



EMES CONFERENCES

SELECTED PAPERS SERIES

3rd EMES International Research Conference on Social Enterprise
Roskilde (Denmark) - July 4-7, 2011

SOCIAL INNOVATION AND LOCAL DEVELOPMENT: THE ROLE OF CREDIT COOPERATIVE BANKS IN TRENTINO (ITALY)

Jacopo Sforzi

EURICSE (European Research Institute on Cooperative and Social Enterprises), Italy

Copyright © 2011 Jacopo Sforzi

Any portion of these materials is freely available for information and educational purposes, but cannot be re-published in any format that may entail fees or royalties without the express permission of the copyright holders.

ABOUT THE EMES CONFERENCES SELECTED PAPERS SERIES:

This series aims to ensure that selected papers from conferences in which EMES has been involved will be accessible to a larger community interested in the third sector and social enterprise.

EMES Conferences Selected Papers have not undergone any editing process.

All the papers of the series are available for download at www.emes.net.

ABSTRACT

The development of a local area depends not only on the presence of local economic resources, but also on social and institutional factors, such as the propensity to entrepreneurship, the level of human capital, the existence of social networks, and the ability of *local institutions* to emphasize and take advantage of their specific territorial resources (natural, economic, social, human and cultural) (Becattini, 1989, Arrighetti and Seravalli, 1999, Trigilia, 2005).

The institutions present on the territory, thanks to direct contact with the local community, are responsible for (1) promoting and stimulating local level activities; (2) creating innovation; and (3) spreading cooperation and trust among different local actors.

This paper focuses on one distinct type of local institution: Credit Cooperative Banks. These specialized financial institutions distinguish themselves from other financial institutions by embodying values such as cooperation, reciprocity and territorial embeddedness while being sustained by the democratic representativeness principle: "one person, one vote".

Credit Cooperative Banks are fundamental to addressing the challenges of access to credit markets during times of economic crisis. They are well situated to respond to unique social needs better than non-cooperative banks and represent an essential link between markets, the private sector and the general populace, serving as a crucial source of social innovation. On the one hand, they are able to reduce uncertainty, information asymmetries and information costs; on the other hand, they are able to increase banking access to small and medium enterprises, farmers and low income households, and to stimulate cooperative relationships within and beyond the financial sector, fostering local economic and social development.

This paper is based on a case study carried out in the Trentino region of Italy; the most important Italian region in terms of national representation of Credit Cooperative Banks (55%) and where Credit Cooperative Banks **are the only active banks in 6 out of 10 towns in the region**. This investigation, utilizes semi-structured interviews and includes two types of cooperatives operating in Trentino: Cooperative Banks and Social Cooperatives.

The specific aim of this paper is two-fold: (1) to show the role of cooperative credit banks in promoting cooperation, social capital, new development projects and innovative activities and services at the local level and; (2) to outline strategies adopted by cooperative banks to sustain and promote the development and needs of social cooperatives.

Cooperative banks, thanks to their nature and local embeddedness, play an important role in territorial direction, choosing how to allocate resources and actively participating with other local actors in order to define new initiatives that foster local development.

1. INTRODUCTION

The potential development of local areas depends on local resources and on the ability of local actors to implement new initiatives and activities aimed at recognizing the economic and social value of the local resources. An indispensable condition for local development and social innovation, in addition to access to material resources, is the capacity to create and utilize immaterial resources linked to social capital (Coleman, 1990; Mutti, 1998; Bagnasco *et al.*, 2001) as well as the symbolic and cultural capital of a local area (Ray, 1998), in order to promote involvement, openness, transparency and cooperation between different local actors.

Local development depends therefore on the ability of *local* institutions to emphasize and take advantage of their specific territorial resources (natural, economic, human and cultural) and their ability to inspire participation from the local population and institutions, encouraging cooperation and building trust within the local community. Only in this way is it possible to «promote the improvement of infrastructure and provide efficient economic and social services such as the influx of capital and business investment, whether it be local or external» (Triglia, 2001, p. 429).

This paper focuses on one distinct type of local institution: Credit Cooperative Banks. These specialized financial institutions distinguish themselves from other financial institutions by embodying values such as cooperation, trust and reciprocity and by territorial embeddedness while being sustained by the democratic representativeness principle: “one person, one vote”.

“[A] cooperative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Cooperative banks are often created by persons belonging to the same local or professional community or sharing a common interest” (ICBA, International Cooperative Banks Association¹); they are numerous and fairly large in Europe and there are several countries in which they play a significant role (Cuevas and Fisher, 2006).

Cooperative banks, from the time of their creation in the 19th century, have been seen as innovative and revolutionary enterprises capable of resolving economic and social problems, even in the face of market failure (Cafaro, 2001). Embedded as they were within local areas and communities they were able to create strong relationships amongst their members based on trust and reciprocity and significantly increase banking access to small and medium enterprises (SMEs), farmers and low income households, fostering local economic and social development (Cesarini *et al.*, 1997; Bongini *et al.*, 2007; Borzaga and Tortia, 2004). This quality of local embeddedness provided cooperative banks with a deep understanding of the local context and allowed them to benefit from a dense network of inter-institutional relations (local authorities, rural organizations, professional organizations, trade unions, NGOs, public institutions, etc).

Generally speaking, thanks to their tradition of strong territorial embeddedness, cooperative banks often provided more than simply credit, offering various non-financial services to the local community including recreational and cultural activities, vocational training, environmental protection and healthcare, encouraging business and social development. Using their relational capital to spread information, knowledge and innovations as well as values such as trust and cooperation, they are strategically placed to value the potential of local enterprises and foster relationships among them.

¹ Definition of the International Cooperative Banking Association (www.icba.coop/cooperative-bank/what-is-a-cooperative-bank.html). A similar definition is provided by the European Association of Cooperative Banks (EACB) (www.eurocoopbanks.coop/default.aspx?nav=3.12).

These enterprises are well situated to adapt their products and services to the needs and characteristics of their users and of the territory in general. Moreover, this proximity reinforces the identity of the cooperative as belonging to its members. This feeling of collective ownership breeds loyalty among members and clients, and contributes to the sustainability of the cooperative (De Crombrughe, 2005).

Cooperative banks generally develop in contexts which are not particularly attractive to large financial groups, and are typically founded on community values and on strong social bonds, representing an essential link between markets, small enterprises and citizens. They play an important role in reducing information asymmetries, information costs and banking exclusion. They significantly increase banking access to small and medium enterprises (SMEs), farmers and low income households, fostering local economic and social development (Cesarini *et al.*, 1997; Bongini *et al.*, 2007; Borzaga and Tortia, 2004).

Local development and social innovation require an ongoing interactive process between endogenous and exogenous factors and cooperative banks are directly involved in the creation of a synergy between the exigencies of globalization and the specific demands of local development, often representing a flexible link between the global and local; center and periphery; and savers and investors.

The specific aim of this research is two-fold: (1) to test this theoretical ability of cooperative banks to promote local development through the creation of a robust network among local actors and the financing and promotion of new project and intervention to address local socio-economic challenges; (2) to investigate the adopted strategies cooperative banks used to assist local social cooperatives investigating how cooperative banks distinguish themselves from traditional shareholder banks by embodying values such as cooperation and reciprocity at local level in order to understand the process of promoting social innovation.

This paper is organized as follows: the first part describes the features of the Italian credit cooperative system. The second part, after a brief look at the main characteristic of the cooperative system in Trentino, explains the main characteristics of the case studies conducted in Trentino exploring the strategies adopted by the studied cooperative banks and the main activities of the studied social cooperatives. The third part reviews the main research results showing the main role played by the cooperative credit banks in stimulating cooperation, new development projects and innovative activities and services at the local level.

2. COOPERATIVE BANKS IN ITALY

In considering the local development and social innovation strategies of cooperative banks, the relationship between the financial system and the territory is particularly important in Italy for two main reasons. First, Italy exhibits high territorial imbalances that produce consistent regional gaps in levels of economic and social development. Second, the Italian productive structure is characterized by a high number of SMEs² relative to most other advanced countries and cooperative enterprises. These aspects heavily impact the structure of Italy's financial system, as it must not only have a high degree of flexibility to deal with varying local systems, but it must also cope with a relatively large number of SMEs, with their specific problems of competition and development (Alessandrini *et al.*, 2005). In this context, cooperative banks tend to be better

² The productive structure of Italy is characterized by 98% of small enterprises with fewer than 20 employees and with an average of 3,8 employees per enterprise.

equipped than large national banks to assist small enterprises as they are born and grow with specific services adapted to supporting small productive activities located in their own territory (Tarantola, 2009).

