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Accountability Challenges in Social Enterprises and the Implementation of a Reporting Standard: An Italian Case Study

LAURA CORAZZA¹
MAURIZIO CISI²
University of Turin
Corso Unione Sovietica 218/bis
10134 Torino, Italy

Abstract: Over recent years, studies on social enterprises and the use of social reporting methods have grown significantly. Social enterprises are private non-profit organisations which are committed to creating social value. In addition, they have dividend distribution constraints and often implement an open-to-stakeholders governance model. Accordingly, these makes social inclusion processes more effective. In this paper, authors present a business case: Nuova Socialita, a social co-operative and a social enterprise. In order to be more transparent and accountable, the company has decided to support a more appropriate single-stakeholder reporting based on non-financial performance, alongside the traditional methods of social reporting and financial statements. Authors have demonstrated an effective use of the single-stakeholder report by interviewing those persons to whom the report is addressed: health services bodies.

Keywords: social enterprises, non-financial performances, social reporting, stakeholders management, social accounting, economic and social added value

¹ Laura Corazza, PhD Candidate in Business and Management, Department of Management, Faculty of Economics, University of Turin, Corso Unione Sovietica 218/bis, 10134 Torino, Italy. Cont Tel: +39116706021; Email: corazza@econ.unito.it

² Maurizio Cisi, Associate Professor of Business Administration, Department of Management, Faculty of Economics, University of Turin, Corso Unione Sovietica 218/bis, 10134 Torino, Italy. Contact Tel: +39116706021; Email: cisi@econ.unito.it

Introduction

The concept of ‘Social Entrepreneurship’ has been widely debated by scholars – related to different areas of knowledge focusing on different aspects of the phenomenon as a function of innovation, leadership, opportunity, profitability, value creation and social benefits (Okpara and Halkias 2011).

Social Enterprises (SEs) are firms characterised by a commitment to produce social value in terms of ‘common goods’, as goods and services with high public or collective value, reinvesting into the firm the profits arising from operating activities (Bulsei and Podesta 2008). The focus of an SE’s mission is strictly connected to the production of social elements and for that reason they are qualified as mission-related firms. In order to fulfil the stakeholders’ expectations, both profit and not-for-profit firms try to be accountable for their responsibilities using different social accountability tools.

In this paper we refer to social accountability as the process of collecting, analysing, reporting and communicating the social and environmental effects of organisations’ economic actions to particular interest groups within society. As such, it involves extending the social accountability of organisations, beyond the traditional role of providing financial accounts to the owners of capital (Grey et al 1997). In the case of SEs, giving account of their responsibilities implies demonstrating the level of the achievement of the company’s mission. As it represents a strategic issue to be managed, we aim to contribute to the debate on social entrepreneurship with a special focus on social accountability systems for SEs through the presentation of a business case.

In the first part, we present a review of the literature relating to social enterprises. In the second part, we appraise the main methods of social accountability schemes that could be used by Italian SEs in order to be accountable for their actions. In the third part, we discuss the case of a social co-operative that usually reports its non-financial performance adopting an integrated reporting system, as mandatory under Italian law. But it also publishes a single-stakeholder report for one of their most important stakeholders: health services bodies³. We present the results

³ The use of the term is a misnomer, it includes also Health Districts, Departments of Mental Health, Mental Health Centres, Local Social Services, Local Social-Assistance Bodies, depending on disabilities.

of interviews that were conducted with health services bodies' representatives concerning their opinion on the use of single-stakeholder reports. Finally, we present conclusions and future insights.

Social Enterprises: Literature Review

In the literature we find various definitions attributable to social entrepreneurship, social businesses and its boundaries (Austin et al 2006; Dees 1998; Alter 2006; Sud et al 2009; Yunus 2011). Some definitions tend to emphasise the importance of solving social problems, others give greater importance to the innovative nature of the venture (Dees 1998; Borzaga and Defourny 2001; Drayton 2002; Boschee and McClurg 2003; Austin 2006; Boschee 2006; Korosec and Berman 2006; Perrini 2006; Ashoka 2007; Schwab Foundation 2007; Dacing et al 2010). Austin et al (2006) point to social, economic and entrepreneurial dimensions of SE activities as expressed through different legal and organisational forms. These enterprises are characterised by a commitment to produce social value in terms of common goods and reinvesting the profits arising from operating activities. We refer also to EMES⁴ approach which emphasises the importance of social elements as qualifying features of a SE's mission: these organisations are involved in the production of goods or in the provision of services to people on a continuous basis. EMES defines SE as the combination of managerial skills (autonomy, risk, use of paid work) with more social elements (community participation, citizens' involvement, participatory nature, limited profit distribution).

