The Value of Human Resources in Non Profit Organizations. The Italian Situation

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Pavia, Maggio 2015
Vol. 6 - N. 1/2015

www.ea2000.it
www.economiaaziendale.it

Electronic ISSN 2038-5498
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Abstract

The aim of the paper is to analyze the situation of the human resources in the non profit organizations in Italy. The human resources of a non profit organization are composed by workers and volunteers. Volunteers are workers who voluntarily choose to provide services to a non profit, without any expectation of compensation. The non profit sector is an often overlooked and important economic driver with its employees and a large number of volunteers. Non profit organizations provide important opportunities for people to combine their energy, talents and values for community improvement and enrichment. A large number of non profit organizations are formed to produce goods or services while abiding by certain moral, intellectual, aesthetic or religious principles. Several authors have suggested that, under such conditions, the organizational goals of non profits are often best achieved by intrinsically motivated employees and by employees who identify very closely with the goals of the organization. Keeping employees motivated and engaged is the key to every organization’s success especially in the non profit sector. When people work at a non profit, they are surrounded by people driven by a sense of mission. It goes beyond job satisfaction and is not simply motivation. Engagement is something the employee has to offer as it cannot be required as part of the employment contract.

The work in the first part is theoretical. In the second part predominantly employs the quantitative methods; authors present an empirical analysis based on observed and measured phenomena and derives knowledge from actual experience rather than from theory or belief. It describes and synthesizes, with the use of statistical data, the dynamics and the evolution of the human resources in the Italian non profit organizations.

Keywords: employees, motivation, non profit organizations

1 – Introduction

The non profit sector is a vital component of the world economy and of many national economies. Social systems complement the activity of the governmental and business organizations in supplying the public services and improving quality of life (Airoldi, 1995; Borzaga, Fiorentini and Matacena, 1996; Pomer, 2002; Powell and Steinberg, 2006).

Non profit sector in Italy play a crucial role in providing social services and contributing to achieving social policy goals. As a consequence of the decentralization of health and social services subjecting non profit organizations to local authorities, as well as flowing from the recent increase in the number of services being contracted to these organizations by local authorities, some areas of health and welfare are heav-
ily dependent on the non profit sector (Bryson, 1988; Cornforth, 2003; Morganti, 2004; Napolitano, 1999).

We can understand the importance of this information if we consider that Italian non profit organizations represent an estimate of 4.3% of PIL (Unicredit Foundation, 2012).

The non profit sector is an often overlooked and important economic driver (Drucker, 1989) for example in the USA it has 10.7 million employees making up just over 10% of the nation’s private workforce (Salamon, Sokolowski and Geller, 2012).

Non profit organizations provide important opportunities for people to combine their energy, talents and values for community improvement and enrichment (Minnesota Council of Nonprofits, 2010). They have the role of entities that engage and inspire individuals and communities for public benefit (Gazzola and Ratti, 2014). Non profit organizations have also an ethical obligation to conduct their activities in a way that is accountable and transparent because normally they work for the community (Carroll, 1991).

Non profit organizations frequently depend on the labor of employees as well as on the service and commitment of volunteers (Fiorentini, 1997). The skills and talents of both types of workers bring non profit to their mission (Emerson and Twersky, 1996).

In the research we highlight the importance, for the Italian non profit organizations, of the human resources: employees and volunteers. Non profit organizations are a steady source of employment. Their operations require specialized jobs in terms of day-to-day operations. Non profits run very similarly to for profit companies (Glaeser and Shleifer 2001). Non profits, like for profits, rely on computer programmers, accountants, graphic designers and other specialized workers to ensure smooth operation (Leete, 2000; Kearns, 1994).

2 – Literature review 1

According to Salamon and Anheier (1997), the term "non profit organization", utilized in the research, expresses that the organization does not aim primarily to make a profit, in reality, profits are often achieved (Drucker and Drucker, 2001). However, these profits are not distributed to the shareholders, but are usually used to realize the organization's purpose or are retained. The definition is integrated by Badelt (1999) that considers, among the number of different viewpoints, there is only one common denominator namely to try to consciously distance oneself from the for-profit world of the private sector.

We consider the traditional definition of employee like an individual who serves an employer. Employees provide services for compensation (as opposed to volunteers who are not compensated) and are under the "control" of the employer (Dau-Schmidt and Ray, 2004).

For a large number of non profit organizations the number of employees isn’t important, but volunteers represent important part of the human resources and often smaller organizations sometimes has only volunteer work (Jäger, Schmidt and Beyes, 2007).

