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**A caring interpretation of  
stakeholder management for  
the social enterprise. Evidence  
from a regional survey of  
micro social co-operatives in  
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**A caring interpretation of stakeholder management for  
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**Abstract.** The stakeholder literature on the social enterprise is still a nascent and largely under investigated field of knowledge. This literature is characterized by the existence of two persistently divergent theorizings, broadly, the 'corporate' and the 'socio-political' approach. We assume that the reason of this divergence lies in the absence of proper moral justifications underpinning the notion of stakeholder legitimacy, which results in devaluations and misinterpretations of the normative foundations of stakeholder management. In order to bridge this gap, we propose to conceive of the two theorizings as if they were empirical streams of research of a common normative framework of stakeholder thought. A special focus is given to the feminist theory, and, especially, to the 'ethics of care' (Gilligan 1982, Noddings 1984, 1999; Held, 2003), as meaningful moral grounding for advancing descriptions and managerial interpretations of the particular nature and functions of firm-stakeholder relationships in social enterprises. To the purpose, we draw from the specialized literature on caring both insights and criteria of an ideal architecture of firm as 'caring organization' (Liedtka, 1996), in order to offer an operationally meaningful conceptualization of how social enterprises might simultaneously enhance both the effectiveness and the moral quality of stakeholder management. Then, we test these assumptions on a regional survey of micro social co-operatives in the Italian welfare mix. Findings reveal that the caring for attribute of 'proximity' shaping firm-stakeholder relationships offers a lot of useful insights to conceive of caring as suitable moral grounding for a common stakeholder theorizing of social enterprise.

**Keywords:** care management, stakeholder theory, social enterprise, feminist theory, stakeholder involvement

JEL Classification Numbers: M14, M29, B54

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## **A caring interpretation of stakeholder management for the social enterprise. Evidence from a regional survey of micro social co-operatives in the Italian welfare mix**

### *The divergent stakeholder approaches to the social enterprise management*

The study of the social enterprise management is still a nascent and largely under investigated field of knowledge. The focus of the field is on the adoption of the 'stakeholder approach' and, specifically, the study of stakeholder involvement in organization's activities and the decision-making. Indeed, many social enterprises are multi-stakeholder-based structures at all, that is, organizations that advance the stakeholder involvement from a set of informal or specific practices under strict managerial design and control, to a new one based on the formal allocation of propriety or control rights to the firm's stakeholders. Although this literature is highly fragmented and made of few empirical analyses, two different streams of stakeholder research resulting from distinct disciplinary backgrounds may be outlined, namely, the 'corporate' and the 'socio-political' approach.

The 'corporate approach' stems from the literature on nonprofit and voluntary organizations and it addresses primarily to the study of formal models of stakeholder representation in the governance structures. This approach proves to be highly dominated by a substantial theoretical focus on issues of board legitimacy and leadership arising from the institutionalization of two conflicting perspectives that lies at the heart of the social enterprise's corporate governance: the democratic perspective of formal 'stakeholder [or constituencies] representation', and the 'managerial compliance' perspective (Cornforth, 2004; Low 2006; Mason et al. 2007). The formalization of [multi] stakeholder governance models, therefore, is intended mainly as tool to mediate between conflicting instances that typically affect the management of the firm's double-bottom line. On the one hand, the increasing pressures to the adoption of the business-like orientation and commercialization of the firm's activity, with the resulting trends to the board professionalization and managerial compliance with the primary interests of the dominant group of firm's stakeholder; on the other hand, the internal pressures to apply formal multi-agency rationales ensuring members co-optation and democratic representation. From this viewpoint, Parkinson (2003: 495) highlights that «the [multi]stakeholder approach leads to the need for institutions, organizational norms or laws that will ensure the interests of various constituencies [or members] being reflected in the firm's decision-making». Accordingly, Pearce (2003: 117) states that «an organization is not a social enterprise unless it has democratic structure where the constituents may join as members and elect a majority of its board or management committee». While acknowledging that a representative board can lead to «bureaucratic and cumbersome structures», he claims that «structures exist which allow efficient management to coexist with active participatory and democratic structures» (Pearce, 2003: 67-68). Extending to the multi-stakeholder approach the line of reasoning developed by Tirole (1994) for government institutions, Bacchiaga and Borzaga (2001) note that the presence of multiple and potentially conflicting objectives in the social enterprise would be effectively balanced when control rights are shared among different stakeholders. Going a step further, Evers (2004) suggests that the board representation of multiple groups of stakeholders safeguards the balance of multiple objectives, while posing potential risks for conflicts that would unlikely to be achieved

in homogeneous or professionalized boards. In studying Italian social co-operatives, Borzaga and Santuari (2001) have found that many of them were not really 'multi-stakeholder structures' at all, because of the formal overrepresentation of one group of stakeholders [workers] over the other minority groups. In the analysis of French '*société coopérative d'intérêt collectif*', Lindsay and Hems (2004) mentioned the tendency of the major groups of stakeholders or professionals to dominate the board to the detriment of the other minor groups. However, the natural inclination toward stakeholder management in the 'multi-stakeholder structures' may be hampered because board advisors and managers do not take into account the adherence to the cooperative principles, as they are legitimated on mere professional grounds and have no relationships with member stakeholders. This may give way, especially in bigger social co-operatives, to the emergence of 'agency problems' that lead to decreasing members' power in favor of the board. Likewise, members of the social enterprise could not identify with the co-operative ethical values but merely with the pursuit of 'material advantages' (Lindsay and Hems, 2004). In this context, many co-operative-based social enterprises have tried to establish more decentralized forms of membership to revive democracy and the role of 'multi-stakeholder structures'. For this purpose, some 'have a say' options have been introduced in the formal decision-making in favor of minor stakeholder groups. Other organizational solutions include attempts at providing 'contractual protections' for the non-dominant groups of stakeholders by declining those actions that are more likely to have negative impact on them.

The 'corporate' approach prompts the stakeholder analysis to emphasize solely the design of formal models of stakeholder board representation. This approach adopts a too simplistic and flattened stakeholder theorizing, which, ultimately, acts for devaluing and misleading stakeholder practices in the social enterprise, without adding no significant contributions to the understanding of both the aims and functions of the specific 'firm-stakeholder' relationship building affecting the organization's double bottom-line.

From a quite different disciplinary viewpoint, instead, socio-political scholars have paid attention to the conceptualization of the social enterprise as 'hybrid' third sector organization with a strong orientation to service co-production (Evers, 2004). The notion that social enterprises in their own right are gradually forming a distinct sub-sector within the third sector economies has been recognized in many European countries (Pearce, 2003; Dunn and Riley, 2004; Defourny and Nyssens, 2006; Jones and Koegh, 2006). As a result of an increasing contracting out of local public services, privatization, and the emphasis on performance management, the traditional boundaries between the market, the State and informal networks of the civil society have been progressively breaking down. This has prompted the emergence of classes of 'organizational hybrids' (Evers, 2004; Brandsen et al. 2005) based on mixed characteristics of market orientation, public regulation, consumerism, professionalization and participation, to the detriment of traditional civil society-based organizations and 'pure' nonprofits (Evers, 2006). The idea behind third sector organizations as 'hybrid organizations' is contingent upon the dominant European socio-political perspective emphasizing third sector environments as intermediary spheres of the welfare system (Evers, 2004). One of the most distinguishing feature shaping European third sector environments, such as the social welfare systems, is their widespread orientation to the co-production (Brandsen and Pestoff, 2006; Verschuere et al. 2012). Co-production can be broadly defined as the general attitude observed in two or more actors to develop active forms of participation and co-operation aimed to cause transformations to the governance of the welfare

system, but also to the organizations' management and service delivery (Brandsen and Pestoff, 2006; Pestoff, 2006). Co-production implies a wide and dynamic mutual relationship between private providers, public authorities, citizens and voluntary organizations that allows them not only to co-operate for influencing service delivery, but also of being themselves too involved in organization's activities and the decision-making. This managerial attitude can also be easily observed as inherent in third sector organizations as private providers of local public services. Indeed, it is not quite uncommon to observe members and key stakeholders of social enterprises – such as workers, staff, users, and volunteers, along with other local representatives – taking informal part in board meetings with directors, 'having a say' on the organization's decision-making, discussing policy issues with public authorities and other stakeholders in the local policy arena, strengthening user involvement in service co-production, or promoting coalition buildings of civil society for advancing the purpose of common good. In sum, the adoption of the 'socio-political approach' of co-production leads to distinguish among four distinct – not mutually exclusive – classes of stakeholder involvement, which range ideally from 'external information' to 'multi-stakeholder structures':