From an academic point of view, just as for-profit companies cannot overlook profit, SEs cannot overlook the generation of positive social externalities (creation of social added value) or the generation of negative social externalities (non-distribution of social value) in the course of managing their businesses and pursuing their missions (Matacena 1984, 2005; Borgonovi 2000). In order to define SEs, we agree with Mair and Marti's (2006) definition that consider social entrepreneurship as 'a

⁴ EMES European Research Network represents twelve research centres specialized in studies on social entrepreneurship, social economy and social co-operatives. EMES is the acronym of the title of a broad research project financed by European community, conducted on "the emergence of social enterprises in Europe" (1996-1999) by several researchers. For details please refer all EMES Conference Paper Selected Series and Working Papers.

process involving the innovative use and combination of resources to pursue opportunities to catalyze social changes and/or address social needs' (p37).

In literature, SEs are related to the concept of civil economy that emphasises the centrality of the purposes of organisations that promote solidarity in different ways in the establishment of economic relations (Laville 1998). As a matter of fact, alongside the economic production of goods and services, these collective actors play the *civil role* in strengthening social bonds, applying the principle of reciprocity (Weisbrod 1977, 1988; Hansmann 1980; Bruni 2006; Bruni and Zamagni 2009).

Some scholars have also defined an SE as a private and independent legal entity which carries out production in a commercial manner, but pursuing, unlike conventional businesses, an explicit social purpose which results in the production of direct benefits in favour of an entire community (Borzaga and Defourny 2001; Defourny and Nyssen 2008; Borzaga and Zandonai 2009). SEs have social value creation as a *primary objective*, and economic wealth creation as a *secondary objective*, so this approach is called *double bottom line* (Emerson and Twersky 1996; Barman 2007). Recently, scholars have identified a third objective called *institutional legitimacy* (Bagnoli and Megali 2011) that refers to the close link between the pursuit of the mission and the strategy implemented by the company applying a sort of performance measurement. The debate on performance measurement and pursued mission is still very lively. For example, some scholars posit the social mission as the sole driver of the social venture, while others perceive the social mission as additional, but secondary to commercial drivers. Moreover, social and economic issues are both considered as a driver for the measurement of performance (Kanter and Summers 1987; Baldarelli 2005; Kerlin 2006; Mair and Marti 2006; Spear et al 2009; Costa and Ramus 2012; Costa 2012; Bassi 2011; Demirdjian 2011; Ormiston and Seymour 2011).

When a social mission-driven organisation trades in goods or services for a social purpose, the related performance measurement systems necessarily assume multiple profiles (Bagnoli and Megali 2011). So, SEs are expected to incorporate multiple systems of social accountability that identify outcomes and demonstrate transparency in financing and decision making (Christensen and Ebrahim 2006) where social accountability is 'generally interpreted as the means by which individuals and organisations report to a recognised authority. . . and are held

responsible for their actions' (Edwards and Hulme 1996).

Unlike what happens in for-profit businesses, where the residual claimant is always identifiable, within SEs it could be difficult to distinguish them. As in the case discussed in this paper, Nuova Socialit , an Italian social co-operatives which places disadvantaged or difficult-to-employ workers in businesses producing goods and services, we can find several residual claimants. For example, we can identify disadvantaged and able-bodied workers and/or disadvantaged and able-bodied owners at the same time. Thus, the adoption of specific management strategies takes place under much more rigid constraints and within a multi-stakeholder structure (Anheier 2005; Bull 2007; Fazzi 2007; Costa and Ramus 2010). The stakeholder theory suggests that 'stakeholders' are those identifiable groups or individuals who can affect and who are affected by the achievement of an organisation's objectives (Freeman 1984; Carroll 1993; Donaldson and Preston 1995; Freeman et al 2007; Jenkins 2008; Creane and Ruebottom 2011). The fiduciary relationship existing between the company itself and its stakeholders is one of the most important features of an SE and it is based on the transparency of information provided. From this perspective, the social report (also called sustainability report) is a useful tool in achieving stakeholder loyalty. Actually, a SE should be a multi-stakeholder organisation, relying mainly on earned income which accomplishes its social aims through its operating activity (Bagnoli and Megali 2011).

Disclosure of social and environmental information and its correct accounting can facilitate engagement with stakeholders and the identification of material sustainability risks. It is also an important element of social accountability and it can contribute to building public trust in enterprises and facilitate investment (Eu Commission 2011).

