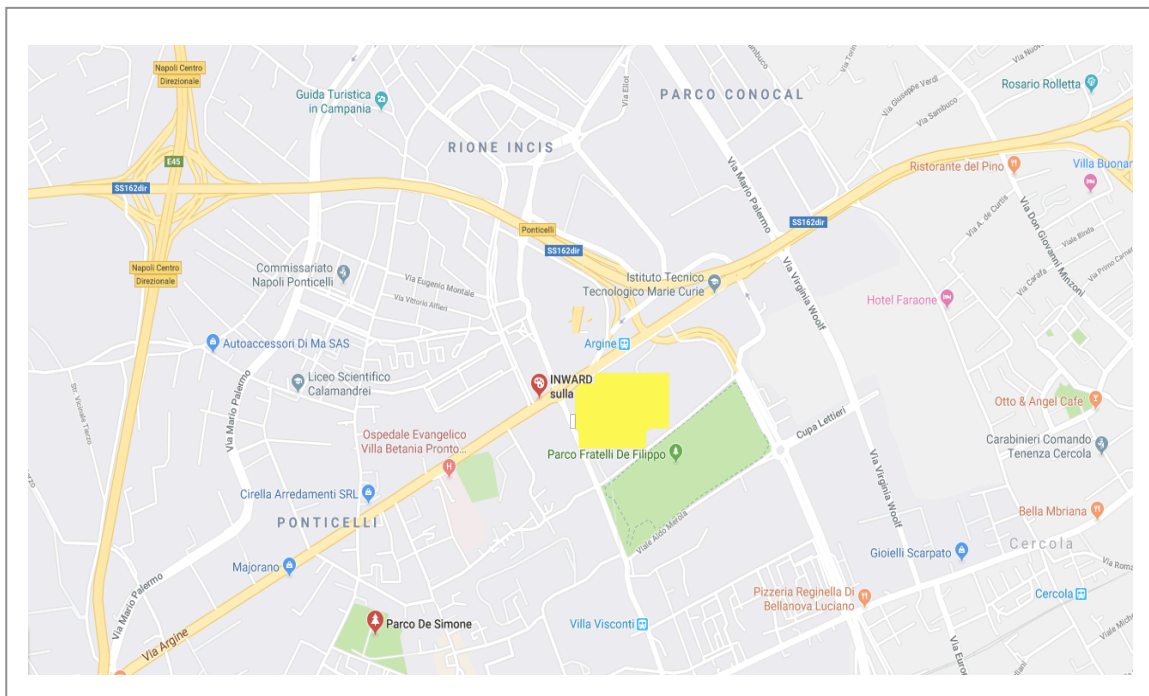
Concretely, the project aimed to involve local young residents in meetings, courses and activities carried out by local UCAs and focused on the requalification of neighbourhood’s portions (schools, public walls, churches, local associations) through street art. The most important focus of the project was the social laboratory in which young local residents proposed urban requalification artworks in collaboration with educators and street artists. Finally, not only different universities were attracted by the project in diverse research fields (Faculty of Educational Sciences of the University of Naples *Suor Orsola Benincasa*; Faculty of Sociology and Faculty of Architecture of the University of Naples *Federico II*; Department of Communication and Social Research of the University of Rome *La Sapienza*), but also a book was produced by five young local writers, reporting project’s developments, regeneration perspectives and incursions in the social and urban fabric. Successively, a sort of *Cunto plus* was implemented when East Naples Rotary Club decided to support laboratories about rap videos, urban gardens, Vesuvius cuisine, photography, tailoring, journalism and a series of other activities mainly based on expressive and social aspects, involving common people, technicians, experts and local residents.

Because of the success of the project, a new phase was launched: the objective was incorporating the social aspect in urban creativity artworks in order to regenerate depressed areas of the neighbourhood of Ponticelli. From here, the idea of *Parco dei Murales*, which actually was born as a simple intervention, but passed through the phase of a project and

finally took the form of a program. In fact, during a convention at the University of Salerno in 2015, *Arteteca* met UNAR – *Ufficio Nazionale Anti-discriminazioni Razziali* (National Office for Racial Anti-discriminations) of the Department for Equal Opportunities of the Presidency of the Council of Ministers. After successive confrontations, UNAR proposed the idea of producing three street artworks in three Italian cities during specific national and international anti-racism days along the national campaign “Open up your mind, turn off prejudices”. Thus, UNAR chose: (1) Reggio Calabria for the world day against racism; (2) Trieste for the international day of refugees; and (3) Naples for the international day of Rom, Sinti and Caminanti.

In that occasion, *Arteteca* decided to realize a street artwork in Ponticelli, on the facade of a popular residential housing complex, called *Parco Aldo Merola*, where about 160 families live. Thus, it obtained from the Naples’s Municipality (the owner of the housing complex) the authorization to realize a street artwork that would have been in harmony with the local population. The location choice was not casual: in 2008, a Rom camp established very close to the complex was evacuated and burnt by local camorra clans. *Arteteca* decided to realize the project being supported by the ONLUS *Psicologi in Contatto*: psychologists found out that local children hated Rom people despite they were very young when the camp was there. From here, the message *Arteteca* decided to communicate was focused on remembering those dramatic events, trying to change the sentiment toward Rom people by painting an iconic image on the wall.

Photo 1. Perimeter of *Parco Aldo Merola* (area of intervention in yellow)



Source: Our elaboration on Google Maps

Thus, *Arteteca* opted for the Neapolitan street artist Jorit, a photo-realistic artist who first takes a photo of the subject he wants to represent and later realizes an extremely realistic artwork. Through agreements and discussions with Caritas, UNAR and the Department for Social Policies of the Naples Municipality, *Arteteca* proposed the idea of reporting a Rom person, not a symbol, but an existing child who was coincident with reality. Thus, through the aid of Caritas, Jorit visited the Rom camp of North Naples, met some people, imagined a story, photographed a child named Ael, and listened her story. From there, he realized the mural called *Ael* which means “the girl who looks at the sky” in Romani language (Photo 2). The second part of the title was: “*tutt’ egual song’ e creature*” (in Neapolitan dialect “all children are the same”). On the wall, the face of the child appears among some toys and books as recognisance of the fact that her future could be better only through education and schooling. During the works, as the money provided by UNAR were insufficient, *Arteteca* asked the support of the Naples Municipality which provided a loader through its participated company ANM (*Azienda Napoletana Mobilità*). Actually, *Arteteca* found in the Naples Municipality a partner which promoted and supported the intervention, especially in the persons of Roberta Gaeta, Assessor for Social Policies; Ciro Borriello, then Assessor for Urban Decorum; and Alberto Ramaglia, then CEO of ANM, other than Paola di Lazzaro from UNAR.

Photo 2. *Ael. Tutt’ egual song’ e creature*. Jorit Agoch, 2015



Source: *Angelo Laudiero, 2019*

As underlined, a children face, some books, a pencil and a spinning top were represented. Now, psychologists of *Psicologi in Contatto* immediately signalled the fact that children living in the residential complex did not recognize the spinning top represented on the wall. This stimulated *Arteteca* to extend the production of new artworks, moving from the single intervention to the project phase. In this case, the second artwork would have focused on playing. Differently from the first mural, in this case *Arteteca* looked for a sponsor and found it in Naples Rotary Club, other than the contribution of the Department for Urban Decorum of the Naples Municipality. The street artist called to realize the mural was Zed1 from Tuscany, who usually represents the theme of playing, drawing puppets, toys, and micro-theatrical scenes. After collecting ideas and thoughts from young local residents, the artist decided to reflect on the alienation and loneliness caused by the digital playing.

Indeed, Zed1 represented a console, a synthesis of the digital playing, which was not borne by a puppet, representing a mix of Pulcinella and Pinocchio (a Tuscan who comes to Naples as Zed1 comes from Certaldo and goes toward the Pulcinella's city). Successively, a wooden horse and a little airplane were added. Now, the artwork wanted to signal the fact that traditional games do not bear the weight of digital ones: the abuse of digital playing implies a distance from physical and proximity practices and an abstract socialization which in peripheral areas is even more alienating than in other contexts. Furthermore, the idea was that of reflecting on the risks linked to cyber bullying, pornography, dark web and many other things to consider. This second artwork was entitled *A pazziella 'n man' e creature* (in Neapolitan dialect "the toy in children's hands") in order to fix the idea that a toy in the hands of a children is a necessity (playing as a need), but it can also be transformed in a dangerous game (Photo 3).

Photo 3. *A pazziella 'n man' 'e creature*. Zed1, 2015



Source: www.innward.it, 2019

Other than playing, one of the educative keys *Arteteca* was mostly interested into was that of reading. Actually, educators highlighted that in such a condition of early school leaving, the book is something difficult to find in an extra-scholastic context; but, at the same time, the practice of reading could be favoured. This was the starting idea behind the third artwork: children's creativity as a stimulus against the predestination of the periphery. Thus, *Arteteca* called Mattia Campo Dall'Orto, a Friuli artist who decided to photograph some residents of the housing complex (he selected two children, a boy, a man, a woman, an older man and a dog) in order to recreate the mixed humanity living in the area. In this case, the support for the mural called *Lo trattenemiento de peccerille* came from *Forum della Gioventù Regione Campania*. In the draw, two children are represented while reading a book, and above their heads, other residents are enriched by fantastic and fabulous elements (the dog gets wings, the popular woman becomes a sort of princess as she wears a diadem, etc.). The book they read is *Lo cunto de li cunti*, written by G.B. Basile and published in Naples in 1636 as a collection of tales that describe stories with educative contents. In fact, the book was considered as a sort of *ante litteram edutainment*, i.e. tales with moral and educative aims.

As *Lo cunto de li cunti* proposed stories of positive transmutations, the interesting idea linked to the artwork was that it was possible to overcome the predestination of periphery through reading. Basically, reading diverse stories could aliment in children the possibility of choice through understanding different ways of life. Not casually, in the upper right of the wall, there is a sort of seal which reports an Umberto Eco's sentence: "reading is a backwards

immortality”; it means that reading allows living different lives, identifying ourselves in other characters and situations, making choices and having the stimulant creative capacity of transforming things. Mattia Campo Dall’Orto transformed ordinary situations into something extraordinary, adding fabulous elements to realistic aspects: there are “ordinary” elements as the represented characters are local residents, but the act of reading – intended as a creative sprint – transforms them in something “extraordinary”. The artwork was inaugurated by Domenico Basile, great-grandson of G.B. Basile, who brought children a synthesis of the book. Children were asked to realize a sort of book-crossing among them, recognizing people that were represented in the mural, designing a story with these characters, giving them a creative evolution as an exercise to transform the “ordinary” into the “extraordinary” (Photo 4).

“During the inauguration party, Rosa (a child represented in the mural) hold a schoolbook: she wanted to show that she received from her teacher a vey good note. I told her: “nice! You never wanted to read before. Do you like it?” She said: “I am the girl in the mural; she is reading so I have to read”. She had transferred herself in the image on the wall” (Arteteca’s founder, 2018).

Photo 4. *Lo trattenimento de’ peccerille*. Mattia Campo Dall’Orto, 2016



Source: Angelo Laudiero, 2019

The fourth artwork talks about football as a value. Through the help of educators, *Arteteca* was realizing artworks that reflected specific values: integration (the first mural), playing (the second mural), reading (the third one), football (the forth one). Football was thought as a value as in some contexts it represents a dimension of challenge, outburst, ransom, desire of

emerging, possibility to have a chance, being part of a wide, auto-reflexive and strongly auto-recognized community that leads to positive sensations and to respect rules.

Arteteca decided to entrust two Sicilian artists – Rosk & Loste – the realization of *Chi è vuluto bene, nun s’o scorda* (in Neapolitan dialect “the ones who are loved do not forget it”), which takes its form from the slogan of Maradona’s supporters *Chi ama non dimentica* (“the one who loves does not forget it). The fact that the sentence is transformed is a message to parents living in the complex: “remember that those who receive love, do not forget it. Thus, if you give children love, probably in the future, they will transfer that love to their children. Let’s transmit love, happiness and passion of football in real life” (*Arteteca’s founder, 2018*).

In fact, the artwork represents two children playing football, expressing the desire of joy and excitement, wearing two football shirts: one is that of Naples football club, the other one is that of Argentina national selection. The fact that children wear these shirts recalls a combination referring to the 1980s (even though it is always possible to match these elements), implying that represented children are not the current resident of the complex, but their parents when they were young (Photo 5). Actually, realizing the artwork was the occasion for residents to express the desire for a new football court where children could play football. In this case, the support came from a patron, not a sponsor: the beer company Ceres S.p.a. does not appear in the artwork, but provided the needed financial resources to realize it.