- 'external information', typically addressed to the key stakeholders of the socio-political system or user beneficiaries, but with minimal information disclosure to other stakeholder groups;
- 'informal participation' in the organization's activities and the decision-making (i.e., listening activities and transitional internal meetings to discuss service issues, often with the chance for the participants to influence the decision-makers);
- 'formal involvement' in the decision-making, that requires managerial design and control at different stages of the process, from the identification of the principles of stakeholder engagement and the matters at stake, to the choice of the method, the allocation of voting rights or 'have a say' options, the outcomes measurement, and audit;
- 'multi-stakeholder structures', by which primary firm's stakeholders stemming from different societal groups are formally represented in the board, and/or entitled to join the firm's membership.

Although the research on co-production has a long history in the literature on public services (Ostrom, 1978; Whitaker, 1980; Parks et al. 1991; Ostrom, 1996; Alford, 1998), and is significantly contributing to conceptualize third sector environments and the organizational behavior within them (Brandsen and Pestoff, 2006; Verschuere et al. 2012), this stream of research is currently a minor theorizing in the study of social enterprise. Although it seems to get the point of – or at least to come close to – significant aspects of the specific 'firm-stakeholder' relationship building– it is quite unfamiliar into business academia and schools of management; hence, it remains largely underestimated and misunderstood among the managerial community of scholars and practitioners.

Although clear differences of disciplinary background and focus of analysis, the two streams of research share a common bias which, in our opinion, plays a pivotal role in explaining the persistent divergences of methodology and contents affecting their stakeholder theorizing. Both the approaches lack of whichever sort of explicit or implicit reference to the moral foundations affecting the notion of stakeholder legitimacy, and, then, to the identification of proper ethical theories or normative cores

to advance meaningful descriptions and managerial interpretations on the particular nature and functions of ‘firm-stakeholder’ relationships in social enterprises. In other words, the critical point these two approaches seems to exhibit is the absence of the normative basis of stakeholder theorizing.

Stakeholder theory has been a popular heuristic for describing and interpreting organizational facts and managerial decisions on the basis of sound and defensible moral groundings (Freeman, 1984; Evan and Freeman, 1993). The moral nature of stakeholder theory is an extensively debated issue that places itself in sharp contrast to the rest of organization theories.<sup>1</sup> The theory has been developed over the years with the aim of providing a distinct framework of languages, ideas and methodologies that help to observe and understand the organizational behavior by addressing ethical motives and values explicitly as a central component for developing broader conversations about organization’s facts and managerial decisions (Phillips, Freeman and Wicks, 2003). Accepting the moral assumptions of stakeholder thought about the grounding role of ethical values and fiduciary duties towards organization’s stakeholders would mean to relate to a sort of ‘integration thesis’ (Freeman 1994, 2010; Sandberg, 2008), as opposed to the ‘separation thesis’, to assume that most organization’s decisions or statements have some ethical content or an implicit ethical view, and, on the other side, most ethical decisions or statements about ethics have some managerial content or an implicit ethical view as well (Freeman et al. 2010). Instead of seeing ethical reasoning and moral disciplines substantially detached from the understanding of the peculiar nature and role of stakeholders in interpreting organization’s facts and the decision-making, the assumptions of the theory lead to strictly identifying firm’s moral legitimacy with an inborn responsibility principle towards the stakeholders, according to which «most people, most of the time, want to, and do, accept responsibility for the effects of their actions on others» (Freeman et al. 2010: 8).

To the purpose of this work, the critical stance of the ‘integration thesis’ is assumed to suggest that the reason of the persistent divergences affecting the social enterprise’s stakeholder theorizing lies in the absence of moral foundations of stakeholder legitimacy, which, in turn, concurs to devalue and misinterpret the potential reach of the stakeholder thought. In stark contrast to the mainstream stakeholder theorizings, next paragraph we aim to introduce and discuss a particular normative theory of stakeholder management, the feminist-based ‘ethics of care’(Gilligan 1982, Noddings 1984, 1999; Held, 2003), with the prime intent to offer a morally sound and defensible framework of stakeholder thought for advancing both meaningful descriptions and managerial interpretations on the particular nature and functions of stakeholders in the social enterprise.

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<sup>1</sup>Amongst the main contributions of the so-called ‘stakeholder normative approach’ it is worth recalling Evan and Freeman (1988; 1993); Donaldson and Preston (1995);Gibson (2000); Phillips (2003); Phillips, Freeman and Wicks (2003).The normative dimension of the theory is about the moral propriety of the organization’s behavior (Jones 1995: 406). It is essentially based on two ideas. Firstly, stakeholders hold legitimate interests (formal and/or substantial) in the firm’s activity. They are indeed identified by their interests (‘stakes’) in the corporation; and, correspondingly, the corporation holds functional interests in them. Secondly, all the stakeholders merit consideration for their own sake, and not for their ability to advance the interests of other constituents, such as the shareowners (Donaldson and Preston 1995: 67). In other terms, firms are conceived of as having a «normative (moral) commitment to treating stakeholders in a positive way» (Berman et al. 1999: 488), which, in turn, is understood as determining their strategy and affecting their organizational performance.

### *Feminist ethics and moral grounding of care*

Amongst the most relevant ethical theories and normative cores<sup>2</sup> investigated in the stakeholder literature, the ‘feminist ethics’ possesses distinguishing founding attributes that deserve a special attention in order to offer proper moral justifications of the nature and functions of social enterprise management.

The feminist thought has been developing for many decades as a critical analysis of, and reaction to, contemporary mainstream economics and social science. Feminist ontology of humans is tied to their epistemology. It assumes that humans are essentially relational beings instead of individualistic, and that this social nature cannot be separated from the self (England 1993; 2003; Nelson, 2003). Individuals know through their relationships, and these sources of knowledge have moral worth too, as they provide the basis to take on open-ended responsibilities in regard to each other (Sevenhuijsen et al. 2003). For feminist scholars, the social construction of contemporary economics has to be investigated from the central standpoint of its relationship with the social construction of gender. Gender relates to the ways society ascribes ‘masculinity’ or ‘femininity’ to people, activities, and concepts (see, also for the subsequent illustration, Ferber and Nelson, 1993: 1ff.). Economics mirrors the way people have come to think about economic life. In the social construction of modern economics, culturally ‘masculine’ conceptual associations are signaled, such as men and market behaviors, and cultural ‘masculine’ features, such as autonomy, abstraction, and logic. On the other side, quite opposite conceptual associations as women and family behavior, as well as attributes of connection, interdependence, concreteness, and emotion are labeled as ‘feminine’. In other words, feminists have argued that masculinity entails separation from others, the creation of a strongly bounded sense of self, and a drive for establishing agency, power relations and domination to ensure stability and predictability over the others, whereas human emotions, care, enthusiasm and personal vulnerability are seen as impediments to action (Sevenhuijsen et al. 2003).

