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Advantages and Disadvantages in issuing a Social Report in an Italian non-profit: Eufemia Case Study

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Introduction

Thesis Objective & Research Question

The main objective of this research is to provide a consistent analysis of the preeminent advantages and disadvantages that a non-profit organisation has in issuing a social report.

The social report can be counted among the several accountability processes characteristic of nowadays companies. Thus, in the specific field of non-profit organisations, it represents a unique and significant opportunity to legitimate the identity of its activities. Since this document may be considered secondary to more impacting corporate records or statements, this research aims to enrich and promote awareness around the theme of social reporting.

This thesis investigates to what extent a social report is beneficial for non-profits. Although it is hard to imagine harmful implications of social reporting, among various benefits, this instrument occasionally counts economical, communicative, and timing limits too. In fact, issuing a social report for a non-profit does not always have the benefits it claims to have. On the other hand, from this research emerges how, overall, social reporting is widely considered a positive and fruitful practice.

This favourable reputation is the consequence of financial and analytics successes that many non-profits have gained thanks to social reports. Hence, this thesis' purpose is to investigate and explore the current role of social reporting, its most useful aspects, and its improvable elements.

Literature Review

Theories concerning the role of the Third Sector

The Third Sector, which includes non-profit organisations, is defined as "The part of an economy or society comprising non-governmental and non-profit-making organisations or associations, including charities, voluntary and community groups, cooperatives" (Salomon & Anheier, 1997). It can be noticed how this definition highlights the gap between the third sector, the governments, and the market. This discrepancy can be analysed through two main theories:

The first one is the "Government failure" by Weisbrod (1975), which focuses on the supply's modalities of public wealth. At the base of this theory, there are two main hypotheses, the first one is that for no citizen there could be equality between the marginal contribution and the marginal benefit; the second one is that political decisions depend on the result of the majoritarian election mechanism (Kigma, 1997). Considering the election modality in which the party with more than 51% of the votes wins, only the median electors will be more than satisfied by the political results, and there will be some minorities not satisfied by the political result. Consequently, the theory states that non-profit organisations are the ones that should guarantee the organisation of the minorities, as they aim to produce public wealth for this unsatisfied minority, that the market is not able to reach (Weisbrod, 1975). According to Weisbrod (1975), the dimension of the non-profit depends on the multi-cultures present in a country, the more minorities are present, the more non-profits will arise.

The main criticism made to this theory is that it is limited to one type of non-profit only. In fact, it classifies non-profits as organisations restricted to public services, whilst others affirm that they recur in private services as well.

In this first theory, Weisbrod has been focusing on the public space without taking into consideration the private one. For this reason, Hansmann (1988) has formalised a second theory, the theory of markets' failure, which assumes an information asymmetry in the market. When the acquirer of a product is not able to evaluate its quality and price, the producer gains a position of advantage, causing a decrease in quality and an increase in

the price. Hansmann believes that the non-profits should arise in this type of scenario, equipped with market's rules and guarantees that they are not working for a lucrative scope (Hansmann, 1980). This theory has been largely criticised as it can be argued that, in case of information asymmetry, the market will converge toward the non-profits. In fact, the previous statement can be considered false, as, in most cases, the non-profits and profit organisations coexist (Faulk, 2014; Testi & Biggeri & Bellucci, 2017).

Both Weisbrod's and Hansmann's arguments acknowledge the Third Sector as something residual to the government and the market rather than a sector fully integrated with them. These two theories' limit is their recognition of non-profit organisations as something that arises when the market and the government fail, whilst their creation and diffusion should be related to social human aims. In fact, it is important to consider the Third Sector from another point of view, more in relation to the concept of social capital and human capital.

In this regard, according to Sacco & Zarri (2006), to understand why non-profit organisations exist, it is important to consider their capacity to create and generate social capital, thanks to their structure, mission, governance, and stakeholders. It is clear that to maintain the non-profits alive they should focus on their mission and align their activities to it, and to do this it is fundamental to issue a report of the activities and a social report.

The evolution of international cooperation in Italian civil society, 1950-2022

To better understand the history and the structure of Italian non-profit organisations, it is fundamental to analyse the country's social context during the last decades, Italy's cooperation with developing countries, and the public opinion of non-profits among Italian citizens.

International pressures and colonialism are the two main factors for which Italy started to focus on both internal and foreign social growth and development. Italy started a development project to manage the relationships with Somalia, of which it was an administrator until 1960. In these first years, the financial contribution from Italy is not relevant, only starting from the 1980s they have started a real politics of cooperation for the development of the African country (Morris, 2000).

It is possible to recognize five main phases of the Italian cooperation to the social growth and international development:

I. In this first phase, the responsibilities regarding social growth were not assigned to a precise minister but divided between four ministers (Foreign affairs, Treasury, Defence, and Education) and the Bank of Italy. The Italian intervention is localised mainly in Somalia. Between 1950 and 1960, Italy allocated 90 billion lire for Somalia, and 60 billion lire between 1961 and 1971. This contribution has been allocated for funding the country's budget after the colonial period and for sending Italian technicians to train local people. In the following years, there has been a lot of pressure from catholic volunteers and an increase of interest in the problems of the developing countries. This has led Italy to increase its interest in the cooperation sector (Barbetta, 1997; Reese, 1998). In 1966, it was approved the Legge Pedini, which authorised civil service in a foreign country.

The political class in Italy has continued to ignore these types of cooperation and the financial contributions for this sector are a representation of this. Indeed, the financial contribution by Italy is under the average of the other countries and no reform in this sector has been approved yet (Barbetta, 1997; Morris, 2000).

II. The second phase starts with the approval of the law 1971/1222. The third sector activities have been assigned to a section of the Minister of Foreign affairs. In this phase, the Italian effort is strictly on multilateral cooperation: 80% of the public resources are intended for international organisations and the rest is used for sending technical personnel to developing countries.

III. The third phase starts with the Legge n°38/79: it finally differentiates the concept of cooperation for development and technical cooperation. Furthermore, it has created a department for the cooperation of international development. This law led to the development of NGOs and defined the requirements to obtain the suitability to operate in the cooperation of the development. On this occasion, NGOs are recognized as entities, without a public origin, that collaborate in the international sector. In this period, public opinion was moved by the Radical party which highlighted the problem of

world hunger. This has led to an increase in the investment in the APS (Aiuto Pubblico Allo Sviluppo): from $ 1043 million in 1980 to $ 2764 million in 1989 (Calandri, 2009). The Spadolini government continues to relegate cooperation to the background and there were multiple delays in the finalisation of the Legge 38/79. In 1985, it was clear that an agreement between the different political parties was difficult to achieve and it has been introduced an extraordinary intervention, the Fondo Aiuti Italiani (FAI). Through this intervention, the Italian government has allocated 1900 billion lire to be spent in the following 18 months (Marcon, 2002).

IV.   The fourth phase starts with the final approval of a legislative reform (Legge 49/87). It has instituted the inter-ministerial committee for the cooperation of the development (Cics) and the creation of the Commission for the NGO, which assigned five different types of suitability. This law includes social and humanitarian objectives and defines new requirements for the suitability of the NGOs. It helps to highlight the role that local authorities and organisations created by people can have in the development of a social society.

In general, the Italian case is quite different from other industrialised countries at the end of the 1980s: the other countries have started to allocate fewer funds to help developing countries while Italy has increased its investments. This increase reached a peak in 1989 with 0,41% of the GDP. In general, this trend has continued for a short period, in fact, after the main scandal "tangentopoli", the amount of money for developing countries decreased. In this period, the number of NGOs has increased rapidly, thanks to financing programs from the EU: on one hand, the State did not finance any more social activities in developing countries, and on the other hand, the society increased its awareness of the various humanitarian problems, of the environment and the migration.

V.   The fifth phase starts with the Legge 2014/125. It was a radical reform, but the management of the cooperation in the various ministries did not change. They introduced a vice-minister for the Cooperation of the third sector. It has been explained that there are three main approaches to Cooperation: the foreign one to development, humanitarian and the one related to education and

sensibilisation. According to this new law, the subjects of cooperation are more and not only the NGOs as it was according to the Legge 49/87: it considers the organisations as well for international solidarity, organisations for equal commerce, micro-credit, migrants associations, social cooperatives, foundations, and many others.

Types of non-profit organisations in Italy

Non-profits are organisations that do not aim primarily to make a profit, even if often it is achieved (Salamon & Helmut, 1997). These profits are not distributed to the shareholders but are invested in the organisation's activities or kept as retained earnings. These organisations exist to achieve a mission and for this reason, they are mission focused. According to the Italian legislation (L. 2014/125), there are five types of organisations that operate without the objective of the distribution of profits:

I. Non-governmental organisations: all the entities that are a representation of the civil society, that are focused on national and international cooperation.

II. Volunteering Organisations: all the entities freely constituted that utilise volunteering activities (personal, spontaneous, and free), without profit and only for solidarity. This type of organisation has been set starting in the 70s, but it increased its importance starting in 2000.

III. Social cooperatives: This type of organisation is focused on social-sanitary services and educational ones or in the activities of insertion in the job market. They have been introduced in Italy at the beginning of the 70s of the XX century.

IV. Former banking foundations: foundations are entities without the scope of making a profit that presents a patrimony to finance their activities.

V. Association for social promotion: organisations in which individuals come together to pursue a common goal that is not commercial. The characteristics and the role of these organisations are similar to the volunteering organisations', the main difference is that in these organisations, it is possible to pay a wage to the employees.

The aims of the non-profits are sometimes different and sometimes analogous. Nevertheless, among their activities, it is possible to enlist protection of human rights, promotion of peace, adoption, education, social assistance and sanitary, social agriculture, sea rescuing, and protection of the environment.

The numbers of non-profits in Italy

According to Table 1, the number of non-profit organisations in Italy has increased by 20% from 2011 to 2019. On the other hand, the number of employees in non-profit organisations between 2011 and 2019 increased by 27%. This is a signal of the trend of growth that the non-profit sector has registered in the past years (ISTAT, 2019).

In 2019, the number of non-profit organisations was 362.634, with 861.919 employees (ISTAT). Between 2018 and 2019 the non-profits organisations increase by 0.9%, less than between 2017 and 2018 (+2,6%), while the increase in employees is around 1% per year (ISTAT,2019).

	2011	2015	2016	2017	2018	2019
Non-Profit institutions	301.191	336.275	343.432	350.492	359.574	362.634
Employees in the non-profit	680.811	788.126	812.706	844.775	853.476	861.919

Figure 1: ISTAT, (2021), Struttura e Profili del settore non-profit in Italia anno 2019

According to Table 2, in 2019, the non-profits increased more in the South of Italy (+1,8%) and the islands (+1,2%) than in the Centre (only +1,1%) and the North of Italy (+0,3%). The regions with the highest increase of non-profits are Molise (+4,7%), Calabria (+3,2%), Bolzano (+2,6%) and Puglia (+2,6%).

In general, the number of non-profits per 10.000 residents is higher in the North- East of Italy (70,7), in central Italy (68,2) and the North-West (63), compared with the regions in the South (47,4) and in the islands (52,6).

Between 2018 and 2019 the increase in the number of employees is higher in the South (+1,6%) and the North (+1,4%), while it remains stable in central Italy and the islands (-0,3%) (ISTAT,2019).

	Non-Profit Organizations			Employees in non-profits		
	Absolute Value	For 10.000 habitants	Variance % 2019/2018	Absolute Value	For 10.000 habitants	Variance % 2019/2018
Piemonte	30.011	69,6	-0,3	74.669	173,2	0,7
Valle D'Aosta	1.410	112,8	0	1.842	147,3	3,8
Lombardia	58.124	58	0,7	193.653	193,1	1,9
Liguria	11.152	73,1	-0,1	22.401	146,9	-0,3
Nord-Ovest	100.697	63	0,3	292.565	183	1,4
Bolzano	5.755	108	2,6	9.911	186,1	2,8
Trento	6.490	119	0,5	13.789	252,8	2,3
Trentino-Alto Adige	12.245	113,6	1,5	23.700	219,8	2,5
Veneto	31.087	63,7	0,2	80.060	164,1	0
Friuli Venezia Giulia	10.973	91	-0,3	20.583	170,6	1,6
Emilia-Romagna	27.900	62,5	0,3	83.059	186,1	2,3
Nord-Est	82.205	70,7	0,3	207.402	178,4	1,4
Toscana	28.182	76,3	1,4	52.819	143	2
Umbria	7.130	81,9	0,5	11.938	137,2	0,7
Marche	11.566	76,5	0,1	19.027	125,8	-0,6
Lazio	33.812	58,7	1,5	109.918	191	-0,9
Centro	80.690	68,2	1,1	193.702	163,7	0
Abruzzo	8.316	64,3	1,2	11.375	87,9	-2,1
Molise	2.063	68,6	4,7	3.377	112,4	-7
Campania	21.489	37,6	0,8	34.481	60,4	2,7
Puglia	18.968	48	2,6	39.132	99	3,5
Basilicata	3.767	68,1	-1,1	5.954	107,6	-0,6
Calabria	10.329	54,5	3,2	11.103	58,6	0
Sud	64.932	47,4	1,8	105.422	76,9	1,6
Sicilia	22.664	46,5	1,1	39.273	80,6	-3,9
Sardegna	11.446	71	1,6	23.555	146,2	6,3
Isole	34.110	52,6	1,2	62.828	96,9	-0,3
ITALIA	362.634	60,8	0,9	861.919	144,5	1

Figure 2: ISTAT (2021), Struttura e Profili del settore non-profit in Italia anno 2019.