Photo 5. *Chi è vuluto bene, nun s’o scorda*. Rosk & Loste, 2015



Source: www.innward.it, 2019

Later, in 2017, *Arteteca* participated in a call for tender launched by MIBACT and SIAE. The call was entitled *S'illumina* and was based on Italian peripheries: the organization proposed the realization of two more artworks, again combining social laboratories and street art. The themes that emerged from confrontations with residents and social educators were those of maternity and solidarity. In fact, after having described a masculine element (football), *Arteteca* expressed the need to represent something more feminine, especially in a context where maternity is experienced as a problem. A street artist from Sardinia, La Fille Bertha, was entrusted to realize a street artwork entitled *A Mamm' 'e Tutt' 'e Mamm* (in Neapolitan dialect “the mother of all the mothers”) as a celebration of the superior maternity, that of the Virgin Mary. The idea was that of talking about maternity as the holiest existing maternity, a way of doubling the sense of motherhood within an expression. The mural also presents evident references to the iconography related to the Virgin of Mercy: the Virgin Mary hugs two children with Her mantle, representing maternity as a gift (a value) and not as a problem, even implementing the social and artistic message of the artwork (Photo 6).

The second theme that emerged from social laboratories was solidarity. In that occasion, *Arteteca* opted for Daniele Nitti, an artist from Apulia who usually realizes very dark starry skies with some clearer, milky, dusty evidences. The sixth artwork refers to the territory: an abyssal seabed, a sidereal space, a starry sky on the background and some stilts on the middle of the mural that actually are some houses designed on the water. The water symbolizes the Sebeto river (which flowed in this area) as an abyssal oceanic space. The stilts are the buildings of the residential complex transformed into divided units, linked by bridges where acts of solidarity are recognizable. The desire of solidarity consists in the passage of gestures and objects from a point to another: the artwork also honours Ponticelli (the neighbourhood takes its name exactly for this reason as it means “small bridges”). The artwork is called *Je sto vicino a te* (in Neapolitan dialect, “I stand by you”), a musical homage to Pino Daniele (a Neapolitan singer) and a sentence indicating closeness as act of solidarity, being supportive in the proximity of the neighbourhood and the value of common wellbeing, collaboration and sharing (Photo 6).

“Thus, “I stand by you” is a real and concrete fact from a proximity point of view but also an induction to act in solidarity” (Arteteca’s founder, 2018).

Photo 6. *A Mamm' 'e Tutt' 'e Mamm.* La Fille Bertha, 2017 (right). *Je sto vicino a te.* Daniele Hope Nitti, 2017 (left)



Source: www.inward.it, 2019

Moving toward the two final artworks, the seventh one focuses on the name of the residential complex: *Parco Merola* was entitled to Aldo Merola, the former director of the Naples Botanic Garden. In order to reshape the negative image of the complex (especially because of events linked to criminality and degrade) and to inform residents about the real name of their housing complex, *Arteteca* implemented an interesting creative process: local residents and social educators visited the Naples Botanic Garden through an agreement with the University of Naples *Federico II*. During the visit, children were given some cameras and were asked to take photographs to the most interesting flowers and plants, making an exercise of documented attention. Successively, children were provided with pencils, sheets and papers and were asked to draft what they detected in that moment from the photos they had taken. Thus, photos and drafts were sent to Fabio Petani, a street artist from Cuneo specialized in illustrating flowers, plants and botany. He realized a personal synthesis that tended to honour the work made by children, realizing an artwork that represents a huge flower with a natural composition of leaves and stones. The main colour is purple, while in the middle, there is a yellow circular line, with a selection of rings symbolizing the growth. Actually, children preferred to take photographs to purple flowers and yellow blossoms and the artist decided to give those elements back in the mural.

At the centre of the artwork, stands the dominant flower chosen by the artist: arum. Arum is a typical flower of San Gennaro Valley, which raised and flourished exactly when Fabio Petani was realizing his artwork. Furthermore, in the Neapolitan tradition, this flower was put over infants' cribs in order to protect them. The artwork was called *O' sciore cchiù felice* (in Neapolitan dialect, "the happiest flower") also following a song of Almamegretta (a Neapolitan rap band). The social message indicates that the happiest flower is the one with no specific roots: it seems strange and contradictory considering this territory, but the value of this artwork is the territory itself as if a territory is poisoned, the flower simply dies. According to *Arteteca's* founder, this paradoxical eradication enforces the function of roots where the humus is the best. In that case, Petani's artwork was supported by *Linvea Industria Italiana delle Vernici*, a specialized company in the industry of coatings for buildings, which provided the supply of varnishes (Photo 7).

Photo 7. *O' sciore cchiù felice*. Fabio Petani, 2018



Source: www.inward.it, 2019

The last artwork was a completion work, whose theme was autonomously decided by *Arteteca*: the value chosen was "the cure" as a wish and expectation from residents towards the murals and the beauty that raised in the residential complex. The organization decided to entrust the artwork to a Neapolitan street artist: Zeus40 from San Giovanni a Teduccio. The mural was called *Cura 'e paure* (in Neapolitan dialect, "caring fears") and represents the shape of a family photo where there are no evident faces: it is an ideal family composed by different people living in the residential complex (the family of *Parco* or *Parco* intended as a family). Furthermore, the title was a musical homage to a song of 24 Grana (a Neapolitan

rock band) which says: “through colours, you cure fears”, meaning that through all these colours, it is possible to cure the fear of being abandoned, of not measuring up, of walking down the street, of the evil. In this case, the artwork was financed by a social crowdfunding campaign organized by *Meridonare Fondazione Banco di Napoli*, and accompanied by creative laboratories developed by the National Civil Service. The campaign was very positive also because of the participation of local residents, entities, organizations, studios, companies, bars and restaurants of the neighbourhood that were engaged in the programme in different forms (Photo 8).

Photo 8. *Cura 'e paure*. Zeus40, 2018



Source: www.inward.it, 2019

Definitively, the programme was realized along three years (between 2015 and 2018), aiming to create a story telling and a narration with keywords, values and methods, focusing on primary social aspects through laboratories, meetings and involvement of the local community. Indeed, each street artwork represents values and ideas coming from this interaction as local residents directly proposed themes to be successively valorised through street art (integration, playing, football, reading, maternity, solidarity, territory and caring). Indeed, the local community (and not only the complex's residents) was the direct beneficiary of the programme as the central, nuclear and direct intention was that of improving a neighbourhood and its perception. In numeric terms, out of 160 families living in the complex, about 40 families were directly involved in the programme, especially children who actively participated in socio-artistic laboratories.

Since the beginning, however, *Arteteca* tried to create a narration, developing a programme that needed to be carried out in a wider manner along time, motivations and spaces. However, the social focus was always present and suggested *Arteteca* not to do a collection of artworks in which its role was limited to the curatorship, but to combine social and artistic aspects, remaining curator and promoter of the whole programme, despite different supporters and patrons were involved.

Schematically and temporarily speaking, the programme was based on three phases: (1) the “social” phase included laboratories and initiatives that anticipated the artworks in the emersion of values and keywords, also stimulating residents to rethink their collective identity. Volunteers of the National Civil Service and social educators were engaged in these laboratories with residents, working together for the emersion of values and ideas that were considered prominent by the local community. Furthermore, the social consequence and effectiveness of street art resided in the *post-operam* phase as murals also wanted to reflect on some concrete aspects such as local needs and requests. (2) The “artistic” phase was divided into “artworks” and “artists”: of course, murals had their artistic value, while artists were accurately chosen by *Arteteca* according to specific issues, themes and skills. (3) The “promotion” phase was mainly based on a media valorisation through street art tours, press articles, social networks, TV and cinema productions, but also postcards, shirts, bags and other cultural products. Furthermore, *Arteteca’s* founders are currently imagining of producing a documentary, a book and a photographic project that may “objectify” *Parco dei Murales*, i.e. realizing cultural objects in order to explain it⁸⁸.

In fact, the promotion phase focused on amplifying the programme through a consistent press release, but also through street art tours. This amplification and promotion immediately raised the attention of art directors, location managers, and cinema and film production companies. They proposed to shoot scenes at *Parvo*, leading to set up movie sets for different productions: for example, CATTLEYA shot scenes of *Gomorra* in 2017, while RAI Fiction realized scenes of *Sirene* in 2018, and many other productions followed such as *Campioni* or *Amore Criminale*. In these occasions, TV and cinema production firms tended to employ bit-player actors and people working on the set, recruiting them among local residents, paying them a salary or renting apartments for shooting scenes. Thus, by working with these production companies, residents realized that murals could also yield an economic return, facilitating job opportunities in an area characterized by high unemployment.

Following this suggestion, in 2019 *Arteteca* asked and obtained from the Film Commission Regione Campania to insert *Parco dei Murales* in the official “Atlas” of Naples cinema and TV sets and movie locations. This inscription implies that in the future, TV and film companies that want to shoot scenes with street artworks on the background, will have to pay a sort of

⁸⁸ The idea is telling the story of *Parco dei Murales* in cultural products realized by Neapolitan writers, photographers and artists: for example, the book should be published by a company based in Ponticelli specialized in reporting local events.

renting tariff. Now, as artists do not commercially maintain the property of their artworks (they only have the intellectual property), if some profits are generated, earnings may be directed to benefit the complex itself, redistributing these resources in a not-for-profit way. The idea of *Arteteca* is to set up a social fund – opportunely opened for the complex – in which cinema and film companies that want to take scenes at *Parvo* pay a fee. The generated economic resources would be used to repair the complex itself, allowing residents to act by their own, independently from the public administration's intervention (for example repairing benches, cleaning common spaces, mowing green areas and flowerbeds, etc.). The social fund, thus, could benefit the whole community living in a public residential housing complex that is not served in a complete and satisfying way by the public administration (especially because of the few public resources destined to peripheries). Despite difficulties, the idea of a social fund would represent a great innovation in this context: an economic activity that serves community interests, benefitting residents that are not served in a satisfactory way because of limited municipal resources.

Following the idea of developing a social economy like this, *Arteteca* is also thinking about producing gadgets, t-shirts and postcards representing artworks, incentivizing residents to set up a commercial activity.

“It means that we could cover all the costs through a sponsor (let's say 5.000€), produce gadgets and provide residents with these gadgets. Residents, then, could sell these products, expecting a net earning of 7.000/8.000€ that could reinforce the social fund” (Arteteca's founder, 2018).

Of course, this would be possible if one or two families (not the whole community) would set up an entrepreneurship activity, respecting normative and commercial conditions. In this regard, the role of the organization would be that of informing and supporting residents in realizing such a project, especially about the intended use of those spaces. Nevertheless, a first step in this direction should be the regularization of existent activities that informally rose in the residential complex (such as a washing powder and a bar that were opened in not adequate and illegal spaces). Thus, despite the fact that, in terms of economic activities generated outside, nothing really relevant happened, *Parco dei Murales* has the potential for raising a concrete social economy through the realization of a social fund and the opening of commercial activities that could favour an internal consumption and benefit the whole local community.

In this regard, however, a first consequence generated by the realization of the programme was the raising of a micro-economic turnover testified by the birth of a social cooperative called *Arginalia* (a work insertion social cooperative which aims to favour job opportunities for disadvantaged young people living in East Naples) born through the collaboration of *Arteteca* and Vodafone Foundation Italy. The first great success of *Arginalia* – actually co-working with other actors – was the reopening of an abandoned archaeological site in

Ponticelli: the *Roman Villa of Caius Olius Ampliatus* was discovered in the 1980s during the realization of new buildings destined to displaced citizens after the earthquake. Between 1985 and 2007, the site was completely abandoned until the requalification intervention coordinated by Rotary Club, the Naples Municipality, the Naples Archaeological Superintendent's Office and *Arginalia*. In 2016, Rotary Club asked the management of the roman *Villa*, signing a convention with the Superintendent's Office for valorising and reopening the site, committing *Arginalia* to maintenance and cleaning activities (currently, the cooperative employs one permanent worker). Furthermore, guided tours are regularly organized in order to allow residents to discover and further valorise a cultural and archaeological site whose existence was unknown. There is no entrance ticket, even though the *Villa* only opens according to a programme scheduled along the year. So far, more than 1.000 people visited the *Villa* (between 400 and 600 visitors per year in 2017 and 2018): in 2019, the idea was to maintain the average of 500 visitors, especially during the months of May and June. Finally, on the external walls of the Roman *Villa*, *Arteteca* decided to realize a street artwork which described the history of this archaeological site: the mural was completed by Paolo ShaOne Romano in 2016 and recalls some elements that are visible inside the *Villa* like earthenware vases, floors and gardens (Photo 9).