Cooperative banks, following the principles of solidarity and reciprocity, are characterized in Italy by a lower level of integration and by differentiation into two models: one mainly ethical, related to the Raiffeisen model (Cooperative Credit Banks-Agricultural Credit Banks) and the other more closely related to individual interests moderated by social responsibility, typical of the Schulze Delitzsch model (Popular Banks) (Goglio and Leonardi, 2010).

In this paper we focus our attention only on Cooperative Credit Banks (CCBs) since they are strongly rooted in the territory and they are especially prevalent in small communities. The reason why cooperative banks are strongly rooted in their territories is that each bank can operate only within its jurisdictional area – an area which embraces the municipalities where the bank has its own branches as well as the nearby municipalities. The members of the CCBs are physical or juridical persons who operate in that area as well as those who have legal residence there.

Cooperative banks, due to their social nature and their philosophy based on solidarity, have specific mutualistic aims, which means that they must provide credit primarily to their members. They work with the community in which they are settled, and their partners are indicative of the context in which they operate. By law, they also must allocate 70% of net profits to legal reserve, whereas a 3% share of net profit must be set aside to a common cooperative system mutual fund established to support the coop network and its development. The revenues must be used locally with at least 95% going towards sustaining and financing local economic development, therefore creating a virtuous economic circle in which small and micro local actors are included.

In Italy, the first Agricultural Credit Bank (Cassa Rurale) was created the 20th of June 1883 in the province of Padua thanks to Leone Wollemborg and 32 other charter members (mainly farmers and small land owners). In 1891 the first Agricultural Credit Banks, inspired by the charitable values of the Catholic church, were started by don Luigi Cerutti. Fifteen years later, by 1897, there were 904 Agricultural Credit Banks, mainly in Northern Italy (Veneto, Piemonte, Lombardia and Emilia Romagna). In 1905 the Federation of Agricultural Credit Banks was founded, promoting the development of numerous Federations at the local level. The system of cooperative credit continued to grow despite the great economic crisis of 1929 and the subsequent Fascist period, which was strongly ideologically opposed to the cooperative model³. Agricultural Credit Banks flourished during the Republican period with the advent of the Constitutional Paper, that recognized the role of cooperation with common goals in article 45. In 1993 the Agricultural Credit Banks were renamed as Cooperative Credit Banks (CCB) and from that day they began offering all the services and products of 'regular' banks, extending their reach to all who operated businesses or resided in the banks' territory (website Cooperative of Credit Banks⁴).

In Italy, the cooperative credit banks are sustained by two complementary structures: on one hand by a cooperative structure; on the other hand by an entrepreneurial structure.

The cooperative credit structure develops functions of coordination, technical support,

³ During the Fascist regime the Agricultural Credit Banks suffered a general reduction: while in 1922 they reached 3.540, they decreased to 986 in 1940 and to 804 in 1947.

⁴ www.creditocooperativo.it

consultation and disbursement of services for the partnership banks. It is organized on three levels: at the center we have the individual cooperative banks, which merge on a territorial level into 15 Local Federations, which themselves merge on a national level into the Italian Federation, "Federkasse", located in Rome. Only two provinces, Trento and Bolzano, can count on provincial federations, whereas in the remaining parts of Italy there are regional Federations⁵. The peculiarity of the Autonomous Province of Trento and the Autonomous Province of Bolzano is due to the fact that these two provinces enjoy political autonomy mainly for historical and ethnic reasons. Moreover the Trento and Bolzano federations have a unique feature in the sense that they represent all kind of cooperatives operating within their jurisdictional areas, this is not only the credit cooperative societies, but the consumer, agricultural, working, social services cooperatives as well.

The entrepreneurial structure is set up as an "operational complement" of the CCB as it refers to the many service societies established by the cooperative movement to support individual banks in all kinds of different activities related to their banking and financial deals and operations. Trentino Alto-Adige (containing the two provinces of Trento and Bolzano) is the only region enjoying two central cooperative banks, namely the Central Bank located in Trento and the Raiffaisen Central Bank located in Bolzano. They represent the two central sectoral institutes established with the specific aim to support the Trentino and Alto Adige cooperative banks with all types of services⁶.

In 2011 in Italy, 415 over 760 banks are Credit Cooperative Banks, thus covering more than 54% of the total banks operating in Italy. Cooperative banks have 4.375 branches scattered primarily throughout small and average sized villages, where in many cases (550 municipality) they stand as the only banking reality. They represent a share of 13% of the entire national banking network (tab. 1 and Fig. 1).

Thanks to these numbers, cooperative banks are ranked 3rd according to the number of branches and the 4th largest banking network overall in the Italian banking system.

⁵ The cooperative structure embraces 15 local federations scattered throughout Italy: 2 at provincial level (which is the ones located in Trento and Bolzano); 4 at interregional level (which is the ones located in Piemonte-Valle d'Aosta-Liguria; Lazio-Umbria-Sardegna; Abruzzo-Molise; Puglia-Basilicata); 9 federations are organized at regional level (which is the ones located in Lombardia, Veneto, Friuli Venezia Giulia, Emilia Romagna, Toscana, Marche, Campania, Calabria, Sicilia).

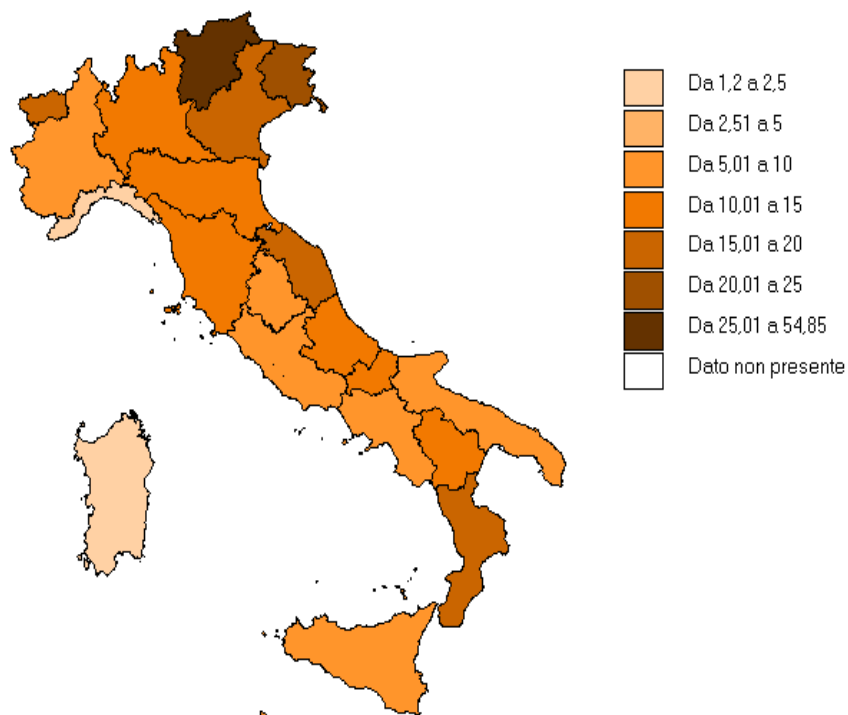
⁶ In the past years, the Trento Central Bank has entered into partnership with the Veneto and Friuli Venezia Giulia cooperative banks as well as with Dz Bank, which, in turn, became Trento Central Bank equity's shareholders and entitled to use its services.

Tab. 1 – Main aspects of CCBs in Italy (31 December 2010)

CCBs		Total banks		% CCB on Total
N. of CCB	415	N. of total banks	760	54,6
N. of branches	4375	N. of total branches	33663	13
Presence at Municipal level	2683	N. of total Municipality	8.101	33,1
Presence at Province level	101	N. of total Provinces	110	91,8
Members of CCBs	1.033.836			
Clients of CCBs	5.600.000			
Employees	36.000			

Source: www.creditocooperativo.it

Fig. 1 - The Italian Banking Industry



Source: Bank of Italy – on line statistics

Over the past fifteen years, the number of Credit Cooperative Banks has decreased by 200 units, dropping from 615 to 415 (-32,5%, while in the same period in general the total number of banks decreased by 205, from 965 to 760), following an increasing number of merging processes aiming at the establishment of 'new' banks characterized by qualities such as: homogeneous dimension, thorough specialization and success in keeping down expenditures. In the mean time, though, 1.972 new branches have been opened, which means an overall 82% of

increase in the number of branches, whereas other banking groups experienced a much inferior rate of growth. Therefore, the cooperative bank's development has increased, despite aggressive competitive actions carried out by many banking groups.