According to Table 3, on the 31st of December 2019, 10% of the non-profit sector is represented by Volunteering Organisations (36.437), 4,5% by social cooperatives, and 3,8% by ONLUS.

The Social Cooperatives have more than the 50% of the employees, the other non-profit organisations have the 31,9% of the employees of the entire sector, the ONLUS 9,6%, the Volunteering Organisations 3,2%, and the Associations for social promotion 1,4%. The average number of employees is 28 in Social Cooperative and 6 in ONLUS, (ISTAT,2019).

Legal forms	Non-Profit organizations		Employees	
	Absolute Value	%	Absolute Value	%
Volunteering Organizations	36.437	10	27.603	3,2
Associations for social promotion	19.660	5,4	12.343	1,4
Social cooperatives	16.388	4,5	463.692	53,8
Onlus	13.663	3,8	82.957	9,6
Other non-profits organizations	276.486	76,3	275.324	31,9
Total	362.634	100	861.919	100

Figure 3: ISTAT, (2021), Struttura e Profili del settore non-profit in Italia anno 2019.
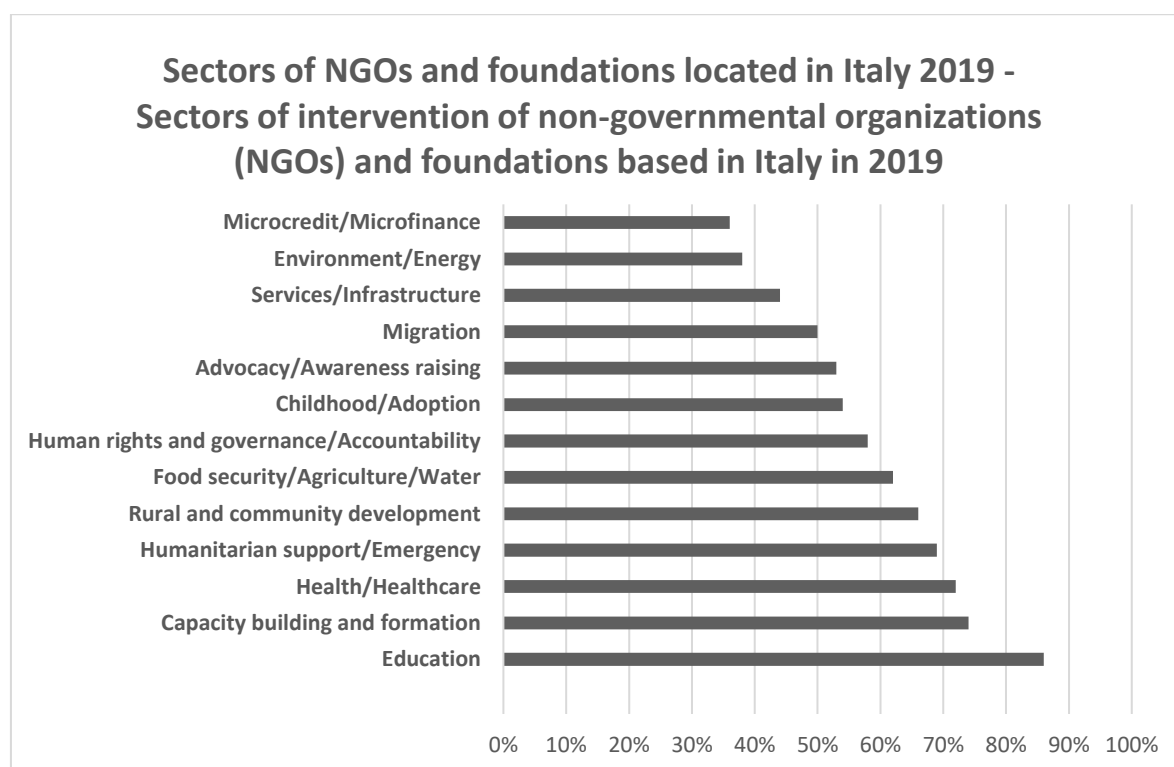
Figure 4: Open Cooperazione. (2021). Sectors of intervention of non-governmental organizations (NGOs) and foundations based in Italy in 2019. Statista. Statista Inc

Table 4 highlights the main sectors of intervention of non-governmental organisations and foundations based in Italy in 2019. According to this research, the main activities of Italian NGOs in 2019 were Education (by 86% of NGOs and foundations), Capacity building and formation (by 74% of NGOs and foundations), and Health (by 72% of NGOs and foundations).

According to Table 5, the leading NGOs and foundations in Italy by revenue in 2019 were: Save the Children Italia ONLUS, AVSI Foundation, INTERSOS - Organizzazione Umanitaria Onlus, Italian Committee for UNICEF, Médecins Sans Frontières Italy, Emergency Ong ONLUS, COOPI- Cooperazione Internazionale, CISP, ActionAid Italia International ONLUS, Medici con l'Africa CUAMM (ISTAT, 2019).

Leading NGOs and foundations Italy 2019, by number of projects- Leading non-governmental organizations (NGOs) and foundations in Italy in 2019, by number of projects implemented and/or supported

Organization	Number of projects
Emergency NGO Onlus	79
VIS - Volontariato Internazionale per lo Sviluppo*	112
Cesvi/CISP	121
Terre des Hommes Italia Onlus	134
INTERSOS Organizzazione Umanitaria Onlus	171
Medici con l'Africa CUAMM	175
ActionAid Italia International Onlus	223
COOPI - Cooperazione Internazionale	225
AVSI Foundation	240
Save the Children Italia Onlus	291

Figure 5: Open Cooperazione. (2021). Leading non-governmental organizations (NGOs) and foundations in Italy in 2019, by number of projects implemented and/or supported. Statista. Statista Inc.

The Italian NGOs conduct their main activities in various countries in the world and according to Table 6, the countries in which it is present the highest number of NGOs in 2019 were Kenya (52 NGOs), Mozambique (50 NGOs), Senegal (48 NGOs), Brazil (46 NGOs), Ethiopia (43 NGOs), (ISTAT,2019).

Countries with highest number of Italian NGOs 2019 - Countries with the highest number of Italian NGOs in operation in 2019

Country	Value
Lebanon	32
Bolivia, Peru, Albania	34
India	35
Democratic Republic of the Congo and Palestine	37
Burkina Faso	38
Ethiopia	43
Brazil	46
Senegal	48
Mozambique	50
Kenya	52
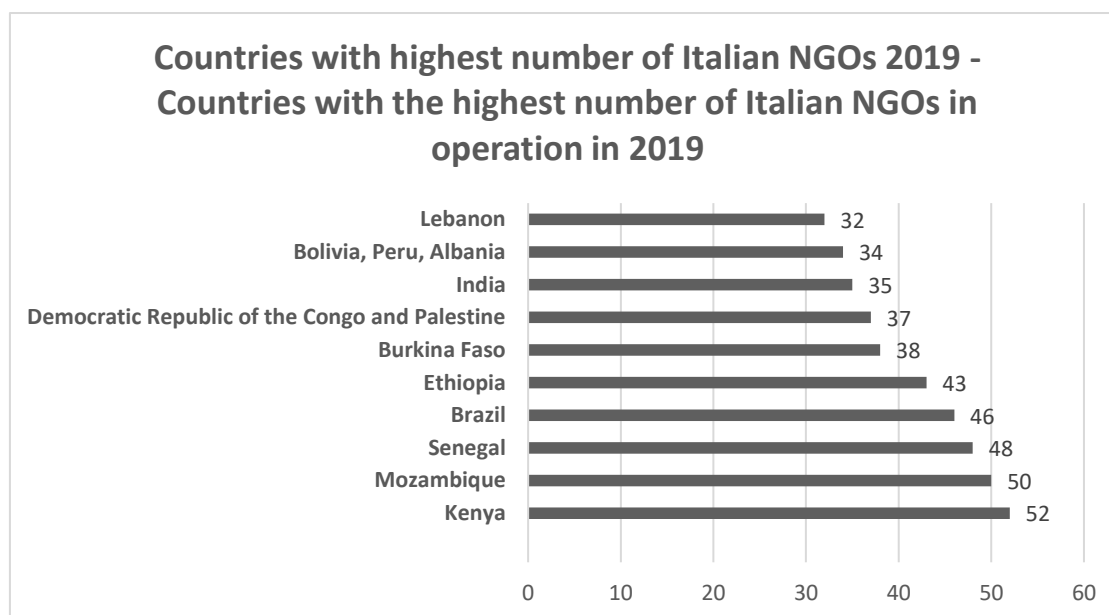
Figure 6: Open Cooperazione. (2021). Countries with the highest number of Italian NGOs in operation in 2019. Statista. Statista Inc.

Accountability and transparency in the non-profits sector

In recent years, the non-profits are facing accountability challenges caused by reporting scandals in the corporate and non-profit field. The demand for accountability has led non-profit organisations to identify and publish their values and to understand if they are aligned with the social proposal of their activities.

"In the non-profit sector, accountability and transparency are considered as the great availability of relevant, reliable information about the performance, the financial situation and the governance of the organisation" (Gazzola & Ratti & Amelio, 2017).

Non-profits work for the community, and they need to disclose their information to stakeholders to create trust in the organisation, community understanding and external visibility (Gazzola et al., 2017).

In general, non-profit organisations are mission-oriented, this means that every decision and objective is decided based on the mission of the entity. The non-profit organisations present a multi-stakeholder governance structure in which the control is exercised by multiple subjects such as donors, employees, and volunteers: each of them has their own interests and objectives. The only solution to this divergence of interests and objectives among stakeholders is to let them converge on a single mission.

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Non-profits "need to be trustworthy and need to be trusted to succeed in their mission" (Ortmann & Schlesinger 2003).

To engage all these stakeholders, the organisation must be as accountable and transparent as possible. Accountability includes and presupposes the concept of responsibility and transparency towards those who support the initiatives of the non-profit organisation, those who take advantage of the services offered by the non-profit and in general the society. Transparency aims on one hand to improve and amplify communication with external subjects (their trust in the organisation) and on the other hand, to make the management and decision-making processes more efficient and clearer to those who work within the association.

"Transparency allows stakeholders to gather the information that may be critical in detecting and defending their interests" (Burch, 2012). Non-profits need to go further than the standards and provide the stakeholders with all necessary information to make decisions.

Gazzola & Ratti (2011) have analysed the correlation between the amount collected by non-profit organisations with the 5x1000 of the income tax, taking into consideration the top one-hundred non-profits in terms of donations received and the publication of a report on their website. The main outcomes of this research can be summarised as follows:

- The number of non-profits that have improved their position in terms of entries is composed of the 69,7% of companies that have issued an accountability report.
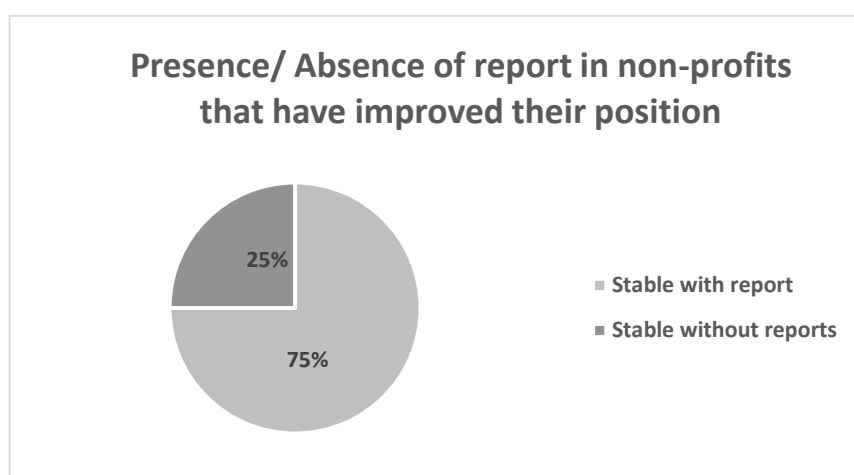
Figure 7: Gazzola P. and Ratti M, (2011), Transparency in Italian Non-Profit Organizations.