Feminist economics has been extensively influencing the stakeholder thought, notably from the 1990s, and in this process of transposition some of the early and most prominent stakeholder scholars, including R. E. Freeman, have played the lead. The outcome of this process has been defined in various ways, but always with labels suggesting far-reaching revisions, such as ‘reinterpretation’ (Wicks et al. 1994), ‘alternative approach’ (Burton and Dunn 1996b), ‘hybrid approach’ (Burton and Dunn 1996a), or ‘different perspective’ (Burton and Dunn 2005). Wicks et al. (1994: 475) start from the consideration that certain masculinist assumptions «retained by stakeholder theory from the wider business literature» limit its usefulness, and that «the

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<sup>2</sup>A synopsis of the most relevant contributions examining the moral foundations of the stakeholder theory is offered by Phillips, Freeman and Wicks (2003). Their analysis ends in a classification of the normative justifications of the theory, or normative cores, including: *common good* (Argandoña 1998); *feminist ethics* (Burton and Dunn 1996; Wicks, Gilbert and Freeman 1994); *risk* (Clarkson 1994); *integrative social contracts theory* (Donaldson and Dunfee 1999); *property rights* (Donaldson and Preston 1995); *Kantianism* (Evan and Freeman 1993); *doctrine of fair contracts* (Freeman 1994); *principle of stakeholder fairness* (Phillips 1997, 2003). Freeman et al. (2010: 213 ff.) recognize almost entirely Phillips, Freeman and Wick’s listing, and add further justifications, such as: *personal projects* (Freeman and Gilbert 1988); *critical theory* (Reed 1999, drawing particularly on Jürgen Habermas); *convergent stakeholder theory* (Jones and Wicks 1999); *libertarian stakeholder theory* (Freeman and Phillips 2002).



resources of feminist thought provide a means of reinterpreting the stakeholder concept in a way that overcomes many of the existing limitations». The intent is to suggest a different insight into ‘the identity and meaning of the firm’, that is, into the very core of stakeholder theory. This results particularly in a diverse image of firm-stakeholder relationships and of “what it means for a firm to succeed”, reflecting the firm’s purpose. Within this framework, some of the masculine metaphors are contrasted with feminist alternatives. The reasoning revolves around the following five major combinations, where the first metaphor reflects the masculine view, while the second one reflects the feminist view (Wicks et al. 1994: 475):

- corporations as autonomous entities, separate from their environment vs. corporations as webs of interpersonal relations between and among stakeholders as individuals;
- corporations as entities aiming at enacting and controlling their environment, seeking order and stability vs. corporations accepting change and uncertainty as enriching forces, and hence guided by the idea of ‘thriving on chaos’;
- conflict and competition as fundamental approach to managing firms vs. communication and collective action, or adversarial approaches vs. cooperative approaches;
- objective strategy formulation vs. strategy as solidarity process, drawing on people’s capacity to challenge situations with empathy and communication;
- power and authority structures as strict hierarchical constructions vs. decentralization and people’s empowerment, by promoting communication, involvement, trust, and commitment.

On the whole, the general meaning of the proposed revision, in adherence to the feminist view, leads to reinterpreting stakeholder management as aimed at creating value «for an entire network of stakeholders by working to develop effective forms of cooperation, decentralizing power and authority, and building consensus among stakeholders through communication to generate strategic direction» (Wicks et al. 1994: 493).

One of the most relevant strands of thought underlying the feminist philosophy – together with the relationships, to be considered an essential part of the firm – since «a firm and its stakeholders are related to each other as part of their very existence» (Burton and Dunn 1996b: 2) – is the “ethics of care” (Gilligan 1982, Noddings 1984, 1999; Held, 2003), which, transposed into stakeholder theory, implies the adoption of the care approach to stakeholders.

The care approach to stakeholders has been mainly developing as scholars’ response to the frustration with the direction stakeholder research has taken with the adoption of contractual-based moral groundings and ethics of justice (Wicks, et al. 1994; Burton and Dunn, 1996a; Wicks, 1996; Burton and Dunn, 2005). Care scholars have implied that stakeholder theory is something different from a mere collection of generalized rules and universalizable principles; instead, it is a way of managing and practicing relationship that must be understood in depth and lived within particular contexts (Burton and Dunn, 2005). Wicks et al. (1994) precisely state that «the corporation is constituted by the network of relationships which it is involved in with employees, customers, suppliers, communities, businesses and other groups who interact with and give meaning and definition to the corporation» (12). In this sense, the ethics of care, like the stakeholder theory, is built upon a recognition of interdependence between and

among individuals who form stakeholder groups. Stakeholder relationships are better investigated by focusing on interpersonal aspects of consensus building, communication, trust and cooperation, as it is likely that managers ought to respond to stakeholders mainly with understanding, concern, and the desire to do something to help them (Burton and Dunn, 2005). The adoption of care, indeed, implies a substantial change of managerial attitudes toward firm's stakeholders which emphasizes «the importance of human interaction and the ability to flourish in a network of relationships» (Wicks et al. 1994: 494).

Moving on a more specific care-based line of ethical inquiry, the widely referenced Noddings' first major work on the 'ethics of care', *'Caring'* (1984), provides a landmark insight into the 'feminine approach' to the ethics of care. According to Noddings (1984), care and the commitment to sustain it are seen as the universal heart of the ethic. The author has proposed a well-known distinction between two defining concepts of care, which have been progressively refined: *'caring for'* and *'caring about'* (Noddings, 1984). While *'caring for'* implies «face-to-face encounters in which one person cares directly for another», *'caring about'* is more general in character, since it may refer to «strangers who have not addressed us directly, or those unknown others at a great distance» (Noddings, 1999: 36). *'Caring about'* may be the foundation of justice, while *'caring for'* should be placed over caring about, which is «morally important because it is instrumental in establishing the conditions under which 'caring for' can flourish» (Noddings 1999: 36). Tronto (1993) acknowledges Noddings' distinction between *'caring for'* and *'caring about'* and uses it to lay out four stages of the caring process. Rather than excluding care about persons from ethical care, she views 'caring about' as a necessary but insufficient precondition for fully realized care. «Caring begins with 'caring about' (stage 1), identifying a need as one that ought to be met. Care progresses to 'taking care of' (stage 2), assuming the responsibility for meeting the need. It moves to 'care-giving', directly meeting the need, analogous to Noddings' 'care for' (stage 3). Then, the process culminates with 'care receiving' (stage 4), as the recipient of care responds. Here, too, the personal nature of care ultimately remains fundamental – as it must, for as long as we *'care about'* the other, they remain generalized rather than concrete» (Liedtka, 1996: 184). In short, caring as successful process based on successive developing stages defies generalization and problem-solving approaches. In fact, it must be always interpreted as an investment in interpersonal relationships of which one becomes aware of – and acts properly out – at a mere subjective level, due to the uniqueness of perceptions and lived experiences of individuals who we see ourselves as having relationships with.