Photo 9. *Roman Villa of Ponticelli*. Paolo ShaOne Romano, 2016



Source: www.inward.it, 2019

“Thus, a micro-economic circular logic raised: we realized the artworks in the complex; these artworks stimulated an interest; we amplified the communication; people came to visit the Parco; we systematically started organizing tours, gaining money through ticketing; we opened and provided a social cooperative through these earnings; the social cooperative hired a disadvantaged person; he is employed in the cleaning and maintenance of an abandoned archaeological site; the abandoned site was recovered and given back to people

who can visit it (students, residents, visitors, etc.). Actually, despite the economic value generated by the programme is something really difficult to quantify, a micro and occasional but virtuous economic flow undoubtedly raised. [...]. Of course, Parco dei Murales will never become a company or a firm.” (Arteteca’s founder, 2018)⁸⁹.

The success of the programme is definitively due to another factor, too: the collaboration with a series of for-profit, nonprofit, national, international, public, private and community actors that in different ways were interested in *Parco dei Murales*. In fact, just to provide some examples: the social crowdfunding campaign was realized in collaboration with *Meridonare Fondazione Banco di Napoli*; *FAI Fondo Ambiente Italiano* included the *Parco* among “FAI hearth places” (*luoghi del cuore FAI*); Google Cultural Institute began an important relationship of formal collaboration with *Arteteca* about street art in Italy; Google Maps (Google Arts & Culture) remapped the *Parco*, also providing the possibility of HD visions of itineraries and a street view mapping; local children recorded audios, explaining artworks so that visitors can hear the tour directly from children’s voices; *MANN Museo Archeologico Nazionale di Napoli* included *Parco dei Murales* in the extra-MANN discount network through the OBVIA project; *GESAC Aeroporto Internazionale di Napoli* not only donated resources during the social crowdfunding campaign, but also proposed to sell street art tours’ tickets directly inside the airport, initiating a first experiment of bringing together a centre and a periphery and strengthening this relationship through a platform born in 2019 that aims to generate touristic flows in peripheral areas, stimulating micro-economic processes; the National Civil Service provided volunteers that were very useful in carrying out social laboratories⁹⁰; the Naples Municipality provided the elevator for the realization of four artworks and supported the programme along three years; Vodafone Foundation Italy collaborated and sustained the opening of the social cooperative *Arginalia*; the University of Naples *Federico II* organized the guided tour at the Naples Botanic Garden; the Naples Archaeological Superintendent’s Office provided the concession for the management and maintenance of the Roman *Villa in Ponticelli*; *Psicologi in Contatto ONLUS* realized and managed socio-cultural laboratories with local residents; UNAR provided the economic support and co-participated during the realization of the first artwork; MIBACT was linked to SIAE for the realization of two

⁸⁹ *Arteteca* operationally maintains earnings coming from tours, paying employed workers, but also financing the social cooperative *Arginalia*. Indeed, street art tours represent a form of artistic, cultural and economic valorisation of the artworks, but earnings coming from ticketing economically support the social cooperative (the tour guide operates as a cooperative member). The price of the single ticket is 10€ even though many people visited the *Parco* for free: university students, local residents, children, schools, etc., were not charged of the entrance ticket. In total, between 500 and 1.000 people visited the *Parco* in the last three years (*Arteteca*’s founder, 2018).

⁹⁰ Since the beginning, *Arteteca* was accredited to the National Civil Service through the programme: “*Parco dei Murales*: urban creativity between artistic requalification and social regeneration”. The organization established precise goals for the first years till completing eight facades-artworks. However, volunteers continued to be engaged in socio-artistic laboratories such as breakdance, juggling, social theatre, reading, also accompanied by professional educators. Furthermore, volunteers also painted the lobbies of the residential complex, receiving indications by residents about the colour they wanted the lobbies painted (this cost was covered by the MIBACT–SIAE call). Thus, the national civil service department positively evaluated the programme, paying a wage of 433,80€ per month to four volunteers per year for a total of 62.467,20€ along three years.

artworks through the *S'illumina* call about peripheries; Rotary Club Naples and *Forum Regionale Gioventù* realized a co-participation for the corresponding artworks, covering part of realization costs; Ceres S.p.a. was the patron for the correspondent artwork through a formula which did not provide the classic sponsorship with a commercial brand; *Linvea Industria Italiana delle Vernici* donated varnishes for the correspondent artwork; the cultural association *Econote* initiated and collaborated to the management of street art tours at *Parco dei Murales*⁹¹.

Of course, other than economic elements, social innovation aspects (innovations that respond to community's needs) merit to be underlined. In fact, a social process facilitated by urban creativity emerged in order to deal with a condition of depression experienced by the community living a public residential housing complex in periphery. This social process also refers to substantial questions about specific needs that the local community still requires, especially about housing conditions, urban planning, public transport, utilities, economic affairs, job opportunities, structural and infrastructural issues, economic and educative poverty, criminality, etc., as well as the immersion level that local residents suffer.

“In such an urban deprived area, Arteteca tried to realize public art, street art and urban creativity pieces, reflecting on the beauty that may paradoxically rise in such a context. Of course, we do not think that structural, economic and social problems can be dealt with and solved by street art, but it may aliment a series of situations and dealing with specific needs” (Arteteca’s founder, 2018).

In fact, *Arteteca* immediately recognized the effects of abandonment and perception of exclusion that local residents suffered: *Parco Merola*, before its conversion in *Parrco dei Murales*, was effectively perceived as a completely abandoned place by internal and external residents. From here, the idea of realizing a programme of artistic requalification that could also generate a social regeneration based on the conviction that art could satisfy a part of recognized needs, especially those linked to the effects of abandonment, exclusion and rejection. Nevertheless, the recognition of these needs was only possible through the help of *Arteteca’s* partners: third sector organizations engaged in human, social and environmental fields, educators, social operators, territorial and community animators and volunteers⁹².

⁹¹ The average amount for the realization of each mural is about 10.000€. On average, 5.000€ was the contribution that these subjects devolved for realizing artworks: the UNAR artwork (*Ael*) approximately had a cost of 5.000€ and the same sum was disposed by the *Forum Regionale della Gioventù* for the artwork *Lo trattenimento de peccerille* and by Rotari Campania Napoli for the artwork *A pazzziella 'n man' 'e creature'*. Conversely, more than 5.000€ were disposed by Ceres S.p.a. for the artwork *Chi è vuluto bene, nun s'ò scorda* as two artists were engaged. About 5.000€ was the total cost of the paintings provided (for free) by *Linvea* for the artwork *O' sciore cchiù felice*. Then, *Arteteca* won the *S'illumina* call emitted by MIBACT and SIAE, covering the costs of two artworks (*A Mamm' 'e Tutt' 'e Mamm* and *Je sto vicino a te*). Finally, the last artwork, *Cura 'e paure*, was realized through a social crowdfunding campaign that recollected 10.000€, allowing the organization to repay realization costs and produce gadgets for donors.

⁹² Specifically, psychologists and social educators were fundamental in recognizing those values that the community mostly felt: as reference, the perceived hate against Rom people forced to reflect on harmonizing (the integration principle expressed in *Ael*); or the missing aspects in the conception of playing allowed to focus

In this regard, a not usual and innovative formula of social innovation through urban creativity allowed the emersion of inappropriate living conditions that these communities suffer (lack of services), but also the raising of values and requests they expressed through the unexpected artistic intervention. In fact, social innovation rose from the use of street art to detect a degree of intolerance, immersion and depression of a marginal community: *Arteteca's* objective was to bring people out from an emarginated, anonymous and rejecting condition through their collaboration in realizing street artworks, allowing them to participate, rethink their condition and request for unsatisfied needs, services and rights⁹³.

In particular, social innovation resides in the emersion of these values and requests through an innovative and unusual artistic intervention, trying to concretely respond to community's needs. One of the mostly claimed themes brought by local residents was the complete abandon and marginalization: nowadays, through urban creativity, this community is receiving attention and consideration in terms of touristic and institutional presences, favouring an identity awareness and pride⁹⁴. Indeed, the artistic requalification brought by street art improved these desolated places, making people proud of living in there: the idea was that of moving internal and external communities toward a strict integration that would have never been possible before. Concretely, the final result of the programme, in its complexity, is the amplification of the attraction capacity of the place as main element utilized to beat abandonment and undesirability. Street art effectively brought local residents to be an object of interest, visits, tours, studies, research and promotion, other than raising in the community itself a pride status that still needs to be animated, guided and valorised.

This aspect leads us to underline social consequences produced by the programme, especially in terms of changing community's cultural roots, relations and values in a context of public popular residential housing where socio-cultural and socio-economic frameworks are evidently complicated. Nevertheless, a "soft" immaterial changing of values appeared in the relation with public spaces: *Arteteca's* members and volunteers noted an improvement in the

on the educative necessity of playing itself. Laboratories and activities raised these social issues that were successively valorised by street artworks. In order to maintain and preserve these artworks, furthermore, the organization expects to employ a team of restorers, as the idea is that high potential or social content artworks do not have to be subtracted to local residents, but preserved for a community that accompanied, favoured and encouraged street art.

⁹³ For example, residents directly asked Mayor De Magistris to provide the complex with a new football court. It happened after a street art tour organized in July 2015, when residents concretely had the chance to bring their instances directly to the public authority. This request was receipted by the public administration but the football court has not yet been realized (October 2019).

⁹⁴ As reference, a local resident of *Parco Merola* declared: "through street art, we can affirm to be from Naples as we do not consider ourselves as Neapolitans [...] street art gave us an identity that we had lost and that we could recover [...] we moved from being emarginated to be an integrant part of a project and of a city [...] nowadays, there is pride, joy, pleasure in living in our houses and this is a pride for many people that identify themselves in the *Parco* and for many children that now want to produce street art [...] we want to keep on collaborating with *Arteteca* in order to bring some benefits to our children because we have to give them a better future" (local resident of *Parco Merola*, 2019).

cleaning maintenance of murals, proudly considered as part of their territory by local residents.

“We perceived the importance of “others”: the idea of bringing and welcoming people inside the complex, not seeing them suspiciously or with rejection. It represented a change in terms of relations, value of “otherness”, recognition of “others”, points of contact, confrontations and enrichment” (Arteteca’s founder, 2018).

In this regard, economic and social consequences could be generated: indeed, the artistic innovation born in the area attracted communities and people that, otherwise, would have never entered in those spaces (where there were no reasons to go also because of their negative image linked to criminality and degrade). On the contrary, the presence of visitors from other neighbourhoods of the city demonstrated the possibility of trespassing spaces, generating positive and favourable contacts through the interaction among communities in transit. Definitively, the programme led to the affirmation of the collective identity, not only converting the negative image that *Parco Merola* had before the artistic intervention, but also implying a change in residents themselves: from being perceived as isolated and abandoned, they became desired and visited, implying a new sense of pride for living in those spaces. Furthermore, residents perceived an improvement in the perception of their living conditions, not only in social relations and in management of common spaces, but also in the perception of criminality and safety in the area.

This change was evident in passing from a situation in which local residents neglected their own living areas to a condition of directly taking care of public spaces. A proof of this was the residents’ request of painting complex’s lobbies according to the colour of the referring artwork, implying a new sense of caring for the places they live and a new sense of decorum of common spaces (especially in the maintenance and management of gardens and flowerbeds)⁹⁵. From here, the activation of civic participation and engagement may be signalled in residents involvement in public life: for example, *Arteteca* oriented and supported them in writing notes and e-mails to the local Municipality, activating an embryonic sense of civic participation and consciousness of making claims, requests and complaints toward the public actor. Furthermore, along the programme, new civic networks were realized, especially through the constitution of a civic committee in charge of representing local residents, underlining a rising positive dimension in the complex. Despite this committee has not been formalized, remaining an informal group of subjects, this step appears as a further improvement, especially considering that the complex never had its own condominium assembly. The committee’s representative is a resident who is charged of externalizing community’s negative and positive impressions, involving other residents, trying to solve

⁹⁵ For example, during the inauguration of the Rosk & Lose’s artwork (*Chi è voluto bene, nun s’o scorda*), which was sponsored by Ceres S.p.a., a fundraising campaign for private donations was organized and many local people contributed in different ways. Donations were directly receipted by residents who decided to spend those resources for cleaning and mowing down the grass of the complex. Thus, a different way of organizing residents’ own exigencies raised and its result was directed toward the public and collective good.

problems. Another proof of the engagement of civic networks is provided by the last artwork: the social crowdfunding campaign was realized through the support of big companies and firms (such as *GESAC Aeroporto Internazionale di Napoli*, *Forum Nazionale Giovani*, etc.), but also through the participation of many local residents and small economic activities located in the area.