Social Enterprises in Italy

In Europe there has been a revival and growth in legal and organisational forms of SEs stimulated by civil society. These changes have led to social innovation processes that in turn have resulted in organisational innovations. Under Italian regulation, SEs can assume different legal forms:

- 'Social co-operatives' (established by Law 381 of 1991) are social

enterprise that

- provide social, health and educational services (Type-A co-operatives);
- which place disadvantaged or hard-to-employ workers in businesses producing goods and services (Type-B co-operatives);
- associations of co-operatives (Type C);
- ‘Voluntary organisations’ (established by Law 266 of 1991) categorised by area of activity: social welfare, health, civic engagement, education and continuing education, protection and enhancement of heritage, promotion of sport and leisure, and co-ordination bodies;
- ‘Social Associations’ (regulated by Act 383 of 2000) operating in leisure, sports and cultural activities and environmental issues;
- ‘Foundations’ (established by Law 218 of 1990) that manage their assets in order to carry out or finance activities in the field of public interest in education and research, environment, health, sports, culture, civil-rights; and
- ‘Onlus’ or non-governmental, social not-for-profit organisations (regulated by Law 49 of 1987).

The Legislative Decree Number 155 of 24 March 2006 introduced the legal status of a ‘social firm’ with the purpose of regulating different types of social organisations. Social firms should manage their activities in a stable and ethical manner with the purpose of providing social value, goods or services and the achievement of public interest. They also have to be independent of the public and for-profit sectors and they act adopting the non-discrimination principle regarding the conditions of admission and exclusion of members including also workers and stakeholders. Obtaining the legal status of ‘social firm’ is a sort of ‘accreditation’ that forces companies to publish a social report (Galera and Borzaga 2009).

Social Accountability Methods for Italian Social Enterprises

Within this legal framework, only those SEs that have obtained the 'accreditation' have to draw up a compulsory stand-alone social report in addition to their financial statements, in order to represent the fulfilment of social mission (Boesso and Kumar 2007; Bagnoli and Toccafondi 2011). Although legally mandatory, the decree does not provide legal guidelines for the editing of the report.

SEs can choose the content of their social reporting through a variety of frameworks and institutional guidelines that classify, record and evaluate the information contained in their non-financial voluntary disclosures (see Table 1)⁵.

Table 1: Main Social Accountability Standards for Italian SEs

Approach	Type of Organization	Year
Ex Agenzia per il terzo settore (ex agenzia per le ONLUS)	Not-for-profit organizations	Latest approved in 2011 (first publication 2001)
CSVnet	Voluntary organizations	First edition 2009
Ministry of Social Solidarity	Social enterprises	Decree 155/2006, latest update 24/01/2008
G.B.S.	Not-for-profit organizations	2009
GRI (G3)	NGO sector supplement ¹⁰	2011
Lombardy Region	Social co-operatives and consortia	Regional Law 29.5.2009, n. 23
Confcooperative/Federsolidarietà online service	Social co-operatives	2009

Authors' elaboration on Osservatorio sull'economia civile (OEC), "Il bilancio sociale" 2010

All the standards listed above (except for those of the GRI) are similar and are based on the structure methodology traditionally adopted by GBS⁶. The aim of these reports is to account for the social value obtained by a company's operating activities. This evaluation is expressed both in

⁵ The NGO GRI Sector Supplement is intended for Non-Governmental Organizations (NGOs) which are formed for the purpose of serving a cause other than the pursuit or accumulation of profits for owners or investors. The term 'non-governmental' is used to describe a wide variety of organizations, which may also be referred to as 'private voluntary organizations', 'civil society organizations', and 'not-for-profit organizations (NPOs)'. The NGO GRI guidelines are not available in Italian.

economic terms (Economic and Social Added Value – VAES) and in non-financial terms (Social Added Value – SAV).

The VAES is expressed as an increase of economic value produced by the company compared to the resources used (measurable in monetary terms). It represents the economic value generated by the company through operating activities, excluding the value linked to third parties activities (i.e. net of amounts paid to suppliers of materials, goods and services) and capital equipment and plant depreciation (Cisi 2008).

The VAES is important for strategic decisions because it contains all the values that must be investigated to meet the company's needs and it can be broken down and analysed revealing the strong and weak points of the organisation (Gabrovec Me 1986; Hinna 2002; Molteni 2004; Hinna 2005; Rusconi and Dorigatti 2005; Mio 2005; Campedelli 2005; Rusconi 2006; Cisi 2008; Maticena 2008; Bagnoli and Megali 2011; Bassi 2011).

In the case of SEs, the achievement of the mission and the measurement of performance can be identified through the improvement of social conditions of individuals and social capital creation, obtained through a financial sacrifice (expressed as a distribution of economic value to the main stakeholders). This is not measurable only in monetary terms, but through the use of several non-financial indicators. Those non-financial indicators outline the programs implemented and the results obtained in different areas of business through the explanation of the benefit generated for individual classes of stakeholders. It could be represented as the Social Added Value (SAV).