- The number of non-profits that have worsened their position in terms of entries is composed of the 50,98% of companies that have not issued an accountability report.
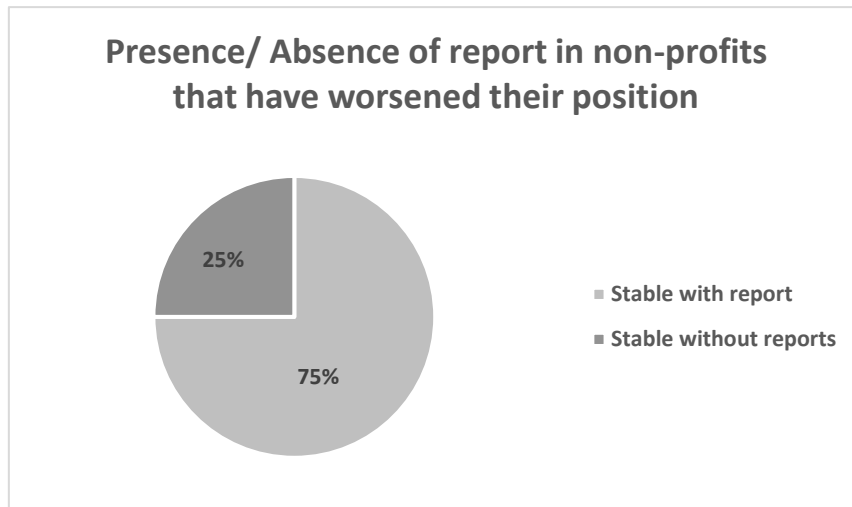
Figure 8: Gazzola P. and Ratti M, (2011), Transparency in Italian Non-Profit Organizations.

- The number of non-profits that have maintained the same position in terms of entries is composed of 75% of companies that have issued an accountability report.
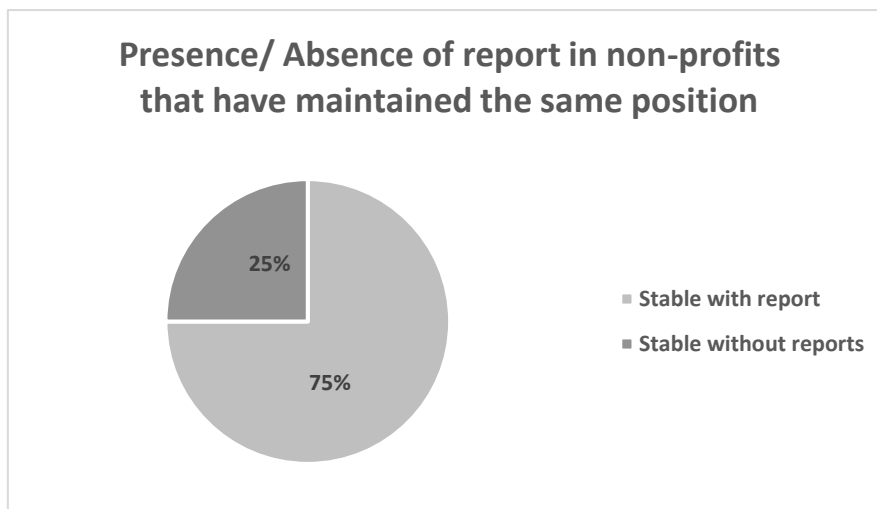
Figure 9: Gazzola P. and Ratti M, (2011), Transparency in Italian Non-Profit Organizations.

The main conclusion of this study is that transparency and better information can bring more confidence and more donations. "Transparency works as a trust-building tool; the more accountable and transparent the organisation becomes, the more trustworthy the organisation will be viewed by the stakeholders" (Gazzola & Ratti, 2011).

Accountability to whom?

The fact that non-profits are supposed to be accountable to numerous actors—including their donors or patrons, clients, and themselves and their missions—complicates accountability relationships (Edwards & Hulme, 1996). There are three types of "accountability": first the "upwards" accountability, usually used to manage the relationships with donors, foundations, and governments and that frequently focuses on how money is spent. Second, there is the "downwards" accountability, it is used to manage the interactions with groups receiving the non-profits' services, although it may also encompass communities or areas indirectly influenced by charity activities. The third type of accountability relates specifically to non-profit organisations. This internal (or horizontal) accountability is focused on an organisation's duty to its employees, which includes both decision-makers and implementers on the ground, and their objectives (Ebrahim, 2010).

According to some academics, there are as many kinds of responsibility as there are unique interpersonal and organisational interactions. This condition is known as "many accountabilities disease" (Koppell, 2005).

According to Ebrahim (2010), it can be identified the main individuals to which the organisation is accountable depending on the type of organisation: a membership group, a non-profit that provides services, or a network. These three "categories" of non-profit organisations do not fully represent the diversity in the field, but they do highlight some important distinctions:

    a) Membership organisations, frequently governed by and for its members, are heavily focused on supporting the interests of their members (e.g., cooperatives and unions, as well as clubs and societies). Members can use their "voice" to choose the organisation's leaders, "exit" by cancelling their membership and dues or joining another group, and "loyalty" by making an effort to change the organisation by lobbying leaders or running for a leadership position. Membership organisations mix internal accountability (to members of the organisations) and downward accountability because the members/clients are internal to the organisation (to clients, who are members). Therefore, there is a large possibility for the utilisation

of exit, voice, and loyalty choices because principals and agents are structurally equal.

b) The services organisations often offer to their clients or beneficiaries a range of services from housing and rural development to health and education. Since they are external players to the non-profit and so have less influence over its activities and direction, their clients often do not contribute to its creation in the same manner that its members do. The needs of sponsors or patrons, or upward responsibility, are frequently the most codified criteria, as evidenced by grant contracts, reporting requirements, and official assessments. This disparity is repeated in their interactions with customers, who frequently have a "take it or leave it" attitude toward the services provided (Uphoff, 1996), except for highly competitive environments where customers have a wide range of service providers to select from.

c) Networks for promoting policies have traits that are both unique to them and shared by membership and service groups. For instance, groups like Amnesty International have individual members who pay dues and, in the event that the organisation does not meet their interests, have the option of taking their dues elsewhere. Although they elect board members, they are not self-help organisations in the same sense as cooperatives, and most members do not have direct access to organisational decision-making or even to other members (nor do they necessarily demand such access). They resemble customers of service providers more. In other words, even while their alternatives for leaving (revoking membership dues) may be strong, their actions are probably far away and solitary. On the other hand, some network groups draw members as a result of their policy advocacy activity, attempting to hold public authorities and decision-makers responsible for the opinions and beliefs of their members. They have access to advocacy-focused accountability tools including lobbying, legal action, protest, negotiation, fact-finding, and demanding openness in news and event reporting. Networks with organisations as members instead of people require a deeper level of responsibility that depends on collaboration and negotiation between member organisations. Accountability is

communal in that, and it relies on effective resource sharing and coordination among major parties.

In other words, the requirements of accountability "to whom" are numerous and rarely summarised in straightforward terms. Accountability is a relational notion; it differs depending on the interactions between actors and across various organisational forms (such as membership, service, and advocacy networks), among other things. Furthermore, asymmetry in stakeholder relationships is likely to lead to a bias in favour of accountability systems that serve the needs of the most influential players. In other words, accountability is about both power and disparities in resources, which affect who can hold whom accountable.

Accountability for What?

Non-profit organisations are subject to several calls for accountability, therefore various parties expect different things from them. These requirements may be divided into four broads, but far from all-inclusive, categories: financial accountability, governance, performance, and mission (Behn, 2001; Ebrahim, 2009). After several accounting problems and scandals, both in the non-profits sector and the business sector, questions concerning money have drawn a lot of attention (e.g., the fall of firms such as Enron and WorldCom in 2001 and 2002, as well as industry-wide failures in mortgage-backed securities and financial derivatives markets in 2008). Greater financial transaction disclosure, openness in the use of and monitoring of money by executives and trustees, as well as safeguards for whistle-blowers who provide information about wasteful spending are usual public policy responses, particularly in the case of firm-level failures. With an emphasis on transparency, a dependence on legislative or regulatory monitoring, and a backing of punishments for non-compliance, such as fines, jail, or loss of tax-exempt status, accountability in this context is formed as coercive or punitive. The fundamental tenet is that companies' boards are in charge of monitoring internal controls and legal compliance, therefore failures inside a business are indicative of shortcomings in direction and supervision at the board level. Boards are also increasingly expected to be held responsible for the organisation's more general objectives, including how well it performs in generating outcomes, how it chooses an efficient strategy, and how it focuses on a goal

that adds the most value to society. These responsibilities require much more from boards than fiduciary monitoring, especially the creation and upkeep of a mission statement (Chait et al., 2005; McFarlan & Epstein, 2009).

As a result, the third major stream of accountability demands focuses on performance and is based on the idea that businesses should be held accountable for the results they provide. To show "results," such accountability is intended. Performance-based accountability frequently employs tools like logic models (also known as logical framework analysis in the international development community), in which a project's goals and anticipated outcomes are listed in a matrix along with several indicators that are used to track development. This type of accountability is based on a variety of technical and professional abilities in performance measurement, indicator formulation, evaluation, and effect assessment, all of which converge on metrics that connect objectives to results. However, some critics have cautioned that a focus on quick fixes may result from an overemphasis on measurable outcomes, potentially conflicting with or undermining the work of non-profit organisations engaged in relationship-building and empowerment-related work, whose efforts may take time to have an effect (Benjamin, 2008; Lindenberg & Bryant, 2001). Non-profits emphasise the need of looking at long-term effectiveness and harder-to-measure objectives connected to political and social transformation.

This results in the development of a fourth, emerging form of accountability that concentrates on the primary function of charity work: organisational purpose. Why not request success reports from non-profits who claim to operate for the greater welfare of society? This may be seen as an extension of performance-based accountability from a mission-centred perspective. On the premise that non-profit managers are unlikely to know how to best achieve their goals and what to measure along the way, it embraces a long-term view of performance measurement by emphasising iteration and learning—on the basis that repeated trials and critical scrutiny can lead to new insights and convergence. This implies that there are no quick fixes for social issues but that dealing with ambiguity and shifting conditions is a necessary skill for tackling social issues. It also suggests that non-profit boards play a crucial role in internalising the purpose, consistently tracking performance against it, and routinely revising it in light of evolving external circumstances

(McFarlan & Epstein, 2009). Second, when managers gain greater insight into the societal issues they are working to comprehend and address, organisational goals and methods are also open to change. Setting up procedures that may encourage systematic critical reflection and adaptation while staying focused on resolving social issues becomes a key managerial task (Ebrahim, 2005).

Social Accountability in non-profits organisations

The Current State of Social Performance Measurement

Social Accounting is the process of assessing and reporting the economic, social, and environmental effects of an organisation's activities to stakeholders and society at large (Gray et al., 1996; Gray et al. 1997)

Social accounting research has become a discipline in Italy starting in the 1970s (Mathews,1997). According to an academic research conducted by Parker (2011), the social and environmental accounting research shows signs of balance between critical and managerial approaches in recent years, along with the application of multiple theoretical perspectives.

Freeman (1984) has published the stakeholder theory, it has led to the redefinition by companies of their competitive strategies and the way they manage social issues, that are evaluated by stakeholders and determine the non-profit legitimization. Communication is an important activity for an organisation to improve its social acceptance and present its point of view, supported by information that must be understandable, objective and verifiable (Freeman, 1984).

The methods for measuring social performance that are most frequently recommended entail evaluating impacts or results and are together referred to as "impact evaluation" and "outcome measurement". Such evaluations are frequently carried out following the conclusion of program execution and are largely motivated by donors like foundations and governments. A variety of strategies are used including benefit-cost analyses, summative evaluations, and experimental techniques like randomised control trials.

In recent years, the term "Impact" has entered the daily vocabulary of social sector funders, with frequent mentions of "high impact" organisations. However, there is no agreed-upon definition of the word "impact" (Brest & Harvey & Low, 2009). "Impact" is frequently used to describe "substantial or enduring improvements in people's lives, brought about by a certain action or sequence of acts" (Roche, 1999).

In more recent times, impact has also come to be linked to solutions that go after a social problem's "basic causes" (Crutchfield & Grant, 2008). Others use the term "impact" more specifically to refer to an organisation's precise and quantifiable influence on a social outcome (attribution), which necessitates the use of a counterfactual for evaluation (Jones, 2009).

It is necessary to explain the difference between outcomes and effects. The former refers to long-lasting changes in people's lives, while the latter refers to long-lasting consequences at a social or communal level. Many frameworks for assessing social performance use "results chain" or "logic model" approaches, which has its roots in the assessment of programs and projects and was initially created for the United States Agency for International Development (USAID), (Rogers, 2008). This framework is composed of various key components: inputs, activities, outputs, outcomes, and impacts. Through their adoption among non-profits organisations, it has become one of the most used models in the sector.

Donors increasingly demand that the organisations they fund assess their results and impacts, including charitable foundations, governmental groups, and impact investors. However, there is conflicting information regarding whether outcome measurement has resulted in enhanced performance. In a study of thirty of the most prominent non-profits in the United States, it was discovered that measurement was helpful for organisations to improve outcomes, especially when they did the following things: set measurable goals connected to their mission (rather than attempting to measure the mission directly); kept measurements simple and easy to communicate; and chose measures that created an organisational culture of accountability and common purpose, thereby assisting in the alignment of the work of different business units (Sawhill & Williamson, 2001).