Currently, despite spatial and physical limits of the complex, the social phase is still active: volunteers continue to carry out many activities and laboratories, independently from the fact that the artworks are concluded. Indeed, as the founder explained, different future projects could be implemented at *Parco dei Murales*: first of all, the regularization of informal commercial activities that are carried out inside the complex in abusive and not adequate spaces; secondly, the opening of regular activities such as bars or stores that could favour the internal consumption and benefit resident entrepreneurs that would be in charge of commercial activities; thirdly, the activation of a social fund that would serve the interests of the community, satisfying unmet structural needs, distributing earnings in a not-for-profit way, implementing a social economy; fourthly, insisting on the social relevance of urban creativity to bring effective and concrete consequences through *post-operam* campaigns: the idea is to raise attention on specific themes expressed by murals and ask for-profit firms to act as sponsors in providing certain facilities (e.g., to plant colourful ride, amusements, playground with roundabouts for children, etc.). In this case, the interaction between for-profit and nonprofit actors would favour the interests of a community in need taking as starting point a cultural and artistic expression. In sum, *Artoteca* followed a sort of educative mission, acting as a social and cultural operator with proved capacities, vocations and competences, also linking territorial entities related to urban creativity with private, public and nonprofit actors, and improving community conditions, engagement and participation at the neighbourhood level.

Finally, despite its exploratory intent and the absence of scientific literature on the analysed case study, some interesting reflections emerge. Principally, the case of *Parco dei Murales* seems to demonstrate that there exists a relation between urban creativity and initial episodes of urban regeneration as development micro-dynamics rose in a risky and degraded metropolitan space. In fact, an initial tentative of giving new signification to the area provided a reformed narration compared to the typical periphery stereotypes. Such a process was mainly conducted by a nonprofit organization supported by different public, private, national and international actors, demonstrating the concrete wish to regenerate a degraded area, not only through the simple artistic intervention, but also through valorising murals that brought social and political messages and that obtained a mediatic attention. From here, we can note the raising of micro-economic trajectories of development through street art tours and other cultural products and the birth of an initial touristic process that generated positive implications on residents' visibility and possibility to meet other communities. Furthermore, the rising of a micro-economic circular logic also had important indirect

effects such as the recovery of an abandoned archaeological site that was reopened and revalorized. However, the most important consequences were generated in the social field, especially among local residents that intensified their belonging feeling through the symbolic value of urban creativity and the activation of cooperative and reciprocity mechanisms supported and facilitated by participative activities.

Conclusion to Chapter IV: discussion and policy implications

Which results emerge from the previous analyses and which policies can be implemented by the Naples Municipality in order to promote and carry on processes of urban regeneration in the depressed peripheries of the city? In this last section, we explore policy aspects and implications, especially analysing the answers provided by Municipality's assessors and policy-makers about urban regeneration processes in peripheral neighbourhoods generated by innovative artistic expressions and carried out by non-conventional actors like third sector organizations.

First of all, it seems opportune reflecting on the potential and effective role that urban creativity and street art have as innovative artistic expressions able to begin urban regeneration mechanisms (Montanari & Mizzau, 2015). Despite it seems too risky assuming that urban creativity (alone) can sustain an urban regeneration process without the support of efficient policies in improving urban conditions, we cannot deny the opportunities that these artistic practices may generate, especially in terms of economic and social attributions that emerge in specific neighbourhoods of the city. Indeed, in contexts where opportunities to participate in urban regeneration dynamics are scarce – like in the city of Naples – urban creativity may be utilized to serve urban society and its interests. In particular, this innovative artistic expression is even more assuming a role in the cultural economy of cities, especially opening new touristic itineraries for visitors and providing new regeneration opportunities for residents. However, again, we underline the necessity for policies of territorial transformation that support innovative artistic expressions as economic engines for depressed and peripheral neighbourhoods (local development, touristic growth, new attractive image), but also as tools against social exclusion (integration, civic participation, co-planning in transforming spaces).

In this regard, in some Neapolitan neighbourhoods, urban creativity may constitute an indicator of transformations referred to new signification practices and urban regeneration episodes, not only visible in Ponticelli, but also in other parts of the city (Quartieri Spagnoli, Sanità, Avvocata). In particular, a co-participated and shared production process (“from the bottom”) may configure significant implications as it implements an identity feeling around the artistic piece itself (Camorrino, 2016). In fact, new forms of metropolitan narration may reinforce the belonging feeling of local communities determining development micro-dynamics that, if assisted and supported by effective policies, may lead to more structured urban regeneration processes. As the case of *Parco dei Murales* shows, street art productions

may contribute to promote virtuous mechanisms of collective identity, representing a renewed relation between inhabitants and spaces, activating participation and sharing values.

In this regard, a belonging and pride feeling – that may also raise around a valorised and shared artistic heritage – is the basic level to promote inclusion and advance the socio-economic development of a metropolitan space, other than through the integration of different levels that lead to effective urban regeneration processes. In this concern, street artworks may raise alternative narrations of the urban fabric and generate processes of social building in which local communities are involved and represented. Concretely, urban creativity testifies that an innovative way of thinking about deprived spaces may determine the activation of community feelings needed to implement future urban regeneration practices. The symbolic and concrete artistic intervention, indeed, allows local residents to reinforce a solid collective identity, enter into a community dimension and generate a new sense of pride and belonging that are at the basis of successive urban, social and economic interventions. Urban creativity, in fact, is the image of a demand for recognition and acknowledgement of an urban population who is excluded, alienated, ignored and usually described in negative terms. Definitively, the opportunity to give voice to marginalised urban communities provides a means to express their identity, creativity and worth through signs and symbols that denounce a marginality condition.

It is also worth underlining that urban creativity is even more finding a place in the creative city field (Florida, 2002; Landry, 2000), especially considering that in recent years, this discourse reevaluated and stopped criminalizing street artists, recognizing a sort of professionalization of this practice and its operators. This reevaluation offers new economic opportunities not only derived from the commodification of street art in advertising, cultural products, substantive rewards, jobs blossom and successful cross-over in contemporary art marketplaces (Pratt, 2009; Dickens, 2010), but also, by strategic investments in creative districts, hubs, quarters and clusters potentially augmented by cultural-planning policies at the neighbourhood scale (McAuliffe, 2012). In this regard, urban creativity offers possibilities for mobilizing a new economy in depressed and abandoned neighbourhoods if accompanied by policies that focus on urban regeneration. Indeed, urban creativity may contribute to the reputation of a place as creative, transgressive, innovative and vibrant (key elements of the creative city), subverting its previous negative image. Zukin and Braslow (2011), as reference, highlight how the presence of street art signifies a change in artist-led creative districts as these areas move from being places of artistic production to places of artistic consumption. As part of the urban fabric of the creative city, street art becomes a universally recognized marker and its presence can be seen as “both a sign and a medium of a district’s upwardly mobile reputation” (Zukin and Braslow, 2011, p. 133).

These aspects seem to have been recognized by the current Neapolitan administration led by Mayor Luigi De Magistris (2011 – present) who identified the importance that innovative

artistic expressions like street art may have in pursuing collective interests. In fact, despite initial doubts about urban creativity and its legitimacy, the Municipality started being really interested in this artistic phenomenon, supporting and initiating a positive relationship with street artists, organizations, collectors, curators, critics, art dealers and the general public, also understanding the city-branding and socio-economic potential of urban creativity. In fact, a pioneering part of the Naples' public administration hazarded that this artistic form was not vandalism, but it could be seen from a different point of view: that of the inclusion of emarginated young people through an innovative artistic and cultural expression (despite the fact that in Italian and Neapolitan universities, the cultural theme related to street art was already rising: urban anthropologists, community sociologists, art historians and many others clearly reasoned around the cultural weight of street art, overcoming the discussion about its legality). Actually, this pioneering part of the public administration progressively accompanied a rising phenomenon, recognizing that the knowledge to be utilized in the field was held by street art experts that mainly belonged to not-for-profit organizations.

This conviction was concretely put into practice in 2016 when the Municipality launched the official working board called "Inter-department Board for Urban Creativity". The Board is currently formed by representatives from all the Departments of the Municipal Council (mainly art historians, architects, urban planners, civil engineers, experts in communication, managers from the Urban Decor Office, representatives from the Department for Social Cohesion and the Department for Budget and Productive Activities, other than the Department for Youth Policies), because of the cross-cutting approach and impact that its operations have on urban aspects, from culture to tourism to social regeneration. The Board's mission is facilitating, coordinating, promoting, valorising and strengthening activities and projects that turn around urban creativity. In particular,

"street art is considered one of the most interesting contemporary artistic experiences; it is placed between the social community and the art world and it is a very powerful vector of positive messages of contemporaneity. This cultural expression strongly impacts on the social fabric and it is increasingly representing a first step toward a well-round process of urban regeneration" (Coordinator of the Inter-department Board, 2019).

Now, the public administration developed and supported activities for the realization of street artworks through innovative and simplified administrative acts: during the first phase, indeed, the Board worked on the codification of new administrative procedures to provide authorizations. Eventually, a synthetic act was proposed in which street art operators and activators simply require to utilize a surface where realizing the artwork. Successively, the Board verifies a series of aspects and signals possible critical points, working as a sort of facilitator between proponents and the public administration, overcoming bureaucratic and administrative difficulties. The procedure specifies that after the preliminary stage opened by the request delivery, the practice directly moves to the attention of the Mayor (who is informed about every single operation of this kind in the city), the neighbourhood

municipality and the Urban Decor Office. Once these entities give their approbation, the project can enter into the realization phase, being the proponents exempted from the payment of the public ground occupation tax, and logistically and technically supported by the Board. Between 2016 and 2019, 62 artworks were realized, with more than 30 associations involved and more than 100 murals mapped in the city (mainly resulting from territorial laboratories formed by artists, associations and local residents)⁹⁶.

Following this development, in 2018 the Municipality (in particular the Department for Social Policies) launched the road map of the urban creativity programme called *#assafû*, the first festival of social street art in Naples, that involved about 1.700 young residents and 220 educators and social operators. The programme was realized in collaboration with *Artetecca* and was characterized by 26 social laboratories located in all the neighbourhoods of the city. Participants, educators and artists elaborated 26 street artworks following the emersion of values, keywords and questions raised during the laboratories, gaining the support of the Inter-department Board for Urban Creativity. Other than street art, the programme also included other creative expressions such as figurative arts, music and dancing that had never received institutional legitimacy before. Along the months, being involved in these laboratories, young residents worked on specific values (such as hope, respect, reciprocity, belonging), individuating 26 city walls of their territories to transform into street artworks. Basically, the *Parco dei Murales* formula was replicated, becoming an exemplary model between urban requalification and social regeneration that was extended to the whole city.