The heterogeneity of the guidelines, the variety of organisational forms and the size of the business have led to a particular autonomy in the process of standards implementation and the fuzzy logic of the key performance indicators (KPIs) that are used to explain SAV (Bernardoni 2008; SEEN 2008; Legacoopsociali 2010; OEC 2010). KPIs are the most critical and strategic factors managed, measured and disclosed in a social report in order to have to direct their communication and reporting efforts towards those stakeholders that could influence the company's activities (Boesso and Kumar 2007).

⁶ GBS is an Italian research group on social reporting that promulgate since 2001 official standard of accountability. GBS (2009), *Il bilancio sociale. La rendicontazione sociale per le aziende non profit*, Giuffrè editore, Milano.

The Research Methodology

In this study we have adopted a constructivist case study approach. As a matter of fact, according to Yin approach (2003), (a) we cannot manipulate the behaviour of those involved in the study; (b) we want to cover contextual conditions because they are relevant to the phenomenon under study and (c) we want to analyse the relation between the phenomenon and its context. In addition, we have interviewed 9 stakeholders from different backgrounds such as health service managers, educators, psychologists and social workers and we have decided to stick to the original version of the testimony provided by the interviewees. Relevant documents and archival data about Nuova Socialità were collected and analysed before, after and during the interviews. In order to reflect an interpretivist approach, our research has focused on rigorous application and interpretation of data.

Nuova Socialità: A Business Case

Nuova Socialità is a Type-B social co-operative and a social firm (accredited under the Decree 155/2006) that operates in Piedmont (located in Turin). Its mission is 'providing employment for disadvantaged people' and, in this regard, it is not classified as an association or a voluntary organisation, because it provides services in a competitive context without receiving public or private donations.

At 31st July 2011, the number of social co-operative members was 363, of which 117 were disadvantaged people. The total number of employees was 422: of which 82% were social co-operatives members and disadvantaged employees. More than two-thirds of the co-operative members were women. Most disadvantaged workers were male. The types of disadvantaged among workers were: mental disability (27%), physical disability (26%), drug addiction (24%), psychiatric patients and former psychiatric patients (20%) and sensory disability (3%). The total revenue for the fiscal year 2010-2011 was around 9 million Euros and with a distributable economic value of nearly 6 million Euros. These financial results are obtained providing the following services:

- cleaning and maintenance of public buildings (including schools, housing and surveillance activities, public administration offices, shopping centres, markets, private offices);

- health (clinics, group homes, nursing homes, day centres);
- environmental health services (collection and transport of non-hazardous waste, urban and similar services and street cleaning).

Since 1995 Nuova Socialità has been a pioneer of social accountability because, in addition to its financial statements, it has voluntarily published a social report based on social information. This document was generally addressed to stakeholders, but mainly addressed co-operatives members' and employees' informative needs.

In 2008, Nuova Socialità took part in a research project whose purpose was the concrete application of VAES logic into Type-B social co-operatives⁷. This approach separates the creation of value deriving from for-profit activities from those deriving from the not-for-profit activities to stress the competitive advantage of the firm. Exploring the dynamics of VAES, a positive performance is explained by an increase of these values and a negative performance is explained by a decrease of these values. In addition, the reclassification and distribution of the VAES between disadvantaged workers and able-bodied workers is presented overleaf (Table 2).

Type-B social co-operatives are legally obliged to employ at least 30% of disadvantaged persons (of working members and/or employees) into a beneficial work-placement project that contributes to the employment of persons in weak labour market. The employment of disadvantaged people is, in a sense, a 'common good' that produces 'positive externalities' for the benefit of local communities in terms of increased security and social cohesion, increased quality of life and saved public resources invested in care services and containment, making it one of the best examples of active labour market policies and 'welfare development'.

⁷ RETI.Qu.AL-Networks of Quality Work Environment (IT - G2-PIE 059) is a project promoted by the European Social Fund within the EQUAL Community Initiative Programme Phase II (2005-2008). In general, the project was designed to promote growth and development, aimed at providing employment for vulnerable groups in social co-operatives that work in traditional manufacturing sectors, with particular attention to environmental issues. The specific aim of RETIQUAL project was to provide a useful method to describe the social result generated by co-operatives framework, expressing it in economic terms. According to recent data published by Euricse (2012), social co-operatives in Italy were 13,938 (31 December 2008), mainly located in the North-West and with an average number of employees of 23. In Piedmont, social co-operatives represent 5.2% of the total number of cooperatives and occupy an average of 51 employees (11.7% of the total, among the regions with businesses at higher rate of employees/workers).