In general, cooperative banks play a fundamental role in the Italian economy, assisting groups of clients to avoid exclusion from credit markets, actively assisting specific segments of the market, such as SMEs or cooperative enterprises, to adapt to the productive structure of the country. In recent years their general diffusion on the national level has increased, showing their ability to respond to the new challenges presented in increasingly complex and globalized financial markets, always maintaining strong ties with the local territory.

In terms of relative shares of BCCs credit provisions, 44% goes to financing for firms, 25% to family financing and almost 11% to financing non-profit institutions (30 September 2008). In 2008 the loans granted to local residents by CCBs have grown by 10.4% (Ferri *et al.*, 2005, Tarantola, 2009).

Recent empirical research (see e.g. Ferri *et al.*, 2005, Fortis, 2008, Tarantola, 2009) has shown the positive influence that cooperative banks have had on local economic development through the financing of local entrepreneurial initiatives, sustaining in particular the SMEs that constitute the fundamental structure of the Italian productive system, as well as other economic sectors such as the tourist and agricultural sectors (Fortis, 2009). According to Angelini *et al.* (1998) SMEs take advantage of a reduction in interest rates only from cooperative banks and only for the SMEs that are members of cooperative banks. Other studies, on the one hand, underline the importance of cooperative banks for the development of SMEs with particular reference to the industrial districts (see e.g. Alessandrini & Zazzaro, 2009) underlining the role of mutual knowledge, and of long-term and close institutional relationships in the creation and improvement of relationships between banks and local SMEs. On the other hand, cooperative banks seem to perform better than the large, non-cooperative banks, both in terms of profitability and portfolio growth. In particular, they continued to consistently provide credit and banking services to other cooperative enterprises during the recent economic crisis better than the non-cooperative banks (Irpel, 2010). According to Irpel (2010) cooperative clients of local banks⁸ present a higher level of satisfaction than cooperative clients of large credit institutions; the small banks offer the most favorable conditions at local level (32% of respondents) relative to large local banks (17,4%) and, above all, to the large national banks (9,7%). This result seems to be due to some principal elements. First, to the fact that during this period of crisis the large banks have virtually stopped disbursing new loans while cooperative banks have continued with loan disbursement, sustaining the market and consolidating their bonds with the local territory. Second, if on the one hand, the large banks have sustained in particular the 'healthy' firms, the cooperative banks have offered great support to their partners and long-term clients regardless of their economic situation. Last but not least, cooperative banks base their strategy on *relationship lending*. Thanks to their embeddedness in the territory and to the informal contacts that they are able to utilize, local cooperative banks have considerable access to information on their potential clients therefore reducing the level of risk inherent in providing credit to those with little or no collateral which excludes them from accessing the traditional credit markets (Perulli, 2009).

⁷ Source: www.creditocooperativo.it

⁸ In this research conducted by IRPET (Regional Institute for the Economic Planning of Tuscany) 41% of the cooperatives interviewed were clients of a local bank while the other 59% were clients of national banks. Interestingly, the larger cooperatives tended to be clients of the local banks while the smaller cooperatives were more frequently clients of national banks.

The advantage of cooperative banks (particularly of the CCBs) remains the geographical proximity between the center of decisional power of the bank and the territory in which it works, a proximity that establishes an immediate bond between the needs of the clients and the banks' strategies.

Generally speaking, the body of research referred to above underlines how the economic support provided by cooperative banks (particularly small ones), continues to be a strength of the Italian banking system and that the peculiar characteristics of cooperative credit (local embeddedness and trust) continue to be fundamental in mitigating the challenges of access to credit markets during times of economic crisis.

3. COOPERATIVE BANKS IN TRENTINO

The case study presented in this paper has been conducted in Trentino county in the northeast of Italy. Trentino's area correspond to the province of Trento that with the province of Bolzano form the Trentino Alto-Adige region, one of the most important region in terms the embeddedness of the radical movements (Boccagni & Zandonai, 2003).

The cooperative banks' relevance in this region is very significant. Trentino Alto-Adige, compared to the overall national cooperative banking network, is the most important Italian region in terms of national representation of CCB branches (54,6%) (tab. 2).

All together the CCB achieve the 89,5% of the overall banks located between the two autonomous provinces of Trento and Bolzano. In Trentino, cooperative banks represent 92% of the overall banking institutions while in Alto Adige the cooperative banks reach a share of more than 87% of the banking marketplace.

The province of Trento has roughly half a million inhabitants, 250 thousand of which are members of cooperatives. Approximately 2 out of 3 families are members of one cooperative or another.

If we look more closely at cooperative banks presence in the Autonomous Province of Trento, today we can count on 46 cooperative banks (Fig. 2) that manage the 65% of savings of the province and one central bank. **The large number of individual branches (337) allows them to guarantee services throughout a very diffused geographic area as well as providing them with an active presence in the entire provincial territory. Thanks to their diffusion throughout the territories and different valleys, Casse Rurali are the only active banks available to the local community in 6 out of 10 towns in Trentino. Half of all families in the region are members of a Cassa Rurale and they are able to guarantee access to credit not only for individuals and families, but also for SMEs, associations and non-profit organizations; in other words, to all of the people who collectively make up the economic fabric of Trentino.**

The origins of cooperative credit in Trentino date back to the "Cassa Rurale of savings and loan", in the small village of Quadra, in 1892, by don Lorenzo Guetti. This was the first bank to provide access to credit for local farmers.

Today the cooperative banks share a common brand (which is also the Trentino Cooperative Movement's brand) that symbolizes mutual help, support, cooperation and customer attention and care. Thanks to this brand, cooperative banks are recognizable throughout the whole

province as being united in the same group, even though they are well rooted in their own communities.

One of the distinctive characteristics of the Cooperative Credit Banks in Trentino is their investment policy based on a virtuous relationship between revenues and spending. In fact, the savings of families largely remain invested within the province itself, and are put to work in sustaining the local economy and local society. The relationship between spending and revenues is more than 97%: for every 100 Euro collected, over 97 Euro are invested back where they come from in the same territory. This policy represents a very important and significant element for local development.

The members of the Casse Rurali represent the core of their cooperative system and their priority as they are the expression of the local community. For this reason, the Casse Rurali also play a crucial role in the socio-economic development of local communities, supporting different and numerous initiatives meant to benefit local schools, religious institutions and associations operating in the cultural, sporting, recreational and social sectors of the province.

In 2005 social aid amounted to 18 million euros, this benefit being addressed not only to members, but to the entire community.

On these terms, credit cooperative banks are socially responsible banks, specifically oriented to enhancing the community's value according to mutuality and other cooperative principles.

Tab. 2 – Number of CCB's branches by region

31th December 2010	BCC (branches)	Banks (branches)	% of BCC on total banks' branches
	N°	N°	%
Trentino-Alto Adige	534	979	54,6
Friuli-Venezia Giulia	230	955	24,1
Valle d'Aosta	21	98	21,4
Veneto	670	3625	18,5
Calabria	93	519	17,9
Marche	196	1206	16,3
Basilicata	39	250	15,6
Toscana	338	2548	13,3
Emilia-Romagna	437	3545	12,3
Lombardia	803	6611	12,1
Abruzzi	82	701	11,7
Molise	16	146	11
Lazio	265	2768	9,6
Sicilia	166	1759	9,4
Campania	129	1637	7,9
Puglia	110	1410	7,8
Umbria	42	581	7,2
Piemonte	171	2696	6,3
Liguria	23	962	2,4
Sardegna	8	667	1,2
Italia	4373	33663	13

Source: Banca d'Italia

Fig. 2 – Number of cooperative banks (without branches)



Source: www.casserurali.it

4. OBJECTIVE AND STRUCTURE OF THE RESEARCH

The main objective of this paper is to analyze and evaluate the role of cooperative credit banks in promoting cooperation and innovative strategies at the local level aimed at sustaining and promoting the development of social cooperatives and social innovation within the communities.

On the basis of the German model created by Friedrich Wilhelm Raiffeisen and promoted in Trentino by don Lorenzo Guetti (1847 -1898), cooperatives in Trentino are organized into Consortia, that include all cooperatives working in each sector at the provincial level (tab. 3). This type of structure allows the cooperatives to overcome the limitations of their small dimensions and to present a united front in the market, increasing their group competitiveness.

