



Economia Aziendale Online

International Business Review

Editorial

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Pavia, September 2010
N. 3/2010

www.ea2000.it
www.economiaaziendale.it



PaviaUniversityPress

Electronic ISSN 1826-4719
Reg. Trib. Pavia n. 685/2007 R.S.P.

Editorial

Italian Public and Not For Profit Organisations: Advancing sustainable management practices¹

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Abstract

This editorial highlights the important contributions of a group of Italian authors who are published in this special issue. Also it links this work to other outcomes from the SMOG 2009 Bologna conference including the *Public Management Review* special issue (Ball *et al*, 2010) and the *Economia Aziendale Online* special issue (Farneti and Ricci, 2010a).

The uniting theme of the SMOG conference was to demonstrate the importance and value of social and environmental accounting research in public sector organisations. This *Economia Aziendale Online* special issue (Farneti and Guthrie, 2010) contributes to understanding practice in Italian public and not-for profit (NFP) organisations in a variety of ways.

The SMOG conference attracted a wide range of academics across the interdisciplinary subject of sustainability. Further, it was a significant event in Europe, being one of the first to focus exclusively on sustainability management and reporting in the public and NFP sectors. The following five papers bring to the English speaking academic and practice community unique insights into how Italian organisations are handling the difficult issues associated with accounting and reporting for social responsibility, environmental matters, sustainability and gender issues.

In summary, this group of papers provides insights from two perspectives. First, is what we call the prevailing top-down approach, which involves European and various government policies, international and national standards and rules and directives. The second perspective, which takes a bottom-up approach, involves exploring pilot experiences within various Italian organisations, towns and regions, experiences with social reports, environmental statements and gendered budgets which are reported in this special issue.

Keywords: social and environmental accounting; Italian public sector; sustainability management; not for profit; public services.

¹ **Acknowledgements:** The papers in this special issue are the direct product of the first international conference of SMOG held at Bologna University, Forlì, Italy in July 2009. Of the 60 papers submitted to the conference, 40 were accepted for presentation and of these five were accepted for publication in this special issue *focusing on the Italian context*. The editors are grateful to all the referees for the considerable amount of time and expertise they provided and to Emily Hewitt, University of Canterbury, Julz Stevens, Knowledge Research, Nicola Jane Altera, University of Bologna, and Fiona Crawford, The University of Sydney, for their editorial and research support. Finally, we are grateful for the support of Professor Piero Mella, Editor of *Economia Aziendale online*.

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1 – Introduction

The research on social accounting has recently earned significant relevance with the global interest in sustainability, and environmental and social responsibility issues. In particular, concepts of social accountability, gender budgets, environmental reports and social statements and associated practices of social accounting in the public services are gaining more attention (Osborne and Ball, 2010). The term social and environmental accounting is related to organisational information (both financial and non-financial). Gray states that (2002: 687) “Social accounting is used ... as a generic term for convenience to cover all forms of ‘accounts which go beyond the economic’ and for all the different labels under which it appears — social responsibility accounting, social audits, corporate social reporting, employee and employment reporting, stakeholder dialogue reporting as well as environmental accounting and reporting”.

An important factor in many of the reviews of the social accounting literature (e.g. Gray, 2002; Parker, 2005; Guthrie and Gray, 2007; Owen, 2008; Guthrie et al, 2010) is that there is a need for researchers to engage with the emergent and experimental practices in organisations. Also, these literature reviews highlight that social accounting and the associated themes of sustainability are gaining interest among researchers with reference to public services organisations². However, many agree that further research is needed to enhance a better understanding of current content and practice in these public service organisations.

The papers appearing in this *Economia Aziendale Online* issue (Farneti and Guthrie, 2010) take one step towards this wider understanding in an Italian context. These researchers are engaged with understanding and determining a “better practice”, suggesting models to be applied and highlighting international and national policy directives.

2 – Papers appearing in this issue

The following provides a brief introduction to the contribution of each paper accepted in order of appearance. The SMOG conference³ witnessed the in-

² In this editorial the public and not for profit sectors are collapsed into the term ‘public services’ (Broadbent and Guthrie, 2008), as it is the management of public service activities and not the organisational form that will deliver a sustainable future.

³ The Sustainable Management of Organisations Group (SMOG) originated in the Faculty of Econom-

terdisciplinary nature of the research community in understanding sustainability, especially within the Italian context. This interdisciplinarity is expressed by the range of disciplines used by authors to explore their patch of sustainable management.

Signori (2010), investigates to what extent NFPs and particularly Italian foundations, break down the differences between mission attainment and investment policies. The paper is based on an understanding of fiduciary duty; the mission or institutional duty; and the economic-financial duty. The paper suggests that to deal with these differences two aspects are explored. Firstly, the identification of the duties of a foundation and secondly, the search for investments that are able to increase (or at least not reduce) the organisation’s returns.

The Italian foundations analysed, *via* a survey, have the perception of higher risks and/or lower returns on socially responsible investments. The study highlights that these organisations do not select investments following ethical or social criteria or making use of microcredit. However, the author indicates that the answers reveal a certain interest in this socially responsible investment (SRI). From the socially responsible investments side, more transparency, comprehension and coherence on the application of socially responsible criteria is required. To achieve this the paper suggests that an active cooperation between NPOs and the SRI community would be helpful and of reciprocal benefit.