Impact assessment and evaluations have a mixed track record when it comes to helping foundations make decisions. Non-profit historian Peter Dobkin Hall has made the case that such assessments lack rigour and that important decision makers are frequently unconcerned with the results in a review of evaluation methodologies employed by charitable organisations across three decades starting in the early 1970s (Hall, 2005). Others have asserted that charitable giving is frequently driven by contributors' expressed interests rather than necessarily by data demonstrating what works and what does not (Frumkin, 2006). The integration of several measuring methodologies into decision-making remains a challenge for many foundations.

A 2007 study on new evaluation methods in non-profits found that there has been a "shift away from using evaluation to measure the impact of past grants and toward a more timely and pragmatic process of gathering forward-looking information that will enable both grantors and grantees to make ongoing improvements in their work" (Kramer & Graves & Hirschhorn & Fiske, 2007). According to this research, foundations frequently experience this tension between the need to find more flexible and rapid sources of data to aid in current performance and the requirement to determine the long-term outcomes and implications of previous initiatives.

Leading consulting firms have developed several methodologies in recent years, and foundations and impact investors have placed a more deliberate emphasis on measurement. As a result, there has been a significant advancement in the development of measurement and evaluation methods. Some of the main non-profit organisations in the United States have pushed for a clear emphasis on measurement and the creation of standardised metrics.

On the other hand, practitioners have suggested that even if the outcomes and impact measurements could be a good tool to track their activities, it could be counterproductive in the long run, both by diverting valuable resources away from services and by placing too much emphasis on outcomes for which the causal links are unclear, thus reflecting more of an obsession with institutions (Glasrud, 2001).

Methods for Assessing Social Performance in non-profit organisations

There are six methods to assess the Social Performance according to a research made by Ebrahim & Rangan (2014):

- The Logic Models (Theory of Change Model): the inputs, actions, outputs, outcomes, and impacts of an intervention are identified and linked by this model. The organisation organises its needs for materials and employees (inputs), as well as the logistics (activities) for delivering those resources, in order to give assistance to people most impacted by a specific problem (outputs). When the effort is properly organised and carried out, the program will be able to coordinate actions that result in quantifiable results.

   Outcome measurement calls for responses to a more nuanced causal question: Are the actions and results making a real difference in the lives of those who are affected? Organisations have the most control over their immediate actions and outputs, the outcomes are frequently influenced by circumstances outside of their organisational boundaries; for this reason, outcome measurement is less prevalent and more challenging to implement.
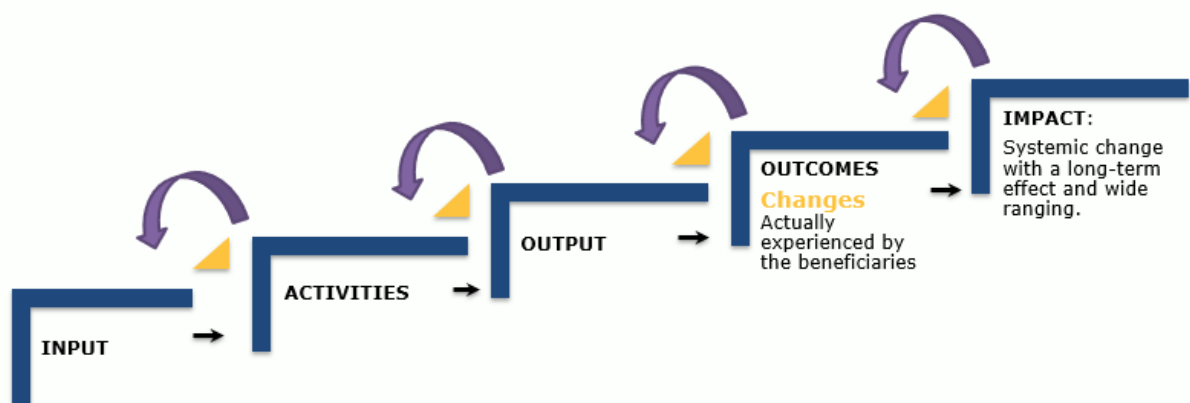

Figure 10: The Theory of Change

- Expected Return and Cost Effectiveness: This metric gauges the social worth of projects by putting costs and benefits into numerical form. This enables comparisons across possible investments. Often referred to as impact investing, this technique is largely used by investors to maximise social value per unit of investment.

- Experimental Techniques: By comparing results in groups that receive an intervention to those who do not, the Randomised Control Trials (RCT) evaluates the impact of an intervention and analyses the magnitude of that influence.

- Systematic Reviews, which compile the findings of several studies, summarise the best research that is currently available on such a topic or question.

- Relationship-based and participatory methodologies

  a) Constituency Input and Perception Reports: These reports ask for constituency feedback on performance (for example, grantee feedback on funders, community feedback on NGOs), which is then compared to peers.

  b) Most Significant Changes (story-based evaluation): This method relies on field-level stories of change and the methodical selection of the most important of these stories by designated panels to identify and change without the use of current indicators.

  c) Participatory Rural Appraisal (PRA) and its variations: These methods rely on the insight of locals to assess their own circumstances as a foundation for designing anti-poverty measures. Instead of specialists, outsiders act as facilitators and listeners.

  d) Participatory Poverty Assessment: This method applies PRA methodologies to political concerns, involving the impoverished in debates on political objectives.

- Integrative Methods

  a) Strategic Learning, Planning, and Evaluation (a): Uses tools like balanced scorecards, strategy maps, dashboards, and other similar technologies to link performance assessment to strategy.

  b) Collective Impact, Community Change: brings groups from many sectors together to address social issues by developing a shared agenda and success metrics.

A New Framework to Measure Impact

According to social sector conventional wisdom, results should be measured as far down the logical chain as practicable, to outcomes and societal repercussions. This expectation

is founded on the normative belief that social problem-solving groups, particularly those looking for public backing, should be able to show progress toward resolving societal issues. However, it is important to assess if and to what extent such measurement is appropriate for all organisations in the social sector (Ebrahim, 2014).

Ebrahim (2014) has developed a new framework that links performance evaluation to the goals of social sector organisations, and has divided the phases of measurement in three:

- Clarifying the Operating Mission: Non-profits organisations stand out for their dedication to achieving their objective, which serves as their main goal. The "operational mission" of an organisation, which focuses on the current job at hand, is implicit within its aspirational vision, which can eliminate hunger or poverty, for example (Rangan, 2004).
  Therefore, even though a charity or social business may have an idealistic aim for how the world should be, its work is better reflected by its more operationally focused and more pragmatic mission. This operational objective is sometimes not stated clearly, but it may be seen in the daily tasks that the organisation tries to accomplish. This discrepancy is seen in Figure 10. Examining the volume and scope of the organisation's activities can help you better understand the operational mission and how to gauge progress toward attaining it.
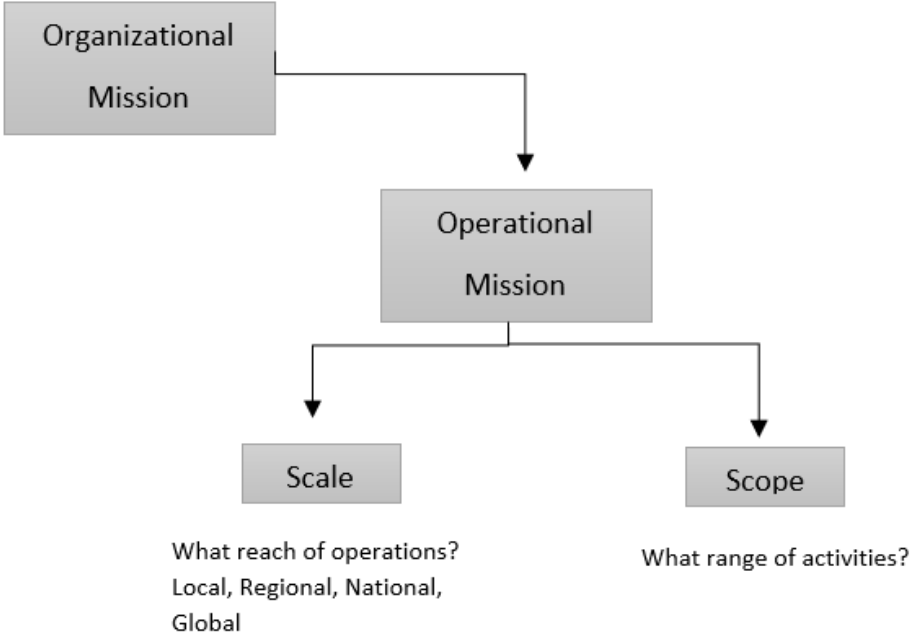

Figure 10: EBRAHIM, A. and RANGAN, V. K. (2014): What Impact?: A Framework for Measuring the Scale and Scope of Social Performance.

- Scale and Scope: Every non-profit with a social purpose provides a declaration about the scope of the problem that the organisation seeks to solve, and the nature of the intervention needed to address it. The size of an organisation's operations is likely to change over time. As its reputation and funds grow, the group will be enticed to extend its operations. As a result, performance evaluations must be based on the organisation's specific aim defined in its operational purpose, it defines the problem's target magnitude in terms of number of people reached.

  The scope dimension is a measurement of the range of activities necessary to meet the demand specified in the operational mission.

  The operating mission of the organisation articulates the problem itself.

  To know what to measure, it is vital to have clarity on all three components: operational mission, scale, and scope. It is also critical to specify the projected time horizon for results, especially when outcomes and repercussions are expected to be obvious only after several years.

- Improving Performance: Expanding Scale and Scope; According to this performance framework, social sector organisations should prioritise delivering on their operational mission. Obviously, all businesses should be able to measure the outputs of their activities. Only a few will be able to go farther and make legitimate and quantitative promises regarding outcomes. This is possible under two conditions:

  1. The organisation implements a narrow scope of activities where the causal link between outputs and outcomes is clearly established through evidence.
  2. The organisation implements a broad scope of activities that are vertically integrated to increase control over outcomes.

The time frames for attaining results might vary greatly. Organisations will seldom be able to go even farther by claiming long-term sustained "impacts" on their communities and society. These two conditions also indicate how organisational performance can be improved: by expanding operations while maintaining current scope to reach a larger target population (increase scale); and/or by offering more services down the logic chain that will allow greater control over outcomes (increase scope). Whether such a size or scope growth is justified is a strategic decision for the organisation's leadership and major supporters.

Scale in the social sector can be attained not just through organisational expansion, but also through a variety of other measures, including influencing public policy and coalition building, teaching others to reproduce and adapt its model, and even the creation of new sectors (Kanter, 2011). Non-profits, for example, were the early pioneers in the microfinance business, but the industry's boom was propelled by the formation of a conducive legal framework and the arrival of opportunistic private sector firms.

Increasing control over results in the social sector requires more than just vertical integration inside the company. Another option is to collaborate with firms that do complementary work throughout the outcomes chain.

This approach for measuring social performance is simple: define the operational objective, define the range of actions to achieve that mission (scope), and determine the problem's target size (scale). Even though this measurement is difficult in practice, this technique gives an objectively based basis for judging performance rather than relying on unsubstantiated claims and excessive performance goals. It is a generic technique that can be used to any organisation while yet allowing organisations to tailor their scale and scope metrics to their unique situations. Frequently, social sector organisations strive to quantify or claim credit for outcomes that go much beyond the scope and size of what they really achieve. As a result, they risk either permanent failure or being held accountable for outcomes they cannot reasonably attain.

Motivation for issuing a Social Report in non-profit organisations

Manetti & Bellucci & Como & Bagnoli (2018) have elaborated a questionnaire and sampled the answers of 227 Tuscan non-profits that stated to have issued a social report.

The researchers have identified eight main theories for issuing a social report in a non-profit, different previous studies have identified different perspectives such as the stakeholder's theory, institutional theory, signalling theory, legitimacy theory, and socioeconomic theory, but they have applied them to for-profit organisations (Deegan, 2002). This study aims to apply these different theoretical theories to non-profit organisations:

1. **Social Impact Approach**: Traditional accounting systems used by for-profit organisations can fail to integrate the social impact generated by non-profits and in particular:
   - They issue the Social Report because it gives a truthful, correct, and reliable representation of the results they achieved and of the impact produced:
   - The Social Report represents their activity in correct and complete terms.

2. **Socioeconomic theory**: Using external accountability mechanisms that provide voluntary disclosure of social and sustainability issues can strengthen their social legitimacy, improving their image and perception in the community.
   - Social Reports help to improve the reputation and the image within the community;
   - Social Reports attract new donations and volunteers' resources

3. **Signalling Theory**: Organisations voluntarily publish social reports highlighting their values, goals, and outcomes. Non-profits with food financial, social, and environmental outcomes are motivated to disclose their performances.
   - They provide the Social Report because they are a leading organisation in their sector;
   - They provide the social report because they achieve excellent results and use it to communicate with them.