In describing care as a practice, Tronto (1993) emphasizes its concern with both thought and action, directed towards some end, and dependent upon the resources of time, skill and material goods. Contrary to the stereotypical view of caring as fostering dependence, her research interests are addressed to the abilities to empower the cared-for, that is, to respect the other's autonomy and to work to enhance the cared-for ability to make his or her own choices good. The very existence of care as long-term practice, however, rests on one's own mutual acceptance of the other in his or her current state, and as one capable of growth (Liedtka, 1996). Care is focused entirely on persons, not on 'quality', 'profits', or any of the other kinds of ideas that much of today's 'care-talk' in organizations seems to revolve around, and it has to be undertaken essentially as an interpersonal process aimed at growth-enhancing the cared-for's full capacities to empower themselves according to defined needs and aspirations (Liedtka, 1996).

Finally, another aspect to consider is the recognition that care as practice must not be treated as an isolated process, but as a part of a larger caring system, that is, a 'community of mutual aid' (Herman, 1993). In the caring system, the development of a capacity to care, or *caring for* others, is fully attained only when members become aware that helping each other is the only way to advance the caring process. Caring as particular relationships between individuals, therefore, derive their shared focus from the needs of that community, and become sustainable only by nurturing self-reinforcing cycles of care made of personal investments to care by each of the community members.

### *Social enterprise as 'caring organization'*

If care ethics may really support an alternative conception of the firm where activities and outcomes other than profits and self-interest take the lead, how might this ethics be different in practice from the conventional managerial view? What does it mean, in concrete terms, *caring for* others – whether they be customers, employees, suppliers, or other firm's stakeholders? Broadly speaking, is it possible for the firm *caring for* others, in the feminist sense of the term?

Liedtka (1996) offers an interesting reflection on the past decade of feminist writings and advances an original reading on the problem of promoting care as comprehensive moral theory of stakeholder management. The author introduces a conceptual framework for approaching and developing the study of 'caring organizations', with the aim of expressly defying easy managerial fads and the usual business-like 'talks' in the firm (185). She revolves around the idea that attempting to inspire 'caring organizations' to a heuristic design of principles and practices would help scholars to address dialogues and debates to stimulate operationally meaningful translations of these ethical concepts in the managerial domain (196). The reasoning starting point is the recognition that 'caring organizations' are something more than an assembly of caring individuals, and that organizations never care alone but always as part of an all-embracing 'community of mutual care' nurtured by shared goals, resources, human skills, and networked infrastructures designed to support care efforts in the long term (Liedtka; 1996: 187). Based on this recognition, the author addresses her analysis to the following founding elements of an ideal 'architecture of care' (Liedtka, 1996) directed to enhance the moral quality of the firm in the market (192-197):

- decision-making openness, since the reach of care is determined as much by sphere of influence, as it is by proximity, and not by conformity with rules. The resulting 'caring organizations', therefore, cannot be bureaucracies or large corporations, because hierarchy and managerial compliance are keys of organizational survival in bureaucracies, where the 'superior' becomes internalized as the only 'other' worthy of concern;
- decentralization of power, to allow managers and employees the 'reach' necessary to care autonomously and on ongoing basis. It would entail the creation of an organizational web of connections where the focus is on the proximity of mutual and horizontal relationships with key stakeholders, rather than the position of 'boxes' in a hierarchy;
- engagement and focus on managers and employees as team-focused members for increasing the purposefulness of organizational values and goals;

- internal communication, constructive conflict, shared expertise, and continual redefinition and renewal of the firm's objectives by entailing a dialectical approach to the decision-making properly handled through dialogues and the search for consensus, rather than through hierarchy or conflicting debates;
- small organizational size favoring participation and decentralization of power to boost the collective voice.

According to the author, a firm bounded both by its own reach of care and the need to be competitive, would have one's own responsibility to care «for those in proximity to them who have needs that they are especially well-suited, by their capability to base, to fulfill, where giving such care does not act against their own needs» (196). To paraphrase Wicks (1996: 528), therefore, to be in keeping with care implies that any 'entity', whether it is an individual, an organization, or a virtual one, «must be intimately connected with the stakeholders who make up the firm and the arrangement they use to shape their interactions». This point has special reference for those stakeholders in proximity to the organization, and the ways they direct the efforts at the corporation. As Liedtka argues «[...] the focus on care is also upon needs, rather than interests. Self-care is also important, so that I do not have responsibility to give care where to do so would be of significant harm to me» (1996: 196). This would suggest that setting the organization's boundaries of care is an exercise that serves not only to enhance the moral qualities of the firm, but also to offer logics and mechanisms for evaluating the substance and health of stakeholder management at work. First of all, this process requires to focus on the identification of those attributes that enable care to be implemented in its fullest reciprocal sense.

If the idea of the firm as caring organization exists as a possibility, and if it may possess competitive advantages, social enterprises may be conceived of as significant 'organizational exemplars' whereby trying to set the boundaries of care and envisioning 'what' and 'how' a firm ideally designed to '*care for the others*' would look like in practice.

To support this stance, we focus attention on four founding attributes of social enterprise that prove to be specially promising to provoke an operationally meaningful conceptualization of care that simultaneously enhances both the effectiveness and the moral quality of stakeholder management. Specifically, we refer to the firm's embeddedness in third sector markets, the social purpose, the social ownership, and, as inherent to the previous ones, the nature and functions of its stakeholder involvement.

European third sector markets are depicted as highly complex and regulated environments with blurred societal boundaries made of multiple local actors, including public authorities and civil society (Evers, 2004). Within third sector markets, mixes of solidarity and civic virtues, public regulation, competition, social expressions and trends of professionalization used to converge on forms of cooperative efforts for the delivery of social and community services.<sup>3</sup> These markets well convey the impression of 'closure networks' (Coleman 1990) based on the preservation of power and resources,

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<sup>3</sup> While some authors argue that social enterprises expressly defy market-based taxonomy, and others are weary of a somewhat dreary debate, Pearce (2003) has proposed a useful and exhaustive categorization of European third sector markets that can be suggested for the emergence and institutionalization of social enterprises. It can be outlined as follows:

- local development and community regeneration (managed workspace, enterprise training programmes, green services, social business advice and support, and infrastructure regeneration);
- partnership with the State for the outsourcing of local public services (e.g., housing, leisure and recreation, health and social welfare services, childcare and domiciliary services);
- community-based services in response to local demand, with a special focus on the promotion of work integration initiatives and employment development schemes for social disadvantaged people.

monitoring and enforcement of common expectation to sustain co-operation form common aims and nurturing long-term growth-enhancing circles of mutual care among societal participants.

Addressing care morality to the social enterprise's social purposes, instead, may lead to pose many conceptual and practical challenges subsequent to the underlying uncertainty about the 'social quality' of the firm's objectives. The widespread heterogeneity of organization forms underlying the notion of social enterprise opens up to almost unlimited approaches for the identification of social purposes. The basic definition of social enterprise<sup>4</sup> advanced in the literature states that this type of enterprise has only 'primary social objectives', and «that it principally reinvests the surplus in its business or in the community» (DTI, 2002: 6). In this sense, the primacy of the social purpose is seen as a defining characteristic, with the generation of funds (profit) being the means to further the social mission. The use of the adjective 'social' as a qualifier of the term 'enterprise' raises serious concerns about which typologies of firm's objectives can legitimately be considered social, and to what extent does a given organization actually advance social objectives. In order to get the ethical point of care in the social enterprise, it remains essential to understand what 'social' means in the specific context of the social enterprise, and how these social purposes differ in nature and extension from those of for-profit social businesses and nonprofit organizations. Talking about social enterprise without acknowledging the possibility of fundamentally divergent social objectives makes little or no sense. 'Sociality', that is, the quality of being social, inasmuch as an organization intentionally and effectively pursues the advancement of its social purpose, is a contested and problematic concept in literature that seems to remain inextricably linked to a variety of potentially incompatible values and normative commitments (Nicholls and Cho, 2006). Addressing care morality to the firm's purposes, however, seems to be confined to a subjective exercise that rests essentially on judgments and evaluations dependent on personal attitudes and cultural values associated with the particular individual or group's social sensitivity.