We consider the definition of volunteers as the individuals that provide services without any expectation of compensation (Shin and Kleiner, 2003), and without any coercion or intimidation, non-employees (U.S. Federal law, 1938).

The European Commission defined volunteering i.e. encompassing all forms of non-remunerated work (European Union, 2009). The definition of volunteering in Italy was established in 1991 with law 266/91 „Framework law on volunteering” and explicitly states that a volunteering activity must be: spontaneous, gratuitous, without intended remunerative aims and should be undertaken exclusively for solidarity purposes. To this effect, the Italian definition of a volunteer is “a person, who, having carried out the duties of every citizen, places her/his own capacity at the disposal of others, for the community or for all humanity. She/he operates in a free and gratuitous manner promoting creative and effective responses to the needs of beneficiaries of her/his own action and contributing to the realization of common goods”. Since this definition excludes any activity that is not undertaken for solidarity purposes (Ferreira, Proença and Proença, 2010)

The term “volunteerism” in Italy refers to all types of activities, whether formal or informal, full-time or part-time, at home or abroad. It is undertaken of a person’s own free-will, choice and motivation, and is without concern for financial gain. It benefits the individual volunteer, communities and society as a whole. It is also a vehicle for individuals and associations to address human, social or environmental needs and concerns. Formal voluntary activities add value, but do not replace professional, paid employees.

Volunteers are fundamental for non profit organizations (Weisbrot, 1975). According to Wilson and Pimm (1996) some non profit organizations do not need to make a big effort to attract volunteers, although this process is difficult for the majority. Organizations with some prestige only need to issue an invitation to quickly get volunteers (Wilson and Pimm 1996).

Other groups where recruitment represents no difficulty are those where there is a definitive measurable benefit such as music concerts. However, the communication task that the organization needs to develop in order to attract and retain volunteers must consider the variety of factors that influence individuals and make them donate their time to voluntarism programs (Dolnicar and Randle, 2007).
3 – Methodology

This study is focused on human resources, employees and volunteers, in Italian non profit organizations. The research design in the first part is theoretical. In the second part predominantly employs the quantitative methods; authors present an empirical analysis based on observed and measured phenomena and derives knowledge from actual experience rather than from theory or belief (Brant and Borges-Andrade, 2014). It describes and synthesizes, with the use of statistical data, the dynamics and the evolution of the human resources in non profit organizations.

The research questions are:
- Are Italian non profit organizations a job creation engine?
- What’s the role of volunteers in the Italian non profit organizations?

Statistical data provided in this report is based on the main sources Istat census conducted in 1999 and, finally, in 2011. The last survey on non profit organizations is part of the 9th General Census of industry and services conducted by Istat. Data collection was completed 20th December 2012 and they were released during 2013.

As Istat says, the survey is a magnifying glass on the world of non profit, a crucial sector for companies and Western economies.

The purpose of the investigation is to meet the information needs of policy maker, scholars and sector practitioners but also to answer the demands of the international organizations (UN and ILO) on the placement of non profit sector in the context of Italian social policies and on economic measurement on volunteer work.

The recipients of the survey are legal and economic units with or without legal personality, of private nature, that produce goods and services for market or not and that, on the basis of the existing laws or to its own laws, does not have the right to distribute, even indirectly, profits or other gains different from the remuneration for work done to the subject that have established or to the members.

The individual reality involved in the survey has been identified by complying with the international definition of the System of National Accounts (SNA), which considers mainly the criterion of "ban on distribution of profits or other gains different from the remuneration for work done to the subject that have established or members".

Italy is among the few countries in Europe to assess periodically the world of the non-profit sector. In this edition of the census 474,765 organizations are involved, nearly twice the 235,000 of the previous edition, held in 1999.

In the research are analysed:
- the number and profile of non profit organizations workers: employees, volunteers, temporary workers and outworkers;
- the geographical distributions of non profit organizations and of non profit workers in Italy;
- the legal form and the sector of activity of non profit organizations.
- the trend of organizations and workers (employees, volunteers and outworkers) over the time.

The 2006 survey of volunteering in Italy illustrates a contrasting geographical spread of volunteers on the territory.

The main contribution of this line of research is the analysis of the human resources involved in non profit organizations in Italy. The research demonstrate that non profit organizations are an important sector of employment, both in terms of paid work and voluntary work.

4 – Quantitative analysis

In this section, through the use of quantitative methods and statistical data, the dynamics and evolution of non-profit organizations in Italy is highlighted, particularly focusing on human resources. The point of departure, consists in identifying the distribution by geographic area (north, center, south of Italy, islands) of the non-profit organizations in Italy, that, on the basis of the last ISTAT census, amount to 301,191.