4. **Institutional Theory**: They issue the Social Report because the normative, regulations and cognitive drivers relate to the local context of the organisation. It could be also because other similar organisations issue it.
   - They publish the Social Report in response to social pressure from other organisations or institutions;
   - The social report allows them to reach national and international quality standards.

5. **Legitimacy Theory**: They use the Social Report to influence stakeholders' perceptions of their image.
   - A social report is important when the non-profit feels that the public does not trust its activity or thinks that its services are ineffective and inefficient;

- Social Reports give the non-profit legitimacy within the community where the organisation is present.

6. **Stakeholders Theory**: The organisation must be accountable to the stakeholders, which must be informed.
   - They publish the Social Report because the stakeholders have the right to know what they do;
   - The Social Report shows the stakeholders that the organisation is aware of its social responsibilities.

7. **Engagement Approach**: Accounting and Reporting can create a dialogue between the organisations and their stakeholders to stimulate social change.
   - They issue social reports because it helps the organisation engage with their stakeholders and lets them feel more involved;
   - The Social Report allows them to engage their stakeholders and make them more involved in their activities.

8. **Control Approach:** The Social Report can be used for strategic planning and organisational learning if the information on stakeholder perspectives and social performance is used in the perspective decision-making process:
   - They issued the Social Report because they realised that it is an important management tool and can stimulate the staff toward the achievement of the organisation's objectives;
   - The Social report helps the organisation motivate the human resources to realise the mission of the organisation.

Manetti and al. have done a statistical analysis of the results and they discovered that the signalling, control, stakeholder, social impact, institutional, and engagement approaches reported an acceptable level of coherency in terms of Cronbach's alpha (it assesses the internal consistency or average correlation of items in the survey). On the other hand, socioeconomic and legitimacy showed non-coherence scores. (Figure 11)

In conclusion, the Social Impact and the engagement perspectives represent the most relevant motivation for issuing the Social Report, while Signalling and Institutional perspectives represent the least prevalent motivations.

Theoretical approach	Total Score	No. Of items	Cronbach's alpha
Social Impact	2,062	2	0.752
Stakeholder	1,996	2	0.794
Engagement	1,91	2	0.708
Control	1,606	2	0.806
Socioeconomic	1,55	2	0.523
Legitimacy	1,529	2	0.395
Signaling	1,275	2	0.822
Institutional	1,173	2	0.751

Figure 11: Manetti G., Bellucci M., Como E., Bagnoli L., (2018), Motivations for Issuing Social Reports in Italian Voluntary Organization

Methodology

The Methodology approach: Case Study and Qualitative

This research expects to present the main benefits for issuing a social report in Italian non-profits. It is based on a mixed research methodology; it includes the collection of qualitative and empirical data in this single study, combining these two types of data will give a more complete explanation of the research problem: it will use the case study methodology and semi-structured interviews conducted by the author of this research.

On one hand, this study is based on the case study method, which is a qualitative and empirical research method used to obtain an in-depth understanding of a process in its context. According to Hernández (2012), "this type of research, unlike an external observation approach to the object of study, allows researchers to "approach" the participants of the companies under study, to access their internal logic and interpret the subjective understanding of their reality". In addition, this research will use partly Empiricism reasoning: the information will be discovered by experience because the author of this study believes that in this kind of research, the interest lies in practical application. It will use the author's personal experience in writing and collecting data for issuing a Social Report for an Italian non-profit (Eufemia APS).

According to Yin (2009), the case study method is applicable for those topics that are considered as novels and that require further analysis, because according to him, "empirical research has the following distinctive features: it examines or investigates a contemporary phenomenon in its real environment; the boundaries between the phenomenon and its context are not clearly evident; multiple sources of data can be used, and both a single case and multiple cases can be studied".

Therefore, on the other hand, this research utilises semi-structured interviews with the heads of the social report in Italian non-profits as well. The semi-structured interviews have been conducted with fifteen non-profit organisations, they have been identified using two main criteria: size, geography. The first distinction was in terms of size, 80% of the non-profits interviewed have revenues below 1.000.000 euros, while 20% of the non-profits interviewed have revenues above 1.000.000 euros. The second criteria for a start-up to be eligible is the headquarter location, all the non-profits interviewed are based in Italy.

The author of this research has contacted 104 non-profits via email and phone and 15 of them replied and agreed to be interviewed through a videoconference. These non-profits have an average revenue around 645.398 euros and all of them are located in Italy.

These interviews have been used to have a wither view on the non-profit sector and the use of the social reports.

During the interview it has been asked the following questions:

1. Briefly describe the main activities of your organisation

2. How long have you been publishing the social report?
3. How many people on average work in the creation of this report?
4. How long does it take on average to create this report?

5. How was perceived by other members of the organisation? have they participated in it?
6. Which are the main benefits of the publication of this report from the financial point of view?
7. Which are the main benefits of the publication of this report from a social point of view?

8. Which are the main difficulties the first time you issued this report?

9. From when you started publishing this report, have you seen a higher efficiency in the management and in the data collection?

10. Which are the main costs that you had for the publication of this report?

11. An analysis of cost-benefits?

12. Which are your suggestions to an Italian NGO that does not publish this report yet?

13. Among those people that finance your activities, why are they financing you?

The main aim of these interviews was to confirm whether the main discoveries had been identified during the redaction of the Social Report of Eufemia.

The Social Report: general structure and Eufemia's Social Report 2020

Italian legislation on the Social Report

According to the art.14 of the Decreto Legislativo n. 117/2017[1], all the social entities, groups of social entities and other entities of the third sector with revenues/entries higher than 1 million euros and all the volunteering centres, are obliged to the publication of their Social Report.

The entities that are not obliged to publish this report can as well produce this report and if it is by the legislation, they can write that it is under the normative.

The Social Report is a public document for all the stakeholders interested in having information about the entity of the third sector.

From 2018, for social entities, there is an obligation to publish a social report in Italy but starting from 2020 they should align with the new guidelines. For all the other entities, the obligation starts from 2020 based on the new guidelines indicated in the new legislation.

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[1] D.L. 3 Luglio 2017, n. 117 "Codice del Terzo Settore".

The non-profits must publish their social report on their website and deposit it on Registro Nazionale Terzo Settore (RUNTS).

According to this new legislation, the Organo di Controllo (ODC) should control the results of the non-profit and the achievement of the entity's social activities. It should attest that the Social Report has been written following the Minister's guidelines.

In the guidelines for the redaction of a Social Report in non-profit organisation [2], there were these principles to be followed:

- **Clarity**: express information clearly and understandably.
- **Consistency**: providing information suitable for making stakeholders understand the link between the declared mission, the strategic objectives, the activities carried out and the results produced.
- **Completeness**: identify the stakeholders who influence and/or are influenced by the organisation and enter all information deemed useful to allow these stakeholders to evaluate the social, economic, and environmental results of the organisation.
- **Inclusion**: involving all relevant stakeholders to ensure that the process and content of the Social Report meet their reasonable expectations and/or needs, giving reasons for any exclusions or limitations.
- **Relevance**: reporting on activities that reflect significant economic, social, and environmental impacts, or that could substantially influence the assessments and decisions of stakeholders, giving reasons for any exclusions or limitations of the activities reported
- **Periodicity**: reporting must be periodic, systematic, and timely.
- **Transparency**: clarify the logical procedure for collecting and classifying information; any subjective estimates or assessments made must be based on explicit and consistent assumptions
- **Truthfulness**: providing truthful and verifiable information regarding both positive and negative aspects of management.

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[2] ALTIS, Agenzia per le Organizzazioni Non Lucrative di Utilità Sociale (2009), Linee Guida per la Redazione del Bilancio Sociale delle Organizzazioni Non Profit.

The new guidelines introduced by the Decreto 117/2017[3] introduces the concepts of neutrality, autonomy, competence in the reference period, comparability, and reliability:

- **Neutrality**: information must be represented impartially, independent of vested interests and completely, covering both the positive and negative aspects of management without distortions aimed at satisfying the interests of directors or a category of stakeholders.

- **Period competence**: the activities and social results reported must be those/those that took place / manifested in the reference year.

- **Comparability**: the exposure must make it possible to compare both temporal (changes over time of the same entity) and - as far as possible - spatial (presence of other organisations with similar characteristics or operating in the same/analogous sector and/or with sector averages).

- **Reliability**: the positive data reported must be provided in an objective and not overestimated manner; similarly, negative data and associated risks must not be underestimated; uncertain effects must also not be prematurely documented as certain.

- **Autonomy of third parties**: where third parties oversee dealing with specific aspects of the social report or guaranteeing the quality of the process or formulating evaluations or comments, the most complete autonomy and independence of judgement must be requested and guaranteed. Evaluations, judgments, and comments of third parties can be the subject of a specific attachment.

The Structure of the Social Report

The Social Report is compliant with the G.B.S. (Gruppo Bilancio Sociale) standards and has a communicative and strategic purpose.

The main advantages of this report are that it is possible to redact it also by the small organisations with little effort, it is compatible with the GRI standards, it is possible to redact it using other accounting reports and it is aligned with the Italian specifications.

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[3] D.L. 3 Luglio 2017, n. 117 "Codice del Terzo Settore".

The main weaknesses are that it is mainly distributed in Italy, it uses a static approach, and it does not use a modular structure. [4]

The Social Report must include at least the following sections (Gubelli, 2020)[5]:

- **General Information on the entity**: It enriches the theme of Transparency.
- **Structure, Governance and Administration:** it must describe the governance structure of the entity and the functioning of the operational structure. In addition, it must give information regarding the stakeholders and their involvement in the decision-making process and the evaluation. It should include an organisation chart and information regarding the Organo Amministrativo, the Organo di Controllo, and a stakeholder matrix.
- **Employees**: it has to give information on salaried and unsalaried personnel of the organisation including a description of the personnel (average age, gender, type of contract, average salaries by gender and in general), staff training (number of training events in the year, number of participants per category, hours of training, number of external training event), volunteers (description of the activities of the volunteers and their activities during the year), personnel selection (number of open positions, number of curricula received by gender, number of interviews by gender, number of hiring), welfare and benefits (smart working, scholarships given during the year, food stamps, team building events,...), security policies in the work field, health policies.
- **Objectives and Activities**: it requires qualitative and quantitative information on the activities realised in the various areas of the organisation, with their direct and indirect benefits and the outcomes. All the activities must be explained, highlighting the coherence with the entity's objectives and the level of objectives achieved. In general, they must define a strategic plan for the organisation, with

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[4] GRI Standards, Linking the GRI Standards and the European Directive on non-financial and diversity disclosure.

[5] Gubelli S. (2020), Il Bilancio di sostenibilità, Standard e strumenti per rendicontare l'impegno socio-ambientale. Persol.
D.L. 4 Luglio 2019 (GU n. 186 del 9 Agosto 2019), Adozione delle Linee guida per la redazione del bilancio sociale degli enti del Terzo Settore.
D.L. 23 Luglio 2019 (GU n.214 del 12 Settembre 2019), Linee guida per la realizzazione di sistemi di valutazione dell'impatto sociale delle attività svolte dagli enti del Terzo settore.

the objectives in terms of output and impact, and KPIs, then build a measurement system of impact KPIs and use the Social Report as a process of valuation.

- **Economic Situation:** It is possible to attach the IS, cash report, mission Report or others, according to the normative (GU n.102 18-4-2020). It must indicate the origin of the economic resources, specific information about the crowdfunding, and highlight possible negative impacts and how they solved them.

- **Other Information**.

An introduction to Associazione di Promozione Sociale Eufemia

Eufemia is a cultural association for social promotion registered in the single national register of Third Sector (RUNTS) and therefore recognized as a "Third Sector Body". Eufemia works for social inclusion through active citizenship actions under the banner of intercultural dialogue, carrying out its function in the territory of the province of Turin, nationally and internationally.

Eufemia has five main areas of work:

- Youth Work: Eufemia puts a provision of support and accompaniment in international mobility projects that have as fixed points the practice of non-formal education, the initiatives focused on active citizenship and on the potentiality of the encounter between different cultures. This is because they believe that the development of a tolerant and passionate youth community is linked with the possibility of travelling and discovering different cultures.

- Food Pride: Eufemia becomes the promoter of the food culture of the citizen based on the conscious use of resources and reuse of food surpluses in favour of the group's weak population.

- Serious Game: Eufemia uses the game and the "Escape Room" game to educate in a non-formal way the participants with a focus on different themes such as the environmental crisis, Circular Economy.
- Social Arts: Eufemia uses arts and the theatre to create psycho-physic benefits in a community, encouraging people to develop their critical thinking skills.
- Digital Media: Eufemia supports entities and associations to develop informatics skills using non-formal education.

Even if Eufemia was not required to issue this report, they decided to do so, and this brings a lot of relevance in understanding why they decided to produce it and giving an overview of the main benefits of doing that has brought to them after the publication.