The social ownership is one of the most distinguishing formal attribute conveying caring traits to the social enterprise management. It can be defined as a private form of collective ownership by stakeholder members or constituencies, who basically control the enterprise for preventing or limiting the exploitation of financial surpluses and corporate assets (Pearce, 2003). Many typologies of social ownership have an open, voluntary and formally democratic structure, which is regulated to ensue cooperative advantages among member constituents. Bratman (1992) identifies the principle of mutuality based on the tripartite aspect of mutual responsiveness, commitment to the joint activity, and mutual support for the common action, as the basic rule governing the social ownership. Because of this, the firm's decision-making process, by its very nature, proves to be usually participatory and highly decentralized, making internal

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<sup>4</sup> Basically, a social enterprise is defined as «a business with primarily social objectives whose surpluses are principally reinvested for that purpose» (DTI, 2002: 6). A generally accepted conceptualization of the term allowing a variety of organizational forms and legal European frameworks to be included within is the "organizational ideal type" put forward by EMES Research Network (Borzaga and Defourny, 2001). According to EMES Research Network, social enterprises are private organizations constituted by the following combination of economic and social characteristics (Borzaga and Defourny, 2001: 16-18): a) the specific nature of the activities professionally undertaken in relation to the supply of goods and services; b) the assumption of risk by entrepreneurs; c) a high degree of organizational autonomy, especially with respect to the public sector; d) a predominance of employment by paid workers; e) an explicit aim of producing benefits for the community at large, or for specific social categories of people; f) the collective nature of the entrepreneurial initiative; g) democratic governance structures, with a participatory decision-making power not based on capital ownership and mostly involving the persons affected by the activity; h) a partial (or limited) profit distribution.

communication, openness to dialogue and consensus building easier between member constituents, managers and staff. Further, the democratic governance inherent in the social ownership of member-based social enterprises such as co-operatives and mutual organizations, usually gives member constituencies and other internal stakeholders great influence on orienting the decision-making, along with a shared sense of collective ownership and common identification with the values of equality, equity, and democracy (ICA,2007).

Finally, the process of setting the organization's boundaries of care requires to focus on those interpersonal and fiduciary attributes of the firm-stakeholder relationship building that enable care to be implemented in its fullest reciprocal sense (Tronto, 1993). The quality of 'proximity' inherent in that relationship building, which is self-evidently expressed in social enterprises in terms of participation and social relatedness as founding aspects of mutuality, it is also explicitly referred to by caring authors as the key organizational attribute through which setting the boundaries of care in the firm (Liedtka, 1996; Wicks, 1996). This relational attribute, which we conceive of as intimately connected to the proper nature and functions of stakeholder involvement in the social enterprise, therefore, would serve us as organization's proxy to reveal the potential reach of care morality inherent in these firms.

### *Research objectives*

The research aims to define a framework of stakeholder involvement practices to serve as boundary setting to address operationally meaningful conceptualizations of social enterprise as 'caring organization' (Liedtka, 1996). Specifically, we propose to address the following questions that we see central to the issue of how social enterprises might *caring for* stakeholders in the fully reciprocal sense as conceived of by care scholars.

- How might we practically set the boundaries of care in social enterprises to conceive of them as 'communities of mutual care' that simultaneously enhance both the effectiveness and the moral quality of stakeholder management?
- Does the 'ethics of care' offer a morally sound and defensible framework of stakeholder involvement for advancing both descriptions and interpretations on the particular nature and functions of the stakeholder involvement in social enterprises?
- Is the moral grounding of care really effective to support the evidence of both formal [multi]stakeholder governance structures and co-production practices?

By drawing on the Italian third sector reality of the North Eastern markets of public outsourcing for the delivery of welfare and social utility services, we focus on a multi-criteria selection sample of micro social co-operatives as exemplar of 'caring organizations' to test the potential reach of care management in the social enterprise.

### *Unit of analysis*

Italian social co-operatives<sup>5</sup> have witnessed an early emergence and rapid growth during the last two decades as special local providers of a wide range of 'social utility' services in the national markets of welfare mix.

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<sup>5</sup> In order to introduce a legal framework for the identification and promotion of the social co-operative in regulated third sector markets, Italian law n. 381/1991 has identified the adoption of two organizational forms each one related to one of the two following large typology of 'social utility' services:

- A-type social co-operatives to social welfare markets, especially in the fields of care assistance, health services, and education;

The social co-operative has a lot of distinguishing features that clearly classify itself as 'hybrid' third sector organization influenced by societal forces and external pressures coming from the market, the public sector, and the civil society. As co-operative competing in the market, it runs commercial activities with a significant level of economic risk, managerial autonomy and salaried workers. On one side, it is privately oriented as far as organizational and financial requirements are concerned. On the other side, it shows a public-oriented attitude to supply human services for the benefit of the local community at large, with a special concern for the provision of welfare services previously delivered by public authorities. As result of this, a large amount of social co-operatives are public service contractors in third sector markets, especially in 'quasi-markets' for the public outsourcing of welfare and community care services.<sup>6</sup> Most of Italian social co-operatives are locally networked in second-level social co-operatives, or local consortia. Local consortia are deeply institutionalized into third sector markets for increasing bargaining power and efficiency of the public service tendering. Then, they allow member co-operatives to maintain small size and share informal mutual benefit relationships with other member co-operatives and the civil society at the grassroots.

Social co-operatives have a corporate strategy that blends social solidarity with commercial activities to fulfill social needs and meet the particular local demand of social welfare and community care services that neither the State nor market firms are able to satisfy. The social ownership of Italian social co-operatives is open and formally designed to pursue democratic control by multiple groups of member stakeholders ('multi-stakeholder structures'), is largely recognized to benefit a wide spectrum of 'recipient stakeholders'. In such a context, the firm's stakeholders have a 'voice' to take part in the decision-making, as well as a stake on organization's outcomes. The major groups of recipient stakeholders<sup>7</sup> in Italian social co-operatives, who often wield a democratic control on the firm, are the follows:

- workers, who are the most dominant group of member stakeholders<sup>8</sup> formally involved in governing the firm;
- volunteers, who are socially-oriented labor force engaged in the achievement of the organization's objectives both at operational and directorial level;
- users, who account for a variety of targeted social groups of citizens variously involved in service co-production practices because of the high 'relational nature' of the service provided: children, elderly people, disabled people, minors at risk of social exclusion, immigrants and ethnic minorities, out-of-work adults, people affected by psychiatric illness, prisoners or former prisoners;
- local consortia of the social co-operative movement, that is, inter-organizational networks of locally-based social co-operatives that share both economic and social objectives, and pool multiple resources, with the aim of enhancing common mutual benefits;

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- B-type social co-operative aimed at offering work integration initiatives and employment development to socially disadvantaged groups within a wide and unspecified range of industries and service fields.

<sup>6</sup> The 2005 National Statistic Survey on Italian Cooperation revealed that 74,1% of the total amount of social co-operatives in Italy have been receiving large part of their turnover as private contractors of local public services from participation to competitive tendering of local public services or 'quasi market' environments based on local partnership with public 'third' payers (ISTAT, 2008).