The paper by Farneti, Siboni and Orelli (2010) provides insights on the nature of bank foundations’ (BF) social reports from a preparer’s perspective. Their study provides an overview on the context of Italian BFs and several key issues regarding social reports (SRs). A survey instrument was developed from a literature review and the contents for Italian guidelines on social reports, and was then sent to the preparers of SR for all Italian BFs. The response rate to the survey was 46.7% in terms of coverage of total assets of Italian BFs.

ics and Business at The University of Sydney in 2007. Its initial event was the 1st International Conference on Sustainable Management of Public and Not for Profit Organisations. This conference was jointly organised by The University of Bologna, The University of Sydney, The International Research Society for Public Management (IRSPM), Accademia Italiana di Economia Aziendale (AIDEA), the Network Universitario per lo Sviluppo del Management nell’area pubblica (SVIMAP) and the Società Italiana dei Docenti di Ragionaria e di Economia Aziendale (SIDREA). We would also like to acknowledge the financial support of the University of Bologna and the Fondazione Garzanti ONLUS, Forlì.

The authors found that all the respondents to the survey (32 out of 88) developed a mission report, which is compulsory. They also found that 14 organisations of the 32 respondents produced a social report. The survey finds that SRs are mainly developed internally and there is little external assurance.

Finally, the survey found that BFs used different media to communicate social information - those most commonly used being the internet and hard copies mailed directly to social representatives and stakeholders. Also, several benefits have been perceived in the preparation of SR, but the gathering of suitable data was a concern.

Ferrante, Gandolfi and Meneguzzo (2010) compare Italian and Swiss systems of public administration in terms of strategies for introducing ISO 26000 (the new International Standard Providing Guidelines for Social Responsibility, 2010). The authors use a mix of public management and policy analysis approaches to examine - at the central level in Italy and at the federal level in Switzerland - the readiness of the administrative systems to address the challenge of ISO 26000.

The findings of this paper indicate that for the two countries analysed there were considerable differences in the timing of the introduction and expansion of areas for quality certification (ISO), Total Quality Management (TQM) and social responsibility in their public sectors. ISO 26000 represents a challenge for public administrations that aim to enforce accountability and social and environmental reporting. The comparative analysis allows two significant conclusions to be drawn.

Rossi and Trequatrini (2010), analyse various models to introduce environmental reporting systems in the various Italian Regions. The paper provides a case study analysis of the Lazio Region, which in the last two years has introduced a system of social and environmental reporting. The authors identify two possible alternatives: the first one to be analysed is the possible adoption of guidelines developed at European and national levels, using a top-down approach associated with policy, regulation and directives.

The second alternative is based on the dissemination within the regions of "best practice" developed in other public administrations. These "best practices" involve the adoption of environmental reporting practices, developed and implemented for local governments (municipalities and provinces), organisations which provide direct services to the citizens/users, and which have shown a moderate interest in producing environmental reports until now. This second option follows a bottom-up approach, with a particular focus on capacity building. Some doubts arise considering the possibility of repeating the procedure of local government accountability at a regional level

which are more focused on formulating and implementing policies.

The final paper by Galizzi (2010) identifies conditions that allow gender initiatives to be considered not only as a mere reporting process, but also as a budgeting process that could be usefully employed in planning and control processes. The study suggests that the gender dimension should be included within the Balanced Scorecard (which is a planning and controlling instrument) to produce a tool which governments can utilise in their approach to the formulation of gender sensitive budgets. The purpose is to recognise/ensure the relevance of gender equality, and recognise gender issues and their impacts on policies and budgets.

3 – Papers appearing in the other two SMOG special issues

Other publications from the SMOG 2009 Bologna conference, including the PMR special issue (Ball et al, 2010) and the other *Economia Aziendale Online* special issue (Farneti and Ricci, 2010a), which are now briefly outlined.

In short, the Ball *et al.*, (2010) PMR special issue concentrated on sustainability as a master concept within contemporary organisations and its role in public services. This PMR special issue brought together a group of international scholars, drawn from various disciplines and countries (see Broadbent, et al, 2010; Dumay, et al, 2010; Guthrie, et al, 2010; Martinov-Bennie and Hecimovic, 2010; Mazzara, et al, 2010; Mussari and Monfardini, 2010; Rowe and Guthrie, 2010; Unerman and O'Dwyer, 2010).

The *Economia Aziendale Online* special issue (Farneti and Ricci, 2010a) (which is in Italian) focused on Italian social accounting practices. That special issue introduced the topic of accountability and the need for extended social reporting, stating that in Italy there are general laws that require accountability and this aspect is related to the development of efficiency and effectiveness for public services. Particularly, the latter is related to the stakeholders' satisfaction with social and environmental issues/impacts. From the Italian practice presented, it was observed that extended reporting, or social and environmental reporting, is an emerging practice that several Italian public and not-for profit organisations have started to engage with. The editorial by Farneti and Ricci (2010b) suggests that there are opportunities for fertilization between knowledge and practices of sustainable management of organisations, that deserve in-depth examination. These opportunities are related to the necessity, for not-for profit and public organisations, to design and manage their goals in more than financial terms.

4 – Summary and conclusions

In summary, the group of papers in the current special issue provides insights from two perspectives. First is the prevailing top-down approach, which involves European and various Italian government policies, international and national standards and rules and directives around social accounting.

The second perspective is a bottom-up approach with the reporting of several pilot experiences within various Italian organisations, towns and regions.

Overall, the various papers published from the SMOG conference in the three special issues demonstrate potential for further research in public and NFP sector organisations for matters of social accounting.

In conclusion, Guthrie *et al.* (2010; 456-457) state that “The general findings are that there has been neglect by scholars and others when it comes to theoretical research and in-depth investigations of sustainability practice in public services”. Also, “many of the big picture issues remain hazy and many of the granular topics have not been adequately articulated. Finally, the embryonic stage of research into sustainability management for public services offers plenty of potential for researchers from various disciplines to conduct meaningful inter-disciplinary research, either theoretical, methodological or empirical in nature”.

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