For each geographic area the number of subjects who works is identified (fid. 1); these subjects are divided into:
- employees;
- outworkers (i.e., collaborators and atypical workers);
- temporary workers (i.e. subjects that work for a limited period of time);
- volunteers (i.e. subjects that work without remuneration in return).

Fig. 1
The same results can be summarized in the following graphs (Fig. 2).

As we can see from the first graph, in relation to the total amount of Italian non profit organizations, the majority of them (52%) are located in the North of Italy (27% in the North-West and 25% in the North-East); the 21% in the center and a limited number of them in the South (17%) and in the Isles (Sicily and Sardinia: 10%).

According to this distribution, what is important is the employment status of human resources who provide services to the non profit organizations. The result of this analysis is evident: Italian non profit organizations use a large number of volunteers (who voluntary choose to provide services to the entity) compared to the number of people who receive a remuneration for various reasons. The 83% of human resources in non profit organizations is composed by volunteers; the 12% by salaried workers, the 5% by collaborators/atypical workers and a very limited percentage (about the 0%) by temporary workers (Fig. 3).

The same analysis could be fragmented by considering individual geographic areas in which the Italian peninsula can be divided; the results obtained could be summarized in the following three graphs (combining the Northwest and the Northeast in the general North and combining the South and the Islands in the general South).

As we might expect, the situation in the three geographical areas is the same of that general; apart from the North, the Center and the South show the same percentage of distribution.

After considerations about the geographical distribution of non profit organizations in Italy, what is interesting is the analysis of the sector of activity (ICNPO) and the Italian organization legal form; first of all according to the total number of active units and subsequently in relation to the human resources (employees, outworkers, temporary workers, volunteers).

In relation to the first profile of analysis, the Italian legal forms of non profit activities are five:
- società cooperative sociale (cooperative social society);
- associazione riconosciuta (recognized association);
- fondazione (foundation);
- associazione non riconosciuta (unrecognized association);
- altra istituzione non profit (other non profit association).
In Fig. 4, most of the activities carried out by non profit organizations are listed. To conduct a more rigorous analysis, also in this case, it is necessary to turn the numbers in percentages. As a result, we can obtain the following graphs.

**Fig. 4**

![Graph showing legal forms of non-profit organizations](image)

According to this graph, the majority of non profit organizations (67%) adopts the unrecognized association form, followed at a distance by the recognized association form (22%). Other legal forms divide the remaining 11%. It is also interesting to investigate the sectors of activity in which non profit organizations are active (Fig. 5). Surprisingly, the distribution is not fair, but it is biased in favor of culture, sports and recreation activities; apart from the sector “social services and emergency prevention” which that counts the 8% of non profit organization, the other sectors of activity count a very low number of units. Once analyzed the current situation, what is important is to understand how the conditions have evolved over the years. In particular, we studied the evolution of the numbers of total workers (employees, volunteers, outworkers) and of the number of active non profit organizations with this kind of workers (employees, volunteers, outworkers) with a comparison between 1999 and 2011, the years of the non profit Istat Census. In the first table, the situation about employees has shown. In the second table we analyze the evolution of volunteers and finally the movements of outworkers (Fig. 6 e 7).

**Fig. 5**

![Graph showing sector of activity](image)

**Fig. 6**

<table>
<thead>
<tr>
<th>Type of human resource</th>
<th>number of active non-profit organizations with employees</th>
<th>number of employees of active non-profit organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data type</td>
<td>1999</td>
<td>2011</td>
</tr>
<tr>
<td>Territory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N-W</td>
<td>23401</td>
<td>41394</td>
</tr>
<tr>
<td>N-E</td>
<td>9178</td>
<td>17718</td>
</tr>
<tr>
<td>S-E</td>
<td>7065</td>
<td>9103</td>
</tr>
<tr>
<td>S-C</td>
<td>8787</td>
<td>8922</td>
</tr>
<tr>
<td>S-I</td>
<td>4741</td>
<td>7015</td>
</tr>
</tbody>
</table>

**Fig. 7**

![Graph showing non profit organizations](image)

![Graph showing employees](image)
To better identify the evolution, Two bar graphs are necessary (Fig. 7).

The first one shows the variable “number of active non profit organizations with employees” and the second one the variable “number of employees of active non profit organizations”.

As we can see from these two graphs, the number of non profit organizations with employees and the number of employees of non profit organizations have grown in all areas, except in central Italy which recorded a reduction of employees in the time of 12 years.