Tab. 3 - Trentino – Maps of cooperatives

Cooperatives	Consortium	
Agricultural	97	7
Consumers	83	1
Banks (Casse Rurali)	47	1
Social	80	1
Workers and services	175	1
Housing	43	

Source: www.creditocooperativo.it

The subject used to understand the role played by CCBs at the local level are 'social cooperatives'. We have two type of social cooperatives that have two main objectives: (1) to furnish, in collaboration with local government, a series of services to the socially disadvantaged (A-type) and; (2) to guarantee job opportunities to members more in line with the ideals of social solidarity (B-type).

In the region of Trentino-Alto Adige, the first social cooperative was the cooperative "Grazie alla vita" (Thanks to life), founded in 1977, that developed initiatives for the social integration and benefit of disabled people. **Between the end of the 1970's and 1980's, social cooperation exponentially increased the number of structures accessible to disabled persons as well as the number of qualified operators and volunteers. The field of activity is quite broad, including care services, home assistance, etc., and they work in collaboration with local governments and the non-profit sector. The region of Trentino-Alto Adige was the first in Italy to implement a law in 1988 regarding social solidarity cooperatives. The local regulation represented an essential starting point for the national legislature, that in 1991 enacted a law which regulates the activities of social cooperatives (www.ftcoop.it).**

Today, social cooperatives are acknowledged experts and specialists in home assistance, elder day-care centers, homeless centers, centers for immigrants and transport services for the disabled (A-type). Simultaneously, social cooperatives are active in the training and work placement of socially-disadvantaged persons within activities ranging from homemade activities such as carpentry to the maintenance of protected natural areas and parks (B-type).

The main questions of our research are:

What strategies do cooperative credit banks employ to meet the social/economic needs within the communities in which they operate?

How do they identify such challenges and interact with interested stakeholders?

Why are cooperative credit banks suited to meet such challenges?

In order to investigate these objectives a case study approach has been preferred (Glaser & Strauss, 1967; Yin, 1981, 1984; Eisenhardt, 1989).

The selection of the case studies has been done by the findings of a previous survey carried out on Trentino province. This survey has been divided into two parts and we used two different methods: focus group and questionnaires.

Focus group

The first part regards the role of CCBs and has been designed to analyze the strategies adopted by the CCBs to support the development of the local community. The applied methodology is the focus group (Krueger, 1988, Morgan, 1996). We organized four focus groups with a selected group of managers and presidents of the CCBs (65% of the total CCBs) to discuss and comment on the subject of the research in order to obtain several perspectives, views and experiences about the strategies adopted to promote local development. We decided to use the focus group technique during the preliminary stages of our study (Krueger 1988) in order to gain as much insight as possible as quickly as possible (Morgan & Kreuger 1993) and to explore hypotheses (Powell & Single 1996) and develop questions for future in-depth interviews (Hoppe *et al* 1995).

By following the main cooperative principles (ICA, 2009)⁹, cooperative banks in Trentino are organizations based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity and their members believe in the ethical values of honesty, openness, social responsibility and caring for others. All of them follow the same objectives (to support and to help the local community; the improvement of the economic, cultural and moral condition of the people of the local community) and they allocate part of their income to sustain the local community and different local institutions (private institutions that operate in the area of social welfare; cultural and sports organizations; voluntary associations).

The values and the objectives of the local CCBs stress the role of the cooperatives banks in the local communities, pointing out that these types of organizations work for the sustainable development of the community in which they take part.

In general, according to the findings of the focus groups, the main tools adopted by the CCBs are:

- charity disbursement;
- social sponsorship for social activities of territorial promotion;
- special project with social aims.

The common idea behind these tools is not just to give “money” to the community, but it is to create a deep cooperation and new partnership among banks and different local actors. All of the managers interviewed stressed the relevance of establishing strong relationships among the different active bodies and associations of the territory as only in this way is it possible to build new networks capable of best responding to the needs of the local community.

Questionnaire

The second part of the survey has been addressed to the social cooperatives. The aim of this part was to find out the main financial problems faced by this type of cooperative; to find out which kind of banks they use; to understand their level of satisfaction with the tools provided by the banks and; to identify the kinds of relationships that exist among social cooperatives and CCBs. In this case, the applied methodology has been the questionnaire (Foddy, 1993). We decided to use this technique as a tool for gathering information from the large number of cooperatives present in the Province of Trentino. An electronic questionnaire (with both closed and open-ended questions) was sent by e-mail to the entire population of local cooperatives using a web-based questionnaire program called Lime Survey. The percentage of respondents was 37.5%. Among these:

- all the social cooperatives have one or two CCBs as a bank (no other type of banks);
- the main financial problems diverge according to the different type of social-cooperatives (type A and type B), but in general they are related to the difficulty of banking access and the ability to offer “physical” guarantees;
- in general, all the cooperatives studied are satisfied with the tools provided by the banks. Some of the cooperatives have stressed that one “new” tool (specific project) is very useful for them and to involve the local community;

9

At an international level the ICA (2009) has stated seven cooperatives principle: 1) Voluntary and open membership; 2) Democratic member control; 3) Member economic participation; 4) Autonomy and independence; 5) Education, training and information; 6) Co-operation among Co-operatives; 7) Concern for Community.

- in general, the existing relationships among social cooperatives and CCBs are good as the CCBs are very helpful in sustaining the social cooperatives.

Case studies

After this preliminary analysis, the case studies developed in this paper were chosen in order to reflect the heterogeneity of existing strategies adopted by different CCBs to sustain local development and social innovation; to deeply understand the opinion and the level of satisfaction of the social cooperatives on these specific strategies. The sample was not random, but reflected the selection of specific cases of CCBs and social cooperatives that have working or trade relationship. From the population of CCBs, we selected two different CCBs (Cassa Rurale di Aldeno e Cadine and Cassa Rurale Alto Garda) that have adopted specific and diverge strategies. From the population of social cooperatives we selected three social cooperatives (ALPI, La Rete and Archè) with different fields of activities (eg. social services - type A; work integration - type B) and different economic area (see the Fig. XXX). In total, we conducted 10 in-depth face-to-face interviews with key stakeholders of the cooperatives presented in this paper and 4 in-depth face to face interviews with other key stakeholders of two social cooperatives not included in the paper and not involved in specific projects, in order to understand and collect different opinions. The case studies analyzed here provide two different good examples (with both positive and negative aspects) of the relationships and the cooperation among CCBs and social cooperatives.

Description of case study 1

This first case study describes: a) the *Cassa Rurale di Aldeno e Cadine* and the main strategies adopted to support local development and social innovation in its territory; b) and c) the main activities of two different social cooperatives (*A.L.P.I.* and *La Rete*).

a) Cassa Rurale of Aldeno and Cadine

The CR of *Aldeno* and *Cadine* were born in Aldeno (a small village with 2.994 inhabitant in the Autonomous Province Trento – 10 km south-west from the city of Trento) in 1896 as Cassa Rurale of Aldeno, thanks to a small group of “enlightened” people. The most important principle that motivated this small group of people was: “The social and economic stimulation of the local community and of its components”.

Today, after renovations and expansion of its areas of intervention and with new branches in neighboring towns, the CR of Aldeno and Cadine continues to put people at the center of its activity and is linked to the local community with a strong mutual agreement of reciprocity for its development. The CR, thanks to the different activities carried out (not only banking and credit activities) is actively engaged in promoting the well-being of the local community and furthering its economic, social and cultural development. The main goal of the CR is to build trust inside of “its” community and to truly belong to that community

In order to fulfill its mission effectively and to achieve significant results in various areas, the CR of Aldeno and Cadine has structured its action through strategic objectives:

- Research of high-quality financial instruments. The future success of a credit institution lies in its ability to generate income in order to ensure its development. Therefore it is fundamental to understand the best way to pursue this goal, always respecting the co-operative and mutual values that inspire its action;

- Enhancement of the cooperative culture in order to reduce local inequalities based on gender, age and social discriminations;
- Support the economic development of the territory, taking care of the local environment and with an ethical commitment in line with the traditions of the territory;
- Promotion of social equity at the local and global levels, increasing its activities at both levels in order to become a “Community Bank”, trying to combine the local with the global.

The aim of the CR of Aldeno and Cadine is “to work for the territory with the territory” and to sustain local development together with the local actors and institutions (public institutions, private enterprises, both profit and non-profit, families, voluntary associations, etc.) in order to jointly bring about new processes of change, innovation, development and social cohesion.