Working Team for Eufemia Social Report 2020

The author of the research has contributed actively to write the Social Report for this non-profit organisation for its 2020 activities. This work started in November 2020 and finished in May 2021, with the publication of the elaborate. The author has contributed actively to create a data collection model, to contact internal and external stakeholders, to create the materiality matrix, to create the financial analysis, and formalise the mission and the vision of the company and the organisation chart.

The working group for the social report in Eufemia has been managed directly by the vice-president of Eufemia and composed by an internal member of the organisation with a background in social impact and sustainability and by the author of this elaborate.

Working Method for Eufemia Social Report 2020

At the base of this Social Report, there is a summary work, re-elaboration and comparison between the annual planning, financial statements and reports the final balance of the activities, from which the significant data have been extrapolated and reprocessed. This data collection has been based also on the ordinary registers of the management system of

the association and on the involvement of the people who work for the organisation, in particular the representatives of the different areas of activity.

It has also involved internal and external stakeholders of the association through the tools provided by the Analysis of Materiality and through a questionnaire. This questionnaire has been created to assess the degree of relevance of the material issues for the association and the consequent alignment with the internal and external stakeholders. This has been an important opportunity for those who have been involved and participated proactively, to express their opinion and their suggestions on the work of the association, to improve completeness, clarity, and the relevance of the Social Report.

The working group has written a Social Report that has been approved by the Assemblea dei Soci for the 2020 activities.

Working Steps by Chapters of Eufemia's Social Report 2020

1. **Identity:**

In this section, it has been reported the main information regarding Eufemia and described the history of the association and the main results obtained.

DENOMINAZIONE: Ass. culturale Eufemia A.P.S

FORMA GIURIDICA: Associazione non riconosciuta

SEDE LEGALE: via Monginevro 159, 10141, Torino

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MAIL: info@eufemia.eu

SITO WEB: www.eufemia.eu
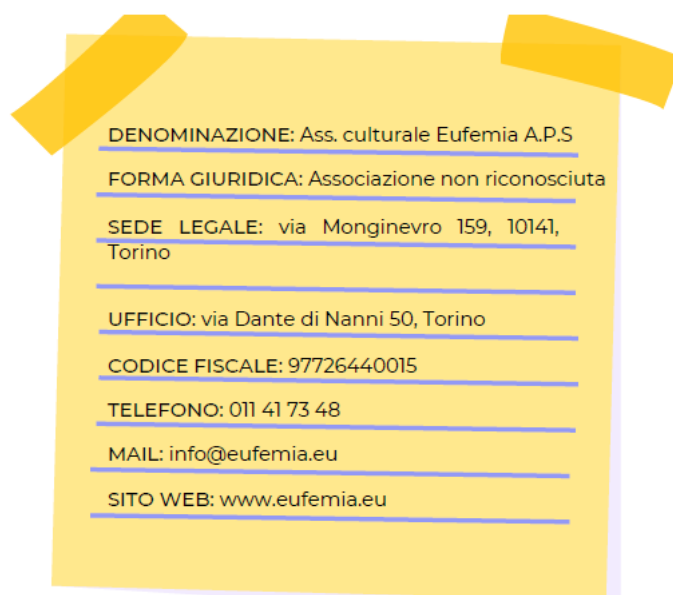
Figure 12: Social Report Eufemia 2020

In addition, it has been described the Mission and Vision of the association with their values. It has been an important opportunity to define them because Eufemia had not formalised these statements yet.

The mission is important to understand the final impact goals that the association should set, and therefore identify the outcomes of the activities the association carries on.

To determine them, it has been brainstormed among the internal shareholders of the association and then it has been voted the most suitable ones.

In this part of the Social Report, we inserted a synthesis of the main activities as well in the various working areas of the association.

2. **Governance and Administration and Personnel:**

In this area, the author of the research has created the organisation chart of Eufemia, which was not well defined before.

This section describes the Assemblea dei Soci, the number of meetings during the year and the % of attendance, with all the different rules that it complies with.

Regarding the Consiglio Direttivo, it has described the main rules and activities with the description of the members by gender, average age, and number of meetings in the year. In addition, it has been described the composition of the Organo di Controllo and the Administration function.

It provides information regarding the members of the association and in particular their gender %, average age, education, and information regarding the duration of their involvement in the association.

Then, information regarding volunteers, they have been divided into regular volunteers and temporary volunteers that have helped the association during the pandemic of COVID-19. Their information has been presented by gender, age, education and type of project in which they participated and the average hours of participation in the projects by all volunteers.

For this chapter of the Social Report, it has been important to contact all the heads of the various departments inside Eufemia to receive the data regarding volunteers that was not centralised and most of the time not digitised. Also, a questionnaire has been created to collect data regarding education and other important data that were not collected before. Then, it has been reported information regarding the employees with a wage, reporting the various employees by type of contract of employment and by gender, age and average wage.

3. **Stakeholders:**

It was created a Stakeholder Matrix with all the relevant stakeholders of Eufemia for all the working areas, and in particular local communities, local institutions, donors, schools and universities, and other associations.

To create this matrix, a general brainstorming was done with all the heads of the various areas of Eufemia. We have asked them to provide a list of the main stakeholders, with their contacts and the level of influence they had in Eufemia and in which area of the association.

After this analysis, a Materiality Analysis has been developed, it shows the positioning of the topics that characterise the activities carried out by the association with respect to the relevance and priority attributed by the internal stakeholders and external.

Brainstorming days were organised for the drafting of this matrix, in which the main representatives of the areas have drawn up about 20 topics of interest for each area. These topics were then reviewed by the Social Report working group, which has grouped the various topics in more general ones.

At the end of this process, the following topics were considered:

- Food Area: Community Creation, Surplus Recovery, Awareness-raising activities and training, Network, Communication
- Youth Area: Cultural Exchange, Promote the figure of the Youth Worker, Non-formal Education, promote youth leadership, Promote the value of differences, National and international network, Communication
- Social Art Area: Promotion of culture and art, create a community spirit and stimulate personal growth, non-formal education, Presence in the Local territory, Communication
- Area Serious Game: Learning through the game, Implementation of the Escape Room, stimulating teamwork to create a community more ready for change, Relations, and visibility
- Digital Media Area: Computer literacy, non-formal education, Using technology with awareness, Relations with the territory, Communication

The assessment of the perceived relevance was carried out through the administration of two questionnaires, one for internal stakeholders (60 members and 74 volunteers) and one for external stakeholders (92 External Stakeholders). The level of relevance expressed by the stakeholders on the topics identified was calculated by asking to assign a score from 1 (irrelevant) to 5 (strategic) to the various topics based on the degree of perceived importance. Once the degree of relevance on the topics has been quantified, the final value has been subsequently calculated using a weighted sum that expresses the degree of priority that they hold for Eufemia, evaluated based on what they do in relation to the decisions and the work of the association.

The working group has sent the questionnaire three times between November 2020 and May 2021, receiving 30% of answers from the external stakeholders and 41% from internal stakeholders.

Questionnaire for External Stakeholders:

In che modo sei entrato/a in contatto con Eufemia, area Food?

Testo risposta lunga

OBIETTIVI

Valuta i seguenti obiettivi per l'area Food Pride

Diritto di accesso al cibo per tutti *

	1	2	3	4	5	
Irrilevante	○	○	○	○	○	Strategico

Riconoscimento del cibo come bene comune *

	1	2	3	4	5	
Irrilevante	○	○	○	○	○	Strategico

Creare una comunità coesa e consapevole e favorire legami sociali *

	1	2	3	4	5	
Irrilevante	○	○	○	○	○	Strategico

Sostenibilità ambientale della filiera agroalimentare *

	1	2	3	4	5	
Irrilevante	○	○	○	○	○	Strategico

METODI

Valuta i seguenti metodi per l'area Food Pride

Favorire la partecipazione attiva, accompagnando all'autonomia i beneficiari nelle attività *
(dal recupero delle eccedenze, alla cucina condivisa, ai momenti di convivialità)

	1	2	3	4	5	
Irrilevante	○	○	○	○	○	Strategico

Valorizzare le biografie individuali nella relazione con il gruppo *

	1	2	3	4	5	
Irrilevante	○	○	○	○	○	Strategico

La cucina come veicolo di relazione con se stessi e con gli altri *

	1	2	3	4	5	
Irrilevante	○	○	○	○	○	Strategico

AZIONI

Valuta le seguenti azioni per l'area Food Pride

Interventi di sensibilizzazione e promozione sul tema dello spreco alimentare *

	1	2	3	4	5	
Irrilevante	○	○	○	○	○	Strategico

Figure 13: Questionnaire for the Social Report 2020 of Eufemia

A similar questionnaire has been created for internal stakeholders, this questionnaire deferred because the author needed personal information from the volunteers and members that were not available before.

Through a data analysis of the answers, it has been created a materiality matrix for each area of activity.

4. Financials

In this chapter of the Social Report, we have collected the information from the Economic Report of the activities from 2013 to 2020. This information has been catalogued by income in terms of the types of donors such as public entities, private entities, crowdfunding and by expenditures in terms of different costs such as personnel, services. Then, an analysis of the major donors both private and public was done highlighting which were the main stakeholders in terms of financial contribution, and in which projects their donations have contributed the most.

5. Objectives and Activities

In this chapter of the Social Report, the working group has collected information regarding the various areas and what they have achieved during the year in terms of social impact and events/activities. The working team has added a section in which it was explained the impact of COVID-19 on each area of work.

It identified on average three/four tailor-made social impact indicators for each of the five areas of Eufemia.

The Impact KPIs have been identified using the theory of change: the working group started from the mission of Eufemia "In Eufemia we design, exchange, and disseminate innovative tools and good practices with professionalism and creativity. We make room for change by putting social inclusion, personal actions, social inclusion, personal growth, and the enhancement of transversal skills", and have identified social impact indicators that tackle the final problem the association wants to solve, enhancing the change they want to create in the local, national, and international community.

It was possible to identify the outputs and how these outputs changed and improved the final impact goal represented by Eufemia's mission. These outputs can be increased, decreased, enhanced, improved, or maintained and can be measured year-over-year to understand the change the association is bringing in that area.

The main indicators per area identified are:

- Food Area: Number of organisations involved, tons of food saved, number of people reached, number of internships and collaborations activated with people in need, number of volunteers involved.
- Area Youth: Number of projects in which Eufemia has participated for international exchange, number of training projects, number of countries in which Eufemia has contacts.
- Area Social Arts: number of theatre workshops organised, number of schools reached, number of students involved, number of people reached through the various events organised
- Area Serious Game: Number of players, number of new Escape Rooms, number of cities in which they are present.
- Area Digital Media: Data not available because of COVID-19 pandemic and the restriction regarding the activities of this area.

6. Other Information

The working group provided various information regarding the events of fundraising that have been organised during 2020, such as the main activities held and the fund that these activities have raised, with the expenditures to organise them.

In addition, it has been provided the various journal articles in which different journals have written of Eufemia. This area of the Social Report, it's important to sum up also the social impact perceived by external entities to the association.

Results and Analysis of the Results

Eufemia Social Report 2020

The Social Report developed for Eufemia has been successfully accomplished, it was published on Eufemia's website and has created positive recognition for the association. After one year from the publication, the author has interviewed the vice-president of the association (Annex A) and the main outputs could be summarised as follow:

The report was well-received by the internal stakeholders that have received it as a recognition of their work and accomplishments, on the other hand, it has been used as a presentation document for external stakeholders. It has also increased the credibility and authority of the institution in front of funders. The Social Report has increased the capacity for self-analysis and self-evaluation of activities held.

The working group has mapped the main stakeholders of Eufemia, performing a Stakeholder analysis. It is the process of evaluating a system and possible changes to it in relation to relevant and interested parties (stakeholders). This data can be used by Eufemia to determine how to address the interests of those stakeholders in a project or activity. The stakeholders have been catalogued in three main categories: primary stakeholders (the most affected by the association's actions), secondary stakeholders (the ones indirectly affected by the association's actions), tertiary stakeholders (the ones impacted the least). In the following figure, it is possible to see the main stakeholders in Eufemia.

COMUNITÀ LOCALE

- Società civile
- Commercianti dei mercati rionali di Torino
- Giovani (studenti e NEET di Torino e Provincia)
- Persone senza dimora
- Famiglie e singoli in condizioni di marginalità

ISTITUZIONI LOCALI

- Comune di Torino
- Circoscrizione 3 Torino
- Circostrizione 6 Torino
- Comune di Rivoli
- Comune di Nichelino
- Comune di Grugliasco
- Città Metropolitana di Torino

FINANZIATORI

- Fondazione Compagnia di San Paolo
- Fondazione CRT
- Agenzia Nazionale per i Giovani
- Città di Torino
- Regione Piemonte
- AICS
- Tavola Valdese
- Circoscrizione 1, 3, 6 di Torino
- Fondazione Intesa San Paolo onlus
- CISV
- COESA

ASSOCIAZIONI

- Centro Servizi Vol.to
- Comala
- Il Gusto del Mondo
- LVIA
- Consorsio Coesa
- CEIPES
- Eco dalle Città
- ReTe ong
- Legambiente Metropolitano
- Gruppo Abele

SCUOLE E UNIVERSITA'

- IC Da Vinci-Frank
- IC Alberti
- I.T. Russel Moro
- Università di Torino
- Politecnico di Torino
- Social Entrepreneurship Teams (SIT)

Figure 14: Stakeholders map; Eufemia Social Report 2020

The materiality matrices were built with around 28 answers from external stakeholders and 55 from internal stakeholders. The working group has created one matrix per each working area, considering the different activities and topics of the areas.