Even in relation to the number of organizations, the situation of the center is slightly different in terms of growth rate: it recorded a very limited growth rate in comparison with the rest of Italy (Fig. 8, 9).

Fig. 8

In relation to the volunteers and to the outworkers, the graphs show a general increase in numbers from 1999 to 2011. In proportion, we can see more growth in the northern regions, with a decrease of the same by moving along the axis “area” of the graphics (Fig. 10 e 11).

Fig. 9

Fig. 10

Fig. 11

Conclusion

Non profit organizations human resources are important. Non profit organizations employ scientists, nurses, Web developers, computer engineers, teachers, lawyers, executives, and tireless direct-service workers who deliver aid to the neediest among us. They also attract a large number of volunteers.

With nearly 5,715,746 people working in 301,191 organizations, the non profit sector is a dynamic, vibrant and meaningful place to work. Whether in the fields of social services, health care, community housing, the environment, sports, recreation, arts or culture, there are countless career paths for people who share the sector's common vision: to make a difference.
The experience of working in a non profit organization demonstrates a number of strengths, the main are:

– you could meet talented and passionate people: while working for a non-profit, you could have the opportunity to surround yourself with some of the most amazing people you will ever know. One way of improving yourself is to seek the company of people who are the best in the world. Get to know the people who sit on the organization’s Board of Directors because they share the same goals and often bridge the gap to the for-profit world.

– you are better motivated if you do what you love. If you love your job, it won’t feel like work. That will be a great benefit when you could be spending most of your waking life for the benefit of the non-profit. If you align your occupation with something you are passionate about, your performance on the job will be better than if you were to work in a corporation without passion (Rodrigues and Veloso, 2013).

– you can feel to change the world if you work in a non profit organization. For a corporation, particularly a public company beholden to shareholders, your job always boils down to increasing the company’s bottom line. There is little personal reward in that goal, so corporations make up for this by offering salaries, bonuses, stock options, and a slate of other benefits. In a non-profit organization, you are also “paid” by the satisfaction of doing something good for the world’s benefit, whether it is saving lives, reducing poverty, making education affordable, bringing enrichment opportunities to children, or some other worthy cause. Working for a non-profit organization isn’t for everyone, but it also isn’t only for the rich who have little need to build wealth for their family. You can have a comfortable and rewarding life, and you can build wealth, by working for a non-profit.

The strengths outlined above, represent motivational elements for all categories of human resources that work inside organizations (Oliveira and Souza 2014). In particular, while the first reason involves both the volunteers and employees, the other two reasons are closest to the world of salaried workers.

Future research could extend the analysis considering the motivations of employees and volunteers, by focusing on an aspect not much discussed in doctrine that is the contrast between employees and volunteers within the framework of non-profit organizations in Italy.

As we can see from the quantitative analyses, the number of volunteers has increased from 1999 to 2011; the explanations is not only the trenghts but also the enactment of various laws on voluntary and Onlus after the first step taken by the government in these regards with the “framework law for volunteering” 266/91.

Starting, then, since 1991, the legislator began the process of regulation of the non profit sector by, first of all, defining the activity of volunteering and voluntary organisations; after that it also established:

– the regional registries, with the formalities for voluntary organisations to receive their funds;

– the National Observatory for Volunteering and its functions;

– the Special Fund that is financed by Bank Foundations and distributed to each Volunteering Service Centre on the territory. It is then managed by a Management Committee set up within each of these Centres. Its creation was particularly important in that it symbolised the first step towards delegation of responsibilities to regions.

After that, in 1997, the legislator enacted the law 460/97, also known as the “Onlus law”; it concerns voluntary organisations which, through the registration in the regional registries, are automatically recognised as non-profit organisations with social utility (Onlus). This system enables Onlus to benefit from tax incentives, such as the possibility given to donors to deduct 19% of their taxes, for an amount not superior to €2000, in aid of non lucrative organisations with social utility.

The last step was the approval of the law 328/2000, also known as the “framework law for assistance reform”, in order to reaffirm the positive contribution of voluntary organisations to meeting social policy objectives. More specifically, it drew a legislative framework within which voluntary organisations are called to cooperate with public authorities in the designing and implementation of social assistance projects.

It is also important to note that, Italian regions have, since 2001, administrative and legislative powers, also in the sector of volunteering. More specifically, regions have the power to create their own legislative framework in addition to the national framework. These pieces of legislation generally define the processes through which voluntary organisations can: get registered in the Regional Registry; receive the funds from the region; and, draft conventions with local authorities for the delivery of certain services.

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