Table 2: Production and Distribution of Economic and Social Value Added (VAES) Expressed in Relative Value on VAES

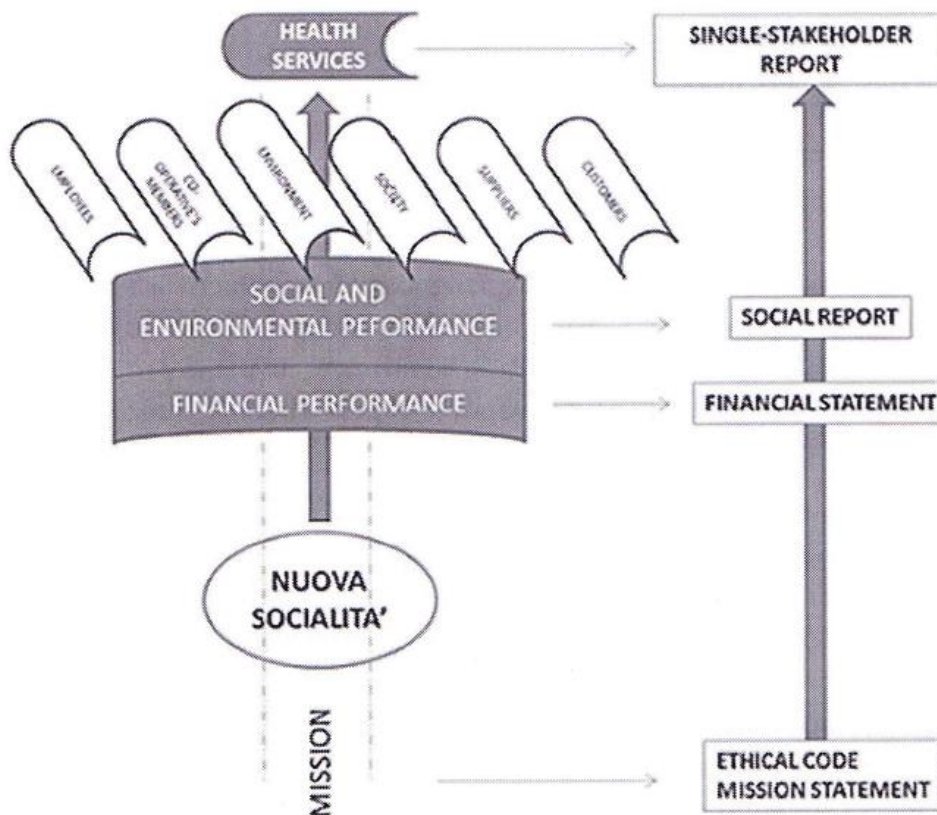
	2010/2011	2009/2010	2008/2009
A Total Revenues	140,07	146,56	142,54
A1 Revenues from Public Administration	80,36	76,51	70,26
A2 Revenues from profit activities	24,58	27,93	20,93
A3 Revenues from third sector organizations and cooperation	34,52	41,05	47,69
A4 Others (Donations, other revenues)	0,60	1,07	3,66
B Costs/consumption from production and managerial activities	34,80	40,53	36,79
B1 Costs/consumption from production and managerial activities (profit activities)	23,06	24,50	21,09
B2 Costs/consumption from production and managerial activities (not-for-profit activities)	11,74	16,04	15,70
A-B Operating value added	105,26	106,02	105,75
C Profit and loss from financial activities	0,07	0,09	0,10
(A-B+C) Gross Value Added	105,33	106,11	105,85
D Amortization and depreciation	5,33	6,11	5,85
(A-B+C-D) VAES distributable	100	100	100
Distributable VAES to	100	100	100
Members and workers (different contract), and only workers	97,48	99,77	94,97
Disadvantaged	18,04	20,04	20,58
Able-bodied	47,84	48,24	44,89
Staff costs (workers cooperative)	31,6	31,49	29,5
Only members not workers	0,04	0,05	0,06
Interests (banking cooperative)	0,04	0,05	0,05
Remunerations	0,00	0,00	0,01
Public Administration	0,33	0,57	1,31
Cooperative world	0,20	0,03	0,03
Contributions	0,20	0,03	0,02
Mutual funds	0,00	0,00	0,00
External funders	1,29	1,54	2,70
Interests (external banking sector)	0,39	0,74	1,00
Interests (cooperative banking sector ethical finance)	0,90	0,80	1,70
Not distributed VAES	0,66	-2,00	0,93
Total distributed VAES	99,34	102,00	99,07

In 2010, Nuova Socialità has decided to go further, publishing a supplemental 'social' report (here called 'single-stakeholder report'). This supplement is specifically directed to one of their 'external' key stakeholders: social and health services bodies with whom they cooperate in order to place disadvantaged and disabled workers into the projects of work integration.