Definitively, the modality set up by the Naples Municipality about urban creativity as socio-economic engine in depressed areas seems to be innovative, articulated and structured, also in comparison with the experiences of other Municipalities in Italy. The level of positive complexity reached by the Municipality on this practice is demonstrated by the interest showed by other Italian and European policy-makers and by the stable activity carried out by the Board along the last years. The Board itself was born with the objective of carrying on projects based on urban creativity that could represent the initial step for economic development and urban regeneration of depressed areas. The objective is to move economic flows from the city centre toward the peripheries utilizing urban creativity as an attractive tool to generate economic developments in deprived neighbourhoods. The administration's effort is that of strengthening and valorising cultural tourism utilizing urban creativity as an

⁹⁶ Some examples are: the artwork *Che Guevara* realized by Jorit in San Giovanni a Teduccio with the associations *Taverna del Ferro* and *Tappeto di Iqbal*; the project of the Chiaiano underground station's bridge ideated by the association *Let's think* and carried out by street artists, children, residents and people from the Nisida juvenile prison; the project with *MANN Museo Archeologico Nazionale di Napoli* for the realization of 15 street artworks inspired to 15 revisited pieces that are present at *MANN* through territorial laboratories realized with young people in Forcella; the project *Tono plus* in Sanità with murals representing the faces of children who participated in social laboratories; the project *Back to the style* which was realized by a collective of artists that animates the Neapolitan territory; the project brought about by the association *Mattia Fagnoni ONLUS* which has the objective of collecting funds to support families with children dealing with rare sicknesses. All the activities are reported in a dedicated web page in the website of the Naples Municipality and by the Facebook and Instagram pages called *discoveringstreetartnaples*.

attractor of people and resources in neglected areas, not only dialoguing with third sector organizations, but also with for-profit firms that act as sponsors in supporting social projects. Indeed, the sponsorship tool is utilized to link social intents and economic availability through insisting on corporate social responsibility and image return for firms, but also providing tax reduction for companies that sponsor social relevant projects. The idea, however, remains that of transforming the vision of Naples from a “broadcasting city” (formed by a centre and a peripheral area deprived of initiatives, resources and identities) into a “polycentric city” where peripheries become new centralities. In this regard, urban creativity may represent – in the opinion of local policy-makers – an initial propulsive engine in fostering a community identity in local residents and in animating deprived areas with economic activities and processes that are expected to rise in the next future (especially redefining traditional touristic itineraries), other than utilizing this artistic expression as an occasion of urban and social regeneration through the direct involvement of citizens.

This policy dimension leads us to consider the role of third sector organisations and their participation in policy-making processes: some references are the “British compact” (Kendall, 2000), the “civil society” (Walzer, 1992; Boris and Moser-Williams, 1998; Brown et al, 2000) and the “third way” (Giddens, 1998). Nevertheless, we should first reflect about urban regeneration policies and what this term signifies in a complicated city like Naples. Our idea is that urban regeneration policies should be seen as social policies that address problems of social exclusion more effectively, overcoming recent decades in which they mostly focused on predominant physical and commercial measures. Concretely, an urban regeneration policy that focuses on social aspects should consider elements such as community and neighbourhood empowerment, enhancement of social capital, community capacity building and prioritise access to social housing, health care, education, social care, culture and employment.

In particular, social capital (the building of social trust and support for local associational activity) would facilitate processes of participation of local residents, neighbourhoods’ civil society and community capacities, especially for those who are frequently unheard in processes of participation and consultation (Ginsburg, 1999). In fact, through social capital and civic infrastructure, people may collectively address problems and concerns and confront with an array of policy issues and collective interests. In this case, social capital would focus on the ability of communities to solve problems of collective action, ranging from the provision of public education to the maintenance of effective government institutions, from the exercise of control over criminal behaviour to concrete regeneration actions. Thus, social capital would be a resource to create and strengthen organizations and collaborations within the community, enabling local residents to participate in community life, setting priorities and developing programmes. Creative actions that imply social capital may mobilize not-for-profit organizations and citizens and foster a healthier society, especially combining private social infrastructures with public policies in order to revitalize

depressed urban areas. Specifically, not-for-profit organizations working for urban regeneration through a mix of economic, cultural and social activities, actually, have the primary strength of mobilizing the social capital evident in local communities and use it to achieve positive outcomes in socio-economic terms (Bailey, 2012).

Now, our suggestion is that third sector organisations may become key actors in the development of urban (social) policies, especially using the arts and culture as main tools. On the one hand, their intervention logic is that of identifying the needs of local communities and offer solutions, articulating strategies and projects implemented throughout the territory. These actors, in fact, base their activities on the proximity factor and efficiently respond to local needs through their unique organizational structure and involvement. On the other hand, these entities may use culture and the arts, not only as economic attractors, but also as principles of democratisation and participation, emphasising resources redistribution, right to citizenship, capacity for self-expression and a sense of community belonging (Barbieri et al., 2012). As also the case study of *Parco dei Murales* demonstrates, not-for-profit organizations may adopt a systemic approach, expanding the agenda of problems to be tackled, giving voice to local unheard needs and stimulating a civic participation process in their communities, other than developing economic micro-dynamics. This implies that those entities that utilize the arts and culture in urban regeneration processes may be a fundamental actor in implementing structured plans that focus on disadvantaged groups living in deprived Neapolitan peripheries.

In this regard, the link between culture and proximity should be further considered to implement urban regeneration plans in peripheral areas where abandoned public spaces may be converted in art schools or civic centres directly managed by third sector organizations. In such spaces, relying on the proximity factor, these social actors may conduct projects and activities that enhance the socio-economic development of neglected areas by promoting access to culture for those at risk of social exclusion (Barbieri et al., 2012). Moreover, these entities may empower community's identity as well as fostering a sense of belonging through innovative cultural and artistic forms, developing people's capacity for self-expression and participation – and the case of *Parco dei Murales* is particularly significant in this respect. Actually, in Naples, the inclusion of the proximity factor into urban policies should be recognized and valorised by the Municipality, providing those administrative and economic resources needed to expand the operations of third sector organizations in peripheral neighbourhoods of the city⁹⁷.

⁹⁷ As underlined in paragraph 4.2.1, Neapolitan third sector tends to concentrate and locate in central areas, abandoning peripheral neighbourhoods where social issues are more urgent. Incentivising these actors to locate in peripheral areas could be costly in the short-term, but it could also be really remunerative in economic and social terms in the long period, considering the costs saved by the Municipality in the provision of social services that would be regulated by not-for-profit actors under the supervision of the state actor.

In fact, despite these organizations have often been neglected as political actors (especially as providers of solutions related to urban transformations), third sector entities should be supported with an extension of agency, i.e. the capacity for autonomous action and intervention. Particularly in the area of urban practices based on social principles, in fact, not-for-profit operations of these actors should be ensured in order to allow them to give reactive responses to local residents' demands (Casey, 2004). In this respect, if Neapolitan third sector organisations could gain this agency to develop their own model of social, cultural and urban action, insisting on the construction of new practices of socio-economic development, they could also innovate policy-making aspects by having a clear understanding of local community's needs and by recognizing territory's assets and resources. Definitively, we argue that third sector organizations have the potential to change priorities, rules and features of urban governance and lead urban regeneration processes in their communities. In particular, not-for-profit entities could put the largest effort to bring together businesses, government and community actors to work on systematic socio-economic problems, especially in peripheral neighbourhoods of the city.

In this last regard, considered the role that these entities may play in urban communities and having in mind the case of *Parco dei Murales*, the suggestion would be that of building new strong coalitions among public, private, nonprofit and community actors working at the neighbourhood scale for the socio-economic development of the area. This new urban coalition's mission would be that of revitalizing the long-neglected areas of the Neapolitan periphery by helping to create jobs and economic opportunities for local residents, improve workforce skills, raising access to capital, increase the number of local business owners, focusing on education, youth, urban planning and, of course, the arts and culture. It is worth underlining, however, that such coalitions always need the public and private support of the city (in terms of economic, professional and technical resources that remain strategically critical) in order to provide specific services to benefit local communities, other than a broad community cooperative relationship. Once fulfilled these conditions, the great innovation would reside in the fact that urban regeneration plans would be no longer led by speculative and economic returns, but motivated by a public spirit for local communities driven by social organizations, given the not-for-profit nature of such coalitions.

At the basis of these innovations, however, a renewed idea of urban governance resides⁹⁸, especially considering government and market unresponsiveness and inefficiency due to resource constraints and a lack of broad-based support for economic, social and political action. In such a model of urban governance, not-for-profit organizations may be considered as actors that fulfil demands for citizen participation and input into community planning and

⁹⁸ Hughes developed the following definition of governance: "governance is about running organizations, about steering as in the original derivation, how to organize, and how to set procedures for an organization to be run" (Hughes, 2010, p. 88). On the other hand, as suggested by Stone et al., governance is about "making collective decisions about important issues, including the purpose of collective action, strategies for achieving purpose and oversight and accountability mechanisms" (Stone et al., 2010, p. 310).

economic development (North, 2000), other than a democratic ideal of decision-making at the community and neighbourhood scales. In fact, third sector organizations involved in these new forms of governance may experience greater attention and legitimacy in the political and economic sphere through partnerships with local governments, collaborations with private for-profit actors and engagements of the local community.

This “new public governance”⁹⁹ – seen as a prerequisite of sustainable urban development and regeneration (Evans et al., 2005) – should operate in order to build coordinated urban policies that provide an opportunity for residents to direct neighbourhood-based programming (Martin, 2004). However, its effectiveness depends, for the most part, on the willingness and availability of individuals and organizations across sectors to participate in – and contribute to – the elaboration of successful urban policies. Such a coordination and informed collective action may serve the needs of depressed neighbourhoods’ residents, trying to solve societal problems as they emerge and provide effective responses and recovery operations through collaboration and trust between government agencies, third sector entities, for-profit companies and community members (Kapucu, 2006). In a city like Naples, moreover, further involving the third sector in the urban governance model would imply three specific aspects: (1) recognizing and responding more efficiently to the needs of local residents; (2) trying to repair the growing democracy deficit at all levels, involving communities in civic participation; (3) reducing the commitment of the public sector, decreasing the welfare costs of a Municipality which constantly risks bankruptcy because of its huge public debt.

Thus, summing up, the idea launched is that of building a multi-stakeholder governance model¹⁰⁰ that could effectively give concreteness to a new idea of urban regeneration policies in Naples through a not-for-profit partnership formed by Municipal agencies, private sector firms, third sector organizations and the local community, engaged in socio-economic development of deprived neighbourhoods. In this coalition, the private sector would supply capital skills, technical expertise and efficient delivery; the third sector would bring local

⁹⁹ The Governance and Sustainable Human Development Programme (1997) of the United Nations Development Programme (UNDP) enunciates five principles of “good governance”: (1) openness or fairness, i.e. all should have equal opportunities and the rule of law should be fairly applied; (2) participation or legitimacy and voice, i.e. all should have a voice in decision-making and differences in interests should be mediated; (3) accountability, i.e. decisions should be transparent and accountable to the public; (4) effectiveness or performance, i.e. outcomes should meet needs and make best use of resources; (5) coherence or direction, i.e. decisions should take a long-term and holistic view. On the other hand, Pestoff and Brandsen (2009, p. 2) define the concept of “new public governance” as: “the increasingly inter-organizational nature of public management in a clearly plural and pluralist world, where the number of actors involved in policy formulation and implementation have grown dramatically”.

¹⁰⁰ A shared social responsibility principle stands behind this approach. As Sacconi argues (2011, p. 1): “shared social responsibility is a matter of allocating responsibility among a number of public, private, individual or organized subjects in relation to social welfare principles and goals that may be shared at the European level, and then manifested on regional and local level [...] Allocating responsibilities, establishing rules for their fulfilment, and enabling cooperation and coordination among such subjects are typical purposes of a multi-stakeholder governance mechanism”.

knowledge, concerns and interests; and the public sector would provide assets, regulatory frameworks and financial incentives such as subsidies, grants or tax benefits (Feiock, 2009; Macdonald, 2011). The integration of these key stakeholders is considered of critical importance in achieving socio-economic improvements: the co-production and co-management process¹⁰¹ in urban regeneration contexts, indeed, should include the development of new services based on local entrepreneurship, targeted service delivery and the active engagement of local residents in service development and design. The key aspect is enabling third sector organizations to “respond to challenges as well as opportunities in ways that strengthen their organizational capabilities and leave them better placed to provide their services” (Schlappa, 2013, p. 234). Of course, such a co-production and co-management process would require a high degree of organizational adaptability, flexibility to make quick adjustments to the way in which people, technology, processes and resources interact.

In effect, the idea of a coalition between the Naples Municipality, for-profit firms, third sector organizations and the local community based on an alternative and wider governance model that could implement policies of urban regeneration that efficiently respond to the needs of peripheral neighbourhoods’ residents was proposed to policy-makers and assessors during the fieldwork phase. The idea was further supported by specific initiatives of the Municipality about communications and collaborations with different actors in order to achieve socio-economic development outcomes. As reference, one of the operative lines of the Inter-department Board for Urban Creativity is that of the creation of a discussion roundtable with all the actors that have some competences in the urban creativity field (the Municipality informally interacts with UCAs, single artists, third sector organizations, cultural associations, informal groups in order to detect problems and difficulties).