The main strategies adopted by the CR in order to sustain local development and the social cooperatives are:

- charity disbursement;
- social sponsorship for social activities of territorial promotion;
- conferences, meeting and special events;
- special project with social aims.

Solidarity interventions, charity work and sponsorships carried out by the CR have been increasing in recent years, underlining the strong desire of the CR to support local actions especially in favor of the younger generations promoted by sports and cultural associations, social cooperatives and public and religious bodies (Tab. 3). Moreover the CR, following its values, organizes thematic (annual or monthly) conferences, meeting and events in order to spread and to enhance cooperative culture and economic development of the territory.

Tab. 3 – Distribution of disbursement to local institution (2008)

	€
Sportive Associations	136.869,00
Cutural and Recreational Associations	80.752,00
Public School and Education	55.800,00
Public and Religion Body	70.478,00
Aid Agency	32.448,00
Voluntary Organization and Civil	
Defence	51.670,00
Other Social Initiatives	181.644,00

Source: CR of Aldeno and Cadine

In addition to these activities, the CR of Aldeno and Cadine, strongly faithful to the principles of the cooperative credit banks, has decided to create a new tool (special project) able to overcome the "traditional" concept of charity and to help people with great socio-economic difficulties (both at local and global level) and to sustain local social cooperatives and associations.

Among these special projects we find local and global projects. At the local level we see for instance: “I rely on You”; “Microcredit for immigrants”; “Solidarity Microcredit”; “Job trainer”. At the global level we could find: “Microcredit in Mozambique”; “Become an Entrepreneur in BiH”, inside of a larger project “Cooperation and Exchange in Prijedor”; “Cooperation in Vietnam”; “Street children in Brazil”¹⁰.

¹⁰ For a description of these projects see the website of CR Aldeno and Cadine.

Here we focus our attention on one specific project that involve these banks with two different social cooperatives described below: “I rely on you”.

This project was begun in late 2005 with the aim to strengthen the ties with the territory in which the CR of Aldeno and Cadine operates and to build new local networks among the local community. The main purpose of this project is to create an instrument where the members and customers of the cooperative bank are able to decide which local social cooperative or association to support through the CR.

The idea of the project comes from the current director and his particular awareness of the social problems of his territory. Following the principles of cooperation and solidarity of his bank, he wanted to invent a specific tool able to, on one hand, move from the idea of ‘charity’ to the idea of ‘reciprocity’; while on the other hand, find an instrument able to involve the members and customers of the banks (the community) in supporting the local social cooperatives and associations.

Thanks to this special bank account we have been able to sensitize our members and our customers of a common and social issue [...]. Some of them before this project did not know exactly the activities of the social cooperatives of our territory and others have become volunteers of some of them.

b) Social Cooperative A.L.P.I

A.L.P.I. (b-type social cooperative) was founded in 1990 in order to favor the entrance or the reintegration in the labor market of people who are mentally, socially, and/or psychophysically disadvantaged. The cooperative's educational activity is divided into four sectors aimed at offering participants the time needed in order to reach their own growth goals.

1. “After School-Work” sector: addressed to both students of both secondary schools and professional educational centers who have difficulties with normal school procedures. The project combines school education programs with a number of practical-theoretical activities in the cooperative organizations.
2. “educational individualized trainings” sector: the project aims to train the worker-citizen with a balance between education and work perspectives.
3. “Yard” sector: addressed to young people who need more time to learn; it promotes different activities to strengthen the acquired professional competence and develop new abilities.
4. “Job” sector: aims at combining efficiency and productivity with solidarity by taking care of people affected by particular difficulties who can become cooperative workers. At the end of the program, people are integrated into the external labor market. The cooperative continues to provide assistance after the integration into the enterprise.

From A.L.P.I.'s point of view, a project ends after the disadvantaged worker's entrance into the open labor market.

A.L.P.I.'s activity is essentially based on private firms contracting out. A.L.P.I. takes on job orders which are carried out at its own laboratories. The production on behalf of a third party deals with semi-finished assembling; end product packaging; posting; cleaning at enterprises and offices, etc.... The cooperative is also in charge of the management of a car sharing center. A.L.P.I. has always encouraged the active participation of all the stakeholders in the definition of the goals of the cooperative.

From a productive point view, A.L.P.I. pays particular attention to the quality of the goods, and is very concerned with flexibility and competitiveness.

A.L.P.I.'s relational network is very wide, including many different actors of the community such as entrepreneurial, social, cultural and political entities.

A.L.P.I is involved in the project "I rely on you" promoted by the CR of Aldeno and Cadine. Thanks to this project, the social cooperative has received 9.998,00 € from 2006.

This is a very innovative instrument that it is working quite well. We used part of these funds to build an outdoor rest area for the workers, but the most important effect is what exists behind this idea: the opportunity to promote our cooperative inside of our community and increase public awareness of our social activities.

c) Social Cooperative La Rete

La Rete (A-type social cooperative) was established in 1988 by a group of social workers and parents of people with disabilities, being to this day a multi-stakeholder reality. The cooperative offers a wide range of services in support of disabled people and their families. La Rete works at three different levels: with the disabled person, with his/her family and with the community.

In addition, La Rete promotes awareness campaigns and actively aims to involve the local community in improving the quality of life of disabled people.

The two main purposes of the cooperative are:

- to strengthen families' ability to support the disabled relative and to cope with the difficulties that may arise from the disability;
- to increase community members knowledge and awareness of disability issues as well as the community's availability to help people with disabilities and their families.

The very first activity run by the cooperative was a self-help group for parents and relatives of disabled people. La Rete offers services to both disabled people and their families.

As far as the former are concerned, the general purpose is the development of relational abilities, in order to favor social integration and a normalization of the living habits through the services provided by the territorial network.

Enabling and supporting the relationship among workers, volunteers, users and families is the main feature of La Rete's work, considering them to be important in themselves as well as a powerful means of communication and education.

Relational activities are mainly carried out by volunteers, who, thanks to their engagement within the cooperative, become mediators between people with disabilities and the community, thus aiding in the process of social inclusion. At present, there are 257 volunteers working with La Rete; the cooperative also offers training programs for volunteers which are attended by an average of 50 people each year.

With regards to services for the relatives, the main objective is the empowerment of the family: this goal is pursued through the establishment of training and educational self-help groups, and through informal and recreational meetings to allow families to rest and relax.

80% of La Rete's funds come from the local authority: in the early 1980s the Province of Trento made the choice to foster the private sector in providing social services. Nevertheless La Rete decided to use public funding in the provision of services only, for instance carrying out a fund-raising campaign when renovation of the offices was needed. Some of the services are provided free of charge to the community; while for some other services the family pays a fee to offset part of the cost of the service.

In 2010, volunteers worked with La Rete for a total of 26,000 hours, while professional staff worked for a total of 30,000 hours.

One of the general aims of the cooperative, as mentioned above, is to build closeness with the community, to raise awareness about disabilities and to create an informal network ready to support the families. This relationship is very tight and based on the concept of reciprocity, since from La Rete's point of view, the local community, besides being an important basin of resources, is, first and foremost, the place where everyday life takes place.

The La Rete cooperative is part of a consortium (Con.Solida) and other social cooperatives. The cooperative also managed to set up a practitioner forum focused on the issues of disability and aimed at creating a service network.

In addition, La Rete is involved in the project "I rely on you" promoted by the CR of Aldeno and Cadine.

This project has been very useful in providing us with additional funds to face the lack of money due to the recent cutbacks put into being by the Public Administration. These tools are important, but we are an A-type social cooperative and we need more tools like this such as donations, public funds or fundraising.

Description of case study 2

This second case study describes: a) the *Cassa Rurale Alto Garda* and its main strategies adopted in support of local development and social innovation in its territory; b) the main activities of one social cooperative (Archè).

a) Cassa Rurale Alto Garda

The CR Alto Garda was founded in 2004 by the merger of two previous CR (CR Oltresarca founded in 1898 and CR of Arco, founded in 1919). Following the previous strategic plans of two Casse Rurali (encouraging members and people of local communities in operations and services of the Bank, pursuing the improvement of moral, cultural and economic condition of the community and promoting the local development and local cooperation) the CR Alto Garda renews its mission to be the "subject" of local community development by strengthening its role as reference bank of the territory in economic, social and cultural fields.