Health services bodies are those public institutions that assist disadvantaged people by providing health and psychological services. They design in partnership with Nuova Socialità, the work placement project – a sort of work-experience where people will be employed.

By adding this document to the more general social reporting (both approved by the Board of Directors), Nuova Socialità is entering new territory (Figure 1).

Figure 1: Rationale Framework of Social Reporting Activities



As a matter of fact, addressing a specific stakeholder means rethinking the configuration of the report including specific stakeholders' interests and expectations in order to achieve a better and more transparent disclosure. Consequently, the relationship between enterprises and social services is crucial to assess how the work placement can produce positive effects in the social life of the person and consequently assess the social value generated by the company itself. The work placement project⁸ is the vehicle through which collaboration occurs.

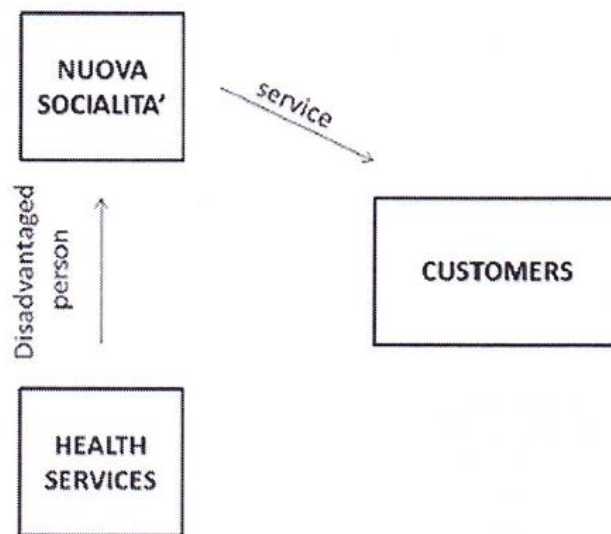


Figure 2: The Work Placement Project Scheme

The project can be viewed as a springboard from which disadvantaged and disabled people can reach economic independence essential to overcome the dependency on public healthcare. As these projects have high social value, the process of reporting performance is more critical and sensitive.

In order to better explain the achievement of its social mission, Nuova Socialita has studied a specific set of KPIs used in the control and communication of social performance referring to disadvantaged and disabled people. According to the company, success in work placement projects satisfies both the external mutuality, that is the general interest of the community, and the internal mutuality, or the interests of Nuova Socialita's members to work under the best possible circumstances. Nuova Socialita interpreted the achievement of this mission as the ability to improve the following skills: *ability to create stable relationships*

⁸ In 2010 35% of new positions were created under work placement schemes.

An Experiment in Single-Stakeholder Reporting of Non-financial Performances –
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Table 3: KPIs Monitoring in the Single-Stakeholder Report by Nuova Socialità