<sup>7</sup> The 2005 National Statistic Survey on Italian Cooperation revealed the following data on the composition of the most relevant member groups of recipient stakeholders in the social co-operatives: 173,542 worker members (including ordinary workers, collaborators, and socially disadvantaged workers); 28,417 volunteer members; and 13,417 user members (ISTAT, 2008).

<sup>8</sup> The 2005 National Statistic Survey on Italian Cooperation revealed that 71, 2% of ordinary worker members in social co-operatives are women (ISTAT, 2008).

- local authorities and public agencies, that is, ‘third party’ payers or public contractors of social welfare services as special group of recipient stakeholders not involved in joining the membership and governing the firm.

### *Sample*

To conduct the study, an initial number of 194 registered social co-operatives were drawn from the regional directories<sup>9</sup> of two of the most representative federal associations of social co-operatives at national level. The 2008 ‘*LegaCoop Veneto*’ directory containing listings of 88 social co-operatives and the 2008 ‘*FederSolidarietà Veneto*’ directory accounting for 106.

Data were collected by submitting one postal questionnaire to the president of the social co-operative. Twenty-five closed-ended items representing as many care practices were measured with a 5-point *Likert scale* ranging from 1 (not at all) to 5 (to a great extent).

To comply with the boundary setting of ‘caring organization’ put forward by Liedtka (1996), each of the social co-operative has been selected according to the following organization’s criteria (data were drawn from the two regional directories):

- micro small size: up to 15 worker members and fewer than 5 employees; annual turnover below € 600.000;
- formal membership into local consortia;
- high institutionalization into local ‘quasi markets’ of third sector for the public outsourcing of welfare and social utility services.

Of the total amount of 88 questionnaires returned, 24 were rejected due to incompleteness. The final sample was based on 64 respondent micro social co-operatives.

The final sample was heterogeneous in terms of formal stakeholder-group representation in the membership and board of social co-operatives. According to the official categorization proposed by the 2005 National Static Survey on Italian Social Cooperation, the sample units were classed as follows (Table 1):

- ‘single-stakeholder structures’ (*Single*), that is, social co-operatives having both membership and board involving only the worker members;
- ‘multi-stakeholder structures’ (*Multi\_M&B*), that is, social co-operatives having both membership and board formally involving at least one minor group of stakeholder members in addition to worker members;
- two classes of ‘hybrid structures’, namely, one class of social co-operatives having ‘multi-stakeholder membership and single-stakeholder board’ (*Multi\_M*); and the other class having ‘single-stakeholder membership and multi-stakeholder board’ (*Multi\_B*).

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<sup>9</sup> Veneto Region is one of the most economically developed and socially vibrant area in the North East of Italy with a highly institutionalized third sector that accounts for: 782 registered social co-operatives and 32 local consortia (Albo Regionale delle Cooperative Sociali 2012, Regione del Veneto); 2,484 registered voluntary organizations (Registro Regionale delle Organizzazioni di Volontariato 2012, Regione del Veneto); and 1,378 social associations (Registro delle Associazioni di Promozione Sociale 2012, Regione del Veneto)



**Table 1** Stakeholder-group composition of membership and board by formal governance classes \*

	N	Membership			Board		
		workers	volunteers	users	workers	volunteers	users
Single	18	389	0	0	48	0	0
Multi M	20	426	67	12	56	0	0
Multi B	7	125	0	0	19	9	4
Multi M&B	19	394	81	21	65	23	9
Total	64	1334	148	33	188	32	13

\* Residual groups of member stakeholders were not taken into account for practical reasons

### *Caring practices*

A total amount of twenty-five caring practices of stakeholder involvement have been identified into four relevant areas of stakeholder management of the Italian social co-operative. Worker participation: ‘Participation in board meetings’; ‘Support to the management’; ‘Group activities’; ‘Dialogues and meetings on service issues’; ‘Dialogues and meetings on organizational mission’; ‘Dialogues and meetings on social policy’. User involvement: ‘Participation in board meetings’; ‘Support to the management’; ‘Group activities’; ‘Dialogues and meetings on service issues’; ‘Dialogues and meetings on organizational mission’; ‘Dialogues and meetings on social policy’. Inter-organizational coordination (social capital): ‘Inter-cooperative coordination (local consortium)’; ‘Involvement in public-private partnerships for social change’; ‘Contracting out of public services’; ‘Relationships with social financiers (ethic banks, social finance intermediaries, and donors)’; ‘Relationships with voluntary organizations’; ‘Relationships with social associations at the grassroots’. Inter-organizational coordination (civil capital): ‘Ensuring the social rights of citizens’; ‘Campaigning for attitude change, education and public awareness’; ‘Fund raising’; ‘Relationships with parental organizations or caretakers’; ‘Relationships with churches and religious organizations’; ‘Relationships with sport and leisure, and cultural organizations’; ‘Relationships with local consultants and universities’.

### *Statistical analysis*

Kolmogorov-Smirnov (K-S) ‘goodness-of-fit’ tests<sup>10</sup> were successfully conducted to test the normality of all the twenty-five distributions in the four relevant areas of stakeholder management of the social co-operative ( $\alpha = 0.05$ )<sup>11</sup>. One-way analyses of

<sup>10</sup>The *goodness-of-fit* test or the *Kolmogorov-Smirnov* test is constructed by using the critical values of the Kolmogorov distribution. The null hypothesis is rejected at level  $\alpha$  if

$$\sqrt{n}D_n > K_\alpha,$$

where  $K_\alpha$  is found from

$$\Pr(K \leq K_\alpha) = 1 - \alpha.$$

<sup>11</sup>K-S test of each item resulted as follows. Worker participation: ‘Participation in board meetings’, .77; ‘Support to the management’, .72; ‘Group activities’, .84; ‘Dialogues and meetings on service issues’, .86; ‘Dialogues and meetings on organizational mission’, .76; ‘Dialogues and meetings on social policy’, .76. User involvement: ‘Participation in board meetings’,

variance (ANOVAs) were conducted to test the null hypothesis (N=64), and post-hoc Tukey's standardized range tests (p-tests) were due to seize significant mean differences by formal governance classes ( $\alpha=0.05$ ).

**Table 2** Means and Standard Deviations of 'worker participation'

	Single (n=18)		Multi_M (n=20)		Multi_B (n=7)		Multi_M&B (n=19)		All (n=64)	
	mean	SD	mean	SD	mean	SD	mean	SD	mean	SD
Participation in board meetings	3,11	0,67	3,30	0,86	3,42	0,53	3,36	0,49	3,30	0,44
Support to the management	3,05	0,72	3,75	1,18	3,00	0,81	3,79	0,42	3,40	0,78
Group activities	2,40	1,04	3,10	0,71	3,28	0,95	3,47	0,77	3,06	0,87
Dialogues and meetings on service issues *	3,06	1,16	3,44	0,27	3,85	1,46	3,42	1,17	3,44	1,37
Dialogues and meetings on organizational mission	2,33	1,32	3,05	1,09	3,28	1,49	3,47	1,34	3,03	0,70
Dialogues and meetings on policy issues	2,11	0,47	2,55	0,68	2,85	0,90	2,63	0,76	2,54	0,70