It is also true that – as underlined by the Assessor for Youth Policies – the characteristic of the administrative experience of Mayor De Magistris is that of giving horizontality to processes of urban and social regeneration, especially in specific projects like the demolishing of *Vele* in Scampia, the requalification of *Garibaldi Square* or the *Bagnoli Plan*. On the other hand, as the Assessor for Social Policies declared: “in these and other projects, the public administration tried not to separate policies [...] it is clear that we need to find some elements that can attract subjects that naturally are not attracted by these sectors [...] we need to increase attractiveness of fields with great potentialities”. In fact, despite the difficulty in carrying out formal and informal forms of collaboration because of different interests of the involved actors, the public institution seems to be convinced about the necessity of acting as

¹⁰¹ Such a concept of urban governance undoubtedly implies the co-production of public services defined as: “the mix of activities that both public service agents and citizens contribute to the provision of public services. The former are involved as professionals or “regular producers”, while “citizen productions” is based on voluntary efforts by individuals and groups to enhance the quality and/or quantity of the services they use” (Parks et al., 1981, p. 1002).

a single actor (articulated in diverse entities), providing a public service at different levels, forms and prerogatives and managing and utilizing public goods in the collective interest.

In this regard, the Naples Municipality also utilizes administrative collaborative tools (ex art. 55 D. LGS. 117/2017) to promote regeneration projects that involve third sector entities. The procedure begins with a “manifestation of interest” launched to form a partnership and evaluate different actors and proposals, working to increase the networking capacity and bringing together different competences. Concretely, the “manifestation of interest” is used to ask associations and entities if they are interested in participating to and building a partnership with the Municipality, working on a programme and planning a framework of activities with available resources¹⁰². In general, the approach of the administration is to realize projects in a participative manner, i.e. through a strong participation of citizens, subjects or stakeholders (like third sector organizations), that can be interested in – and give support to – the construction of a shared vision of territorial transformations and concrete planning¹⁰³.

However, despite progresses in the horizontal involvement of different actors that mainly operate at the neighbourhood level in urban regeneration projects and the relationship that the Municipality built with the territory, the formalization and codification of a permanent coalition able to give rise to innovative forms of urban governance is still far from realizing. The local public actor could also look at examples of third sector-led partnerships involved in urban regeneration policies already promoted in the United States (particularly in the urban areas of Boston and San Diego), where interesting potential for innovating regeneration strategies of deprived neighbourhoods raised. In these emerging scenarios, peripheral and impoverished urban areas were the right places where testing and experimenting such innovations because of the presence of underutilized or abandoned

¹⁰² Of course if Departments have to dispense direct resources, they launch a call; otherwise if they want to build common programmes, they use a co-planning procedure in order to receive “project ideas” and build a path to realize them.

¹⁰³ About urban regeneration, many examples can be reported: the project called “GardeNet. A network of shared gardens”, launched in 2017 and financed by the programme “MeetYoungCities: social innovation and participation for young people” involved the Naples Municipality, ANCI, University *Federico II*, *Accademia delle Belle Arti di Napoli* and social associations that collaborated to imagine new management models of the public space (Assessor for Youth Policies, 2019); during *Maggio dei Monumenti*, the Department for Culture and Tourism provides resources for cultural institutions, building together an institutional programme to carry out (Assessor for Culture and Tourism, 2019); the URBACT Project focused on the reactivation of the former military hospital located between Montesanto and Corso Vittorio Emanuele. This monastic complex of the XV century was utilized as military hospital for many years and successively abandoned. The Naples Municipality started a process of social reactivation, asking citizens and social actors what to realize in. The European Union funded the whole process of participative planning and visioning, while the Department for Urban Planning accompanied the process through a co-building path. The result of this work was the formalization of an action plan to transform an underutilized building with structural, historic, static intervention problems. Thus, the Municipality tried to understand citizens’ general interest, also computing the costs of each operation. Actually, civic committees, single residents, associations of different kinds and entrepreneurs answered the manifestation of interest, each of them with different finalities that were harmonized by the work of the so called “facilitators” of these processes (Staff Representative of the Department for Urban Planning, 2019).

public spaces with great potentialities, where old and new residents could express participation and engagement. Furthermore, not-for-profit actors could play a strategic role in achieving a balance between public and private interests and the demands of the community, especially with respect to the provision of social services and facilities and in the support for local community involvement and empowerment in decision-making processes (Monardo, 2013). Nevertheless, it is worth underlining how also in these experiences, successful coalitions were possible only when private, public, third sector and community actors collaborated to promote, encourage and financially support ad hoc not-for-profit partnerships. This aspect, however, should not limit the agency of the involved actors – especially not-for-profit organizations – that should maintain the autonomy of making choices in addressing socio-economic challenges and in engaging local residents to participate in urban affairs that directly concern their neighbourhoods.

Definitively, there seems to exist the potential to develop innovative policies emerging from the action of hybrid partnerships (as result of public-private, profit-nonprofit, market-society, formal-informal interactions) among associations, informal groups, citizens, social enterprises, public entities and for-profit companies. Activating local partnerships would favour a visible collective action of citizens and organizations that valorise available resources and regenerate small but significant portions of the public space in order to contrast degrade, abandon and isolation, providing a new identity and image for those neighbourhoods (Cau, 2016). In this regard, the activation of mechanisms of this kind would also favour social innovation, strengthening the capacity of acting and creating new urban relations through the change of existing relations (Pultrone, 2017). Of course, such a process would be successful if urban regeneration is place-based and people-centred, acting on human and social capital, social inclusion and innovation – issues that currently seem to be better tailored for third sector organizations more than public or private actors.

In this regard, an innovative coalition could be understood as a model of multi-level and multi-stakeholder governance that: (1) is qualified as a new social institution, involving organizations of different nature; (2) enhances reciprocal coordination and cooperation mechanisms through building fiduciary relations; (3) has reference to interactions and outcomes occurring in a territory; and (4) is capable of achieving agreements on social justice and social cohesion principles, goals and policies (Sacconi, 2011). A governance model like this would take the form of an egalitarian community model as defined by Ostrom who developed the approach of collective action among equal players in a group without a hierarchical structure, maintaining a regime of common ownership among members being able to overcome the typical free-rider paradox. In fact, the idea of a collaborative partnership in urban regeneration policies is transferred by the idea that cooperation can be more effective than market exchanges and hierarchy in achieving efficiency, also considering the social advantages of associative and communitarian forms of governance, involving

cooperation in management, preservation and usage of relevant resources in order to benefit participants (Ostrom, 1990)¹⁰⁴.

Considering the previous questions, the main conclusion we arrive to is that the Naples municipal government could even more rely on a number of not-for-profit organisations, private companies, informal local communities and also common citizens positioned at different levels and endowed with distinct resources to be involved in public policy decision-making processes. The idea is that of building an innovative urban governance model in which third sector organizations gain the role of coordination among public, private and community sectors and interests. This new governance model should promote urban regeneration policies in which the public entity facilitates the work of local operators, for-profit companies are incentivised in investing in territories of new attraction and the local community is involved in the decision-making process and in operative choices of urban transformation. Furthermore, such policies should be actually based on urban welfare, social inclusion, environmental recovery, socio-economic development and resources valorisation, being focused on the concrete integration of economic, social and cultural values (Sasaki, 2010). In this regard, third sector organizations may play an outstanding role in enabling coordination and cooperation mechanisms among these different actors and in the proper allocation of resources at the local level. The strength of this approach is the implementation of urban regeneration policies focused on endogenous development and motivations, incentivising local residents toward entrepreneurial activities and civic participation.

Finally, because of these motivations, third sector organizations may effectively represent an outstanding actor in urban regeneration policies of Neapolitan depressed peripheries. They may contribute to the provision of local public goods, the preservation and management of common goods, the production of positive externalities and the fair distribution of welfare resources, as well as to the prevention of opportunistic behaviours. This implies that these actors can effectively generate social cohesion and social capital as basic elements of endogenous development dynamics that primarily benefit residents of deprived peripheral neighbourhoods of the city. Of course, this does not imply that these actors may completely substitute public and private entities, but playing a strong complementary function in many different fields, from the provision of socio-health services to the cultural and artistic field applied to urban regeneration¹⁰⁵. In fact, social organizations may guarantee not-for-profit resource redistribution in economic terms and the active participation of local residents, overcoming the speculative objectives of classic regeneration projects. In this regard – as also clarified by local operators, policy-makers and Municipality assessors – Neapolitan third

¹⁰⁴ Ostrom showed how, in case of management and exploitation of common pools of natural resources, cooperative effort can represent a more efficient alternative to both public and private ownership (Ostrom, 1990, 1992, 2000; Valentinov, 2007; Borzaga and Tortia, 2017).

¹⁰⁵ As underlined, despite the arts, culture and creativity may appear as marginal elements in dealing with problems of socio-economic relevance in depressed and difficult contexts, these activities offer entertainment, growth and improvement occasions for local communities, especially when other functions lack.

sector organizations have the potential to transform the socio-economic conditions of depressed neighbourhoods benefitting the territory and developing serious projects, acting a complementary function with public, private and local community actors.

In particular, social entities may contribute to create a wider and different meaning of the concept of “economic development” which goes beyond the monetary elements and that incorporates capacities, participation and emancipation of residents of depressed neighbourhoods. In this regard, activating and implementing the triangulation of positive public-private-nonprofit dynamics – also through a lobbying activity carried on by second level organizations (such as third sector consortia), invoking innovative administrative tools – may facilitate a stimulant, strong, proactive and repeatable circle that involves local people and firms in development processes with positive externalities. Again, it is worth underlying the necessity for a multi-stakeholder coalition as result of a renewed urban governance model that deals with processes of urban regeneration in peripheral neighbourhoods. In these partnerships, however, an outstanding role should be covered by third sector organizations in building a regenerating community in which all members play a complementary but functional role (the multi-stakeholder dimension).

Finally, such an innovative experience of urban governance may lead, institute and manage endogenous processes of regeneration and development supported by social organizations, especially in providing local community members with those tools needed to find their space and voice. In this regard, innovative artistic expressions (such as urban creativity) offer a fundamental chance of expression for people whose needs and voice are often unheard and neglected. Such a mechanism is not only basically important in giving attention and civic participation to residents of depressed neighbourhoods, but also in raising development micro-dynamics in commercial, touristic and media sectors, improving the attraction of degraded urban areas. However, it is the synergy among four elements – public, private, nonprofit and community ones – that may give raise to effective projects of urban regeneration that concretely involve local residents in the direct satisfaction of their needs. The importance of this triangulation is demonstrated by some experiences of urban regeneration that should be further studied by political institutions, private for-profit firms and third sector organizations in Naples, overcoming the reciprocal mistrust and working together in pursuing the collective interest. The final aim is that of transforming the city in a more liveable place and raising opportunities in depressed peripheries where local communities’ basic needs require to be urgently addressed and satisfied.

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Conclusion

In conclusion, we should emphasise that the ideas developed and suggestions advanced in this research are propositional and not exhaustive. However, there are inferences that could be drawn from the positions we presented thus far. Specifically, on the one hand, on the basis of what emerged from our study, creativity – and in particular urban creativity as innovative artistic expression – can be seen as an engine of development in peripheral neighbourhoods, able to create new synergies and micro-dynamics that attract resources in deprived urban areas; on the other hand, third sector organizations can be recognized as new actors of urban transformations, generating initial backwash effects – or centripetal forces – that, however, need to be supported by structured policies and strategies. In this, for sure, the public actor may facilitate the work of social organizations, for example, by redistributing in a different manner economic resources or incentivizing third sector entities to relocate in peripheral areas through concessions of public abandoned spaces, social housing and other innovative solutions. Our reflections also regard the triangulations among public, private, nonprofit and community actors that should be implemented in order to build a multi-stakeholder urban governance model able to deal with aspects of production (financing, organizational, recognisance), sociality (participation, identity, citizenship, belonging), liveability (cleaning, safety, degrade) and governance (planning, management, utilization) that need to be carefully considered at the moment of building urban regeneration policies.

Focusing on the specific context of the city of Naples as our case study, we should not forget that this is a complex and articulated reality in which coexist development retards, functional limits and high socio-economic contradictions. These contradictions are mostly evident among Naples' peripheral neighbourhoods where abandoned or dismissed spaces represent unique opportunities of urban transformations in terms of spatial integration with central areas, where attracting investments in residential, productive and service activities. Nevertheless, it is worth underlining that properly in these peripheries, particular problems persist: criminality, unemployment, poor education and scarce social capital are some of the elements that retard the complete development of these areas. Furthermore, in Naples' peripheral neighbourhoods, the privatization of urban spaces mainly passes through the territorial control capacity of camorra's clans. For this reason, urban development and regeneration policies should be focused on reinforcing a sentiment of legality and sharing of norms of respect and solidarity in order to activate citizens to safeguard their territorial communities and raise the internal social capital. The arts and culture, on the one hand, and third sector organizations, on the other, have all the potential to stimulate this process relying on the proximity factor and on civic participation logics, while private and public institutions should facilitate resources, assets and spaces to be invested in long-period development strategies (Leonardi and Nanetti, 2008). In this regard, these triangulations may

drive the accumulation of social capital to be invested in local development and urban regeneration: in particular, the presence and intervention of third sector entities in degraded neighbourhoods should be amplified through projects related to artistic and cultural activities, acting as economic operators and not be limited to the role of social services providers.