The system of socio-economic relationships that bind the cooperative bank with the community represent the foundation of a strong heritage of essential information for the banking business. Is this information advantage that allows to carry out the so-called "loan relationship", based on trust, reputation and transparency and not just on automatic or standardized criteria. The CR is a

enterprises with social responsibility that has full knowledge of its peculiarities and its action in to service the local community. The financial activity is oriented to the construction of the common good, enjoyed by all citizens even if they have direct relationships with the Bank (members and clients) or not. The social capital that the Bank enjoy is founded by the strong partnership established with their customers, its embeddedness in their community and its the ability to respond with appropriate expectations to the community. The CR Alto Garda combine its banking activities with a strong support of social measures in order to promote social and cultural development and new initiatives in the voluntarism field.

The main strategies adopted by the CR in order to sustain the local development and the social cooperatives are:

- charity disbursement;
- social sponsorship for private and public activities that have positive economic and social effects at the local level;
- special projects with economic and social aims.

Regarding the activities developed on behalf of the local community, the first two instruments have shown growth in recent years, even during a period of crisis, underlining the strong desire of the CR to support local actions in different sectors (Tab. 4).

Tab. 4 – Distribution of disbursement to local sector of intervention – CR Alto Garda(2010)

	€	%	N. of interventions	%
Arts, Culture and Music	96.950	10,1	44	9,2
health service and care	45.550	4,7	16	3,3
Solidarity and International Cooperation	75.247	7,8	32	6,7
Education and Training	60.504	6,3	25	5,2
Promotion of the territory and recreational activities	217.935	22,7	111	23,2
Sport	272.440	28,4	104	21,7
Scholarship	72.845	7,6	107	22,3
Others	118.648	12,4	40	8,4
Total	960.118	100	479	100

Source: CR Alto Garda

In this context, the CR Alto Garda intends to intervene more and more not as just a supplier of contributions, but as an active subject, author and co-author of specific projects.

Among these special projects we find projects promoted and carried out in collaboration with social cooperatives (e.g. project “Just Friend”) and projects promoted and carried out in collaboration with public institutions and others local organizations (e.g. project “Alunni al ...Centro” - Students at the center).

The CR Alto Garda is building new networks and partnership aimed to promote the best local social cooperative experiences ((e.g. Archè and Eliodoro).

With the goal of increasingly being a representative of the interests of the local community, the CR Alto Garda takes an active part in the implementation of the projects, building new networks and partnerships aimed at promoting the best local cooperative experience possible.

It also take part in different economic activities of the territory aimed at improving social and economic development at the local level (especially in the tourism sector).

Here we focus our attention on one specific project that involves this banks with the social cooperatives described below: “Just Friends”.

The project “Just Friends” has been promoted and supported by the CR Alto Garda (leader of the project) in collaboration with Archè Social Cooperative, SAT di Arco (Società Alpinisti Tridentini – Mountaineer Society of Trentino) and the Autonomus Province of Trento (co-partners of the project and responsible of the actions).

The main objectives of the project were, on one hand, to promote volunteer work among young people of the territory, through new innovative strategies; on the other hand, to give more visibility to the CR Alto Garda and to recognize the important tangible social role it plays at the local level. The project carries out a short period of theoretical and practical training plus sailing activities for a total period of 4 months.

Our aim was to create a new tool able to overcome the 'old' mentality of charity disbursement and to approach young people to the bank and to the voluntary work. It is not enough to offer good bank account conditions, but we have to stimulate them with practical activities. The idea to merge sports and volunteering has been a great idea.

b) Social Cooperative Archè

Archè (a-type social cooperative) was founded in 2005 to promote and provide opportunities for disadvantaged people, whether they are disabled (physically or psychologically), young with social distress and/or family distress and elders. The cooperative works using sports as a tool to bring out individual capacities and peculiarities and strengthen relationship with others. The idea to set up this cooperative comes from the director, who has worked in cooperatives for many years. In general, all the cooperatives present on the territory provided very few sports activities and only for a very short time period. The director, combining his passion for sailing with his work, decided to set up a new cooperative as a new local institution able to offer new services to local disadvantaged/disabled people. The sailing context offers a "place", in a natural environment, where it is possible to train, promoting the physical and emotional growth of participants.

The aim of this cooperative is to use sport to develop personal and relational capacities of the participants. “Sailing” becomes a tool that enables faster and easier learning and allows participants to indirectly discover their own personality and abilities as well as the strengths and weaknesses of their own character.

This cooperative represents a very innovative institution able to aggregate people with different capacities through the sport of sailing and to improve the integration and social inclusion of disadvantaged people acting positively on the psycho-physical aspects, while also integrating classic therapeutic pathways.

The activities of Archè are well developed throughout Trentino and somewhat in the neighboring regions of Lombardia and Veneto, involving cooperatives, associations and public institutions that deal with disability and social distress. Over the years Archè has developed new scientific research projects in partnership with universities and public institutions dealing with issues connected to the activities of the cooperative (e.g. project “Ecce Vela” - Here Sail; project “M'è

dolce navigar” - It is sweet to sail; project “Nautica Solidale” - Solidarity Sailing; project “Sup Surfing”; etc.) and special actions directed to the promotion of social volunteering for young people, creating new paths to concrete and effective action in favor of disadvantaged people (e.g. project “Just Friends”). Moreover, this year, they have organized the “Access Class European Championships” (Lake Garda, Italy), in collaboration with other sailing associations (at the national and international levels, such as Sailability World Inc.) and public institutions. The event attracted 56 sailors from 10 nations. While Access Class competitions are open, 80% of sailors at the European Championship had some form of disability.

Archè is involved in the project “Just Friends” promoted by the CR Alto Garda. The project uses sailing as an instrument of socialization through the idea of “doing things” for and together with disadvantaged people in outdoor environmental contexts, allowing participants to move closer to the natural world, where they often do not have the opportunity to explore.

This project has been very useful in order to improve the awareness of young people towards people with 'different abilities'. Thanks to this tool, it has been possible to offer young people an innovative and exciting way to help different people; an innovative way to acquire new skills and establish “virtuous exchange” of different experiences.

One girl, for instance, is still working with us as volunteer, but if we have the opportunity we would like to offer to her a job with us. Others use their contacts to involve their friends in the project.

5. PRINCIPAL FINDINGS OF THE RESEARCH

In the following, we will present the empirical findings that can lead to an assessment of the level of satisfaction of the social cooperatives with the activities and the strategies provided by the banks and the different strategies adopted by the CCBs to promote local development and social innovation.

Social cooperatives and cooperative banks' activities

The analysis of the questionnaires and the case studies reveals that, in Trentino, the principal channels used by social cooperatives as funding sources are in general: capital, public contributions and their ability to create wealth from their ordinary productive activity. These sources are, however, often insufficient and it is necessary to find different kinds of funding sources. Mostly, social cooperatives have recourse to bank credit for financial management needs in order to overcome temporary cash flow problems.

In general, the main issue for social cooperatives concerns the access to loans due to their generally low level of capital which doesn't allow cooperatives to offer valid and suitable guarantees to the banks. Broadly speaking, here in Trentino, thanks to the embeddedness of the CCBs in the territory and in the cooperative system, social cooperatives did not face difficulty establishing a solid relationship with the local cooperative banks and receiving support and help from them. As one stakeholder of one social cooperative stated:

The local Cassa Rurale know us, our job and our reputation in the local community and the cooperative movements, so it does not need a physical guarantee; our word is sufficient.

All of the social cooperatives studied have one or two CCBs as a bank and no other type of banks and they report being satisfied with the different tools provided by the banks and the

general activities carried out at the local level.

Some cooperatives have more CCBs because this makes them less dependent on the decisions of a single bank and they may choose each time which CCB offers the best possible conditions. Despite that, also in these cases the 'local' bank (i.e. the CCB that is based in the same territory as the cooperative) proved to be more sensitive to the needs of the cooperatives, than the CCBs that have their base in others part of the territory.

Most of the social cooperatives agreed that specific projects promoted directly by the Cassa Rurale or in partnership with the Cassa Rurale are very useful for the social cooperatives involved and it is considered a good innovative instrument able to increase public awareness of social problems and to involve the local community in the activities of the social cooperatives.

Both A.L.P.I. and La Rete are *satisfied* with the activities of the CR of Aldeno and Cadine and with the project “I rely on you”. Their activities are establishing a new relationship based on a real reciprocity: the cooperative bank supports and helps the activities of the social cooperatives; the social cooperatives promote and publicize the products of the bank to their members, partners and inside of the community.