KPI	Explanation	2009/2010	Social Value Added Area
1.No. of WPP	Absolute value Trend	142 3,6%	Ability to create stable relationships
2. WPP expressed by type of disadvantage (ex l. 381/91)	Percentage	Mental disability (27%) Physical disability (26%) Drug addiction (24%) Psychiatric patients Former psychiatric patients (20%) Sensory disability (3%)	Ability to create social value
3. WPP by area (domicile)	Percentage	Turin (61%), Province of Turin (31%) Province of Cuneo (8%)	Ability to create social value
4. WPP	People Profile	Age: 41-45 years-old Sex: Male Qualification: Junior high school Type of disadvantage: mental disability Domicile: live in Turin Type of employment contract: permanent Seniority: > 3 years Sector: clean services Level of employment contract: 2 nd CBA services Workload time: part time <35 hours/week	Ability to create social value
5. Members-employees profile	People Profile	Age: 41-45 years-old Sex: Female Qualification: Junior high school Domicile: live in Turin Type of employment contract: permanent Seniority: > 3 years Sector: clean services Level of employment contract: 2 nd CBA services Workload time: part time <35 hours/week	Ability to create stable relationships
6. Contract level of employment	By percentage of co-operatives' members, total employees, and work placed people.	99% of 142 people WPP have a permanent contract 96% of 261 other workers have a permanent contract	Ability to create social value
7. Co-operative members on WPP ratio	Ratio	87% of 142 people WPP are co-operative members 84% of 261 other workers are co-operative members	Ability to create social value
8. Improvement of working condition	No. of people belonging to WPP that: Have become team leader Have participated in training events Have had a contract level improvement Have had an increase in the workload Switched from a temporary contract and a permanent contract	1 (on 26 teams) 63 (on 142 WPP) 3 (+ other 15 workers) 1 (+ other 6 workers) 10 (+ 16 other workers)	Ability to create stable relationship
9. No. of people transited from a WPP to direct empl.	No.	41	Ability to create stable relationship
10. No. of anticipated disruption and motivations	No.	1 resigned	Ability to create stable relationship
11. Seniority	Divided by years of presence (absolute value and relative value in brackets)	< 3 years: 58 (40.85%) 3-6 years: 38 (26.76%) 6-9 years: 14 (9.85%) >9 years: 32 (22.54%)	Ability to create stable relationship
12. Employment condition after the exit from the disadvantage situation	Absolute value and percentage on the total amount of the work placement project since the birth of the firm	Since 1992 17 people are not living in disadvantaged condition: 76% drug addicted 18% have reached major age 6% ex psychiatric patients and 10 people are still employed	Ability to create stable relationship
13. Total amount of remunerations	Divided by disadvantaged employees and able employees	4974625,71 euro	Ability to create social value
14. Customer attractiveness	Public Administration contract Private contract	69% 31%	Ability to compete
15. Participation in competitive tender	By public or private nature	89% privileged tenders 11% private tenders	Ability to increase job placement
16. WPP	By public or private nature of the tender	72% public tenders 28% private tenders	Ability to increase job placement
17. Disadvantaged employees/Total empl.	By law 381/91	347 people on 403 total workers have a disadvantage	Ability to create social value
18. Ability to attract financial resources to support social enterprise	Financial contributions conferred by Public Administration Financial contributions to employment and training	Not in current year 125000 euro in training	Ability to access to additional resources and benefits

focusing on members-employees within the company; *ability to create social value* focusing on people employed under the work placement projects; *ability to compete* focusing on market attractiveness; *ability to increase job placement* focusing on the work placement projects and market competitiveness; *ability to access additional resources and benefits* focusing on financial sustainability. The KPIs are related to those skills (Table 3, previous page).

Results and Discussions

In order to verify the existence of the need and assess the effectiveness of a single-stakeholder reporting, the questions posed during the interviews were related to the significance of the report published by Nuova Socialit  in health services bodies' opinions.

The majority of respondents agree that only few companies they work with adopt and disclose any non-financial performances tool, such as social reporting, sustainability reports, single-stakeholder reports. One respondent stated: 'Since the financial statement is a complicated tool for members, it is necessary to produce a more intuitive report for stakeholders and to emphasise specific stakeholders' needs' Interviewee 9.

It was instantly clear that the traditional financial statement is a complex document, especially for non-accountants, and it does not provide non-financial information that could be useful in health services bodies' decision making. Conversely, the decision to proactively provide non-financial information was expected to be a sign of transparency and fairness. In this sense, broadening the communication toolkit and adding sensitive information could improve the dialogue between the company and its stakeholders. As stated by one of the interviewees, 'this single-stakeholder report seems to be an important tool in order to inform health services in a transparent way that allows us to build valuable relationships' Interviewee 8. This healthy relationship tends to become proactive. One participant stated: 'It would be nice to collaborate on preparing a joint document' Interviewee 4.

This type of involvement could be seen as an evolution of traditional stakeholder engagement techniques, because the report will become an active and collaborative platform that allows managers to connect

reporting activities to management activities in order to create and maximise social value. 'Considering the current crisis, I believe that it is important to report a company's ability to create and maintain jobs especially the ability to 'hold' the disadvantaged alongside the 'new poor' (those who remain unemployed after the current crisis)' Interviewee 6. The maximisation of social value has been possible incorporating social-critical issues into corporate strategy at managerial level which implies paying attention to new problems that arise from society and considering social and health services bodies as a partner.

Therefore, there is another more sensitive and critical level of analysis that involves company's ethics and values. 'Often, we select cooperatives that know how to accommodate individuals under psychiatric care without prejudices' Interviewee 7. Prejudices could affect 'competence and professionalism in addressing the issue of the placement of disadvantaged people' Interviewee 7.

These examples indicate that the relationship between services and the company is founded on the centrality of the human face and they implicitly refer to business ethics. As a matter of fact, often when a co-operative involves a worker into a project it 'takes a personal choice based on feelings' Interviewee 4. The centrality of disadvantaged persons should not be overlooked in the representation of the social value created. As one of the participants explained: 'we must design and share new career paths with a greater chance of success' Interviewee 9. The 'success' could be obtained by 'matching the characteristics of the person and the job required by co-operative. Today there are few chances of success, because the number of new poor is always increasing, the categories of disadvantaged people are increasing and there are few work placement projects' Interviewee 3.