It is properly in the artistic and cultural field that peripheries may play a central role in production and even consumption: these spaces are historically rich of ferment because of the freedom to reinvent themselves especially in the cultural and artistic offering, other than the creativity also embedded in the protest and dissident sentiment toward a system of marginality, degrade and abandon. This creativity should be reinterpreted in terms of effective impacts that this industry may produce in processes of urban regeneration of depressed neighbourhoods. Innovative arts, culture and creativity, in fact, are recognized as key elements of urban attractiveness as art creations shape a unique appeal of the urban offering and improve the linking of artistic, craftsmanship and industrial activities, achieving global public services in cross-cutting fields such as health, education, science, tourism and urbanism. Furthermore, by allowing local know-how and production capabilities, inventing new trends, designing new spaces, improving the quality of life, the arts are elements of innovation and sustainable urban development that act as a means for connecting people, creating collective identity and ensuring a safe environment for everyone. These elements remain the most credible tools for a sustainable socio-economic growth, being able to include isolated urban areas in the city network, reutilizing abandoned spaces and increasing the life quality of residents, i.e. involving them in civic participation and engagement.

In this, Naples is a city with a strong artistic and cultural identity that should be further encouraged in order to activate development processes in neglected neighbourhoods¹⁰⁶. Concretely, the realization of innovative artworks – opportunely configured – may become an occasion of new opportunities of civil living in peripheral degraded contexts: the experience of *Parco dei Murales* teaches that the more a project is embedded in a socially and economically degraded area, the more that project may raise involvement and participation. Thus, extending this discourse to other portions of the same neighbourhood, it is possible to realize diffused interventions included in a network of regeneration policies that operate on

¹⁰⁶ Recently, a further engine of attraction came from TV series and cinema productions: we not only recall the case of *Parco dei Murales* selected as set location by different film production companies, but also to the fact that the whole city became one of the most important cinematographic sets in Italy. In fact, between 2016 and 2019, more than 480 multimedia products (TV series, films, spots, advertising, documentaries, etc.) were realized in Naples, also through the capacity of the public actor to attract filmmakers and production firms, launching a new city's image. As reference one of the most interesting initiatives of the Department for Culture and Tourism was the *Cobousing Cinema Napoli*, a space managed by the Cinema Office of the Naples Municipality where hosting production companies that shoot movies, TV series, spots, video clips, documentaries, photographic services and other audio-visual products. In particular, these productions include collaboration projects, activities and involvement of local residents (especially young people): training, cultural initiatives, communication, scholarships and meetings with local operators were some of the activities implemented.

three levels: physical, social and psychological ones. Again affirming that urban creativity is not a *panacea* to regenerate deprived territories, we are convinced, however, about its potential to produce effects on local residents and to determine new affections, implementing a different relationship with the space and a higher caring and belonging sentiment. The periphery, in this approach, should be intended as a laboratory, not only from an artistic point of view, but also socially and economically speaking. The final aim should be that of proposing a different vision of the city: a polycentric reality where peripheral neighbourhoods become new centralities, interconnected with the city centre, but assuming a referential role for the whole citizenship (Valente, 2009).

However, some actors currently seem to be more adapted than others in carrying out these transformations: third sector organizations are even more recognized as promoters of significant transitions in urban regeneration processes intended as “physical, economical, social and environmental changes in a city, town or area” (Mehta, 2009, p. 1). In fact, a new city development and regeneration passes through the role of these organizations as part of it: such actors cover social, economic and political roles, operating as agents filling in the gaps left by welfare states, offering the possibility of a bottom-up, inclusive and innovative growth. In addition, in deprived urban areas, social entities can contribute to the provision of services for marginalised groups, to the supply of alternative housing solutions, to the rehabilitation of neglected neighbourhoods and to the introduction of new ways of development and re-use of abandoned spaces. Furthermore, these actors have the potential to support social innovation that mostly takes place through interactions and networks developed among citizens, public entities and private organizations, generating and increasing social capital (Putnam, 1993; Fukuyama, 1995; Patti and Polyak, 2017). Thus, as previously recognized, three aspects seem to assume a particular relevance about third sector organizations: their capacity to attract resources toward urban peripheral areas; their ability to give “voice” to local communities’ unmet needs and requests; and the reciprocal mechanisms they are able to give raise in the allocation of resources.

However, despite it appears that social organizations are able to develop virtuous strategies of urban, social and economic regeneration, we should underline that the third sector seems to be never robust enough to support alone these projects, especially referring to resources, assets and funds needed. Nevertheless, on the other hand, we have to highlight how this sector is even more playing a complementary public function, not only in the provision of social services, but also in the artistic field. In fact, not-for-profit organizations are increasingly charged to manage cultural heritages and material artistic or cultural sites (located both in central and peripheral urban areas) that the public actor is no longer able to manage. Basically, artistic and cultural projects carried on by third sector organizations are part of this complementary function as they may offer occasions of entertainment, growth and improvement for a community living in a peripheral and depressed territory (especially when central functions are not able to offer adequate solutions). However, despite the

physical, social and economic abandonment of depressed neighbourhoods by public and private actors, the third sector still needs assets, resources and knowledge coming from these two players in order to plan and realize projects. Only through the participation of all these actors, a real and concrete urban development is possible, rising economic and employment opportunities, constituting associative legacies, increasing investments and implementing a social and circular economy that primarily benefits local communities.

Actually, it seems that third sector organizations may concretely contribute to create a wider and different meaning to the concept of “economic development” which goes beyond the monetary elements and that incorporates capacities, participation and emancipation of residents of peripheral neighbourhoods, especially when positive dynamics among public, private and nonprofit actors are activated. If this triangulation process is put into practice and implemented, a renewed system may provide a stimulant, strong, proactive and cyclical mechanism that may be replicated and alimanted at wider levels or scales, not only in urban regeneration. Of course, the final aim should be that of increasing the number of people concretely involved in urban projects, raising their participation and also providing employment opportunities other than qualitatively improving their life conditions.

Consequently, based on the previous elements, third sector entities should be supported by public and private actors in implementing urban regeneration strategies and policies, being able to generate economic forces and attract and efficiently allocate resources in depressed neighbourhoods of the city. In this regard, a further element that actually needs to be still studied in depth is their capacity to prevent negative effects derived from speculative interests and gentrification, promoting collective action and participation of local residents in pursuing public interests. In particular, regeneration projects based on innovative artistic forms and carried out by third sector actors (such as the case of *Parco dei Murales*), should be followed by public, entrepreneurial and business investments in order to facilitate those conditions able to activate urban magnets, produce wealth and relaunch the socio-economic fabric of specific neighbourhoods where economic resources as well as employment opportunities for local residents remain scarce (Laino, 2018).

In this regard, one of the most innovative administrative tools to promote such a coordination is “co-management” intended as a modality of realization of initiatives and interventions through building partnerships between the public administration, subjects of the social sector and for-profit entities. This view implies a new method to build public policies, involving different resources, competences and viewpoints, coming from diverse actors and sectors. Such a partnership would develop innovative experiences, assuming participation, involvement and engagement in order to build a new organizational aggregation finalized to realize common objectives. In this vein, a partnership of this kind would valorise the role of the third sector in planning and managing activities in an integrated system of interventions and social services. In the specific case of Naples,

however, despite the progresses registered in recent years, this triangulation still needs to overcome a reciprocal diffidence among the involved actors – as also signalled by the assessor for Social Policy and the assessor for Culture and Tourism of the Municipality. In order to build such a partnership, the actors involved should see each other as partners, exchanging knowledge, assets and resources, overcoming the idea of simply being considered as providers or competitors. The first step in this direction is a reciprocal recognisance, assuming a certain degree of trust, building common languages and identities toward the achievement of shared objectives in the interest of the local community.

This reconnaissance is the first and basic step toward the constitution of a multi-stakeholder governance model that should be applied in urban policy-making as a way of bringing together a variety of actors with different interests and agendas. In particular, the effort should be focused on overcoming conflicts in order to reach win-win solutions, moving away from top-down decision-making logics to a more horizontal, multi-stakeholder coordination and co-managing approach. Concretely, a new neighbourhood management model would enable cooperation between all relevant actors and stakeholders, extending the scope of local policies. In Naples, in particular, critical challenges referring to urban degrade, environmental degradation, development pressures, unemployment, poverty, criminality, resource consumption and distribution, urgently need to be dealt with, contesting traditional city planning and highlighting the need for innovative urban governance models. Despite the initial propensity of the current public administration in instituting a horizontal confrontation, participation and dialogue with local actors, the city is still far from building relevant partnerships with urban stakeholders and innovative use of social and institutional capital. As reference, programmes involving cross-policy actors and stakeholders of all kinds may be implemented in order to improve living and housing conditions in socially deprived neighbourhoods. Such a strategy would involve a cross-departmental municipal cooperation, an integration of private for-profit and not-for-profit actors and an active participation of the local community in setting up action plans for directing neighbourhood management operations in a concrete and efficient manner.

Such multi-level governance integration should be understood from the perspective of the involvement of civil society (nonprofits, business and urban dwellers in general) in decision-making and in implementing structures alongside the public administration. The coordination and integration of these actors could provide coherence and direction for urban regeneration strategies that effectively meet local residents' unsatisfied needs and requests. Of course, in order to achieve such a multi-stakeholder governance model, a crucial prerequisite is the political support of the city's leadership and administration. This support may be strengthened through urban regeneration pilot projects in smaller areas followed by dissemination of lessons and good practices to larger scales. Furthermore, partnerships between politicians, administrators, market actors, entrepreneurs and members of the third sector should be accountable to residents, investing in facilitating knowledge transfer and

improving the local know-how. In this context, residents should be proactively encouraged and involved, not only for validation and acceptance of urban policies, but as a source of creativity, social innovation and community-led delivery.

We can summarize the previous ideas in the following points: culture and the arts should be supported as key drivers in urban policies because of their economic and socially inclusive role; third sector organizations should be even more recognized as main promoters of significant changes and transformations in urban regeneration processes; participative and multi-stakeholder governance models should be enabled to support economic and social cooperation with citizens and civil society organisations in local policies; innovative cooperation models should implement programmes and provide public services based on the concepts of commons, sharing, collaboration, participation and social innovation, supporting and facilitating the production of infrastructures, the exchange of citizens' know-how and the appropriation of urban spaces by residents¹⁰⁷. Concretely, a new urban governance model seems to be needed to manage the high complexity of a city like Naples (Amato, 2011): from here, new visions of the future could raise from networks of cooperation at diverse scales and among different actors, in a sort of deal that includes administrators, private actors and citizens that realize shared visions, strategies and projects for an efficient and liveable city.

Finally, on the basis of the results provided both by qualitative and quantitative research, we can conclude that art-based third sector organizations may have the potential to attract resources in peripheral and depressed neighbourhoods, being able to activate social and economic micro-dynamics of urban regeneration through mechanisms of reciprocity in the allocation of resources. Furthermore, it appears that these entities are also able to give “voice” to local communities’ needs and requests, fostering civic participation and involvement of residents of deprived neighbourhoods. However, specific practices and policies could be implemented in order to enable third sector entities to access the economic and social resources they need to effectively operate as providers of specific services and

¹⁰⁷ In this regard, a further aspect that should be deeply investigated is about commons. In fact, in order to assess the significance of civic spaces and their role in urban social, cultural and economic issues, it is needed to create stronger links between civic spaces and regulatory processes, potentially including civic spaces in zoning plans as parts of public provision. This attempt is currently under way by the Naples Municipality with the recognition of community spaces as urban commons: first of all, the Municipality set up the Permanent Observatory on Common Goods that sustains processes of public and civic participation, promotes the dialogue with social entities to develop proposals of urban regeneration projects or collective use of spaces, decides about the civic use of commons to be valorised, promotes the discussion on common goods, participative democracy and fundamental rights of citizens. Secondly, the orientation given by the Naples Municipality on the theme of common goods was so innovative and appreciated to receive the Good Practice City Award given by the Urbact Programme in 2017. In fact, the city began an innovative administrative action based on recognizing patterns of collective participation for recovering abandoned public spaces. This experience refers to the definition and approbation of regulations about the collective management of public spaces based on the wide participation of citizens to urban decision-making. Some examples are the *Ex Asilo Filangieri* or *Ex OPG Occupato - Je so' pazzo*.

players of urban regeneration in depressed contexts, especially building multi-stakeholder partnerships that involve different actors, objectives and resources.