This project is a very innovative and good instrument. The customer buys an ethical product and he is able to decide where his money goes and the bank must follow his decision. The bank is able to support and help the social cooperatives. The social cooperatives receive money just promoting this product.

Also the social cooperative Archè is very satisfied by the works done by the CR Alto Garda and its awareness of local problems.

The director of the CR Alto Garda is a very “enlightened” man. I met him once and he was immediately available to support my ideas. I did not know him before, but we have created a good climate of confidence and reciprocal trust.

These new instruments are simple; they are going straight to the point; they are forceful and allow further improvement of our working environment.

At the same time, there are also some weaknesses connected not to the instruments (special project) as such, but to the system behind it, such the evaluation of the project and the selection of the partners. Some key stakeholders of social cooperatives not involved in the special projects cited felt that even if these instruments seem to be useful for local development, the CCBs have too great a role in the decision-making process. If the project is promoted by the CCB, the CCB is able to decide who is or is not involved; if the project is promoted by a social cooperative, the CCB is able to approve or reject the project. This is the main problem connected with the negative effect of bonding social capital on the degree of sociability outside the closed social circle (Fukuyama, 1995, Putnam, 2000). This negative use of personal networks could also influence the level and quality of local development and social innovation in a particular area.

Cooperative bank strategies and local development

The main findings of the focus groups and in-depth interviews carried out with some of the local CCBs reveal that the main strategies and tools adopted by the CCBs are:

- charity disbursement;

- social sponsorship for social activities of territorial promotion;
- special projects with social aims.

The overall feeling is that all these tools are fundamental in order to support and sustain the local community.

Social cooperatives and associations are considered an integral part of the community and for this reason they must to be supported by the local bank, but at the same time it is important to also involve the local community and people who live in the same territories.

We are banks, but we must show the community that we are “local banks” and the best way to do that it is to sustain our territories.
Our members are the expression of the community. We are the expression of our members.
We are banks born from the territory, raised in the territory, fond of the territory. This is our idea of a bank.

In the last few year some CCBs have started to promote specific projects to the benefit of local social cooperatives and more generally of the local community. The overall goal of these projects (which obviously present different specific characteristics) is not only to economically finance this type of enterprise, but it is especially to sensitize local communities toward the development of the local reality in which they live and actively involve them in being a driving force of local development.

Normal funding is important and useful at the moment but through the project it is possible to get more effective results: from the point of view of people who invest, they decide to invest their money or time in activities that they consider useful and interesting for them and the beneficiaries; from the point of view of the cooperatives, these give a new sense of responsibility because they have to explain what they achieve with the contributions if they hope to receive them again the following year.

The in-depth interviews were useful in order to provide much more detailed information about stakeholders' thoughts on these different tools.

Several stakeholders strongly agree that charity disbursement and social sponsorship are very important because they are highly visible, but the idea of carrying out special projects is more useful in order to focus the activities on specific targets. These kinds of project are also more useful in strengthening the already existing networks and in building new networks, improving the social capital of the local area.

In one CCB for instance the idea to use specific projects is agreed upon inside of the bank and all the interviewed stakeholders agree that they are good innovative ways to help and sustain the local community.

In the other CCBs, the interviewed stakeholders provided diverse opinions regarding the best strategies adopted. One of them underlined that it is important to follow with social sponsorship and disbursement because “we have always done it this way” and most of the local cooperatives and associations rely on the bank and the bank can not interrupt these activities or it could lose its trustworthiness. Another interviewee stressed that many local actors (cooperative and associations, but also people inside of the board of directors of the bank) are tied to “old views of supporting” after years of undiscerning funding (“whoever asks for money, gets money”) and they are not able to understand that banks have to play a new role inside of the community. The bank must play an active role in promoting new activities and sustaining those who really do something for the community. But it is difficult to change this mentality, to change “the role of the

game”, strongly embedded in the local mentality.

Community mobilization efforts are needed to enhance social innovation and local development. The main idea behind this projects is twofold: for us, it is to elaborate specific tools able to involve our members and customers in choosing the best way to sustain the local community; for the institutions involved in the project, it is a good opportunity to create something new and innovative. But this is the most important problem! Not all of the cooperatives or associations have this ability.

At the same time these projects are more useful in order to show what the banks concretely do for their territory, not only for their members, but for the entire community. The idea is to show that the bank is not limited to funding a cooperative or association, but it produces something real together with them. It does not just put its name on the activities, but it puts its efforts, its ideas and its practical work.

One important element in regards to these special projects that also emerges from the CCBs point of view is connected to the existing relationships among the different local actors. In one case, the project has been created thanks to the personal relationships among the director of one CCB and some presidents and directors of local social cooperatives. He decided to involve them in order to share his values and ideas of participation and cooperation. Others project come about thanks to the good reputation of the social cooperatives in the community and the good reputation of the activities of the CCBs.

According to our case studies, the prevalent feeling is that the three strategies adopted by the CCBs are able to sustain the social cooperatives and to promote cooperation at the local level. Among these, the innovative strategies realized by the CCBs (specific projects) seem to be more useful compared to the charity disbursement and sponsorships for the following main reasons:

- more transparency by the bank to their members and clients on where (and for what) they invest the money;
- more responsibility and transparency by the social cooperatives as they must to show how they used the funds;
- improvement of the cooperation among different local institutions;
- increase the public awareness of social problems, especially among young people;
- improvement of the quality and strength of the local networks.

These kinds of projects are quite successful and other CCBs in the province are interested in them and hope to carry out similar projects in their areas of competence.

6. CONCLUDING REMARKS

The purpose of this article has been to explore the strategies adopted by the credit cooperative banks in the Autonomous Province of Trento in order to sustain and promote the development and needs of social cooperatives and the role of cooperative credit banks in promoting cooperation, social capital and innovative activities fostering local development.

We have illustrated through our research the role and the strategies of a cooperative banks in the financing and supporting social cooperatives and in the development of its community.

The CCBs are different from the other banks mainly because they share common elements, motivations and 'style of action' of the social cooperatives. The activity aimed to satisfy the

needs of the members (like every other cooperatives); they must allocate by law the 70% of net profit to legal reserve, whereas a 3% share of net profit must be given to a common development fund of the cooperative sector. The revenues must be used locally with at least 95% going towards sustaining and financing the development of the local community ,

Social cooperative prefer to have banking relationship with CCBs as they offer bank credit more suitable to their specific needs and they apply more favorable credit conditions (in terms of rates of interest and guarantees). Moreover, thanks to their embeddedness in the territory, social cooperatives are also satisfied by the different strategies adopted by the CCBs to support their activities.

Among the different strategies carried out by the CCBs to promote local development and support more effectively the social cooperatives those that seems to work better are the 'specific projects', promoted by the banks or by the cooperatives, but carried out together.

According to the participants of our study, these kinds of projects are an excellent tool to aid in the activities of social cooperatives; involve the local community; and enhancing the work of CCBs giving them more visibility and recognizing tangibly the important social role played by the CCBs for the territory. Often these projects are promoted directly by the bank in collaboration with the social cooperatives, but the idea may arise from the bank, from the cooperative or through informal personal relationships between the director of the bank and the directors or presidents of the social cooperatives.

In observing the above strategies, we note that CCBs contributed to the creation of new innovative tools at the local level able to support social cooperatives but also promoting new cooperation among different actors.

As a pro-active institution the cooperative banks also play a very important role in the contribution to increase public awareness of social problems and to involve the local community in the activities of the social cooperatives, stimulating cooperative behaviours and earning widespread trust at the local level. This awareness of the local community of the potential to play an active role is an element which facilitates the cooperative process and which may reinforce intermediate forms of governance (Amin e Thrift, 1994).

According to neo-institutional theory, a scenario with perfect information is not necessary: there are reliable formal institutions (e.g. CCBs) able to diffuse knowledge within an economic system, establishing relations even between agents who do not know one another. In addition to aiding in knowledge diffusion, these institutions develop new strategies for the processes of social innovation.

As has already been demonstrated in several sociological studies in which it is theorized that the introduction of an institutional innovation is favored by the actions of subjects who promote it and help others to accept it, (Parri 2002), as well as in various studies of local development that have demonstrated the role of key people (Cersosimo e Wolleb, 2001; Gaudio e Zumpano, 2002) or of "social entrepreneurs" (Provasi, 2004), our case studies also highlight the importance of personal ties. These 'ties' represent an important resource to utilize in the design and developmental phases of projects and cooperatives, with the goal of constructing links between the networks, spreading trust among the actors and stimulating new processes of development.