We can affirm that there is an implicit equation between successful work placement projects and the success of the mission. For that reason, the single-stakeholder report could be seen as a combination of results derived from work placement projects and company's abilities. As a matter of fact' Interviewee 1 said '... during the internship, regular meetings are held (usually one at the beginning of the internship, half-way through and at the final stage) to assess and monitor the performance of insertion and the factors that led to the start of this type of project'. Conversely, as most interviewees affirmed, health services bodies are often viewed by social co-operatives only as 'suppliers' of human resources: 'they (social co-operatives) postpone any discussion with us (health services bodies' managers) only at the end of the project or if

problems occur' Interviewee 2. This example may indicate that social co-operative managers are not communicating regularly with health services bodies and for that reason, those co-operatives that use social accountability tools in order to evaluate the effective use of the work placement project could represent an example of good practices.

As the company implements social accountability practices in order to improve the business environment, so the health services bodies can better establish the actual success of a work placement project. We have started our analysis presenting the case of Nuova Socialit  that adopted a single-stakeholder report to monitor critical KPIs which lead to clear understanding of the level of achievement of the mission. At the same time, this depends on stakeholder expectation and relies on successful work placement projects. In order to assess if a work placement project could be defined as successful use mainly qualitative indicators: 'we monitor the person's comfort and satisfaction, if the person has improved self-esteem and level of 'self-recognition', if critical pathological periods have decreased' Interviewee 3. In addition, others interviewed use both qualitative and quantitative indicators as: general wellbeing, resilience compared to the therapeutic program, improvement of social and vocational skills, solving problem method adopted by the person in order to solve issues that may arise at work, general satisfaction, economic condition improvement, time organisation, regularity of work patterns, financial autonomy, acquisition of permanent contracts.

Nuova Socialit  and the health services bodies have a common system to evaluate their social performances: they evaluated their 'ability'. In this business case, the company has changed the traditional way of accounting for its non-financial performances by evolving and designing a system of social accountability based on stakeholder needs. As health services bodies monitor the ability of a disadvantaged person, Nuova Socialit  monitors its ability to reach its goals and communicate in an easy-to-understand manner.

Conclusions

Concluding, as the first aspect analysed was to verify if the existing social accounts are effective under stakeholder view, we can affirm that the complexity of financial statements and the complexity of social accounting

framework have led Nuova Socialità to design a new type of social accountability: the single-stakeholder report that is viewed effective in the opinion of health services bodies. The second aspect was to investigate the application of instruments of social accountability within the collaboration strategies. Several interviewees interpret the use of a single-stakeholder reporting as a privileged channel of disclosure, given the nature of the business they would collaborate in drafting the report. In practice, if Nuova Socialità was to completely meet stakeholders' expectations it should involve health services bodies into the reporting process. Third, Nuova Socialità, through the accounting of those critical KPIs, enables both itself and health services bodies to evaluate the level of achievement of the company's mission. After a careful analysis of the interviews, we can draw some interesting conclusions about the importance of an instrument of social accounting adapted to the needs of the company and also to specific stakeholders' needs.

In this paper, we have discussed a business case of a Type-B social co-operative that use a supplement social reporting tool to allow a more open disclosure leading to more inclusive inter-relationships. The use of a single-stakeholder report could be introduced to a SE whose aim is twofold: the creation of social value in terms of economic value created and distributed, and the creation of social capital based on relationships, trust and consensus.

In order to assess the significance of the reporting, we have asked health services bodies (the main partner of a type-b social co-operative) their opinion on the use of a single-stakeholder report. We have presented the results deriving from those interviews and they reflect the important perception of the world of work and the phenomenon of social exclusion in a manner that an indicator, although qualitative, is unable to fully describe.

Reporting the results of activities, by building a system of indicators to meet the information needs of various stakeholders and partners, represents a useful tool to improve the governance of SEs through social accounting innovation. It can be affirmed that a single-stakeholder report is a valuable tool that can be used in those situations where the production and distribution of social value represents the core business, but the accomplishment of a mission in real and effective terms generally needs to be better explained.

For academia, a cohesive organising framework for understanding the social value creation has been developed through extending the

theories of value creation for social enterprises. Researchers should therefore look into the relationship between main social accountability standards and their concrete application and understanding. For practitioners, an insight can be drawn – how VAES can be evaluated and disclosed, while improving relationships with stakeholders. Future research should, however, check whether insights from other Italian companies reveal similarities. Furthermore, it could be interesting to analyse the phenomenon of innovation in social accountability methods in other countries.

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