In figure 15, the outcome of the Food Area, there is a solid alignment between the responses of internal and external stakeholders, this is because the external stakeholders that have answered the questionnaire are the closest to the association and its activities. This could have been avoided by organising an in-person event to involve the various stakeholders and the volunteers.
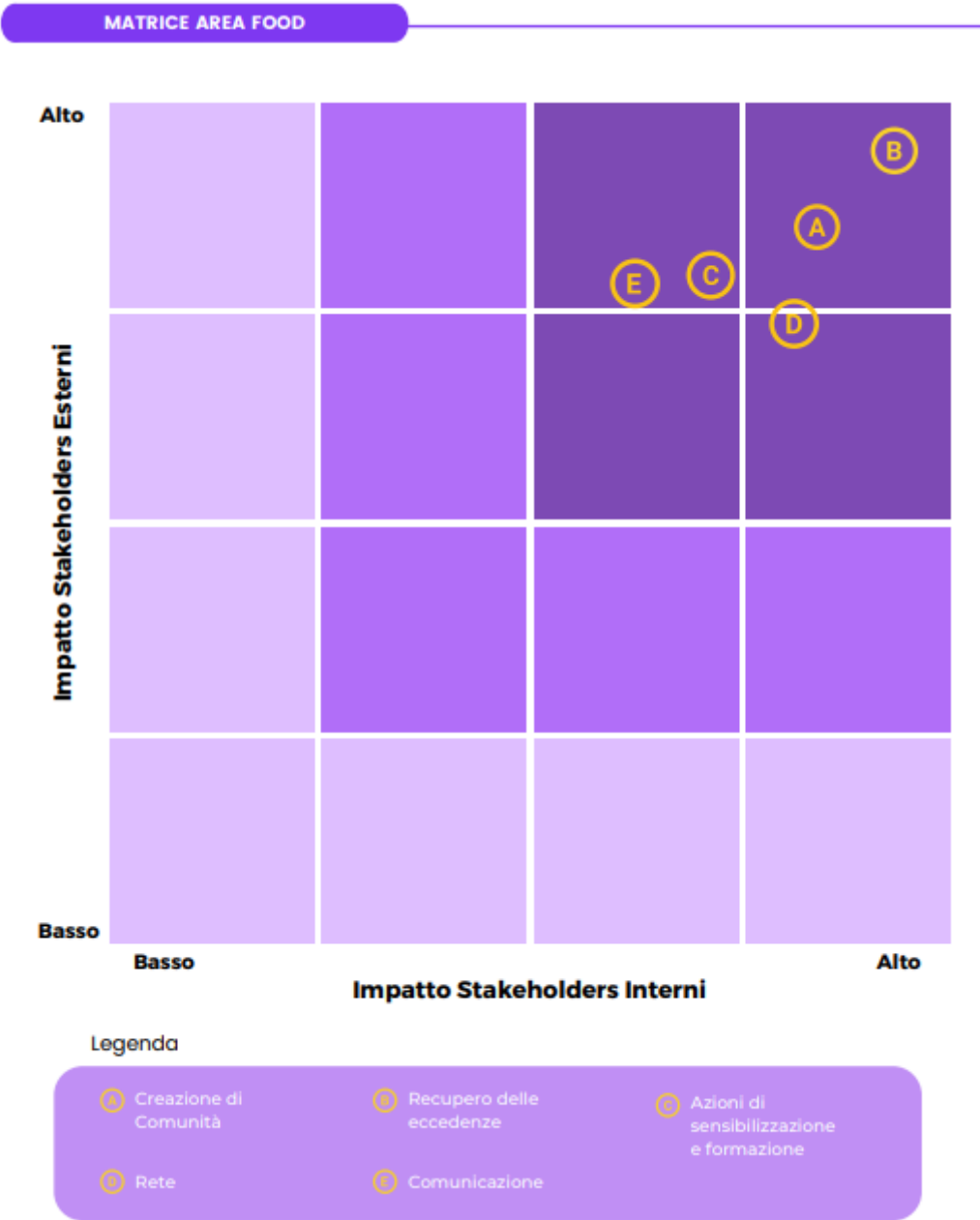
Figure 15: Materiality Matrix, Eufemia Social Report 2020

In general, for companies such as Eufemia creating a materiality could be important to understand the expectations of the various stakeholders and to align their activities and objectives but considering the effort in time that it requires it would have been better to start doing it when Eufemia will be a big association.

The Financial Analysis has highlighted a steady growth path in terms of revenues between 2016 and 2020 for Eufemia, with significantly higher revenues in 2020 than in all other years. This result is attributable to higher funds raised because of COVID-19 emergency, including donor acquisition and retention. The expenditures increased mainly as a result of a targeted investment in communication and an increase in food items that Eufemia bought during the months of the pandemic, not proportionally to income.

The Income-expenditure deficit of the year, around 170.000 euros, can be explained by the advances received for projects that were suspended due to COVID-19, particularly in the Youth Area about international exchanges. In the 2021 budget, it has been budgeted that these retained earnings will cover the expenses for the full resumption of the activities.

IL 2020 NEL DETTAGLIO

ENTRATE
€ 522.505,24

CONTRIBUTI PER PROGETTI DA ENTI PUBBLICI	80.1%
CONTRIBUTI PER PROGETTI DA ENTI PRIVATI	14.3%
RACCOLTA FONDI, DONAZIONI, EROGAZIONI LIBERALI	3.9%
ALTRE	1.7%

USCITE
€ 353.022,63

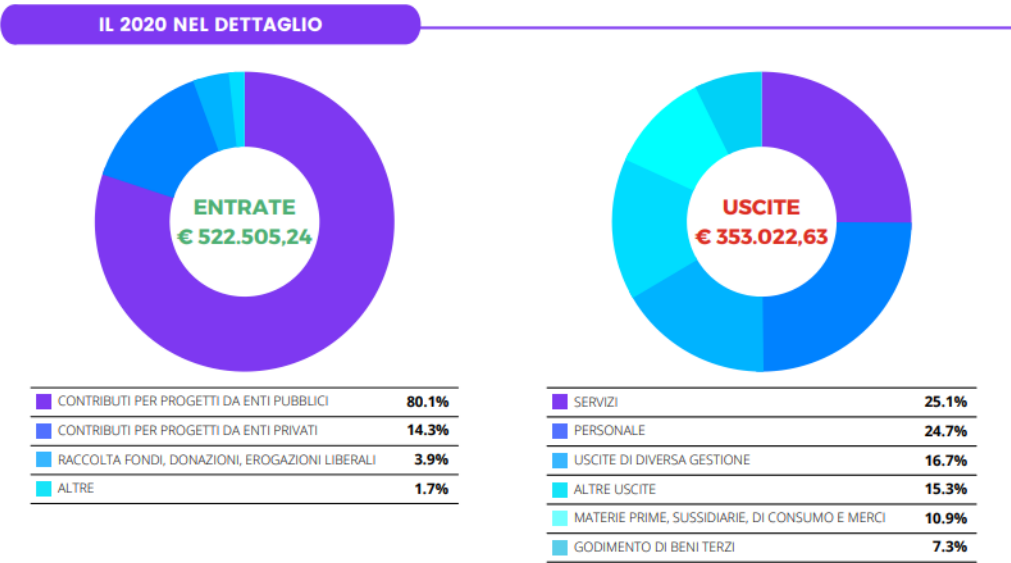|	
SERVIZI	25.1%
PERSONALE	24.7%
USCITE DI DIVERSA GESTIONE	16.7%
ALTRE USCITE	15.3%
MATERIE PRIME, SUSSIDIARIE, DI CONSUMO E MERCI	10.9%
GODIMENTO DI BENI TERZI	7.3%

Figure 16: 2020 financial balance Eufemia, Eufemia Social Report 2020

The Impact outputs identified are good proxies for the measurement of the impact for this Impact Report, even if it would have been more interesting to completely apply the theory of change and identify the outcomes of the various areas. The outcomes of a project are

what a firm achieves; they are the resulting behavioural changes, which can be raised, lowered, enhanced, improved, or maintained.

It was decided to measure only the outputs of the activities for this first year, mainly because the difficulties in finding data; but starting from the next Social Report, it will be done a more in detail analysis of the impact goals.
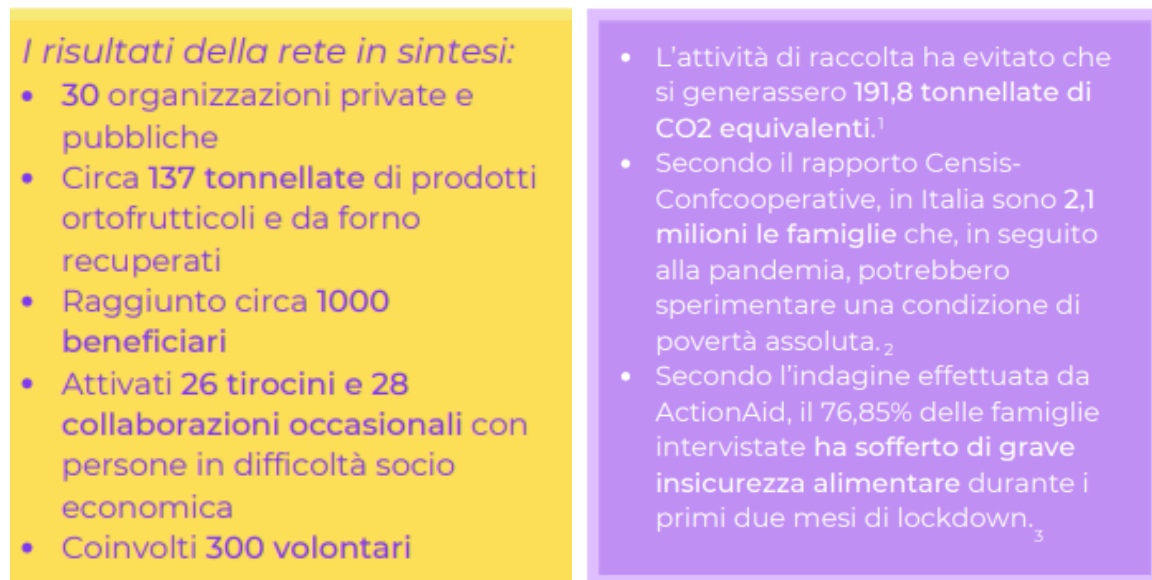
I risultati della rete in sintesi:
- **30** organizzazioni private e pubbliche
- Circa **137 tonnellate** di prodotti ortofrutticoli e da forno recuperati
- Raggiunto circa **1000 beneficiari**
- Attivati **26 tirocini e 28 collaborazioni occasionali** con persone in difficoltà socio economica
- Coinvolti **300 volontari**

- L'attività di raccolta ha evitato che si generassero **191,8 tonnellate di CO2 equivalenti**.[1]
- Secondo il rapporto Censis-Confcooperative, in Italia sono **2,1 milioni le famiglie** che, in seguito alla pandemia, potrebbero sperimentare una condizione di povertà assoluta.[2]
- Secondo l'indagine effettuata da ActionAid, il **76,85% delle famiglie** intervistate **ha sofferto di grave insicurezza alimentare** durante i primi due mesi di lockdown.[3]

Figure 17: Impact KPIs Eufemia Food Area, Eufemia Social Report 2020

Taking into consideration the Food Area of Eufemia, the outputs considered are summarised in Figure 17. Eufemia has involved more than 30 private and public organisations in the activities of this area of activity, from where they recovered food that was not possible to sell anymore, this has created a sense of community for the local organisations involved and its employees. The food recovered amounts to around 137 tons, that corresponds to 191,8 tons of CO_2 equivalent saved; this had an enormous impact on the environment and on the community of Turin. In addition to that, the organisation has helped around 1000 people in need, helping them during a difficult period such as the pandemic.

Eufemia has trained 26 people in need to cook, to prepare them to enter the work field; the impact of these internships is high and the majority of them used the skills learned in the next jobs they approached.

Taking into consideration the Social Art area in Eufemia, the outputs measured (Figure 18) are the number of theatre lab organised by Eufemia, these labs have given to the children the possibility to express their opinions and implement the participants' skills and improve their relationship within a group; the learning moment through the moment of play has helped in improving the soft skills of more than 400 children during 2020.

I risultati in sintesi:
- 14 laboratori teatrali organizzati in 2 scuole
- Raggiunto circa 400 studenti
- 500 persone hanno partecipato al festival REstate in Barriera
- Ampliamento del team con 4 nuove figure.