\* ANOVA F test  $p < .05$

**Table 3** Means and Standard Deviations of 'user involvement'

	Single (n=18)		Multi_M (n=20)		Multi_B (n=7)		Multi_M&B (n=19)		All (n=64)	
	mean	SD	mean	SD	mean	SD	mean	SD	mean	SD
Participation in board meetings	2,12	0,75	2,70	0,65	2,85	0,69	2,47	1,30	2,54	0,84
Support to the management	2,05	0,41	2,55	0,51	2,85	1,07	2,42	1,21	2,46	0,80
Group activities	2,11	1,13	2,30	0,86	2,85	0,90	2,94	1,43	2,55	1,08
Dialogues and meetings on service issues *	2,33	0,48	3,60	0,59	3,85	1,07	3,57	0,50	3,33	0,66
Dialogues and meetings on organizational mission	2,11	1,07	2,55	1,14	2,57	1,39	3,00	1,24	2,55	1,21
Dialogues and meetings on policy issues	2,27	1,44	2,35	1,49	2,42	1,39	2,26	1,24	2,33	1,39

\* ANOVA F test  $p < .001$

.78; 'Support to the management', .72; 'Group activities', .78; 'Dialogues and meetings on service issues', .87; 'Dialogues and meetings on organizational mission', .72; 'Dialogues and meetings on social policy', .77. Inter-organizational coordination (social capital): 'Inter-cooperative coordination (local consortium)', .89; 'Involvement in public-private partnerships for social change', .73; 'Contracting out of public services', .92; 'Relationships with social financiers (ethic banks, social finance intermediaries, and donors)', .88; 'Relationships with voluntary organizations', .73; 'Relationships with social associations at the grassroots', .76. Inter-organizational coordination (civil capital): 'Ensuring the social rights of citizens', .78; 'Campaigning for attitude change, education and public awareness', .86; 'Fund raising', .88; 'Relationships with parental organizations or caretakers', .87; 'Relationships with churches and religious organizations', .77; 'Relationships with sport and leisure, and cultural organizations', .84; 'Relationships with local consultants and universities', .87.

**Table 4** Means and Standard Deviations of ‘inter-organizational coordination (social capital)’

	Single		Multi_M		Multi_B		Multi_M&B		All	
	(n=18)		(n=20)		(n=7)		(n=19)		(n=64)	
	mean	SD	mean	SD	mean	SD	mean	SD	mean	SD
Inter-cooperative coordination (local consortia)	4,05	0,80	3,85	1,35	3,85	1,07	4,15	1,12	3,97	1,08
Involvement in public-private partnerships for social change	2,27	1,12	2,55	1,35	2,85	1,46	2,63	0,83	2,57	1,19
Contracting-out of public services	4,61	1,14	4,50	0,76	4,42	1,13	4,68	0,94	4,55	0,99
Relationships with social financiers (ethic banks, social intermediaries and donors)	1,11	0,32	1,65	0,81	1,42	0,53	1,68	0,67	1,46	0,58
Relationships with voluntary organizations **	2,12	0,58	2,70	0,86	3,28	0,95	3,10	0,65	2,80	0,76
Relationships with social associations at the grassroots *	2,44	0,70	3,11	0,64	3,42	1,39	3,57	0,69	3,13	0,85

\* ANOVA F test  $p < .01$

\*\* ANOVA F test  $p < .001$

**Table 5** Means and Standard Deviations of ‘inter-organizational coordination (civil capital)’

	Single		Multi_M		Multi_B		Multi_M&B		All	
	(n=18)		(n=20)		(n=7)		(n=19)		(n=64)	
	mean	SD	mean	SD	mean	SD	mean	SD	mean	SD
Ensuring the social rights of citizens	2,27	1,32	2,15	1,66	2,57	1,39	2,36	1,06	2,33	1,35
Campaigning for attitude change, education and public awareness	1,44	0,70	1,85	0,49	1,57	0,78	1,47	0,84	1,58	0,70
Fund raising *	1,35	0,48	1,55	0,60	1,71	0,65	2,21	0,92	1,70	0,66
Relationships with parental or caretaker organizations	2,27	1,01	2,80	0,69	2,28	0,75	2,89	0,65	2,56	0,77
Relationships with churches and religious organizations	2,22	0,87	2,35	0,74	2,71	0,48	3,00	1,05	2,57	0,78
Relationships with sport & leisure, and cultural organizations	1,94	0,72	2,45	0,99	2,57	0,53	2,57	0,60	2,38	0,71
Relationships with local consultants and universities	1,11	0,32	1,25	0,55	1,14	0,37	1,31	0,58	1,20	0,45

\* ANOVA F test  $p < .01$

## Results

Table 2 presents means and standard deviations of ‘worker participation’. The average index was relatively moderate in all the classes of social co-operatives. Higher levels were generally concentrated in multi-stakeholder structures (*Multi M&B*), among which ‘*support to the management*’ (3,79) was significant. Lower indexes were mainly concentrated in ‘single-stakeholder structures’ (*Single*). ANOVA F tests revealed significant difference of the item ‘*support to the management*’ ( $p < .05$ ) for the pairs ‘single-stakeholder structures’ (*Single*) vs ‘multi-stakeholder structures’ (*Multi M&B*), and ‘single-stakeholder structures’ (*Single*) vs ‘multi-stakeholder membership’ class (*Multi\_M*); highest difference of the item ‘*dialogues and meetings on service issues*’

( $p < .05$ ) was found for the pair ‘multi-stakeholder structures’ (*Multi\_M&B*) vs ‘single-stakeholder structures’ (*Single*).

Table 3 presents means and standard deviations of ‘user involvement’. ANOVA F tests revealed that the average means were moderately low in all the topics involved, with the exception of ‘*dialogues and meetings on services issues*’ (3,33) which showed higher significant mean difference of ‘single-stakeholder structures’ (*Single*) vs all the other classes ( $p < .001$ ).

Table 4 presents means and standard deviations of ‘inter-organizational relationships (social capital)’. The average mean for all the social co-operatives surveyed showed high variation. The higher index was ‘*contracting out of public services*’ (4,55), which demonstrates the importance of third sector environments of ‘quasi markets’ as source of organizational survival. As a result, ‘*inter-co-operative coordination*’ marked a high score (3,97), while lower attention has been paid to ‘*relationships with social financiers*’ (1,46). ANOVA F test revealed significant mean differences between ‘single-stakeholder structures’ (*Single*) (2,12) vis a vis the formal governance classes with at least multi-stakeholder boards (*Multi\_B*; *Multi\_M&B*) (3,28; 3,10) with regard to ‘*relationships with voluntary organizations*’ ( $p < .001$ ). Significant mean difference was found also for the pair ‘single-stakeholder structures’ (*Single*) vs ‘multi-stakeholder structures’ (*Multi\_M&B*) with regard to the item ‘*relationships with social associations at the grassroots*’ ( $p < .01$ ).

Table 5 presents means and standard deviations of ‘inter-organizational coordination (civil capital)’. Data revealed that indexes were minimum for all formal governance classes, notices that most of these activities take place occasionally in the social co-operative. ‘Single-stakeholder structures’ (*Single*) showed lower means than the other remaining classes. ‘*Ensuring the social rights of citizens*’ (2,33), an activity traditionally advocated by civil society organizations showed low means in all the formal governance classes. ANOVA F tests revealed significant mean differences in ‘*fund raising*’ (1,70) with regard to the pair ‘single-stakeholder structures’ (*Single*) and ‘multi-stakeholder structures’ (*Multi\_M&B*) ( $p < .01$ ).

Table 6 summarizes significant Tukey-paired comparisons (q-tests) between ‘single-stakeholder structures’ (*Single*) and each one of the other three formal governance classes (*Multi\_M*; *Multi\_B*; *Multi\_M&B*). Only means group differences at  $p < 0.5$  level or less were considered as significantly reliable and are reported below.