Nevertheless, a final note should be dedicated to Naples, a city that merits to be at the core of the scientific and public discourse in Italy because of its unique (complicated, fragmented, unbalanced) socio-economic, cultural and urban system, which makes really difficult to formulate a concrete development strategy.

As known, Naples, its metropolitan area, its historical centre and its peripheries are characterized by marginality and degrade, and in some areas unemployment, low education rates and crumbling buildings are accompanied by an inconsistent dotation of services and a capillary presence of criminal organizations. Around the city centre, a semi-central periphery raised in the Northern area after the 1980 earthquake, being formed by residential complexes and characterized by high social disadvantage rates; a more ancient industrial periphery in the Western area of Bagnoli is still living a condition of abandon and environment pollution and the solutions provided so far have not been efficient in offering adequate responses; oriental neighbourhoods are characterized by industrial presence and public buildings, but also by a total absence of centrality, an inconsistent social protection and an visible marginalization. In these peripheries, phenomena of degrade, abandon and dispersion are evident, configuring economic, occupational, social and environmental problems that traditional urban policies and strategies have not been able to deal with. Furthermore, the saturation of these peripheral neighbourhoods and the absence of a communitarian and shared sentiment impede the creation and consolidation of that social capital which is at the basis of a long-time and sustainable development process.

However, so far, strategic policies for the development of Naples have not taken fully into account citizens' needs and requests: for this reason, a new urban vision capable of overcoming the city's decline and provide economic revival and social development is urgently needed. It is true that, in recent years, a national and an international re-launch of the city was registered through the activation of new touristic flows, but the path Naples has to follow in order to play a role in the network of global cities is still long, especially referring to the life conditions of local residents. In particular, it seems that opposite forces work at the same time: one pushing for the advancement of the city, the other for bringing it backward, resulting in the marginal position of Naples both in the international and the national ranking of large cities, while holding a predominant role in relation to other regional cities (De Vivo, 2013). Definitively, it appears as a city with no definite identity, as it may be considered as a tourist city, a cultural city, a post-industrial city or as a city still in search of industrialization, but with a big unexploited potential.

In this situation, urban policies face a double challenge: on the one hand, projecting Naples in a globalized and competitive economy; on the other hand, dealing with the consequences of the current condition. However, facing these challenges implies first of all a definition of

innovative political, administrative and governance models in order to fill the existing gaps and modernize Naples' material and immaterial infrastructure, especially through growth and investment in human resources. In this vein, urban policies may contribute to stimulate economic development, contrast social marginality and facilitate the participation of citizens in public decisions through a strategic planning intended as a new form of urban governance needed to manage the complexity of the Neapolitan context. This innovation could allow Naples to become more attractive in terms of economic competition, sustainable environment and quality of social life, implementing processes of urban planning and regeneration. In particular, it is absolutely urgent to focus on the socio-economic problems of the city such as organized crime, deskilling and impoverishment of human resources, lack of investments in development projects and in public infrastructures, difficult to find suitable space for innovative industries (De Vivo, 2013).

Nevertheless, Naples has all the potential to become a strategic city (Calafati, 2016) both at the Mediterranean and European scales, because of its dimension, central position and cultural power and despite the recalled problems of poverty, criminality and unemployment. In order to become a strategic city, however, Naples needs to define a series of oriented actions aiming to reach operative objectives over the long period so to regulate its development trajectory. In particular, the construction of a strategic city implicates the declination of four dimensions: political capacity, or the capacity of the political system to transform values and exigencies of the local community in concrete objectives; the cognitive capacity, or the capacity to comprehend current and potential unbalances and individuate adequate and efficient development policies; administrative capacity, or the capacity of the administrative system to manage these development policies in scheduled times; the economic capacity, or finding and attracting resources to re-orient development trajectories (Calafati, 2016).

In this regard, a development policy should not be based only on a strategic planning process, but also on a solid social construction, implementing social capital, favouring social innovation and redefining the themes of civic participation and representation. In particular, social capital, like other assets, may rise in a difficult and degraded urban context like Naples' peripheries, so that its impacts may imply positive mechanisms for the liveability of neighbourhoods and the consolidation of the city's economic structure. Of course, the activation and promotion of social capital is not easy, also considering the need for triangulation and cooperation among civil society, territorial institutions and local organizations that act in different modalities, logics, interests, resources and agendas.

However, accumulating social capital for the development of deprived contexts is possible through different steps (Leonardi and Nanetti, 2008), firstly raising resources for development, attracting initial investments, equally redistributing assets among local actors and directing them toward the production of collective and common goods. Of course, a

clear definition of aims and objectives could lead to dynamics of changing at the neighbourhood scale, directly identifying and involving beneficiaries as well as knowing territorial assets and local endogenous resources to promote urban, social and economic development. These elements should be accompanied by the planning of an adequate strategy of intervention with the participation of the local community in the long period and the preparation of an intervention programme about those technical aspects that should be coherent with the general strategy.

Furthermore, the diffusion of positive change expectations may activate a climate of trust among people that feel more engaged in transforming their current condition, activating different visions of the future of the neighbourhood through programmatic and concrete projects and through the growth of its civil society and the dynamicity of its economy. In order to reach these objectives, however, closing physical gaps is one of the primary steps to connect isolated areas with the rest of Naples and to build a polycentric city where peripheries become new centralities, overcoming degrade and fragmentation. Again, working on a long-time horizon, sustaining interventions and strengthening the sentiment of trust and positivity in the local civil society may reinforce bottom-up participation and involvement of residents in decision-making, aiming to create social capital for development.

Finally, the valorisation of the third sector and the existence of social organizations are signals of change in the territorial conditions of degraded neighbourhoods – especially when they act as providers of social services or as economic agents – because their presence may signify an aggregation point where diffusing messages of culture, legality, social inclusion and even employment opportunities, other than providing assistance to people and families in need. In this regard, these entities may also enhance integration opportunities, progressively expanding the social base and including marginalized communities in urban transformations that are usually accompanied by demographic and social changes. In fact, mainly operating through appropriate tools for combating criminality, violence and degrade – in particular creativity, culture and the arts – social organizations may increase the participation of local actors in the formulation of strategies, interventions and projects that regard their territories, also involving young people, providing aggregation spaces for residents, increasing the social capital through opportunities of working and studying and through a different vision of the relation with the space and with other residents.

In conclusion, for Naples' development future, it appears relevant the involvement of actors – public, private, for-profit, nonprofit and community – that operate at diverse scales and through different resources and competences, contributing to build social capital and to produce relevant knowledge intended as a common good. In this, non-traditional collective actors that operate in the city (mainly third sector organizations) should emerge as cognitive players whose presence is basically important to build an adequate strategy to consolidate the future of Naples as a strategic city. For this reason, it seems appropriate the idea of realizing

a different governance architecture and model that stimulates and activates learning and sharing processes that become key elements of Naples' development, especially in deprived environments. In peripheral and depressed neighbourhoods, in fact, people's participation and engagement in decision-making is the first step to exit from vicious circles of symbolical, environmental and socio-economic degrade and alienation that are a consequence of the structural conditions in which they live. The raise of social capital and trust through engagement in questions related to living spaces, in contrast, would combat phenomena of anomie, destruction of local identity, loss of social cohesion and social exclusion, other than giving raise to innovative forms of local self-organization, construction of new identities and a reinforced sense of local community.

In this way, Naples' development passes through the city's peripheries that, overcoming the common image of areas of social exclusion and deprivation, should be considered as places of diversity and creativity, where available resources are embedded and where inhabitants may give new meanings to their own living environment. In fact, these peripheries should be described by different attributes of heritage, memories and identities and characterized by a specific social capital: in these areas, collective action of local people and shared constructions of a common territorial identity are possible. These positive elements, however, need to be declined in strategic policies that should mobilize a number of actors and resources, having different discussion and implementation times and focusing on specific and concrete needs.

This seems to be the urgent focus for Naples' future development: building policies based on local specificities and on processes of territorialisation for neglected areas, modifying the modes in which these projects are worked out and decided. In our idea, a new model of urban development should be based on policies that may favourite circuits of value creation including ecological, cultural and socio-economic elements. Such policies may only rise through an innovative multi-stakeholder governance model that involves new and different actors as carriers of a social economy. Only recognizing the centrality of endogenous resources, assuming a medium-long term horizon and producing circular economic processes, social inclusion, social capital and common goods, Naples may assume the relevant role in the national and international context that the city merits for its iconic peculiarities and unique potential.

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Appendix

Survey questionnaire provided to third sector organizations present in our database.

Questions
1. How many members does the organization count? < 5 Between 5 and 10 > 10
2. How many volunteers does the organization count? < 5 Between 5 and 10 > 10
3. How many employees does the organization count? < 5 Between 5 and 10 > 10
4. How many jobs did the organization create in the last five years? < 10 Between 10 and 20 > 20
5. How many projects did the organization complete in the last five years? < 5 Between 5 and 10 > 10
6. Which is the average period time needed to conclude projects (in months)? < 6 Between 6 and 12 > 12
7. Which was the initial capital invested to found the organization? < 1.000€ Between 1.000€ and 5.000€ Between 5.000€ and 10.000€ > 10.000€
8. Please, report turnover data related to the last three years (in Euro). 2015: _____ 2016: _____ 2017: _____
9. Which is the main financing source of the organization? Own resources Donations and private subsidies Public subsidies and financings Revenues from selling goods/services Other (_____)

<p>10. Indicate the percentage of each financing source over the total.</p> <p>Own resources: % _____</p> <p>Donations and private subsidies: % _____</p> <p>Public subsidies and financings: % _____</p> <p>Revenues from selling goods/services: % _____</p> <p>Other (_____): % _____</p>
<p>11. Indicate the percentage of financing over the total provided by the following actors.</p> <p>Owners/members: % _____</p> <p>Municipality: % _____</p> <p>Region: % _____</p> <p>Ministry: % _____</p> <p>European Union: % _____</p> <p>Physical private persons: % _____</p> <p>Juridical private persons: % _____</p> <p>Market: % _____</p> <p>Other: % _____</p>
<p>12. How often does the organization contact with third sector entities in Naples (phone calls, mails, meetings, etc.)?</p> <p>Daily</p> <p>2 or 3 times per week</p> <p>Once a week</p> <p>2 or 3 times per month</p> <p>Once a month</p> <p>Never in the last month</p> <p>Never in general</p>
<p>13. Indicate the main motivations that pushed founders to create the organization (e.g.: helping others, becoming social entrepreneurs, obtaining tax benefits, running limited investment risks, leaving a positive impact in the community, etc.).</p>
<p>14. Indicate if the projects realized by the organization had a positive impact in term of socio-economic development of the referring neighbourhood and report the main generated effects (e.g.: creation of civic networks, employment generation, opening of economic activities, solutions to social problems, involvement of local residents in pursuing the common good, cultural change, rising trust, altruism and reciprocity, etc.).</p>
<p>15. Which is the relation with the public administration?</p> <p>Very good</p> <p>Good</p> <p>Discrete</p> <p>Bad</p> <p>Indifferent</p>
<p>16. Which is the degree of trust in the public administration?</p> <p>High</p> <p>Discrete</p> <p>Low</p> <p>No trust</p>
<p>17. Indicate the main internal and external conditions that favour the realization of projects and activities of the organization (e.g.: incentives by public institutions, own economic resources, tradition of cooperation, mentality and attitude of local population, presence of adequate policies, etc.).</p>
<p>18. Indicate the main internal and external conditions that discourage the realization of projects and activities of the organization (e.g.: scarce economic resources, mentality and attitude of local population, obstacles posed by private or public entities, lack of adequate policies, etc.).</p>
<p>19. Indicate if the referring social context (the neighbourhood) supported the organization in realizing activities and projects (e.g.: in terms of informative support, administrative assistance, voluntary work, financial donations, etc.).</p>