In order to promote local development and social innovations local actors must act, communicate, interpret and manage situations to overcome *path dependence* and influence the future institutional framework (Rullani, 1998).

Local development may be guided by good cooperation among different local institutions (CCBs, social cooperatives, etc.) as long as these are able to stimulate local communities to create social relationships and to build social capital (where it is lacking) and to become principal actors in their own development.

REFERENCES

- Alessandrini, P. & Zazzaro, A. (2009) "Banks' Localism and Industrial Districts", in Becattini, G., Bellandi, M. & De Propris, L. (ed.) *A Handbook of Industrial Districts*, Cheltenham (UK) and Northampton (MA, USA): Edward Elgar.
- Alessandrini, P., Croci, M. & Zazzaro, A. (2005) "Le banche italiane nel processo di integrazione territoriale", *Sviluppo Locale*, XI, n° 25, pp. 75-106.
- Amin, A. & Thrift, N. (1994) «Living in the global», in Amin, A. & Thrift, N. (ed.) *Globalization, Institutions and Regional Development in Europe*, Oxford University Press, Oxford, pp. 1-22.
- Angelini, P., Di Salvo, R. & Ferri, G. (1998) "Availability and cost of credit for small business: customer relationships and credit cooperatives", *Journal of Banking and Finance*, n° 22, pp. 925-954.
- Arrighetti, A. & Seravalli, G. (ed.) (1999) *Istituzioni Intermedie e Sviluppo Locale*, Roma: Donzelli.
- Bagnasco, A., Piselli, F., Pizzorno, A. & Trigilia, C. (2001) *Il Capitale Sociale. Istruzioni per L'uso*, Bologna: Il Mulino Prismi.
- Becattini, G. (ed.) (1989) *Modelli Locali di Sviluppo*, Bologna: Il Mulino.
- Boccagni, P. & Zandonai, F. (2003) "Cooperazione sociale e sviluppo locale: la situazione attuale e gli sviluppi futuri", *Impresa Sociale*, (71/72), pp. 45-64.
- Bongini, P., Di Battista, M.L. & Zavarrone, E. (2007) *David and Goliath: Small Banks in an Era of Consolidation. Evidence from Italy*, MPRA (Munich Personal RePEc Archive) Paper No. 4841, November 2007.
- Borzaga, C. & Tortia, E. (2004) *Dalla Cooperazione Mutualistica alla Cooperazione Sociale*, Working Paper n. 6, December, 2004, Faculty of Economics, Forlì.
- Cafaro, P. (2001) *La Solidarietà Efficiente. Storia e Prospettive del Credito Cooperativo in Italia (1883-2000)*, Ed Laterza.
- Cersosimo, D. & Wolleb, G. (2001) "Politiche pubbliche e contesti istituzionali. Una ricerca sui patti territoriali», in *Stato e Mercato*, n. 63, Bologna: Il Mulino.
- Cesarini, F., Ferri, G. & Giardino, M. (1997) *Credito e sviluppo: banche locali cooperative e imprese minori*, Bologna: Il Mulino.
- Coleman, J. (1990) *Foundations of Social Theory*, Cambridge, Mass: Harvard University Press.
- Cuevas, C. & Fisher K. (2006), *Cooperative Financial Institutions: Issues in Governance, Regulation, and Supervision*, World Bank, Washington, DC.
- De Crombrughe, A. (2005) "Las cooperativas de ahorro y crédito en Perú y en Ecuador y el desarrollo de servicios financieros rurales", *Zoom Microfinanzas*, n.17, December 2005.
- Eisenhardt, K.M. (1989) "Building theories from case study research", *The Academy of Management Review*, Vol. 14, No. 4 (Oct., 1989), pp. 532-550
- Ferri, G., Michetti, G., Pacioni, C. & Tondelli, C. (2005) "Banche popolari tra crescita e localismo" in De Bruyn, R. & Ferri, G. (ed.) *Le Banche Popolari nel Localismo dell'Economia Italiana*, Edicred.
- Foddy, W. (1993) *Constructing Questions for Interviews and Questionnaires. Theory and Practice in Social Research*, Cambridge University Press.
- Fortis, M. (ed.) (2008) *Banche Territoriali, Distretti e Piccole e Medie Imprese. Un Sistema Italiano Dinamico*, Fondazione Edison, Il Mulino.
- Fortis, M. (ed.) (2009) "La crisi mondiale, l'Italia e le banche del territorio" in Curzio, A. Q. (ed.) *Le Banche Popolari Cooperative. Profili Italiani ed Europei*, Franco Angeli.
- Fukuyama, F. (1995) *Trust: The Social Virtues and The Creation of Prosperity*. New York: The Free Press.
- Gaudio, G. & Zumpano, C. (2002) *L'iniziativa comunitaria LEADER in Italia: fattori di successo e criticità*, paper presented to the national seminar "La governance nelle aree rurali", Castelnuovo Garfagnana, 2 Dicembre 2002.

- Glaser, B., & Strauss, A. (1967) *The Discovery of Grounded Theory: Strategies of Qualitative Research*, London: Wiedenfeld and Nicholson.
- Goglio, S. and Leonardi, A. (2010) *Le Radici del Credito Cooperativo Sotto il Profilo Teorico e Storico*, Euricse, Working Papers, n° 011.
- Hoppe, M.J., Wells, E.A., Morrison, D.M., Gilmore, M.R. & Wilsdon, A. (1995) "Using focus groups to discuss sensitive topics with children", *Evaluation Review* 19 (1): 102-14.
- IRPET – EUREMA (2010) "Cooperative, Crisi Finanziaria e Rapporto con il Credito. Un'Indagine tra le Imprese Cooperative e le Banche", Regione Toscana.
- Kreuger R.A. (1988) *Focus groups: a practical guide for applied research*. London: Sage.
- Morgan, D.L. (1996) "Focus Groups", *Annual Review of Sociology*, Vol. 22 (1996), pp. 129-152
- Morgan, D.L. & Kreuger, R.A. (1993) "When to use focus groups and why" in Morgan, D.L. (ed.) *Successful Focus Groups*. London: Sage.
- Mutti, A. (1998) *Capitale Sociale e Sviluppo. La Fiducia come Risorsa*, Bologna: Il Mulino.
- Parri, L. (2002) "Le istituzioni nello sviluppo economico: i distretti italiani a confronto con il modello tedesco e il sistema giapponese", in Provasi, G. (ed.) *Le istituzioni dello Sviluppo. I Distretti Industriali tra Storia, Sociologia ed Economia*, Roma: Donzelli, pp. 3-39.
- Perulli, A. (2009) "Finanza globale e banca locale: un caso di credito cooperativo", *Stato e Mercato*, n° 87, pp. 451-483.
- Powell, R.A. & Single, H.M. (1996) "Focus groups", *International Journal of Quality in Health Care* 8 (5): 499-504.
- Provasi, G. (ed.) (2004) *Lo Sviluppo Locale: una Nuova Frontiera per il Nonprofit*, Milano: FrancoAngeli.
- Putnam, R. (2000) *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster.
- Rullani, E. (1998) "Riforma delle istituzioni e sviluppo locale", *Sviluppo Locale*, vol. V, n. 8, pp. 5-46.
- Tarantola, A. M. (2009) "Le banche popolari nel confronto competitivo: vocazione territoriale e profili di governance", in Curzio, A. Q. (ed.) *Le Banche Popolari Cooperative. Profili Italiani ed Europei*, Franco Angeli.
- Triglia, C. (2005) *Sviluppo Locale. Un progetto per l'Italia*, Roma: Editori Laterza.
- Yin, R. (1981) "The case study crisis: some answers", *Administrative Science Quarterly*, n. 26, pp. 58-65.
- Yin, R. (1984) *Case study research*. Beverly Hills, CA: Sage Publications.

Website

Casse Rurale di Aldeno e Cadine – www.cr-aldeno.net
 Casse Rurale Alto Garda – www.cr-altogarda.net
 Casse Rurali Trentine – www.casserurali.it
 European Association of Cooperative Banks (EACB) – www.eurocoopbanks.coop
 Federazione Trentina della Cooperazione – www.ftcoop.it
 International Cooperative Alliance (ICA) – www.ica.coop
 International Cooperative Banking Association (ICBA) – www.icba.coop
 Italian Credit Cooperative Banks – www.creditocooperativo.it
 Social cooperative A.L.P.I – coopalpi.yolasite.com
 Social cooperative Archè – www.archesail.org
 Social cooperative La Rete – www.archesail.org