Chapter 8

Animal Spirits or Engaging Spirits?
The Importance of the Not-for-Profit Economy – Coopetitiveness and Grant-Making Foundations

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ABSTRACT

After having discussed the contemporary importance of the not-for-profit and social economy, the chapter builds on a cluster analysis of performances and roles of grant-making foundations, who are the essential node of the cooperation and coopetitiveness, today. This chapter aims to present worldwide grant-making foundations for their performances and profiling according to the latest accounting data and mission reports, which collect results of their projects according to the classification of pure grant-making, networking, leadership, partnership and pooling. With this in mind, the chapter adopts a typical approach of cluster analysis of industrial organization. The cluster analysis emphasizes the profiling of the sample and it allows to separate groups with significant features. The main focus remains on the issues of the finance of the social economy, when the Public Welfare State is too much indebted. Complementary and substitute roles of the Private Welfare State can emerge for the support the not-for-profit economy.
INTRODUCTION

Not-for-profit organizations are significant players of the economy today (Caroli, 2015; Bode 2006, Dart 2004, Weisbord 1998) and they are confronted with very similar challenges to for-profit organizations as concerns resource allocation, entrepreneurship, social accountability, sustainability and cooperation (Daub, Scherrer and Verkuil 2014; Grassi, 2012; Bacq and Janssen, 2011; Zahra, Rawhouser, Bhawe, Neubaum and Shulman, 2009; Martin and Osberg, 2007). These are only some examples of contemporary issues in the so-called not-for-profit or social economy.

Social economy and the not-for-profit, they are not only a theoretical revolution in economics and industrial organization, but they are also evidence of dramatic and challenging times, when the market, the hierarchy and the for-profit are discussed and traditional theories are not more useful to understand and foresee.

With the crisis as a significant contingency, the entrepreneur cannot more behave according to animal spirits. Very scarce resources, collapsing markets, the growth of intangible (and online) transactions and ‘0’ marginal costs (Rifkin, 2014), growing inclinations for altruism, voluntarism and cooperation, they are only some evidence of what is revolutionizing economies. Standards and traditional approaches cannot more be useful to understand what is going on in the real economy.

Traditional macroeconomic and microeconomic models have shown their multiple weaknesses for decades and the latest crisis has emphasized these weaknesses (Stiglitz, 2011). There is a growing overlap between the stylized phenomena addressed by traditional economic theories and the emerging relevance of beliefs, the importance of institutions (like not-for-profits) governing behaviors (Coricelli and Dosi, 1998). Behavioral economics has been a theoretical revolution that has obliged economists to investigate implications of motivations, beliefs, aptitudes, irrationality, altruism, regret and the individual dimension not simply isolated but also in relation with communities, society and, above all, with needs of the society (Bleichrodt and Wakker 2015, Kahneman and Krueger, 2006; Kahneman and Tversky, 1979).

According to behavioral economics, implications of individual aptitudes, actions, and behaviors cannot more be neglected and the own ambition and goals, they are not as relevant as other people’s goal. Animal spirits are vanishing in front of the common and social good, engaging spirits are involved in.

Altruism and cooperation, they both become focus of the today’s economy. Resource allocation and sustainability, they now derive of coopetition and coopetitiveness.

This revolution has obliged to consider that, next to resources like nature, capital and human capital, the social capital of human relations is essential to growth, welfare and happiness (Santos, 2012; Di Tella and MacCulloch, 2006; Routledge and Von Amsberg, 2003; Easterlin 1995 and 2001). The social capital has emerged as the appraisal of connections, networks, relations and, above all, altruism. The
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