**Table 6** Summary of significant Tukey's standardized pair group comparisons \*

	Multi_M	Multi_B	Multi_M&B
	worker participation		
	<i>support to the management</i> (q= -2,579)		<i>support to the management</i> (q= -2,627)
	user involvement		
	<i>dialogues and meetings on service issues</i> (q= -5,491)	<i>dialogues and meetings on service issues</i> (q= -5,398)	<i>dialogues and meetings on service issues</i> (q= -5,168)
Single	inter-organizational coordination (social capital)		
	<i>relationships with voluntary organizations</i> (q= -2,869)	<i>relationships with voluntary organizations</i> (q= -3,855)	<i>relationships with voluntary organizations</i> (q= -4,200)
		<i>relationships with social associations at the grassroots</i> (q= -2,947)	<i>relationships with social associations at the grassroots</i> (q= -3,499)
	inter-organizational coordination (civil capital)		
			<i>fund raising</i> (q= -3. 136)

\* Tukey's standardized test range,  $\alpha=0,05$

### Discussion

The research was aimed to advance a framework of caring practices of stakeholder involvement to support operationally meaningful conceptualizations of social enterprise as 'caring organization'. Italian micro social co-operatives were conceived of as a much promising typology of social enterprise wherein the nature and functions of stakeholder involvement share some implicit affinities with the moral characters and virtues of caring set forth in both Gilligan's and Noddings' normative mindsets. To the purpose, we have started identifying Italian micro social co-operative as exemplars of 'caring organization'. Thus, a framework of care practices within the main areas of stakeholder management of these firms has been identified and a measurement has been provided to gain evidence on their care efforts. The key attribute of proximity, and especially, its inherent aspects of social relatedness and mutuality, has been highlighted as proxies of

the self-revealing trait of care morality in the social enterprise management. Sociality as dominant value-laden attribute inherent in the caring attitude, is self-evident in these organizations. It can be meant both in subjective terms (related to organizational ends and purposes) and objective terms (related to selected fields of action). Sociality is an organizational orientation that ranges from mutuality to pure solidarity (or altruism) in social enterprises, though it often finds expression in a combination of these two principles of action. The circumstance that most social enterprises practice proper participation and user involvement in delivering human services, such as health and social care, education, housing, and work integration for socially disadvantage groups, clearly reflects the meaning of the orientation to sociality both in subjective and objective terms. Unlike the management of business firms, *caring for* others in a fully reciprocal sense, and being concerned for all the relevant interests at stake – at least to the extent that they are not harming the ‘cared-for’ stakeholders – seems as obvious and tacitly accepted in the stakeholder realm of social enterprises and third sector organizations at large. Indeed, managing stakeholder relationships in social enterprises as if they were pure business firms – just in the same logic of the rival theory of ‘stockholder management’ – could simply not make sense. It might be worth recalling that for social enterprises, like for most of third sector organizations, there are no such subjects as ‘stockholders’: there are members, volunteers, staff, managers, donors, etc., and a community of users. Also in the case of Italian social co-operatives there appears to be a fundamental difference from business firms, that is, the absence of ‘proprietary relationships’. This means that there is a social ownership structure at work to address member stakeholders or constituencies extensively to openness and social participation in the decision-making. The orientation to sociality as a self-defining behavioral attitude of care in social enterprises, supports also a strong framework of analysis to offer meaningful accounts and managerial interpretations of firm-stakeholder relationships at large. Research has also shown that the surveyed social co-operatives have a sustained organizational attitude to support service co-production in terms of both service policy and delivery. Caring practices of user involvement have revealed the importance and benefits of being able to network with users for improving the quality of service, and to sustain a more effective voice when the commitment to the change relies on user attitudes. Such care-based interpretation of user involvement is inherent in the firm’s purpose of strengthening user knowledge making them aware of their own experience, views and ideas on service issues. Similarly, care virtues and attitudes would seem to be fully appreciated by focusing on the pervasive ‘sociality’ affecting the firm’s horizontal networking with third sector organizations and the civil society, especially in terms of bridging the needed social capital and volunteering efforts for the balance of the organization’s double bottom-line.

Although the normative assumptions of the theory acknowledge that all stakeholders merit consideration for their own sake, empirical research has evolved positing that only a fairly limited set of ‘customary stakeholders’ holding salient interests are identified as legitimate organization’s stakeholders, and has also accepted that most firm-stakeholder dynamics can be understood as applying within this handful of primary relationships (Elms et al. 2011: 18). Given this focus, one of the major tasks of stakeholder theory is not simply to identify who matters, or who should be considered a stakeholder, but, instead, to seek boundary constraints clearly defining who might not be considered a stakeholder at all (Mitchell et al.1997). The findings of this study have shown that conceptualizing care in social enterprises in order to seek boundary constraints of

stakeholder management, and effective ways of influencing organization's activities and the decision-making, is intimately connected with the specific nature of firm-stakeholder relationships in well-defined organizational environments and decisional contexts. This insight suggests us to try to sketch a unifying caring interpretation of stakeholder involvement in the social enterprise able to embrace morally sound and defensible interpretations of both formal [multi]stakeholder governance and co-production practices, in an alternative way to those identified in literature, respectively, by the 'corporate' and the 'social political' approach. According to this, the particular nature and functions of the firm-stakeholder relationship building would be justified by reason of social proximity that affects those stakeholders who have a stake to take part in the organization's process and get some benefit from sharing the firm's outcomes. This interpretative argument is also in line with the higher *caring for* trend exhibited with volunteers and users in the managerial areas of 'inter-organizational coordination (social capital)' and 'user involvement' for the multi-stakeholder-based classes of the surveyed social co-operatives *vis a vis* the single-stakeholders'. Studying firm-stakeholder relationships from the viewpoint of those stakeholders who are in proximity to – and take actively part in – the firm's production process, however, might prove a useful starting point to set the boundaries –and make operationally meaningful conceptualizations–of social enterprise as 'community of mutual care'.

This work has attempted to shed some light on the descriptive and interpretative potentials inherent in the moral theorizing of social enterprise management. The proposed framework of care practices should drop management scholars and researchers a hint that the feminist language, methods and principles of caring need more relevance in studying social enterprises and third sector organizations. However, once co-production practices are identified and formal multi-stakeholder structures are established, several additional questions need to be addressed to reach the potential of care in social enterprises. What combinations of stakeholder practices might efficaciously act for enhancing the double bottom-line? What practices might be integrated into the stakeholder management of the firm, and Why? How divergent stakeholders' interests should be balanced? How the board should be addressed the potential conflicts arising from primary firm's stakeholders? To the purpose, it is worth recalling that stakeholder logics and rationales are designed in different ways in order to empower only established corporate interests and meet defined stakeholders' expectations in given environments and managerial contexts.

Thus, we cannot know for certain that, at least at the current stage of the research, that the moral grounding of care could be referred to as best normative theorizing for analyzing and interpreting firm-stakeholder relationships in the social enterprise. The vast array of normative cores offered by the stakeholder literature witnesses the largely shared moral stance upon the stakeholder orientation to the management of the firm. The ways in which the stakeholder thought can be inflected in any specific culture or context are issues open to debate and empirical analysis. The hypothesis can be made that specific ethical theories may be perceived in any given environment or situation as abler than others to interpret people's ethical motives. Largely similar ethical behaviors could be traced back to different sources, according to people's sensibilities and ways of thinking, the specific context within which firm-stakeholder relationships are being considered, and the values deposited in organizational culture. This lead us to claim that further theoretical speculations on the stakeholder thought in the third sector realm is

needed, and, above all, much comparative fieldwork directed at examining these concepts and ideas in the managerial practice of social enterprise are essential.

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