Il **target principale** sono bambini dai 3 agli 11 e ragazzi dai 12 ai 20 anni, delle scuole delle circoscrizioni 6 e 3 della Città Metropolitana di Torino.
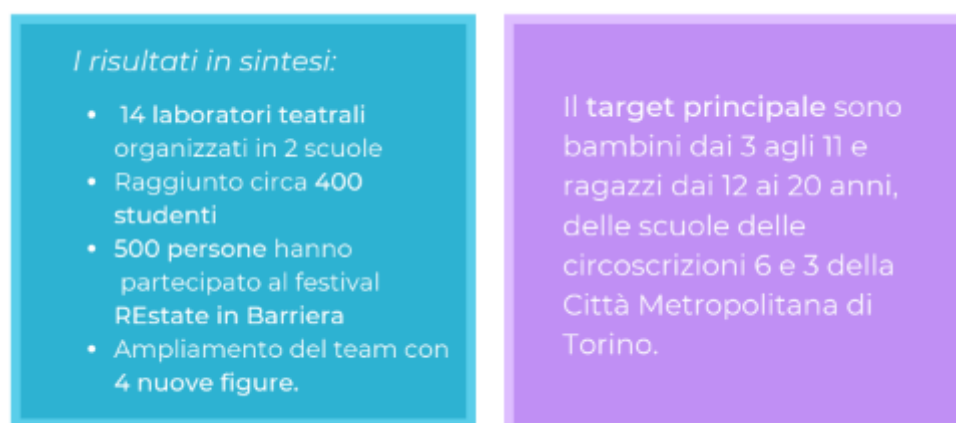
Figure 18: Impact KPIs Eufemia Social Art Area, Eufemia Social Report 2020

Italian non-profits interviewed

The 80% of the non-profits interviewed had in 2020 entries below 1.000.000 euros, which means they were not obliged to publish a Social Report by Italian law. The interviews conducted with these twelve non-profits had been quite representative, considering that most of them published the social report on a voluntary basis.

The main discovering from these non-profits can be summarised as follows:

- The credibility of a non-profit: in one of the organisations interviewed the social report is a tool that made the organisation more attractive to institutional investors. The first publication of the social report brought the association a document from which to draw information and data when presenting itself in front of institutional donors, bringing a real benefit to the association. One of the main disadvantages in this non-profit interviewed, is the amount of work and time this document entails for the non-profit organisation, which for many can be difficult to implement.
The Social Report is seen by many non-profit organisations, especially small ones, on the one hand as a competitive advantage, on the other hand as a time-consuming activity that does not always bring the expected benefits.
- To sponsor the association: in one organisation interviewed, the social report was a means to sponsor the company and make people aware of the activities it carries out, and to involve a larger number of beneficiaries and volunteers. Moreover, one of the first documents consulted by a possible donor is the social report, so it is a document in which to show off and actually make people understand the social problems faced and how they were solved.
On the other hand, as the social report is not compulsory for this type of non-profit, and therefore not being checked by external bodies, many times we see data that is not completely correct and exaggerations of what has been done. This phenomenon is common, and it is necessary in her opinion to formalise these types of documents even for smaller non-profits, perhaps in a reduced form.
- Involve external stakeholders: according to a non-profit interviewed, the involvement of external stakeholders is not something they have experienced, in fact usually in their organisation being quite small, the relationship with the external stakeholders is

already a strong one, and the social report has only consolidated it. In fact, the external stakeholders were not a lot in that non-profit and the relationships with them were easily manageable before.

Another non-profit has said that the social report has helped them to understand what the external stakeholders expected from the association and if their actions were aligned; they have decided to develop a materiality matrix, a tool used to understand the perspective of internal and external stakeholders and their relationships.

- Centralise data: data collection in the activities of these non-profits is very difficult, as many times the different project contact persons present data in different ways and these have to be standardised and merged. For example, for a well-known non-profit interviewed, the social balance sheet gave the impetus to standardise the project sheets so that from year to year one only has to update the sheet. In addition, this centralised data has been used to report on the association's performance in that year and to understand which activities/areas need improvement to be more efficient. This non-profit also uses this data to communicate its work to private and institutional donors; according to the interviewee, this information has been used many times to present the association in front of possible new donors.

- Set-up a strategy aligned with the mission and the values: according to one of the non-profit interviewed, one of the main benefits of the Social Report can be considered the need of small non-profit to formalise their values and mission. In fact, a lot of these associations do not have a mission statement or have never talked about this with the main collaborators of the association. Elaborating a social report obliges the association to think about these statements, as it is something that happened in the non-profit interviewed. In addition, once formalised the association was able to analyse the activities done during that year and understand that some of them were not aligned with the final problem the company was supposed to solve. This helped them to change the strategy in those areas and change the focus on activities more in line with their mission and values. On the other hand, the interviewee believes that it is something that happened only the first year in which they wrote this report. In any

case, every year, they try to confront the activities and the outcome reached with their main goals represented by the mission statement.

The 20% of the non-profits interviewed had in 2020 entries above 1.000.000 euros, which means they were obliged to publish a Social Report by Italian law. The interviews conducted with these three non-profits had given the research a different point of view, understanding the limitations and the benefits for companies that have published this report for different years.

The main discovering from these non-profits can be summarised as follows:

- According to one of the non-profit interviewed, the social report has brought great satisfaction and it is a document useful to understand and discover what your colleagues are doing. In fact, this non-profit is a big corporation, and the associates usually are in different countries, doing different activities. In addition to that, it is a moment to have and analyse what the corporation as whole has achieved during the year and your results and the ones of your colleagues. It is a work in which most of the association is involved and collaboration is fundamental, it is a moment of auto-analysis that involve the associates, it is usually something that is not done in the non-profits.

- According to most of these non-profits interviewed, one of the main difficulties in the past year, has been the adaptation to the new decree[6], which entailed many changes in the drafting and interpretation of the budget. This involved the use of more resources than in previous years and a longer timeframe for completion. In addition, it is important to have another social report shorter that could be used for communication purpose, as it is it is too long and not appealing.

- According to most of the non-profits interviewed, there is not a correlation between the publication of the social report and the donations received. During the years and

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[6] D.L. 3 Luglio 2017, n. 117 "Codice del Terzo Settore".

in particular, from the year of the first publication, they have not noticed a particular increase in donations.

Conclusions

The primary goal of this research is to present a consistent analysis of the primary benefits and drawbacks that a non-profit organization has in producing a social report. The social report is one of numerous accountability systems that are used in today's businesses. Thus, it provides a unique and substantial chance to legitimize the identification of its actions in the specialized sector of non-profit organizations. Because this document may be regarded as secondary to more impactful business records or statements, the purpose of this research is to enrich and raise knowledge about the topic of social reporting.

This thesis explores the extent to which a social report benefits non-profits organizations. Although it is difficult to envisage negative consequences of social reporting, among other benefits, this instrument occasionally counts economic, communication, and scheduling constraints. In truth, releasing a social report for a non-profit does not always provide the benefits claimed. On the other hand, the research shows that, in general, social reporting is frequently seen as a beneficial and fruitful activity.

This favourable reputation is the result of financial and analytical triumphs attained by many non-profits as a result of social reporting. As a result, the goal of this thesis is to research and explore the existing function of social reporting, its most beneficial qualities, and its areas for improvement.

The benefits and cons have been identified during the work the author has done in Eufemia and with various interviews made with other Italian non-profits that publish the Social Report.

One of the main benefits is that issuing a social report could be a way to centralise the activities and the data; for example, in Eufemia, they did not have a data collecting system to centralise their data regarding the outcome of the various activities among the various areas and the data on volunteers.

In addition, it can be used to formalise the mission and the vision and see if they are aligned with the values of the non-profit; for example, in Eufemia, they did not have a formalised

vision and mission and using the Social Report they had the occasion to meet and brainstorm with various members of the organisation to come up with them.

Another benefit is the alignment of all the internal stakeholders (volunteers, members, and others) of the association with what the association is doing as a whole; for example, in Eufemia, the Social Report helped to involve the members of the association, that usually were only focalized on their area of interest, to the overall picture and mission of the non-profit.

It could be a tool to auto-analyse and auto-evaluate the non-profit; for example, in Eufemia, they discovered a problem in the communication and that they needed to work more on the group building and the wellness and the volunteers and employees.

It could be used to determine the strategic objectives, having a clear view of the result of the previous year and understand and realign the priorities of the non-profit.

In addition, once you set up the work for the first time, the work becomes quite agile; for example, in Eufemia, after the first year (2020) of Social Report, the work has become more efficient and effective.

It has increased the credibility and the authority of the entity for external investors; for example, in Eufemia, the Report has been used and presented in different events for gaining donations.

It is a way to involve external stakeholders and let them be part of the activities of the association; for example, in Eufemia, using the Materiality Matrix, it was possible to involve the external stakeholders and understand how they perceive the activities of Eufemia and where they are more focalized, comparing it with the view the association had.

On the other hand, the social report can be considered as money consuming; for example, in Eufemia, they have hired an external collaborator to write the social report.

In addition, it is time consuming and requires the participation of a lot of people inside the organisation during all the process of redaction. It requires a lot of precision and detail-oriented activities. For example, in Eufemia it required seven months to write it even if it is mainly because it was the first time doing this.

Another element of difficulties is the alignment with the various laws that have been issued by the Italian government and the new regulations, that requires the companies to follow

certain guidelines. This is for a non-profit with more than one million in income, but if small non-profits want to publish the report following the guidelines, it requires a lot of effort to understand the rules to apply.

It is not the best tool for communication because it is long and intense: in fact, in Eufemia, it has not been used a lot as a communication tool and they decided starting from 2021 to issue as well a short version of the Social Report to use for communication purposes.

Thanks to this research, it is possible to study a practical application in the redaction of this type of report in a small Italian non-profit, it was possible to be part of the entire process from the beginning until the end. The practical application of the regulation is different and has helped the author to really understand the practical problems that these types of associations incur when publishing this report. In addition to that, the main benefits, a non-profit will have when publishing a Social Report, have been identified; this can bring a lot of interest in the actual literature and in particular in the Italian context of the non-profits.

It would be interesting to further study the matter, by studying other non-profits in the Italian context and in particular, non-profits that are in the process of elaborating their first Social Report. In addition to that, it would be interesting to study further the benefits in the long term, studying companies that have published the report for years and that could give a more precise picture of the long-term advantages. Another interesting study that could be explored is the possible correlation between the publication of such a report and the donations received by the non-profits; this aspect could require further statistical studies to understand if this correlation exists.

The main limitation of the case study methodology is represented by the limited statistical sample considered, it is true that this study has integrated a qualitative research and semi-structured interviews, but it would have been interesting to produce a quantitative study, and study a wither sample to have more accuracy on the conclusions achieved.

Annex: Interesting interviews

Annex A: Interview to Eufemia Vice-President, Nov. '21.

How long have you been publishing the Social Report? Since 2020
How many people have collaborated in the drafting of the Social Report?   Three people
Have you found participation within the association during the publication of your second social report? Much more attention is required, and the input starts from others. There is more sensitivity for some projects, there is a better data collection (participants, miscellaneous initiatives) that now is structured. More sensitivity in monitoring the results.
Compared to last year, was the work faster and easier? Yes, thanks to the work done during the first Social Report the work was easier and they found less difficulties in the involvement of the head of the various areas.
What are the main benefits that the publication of this report has brought you from a social point of view?   Involvement of the stakeholders has been beneficial to the association. The stakeholders started to have a more active role in the day-by-day activities.
What were the biggest difficulties encountered at the beginning? Data collection, reorganization of workspaces to collect data, identification of values and strategic objectives, structuring the process.
What are the main costs found in the publication of the same? They hired a person, responsible for the social report with a part-time contract.
Overall, a cost-benefit analysis? At this moment there is no return because there is no communication, from a point of view of satisfaction of collaborators / volunteers it pays off a lot and you see the fruit of your work: motivate people to continue working, it is a good for staff and projects. It increases the credibility and authority of the institution even before the lenders. It gave a moment to self-analyze and self-evaluate what they do: Seriousness and transparency.

Overall, the benefits are higher than the disadvantage, but they need to wait to see completely the benefits it brings.

What would you recommend to a non-profit that still does not publish this type of Social Report?

Do a training on what this tool is what it is for, how to draw up and how to use it, to get involved and follow and monitor what is done also to improve your activities. Weaknesses can also be identified, and strengths can be enhanced.

It is useful as a starting point to reflect on the new needs to be met.

Weaknesses of Eufemia:

Communication (enhancing what we do and telling it), not bringing out stories in a structured way. They are looking for a person who is dedicated to that.

Internal organization: work more on the group and on the well-being of the association operators, internal relations are not working to the maximum (they invest in this with a reorganization path, even change boards or directors). This will have impacts on work on the outside.

Thanks to the social report, it has brought out this critical issue.

Have you noticed that since the launch of the BS, more donations/hooking new people? They are contacted by people who usually know them who read the financial statements and increase the information about the institution and have a more complete picture.

Annex B: Interview with the Head of Social Report of a non-profit with entries below 1 million euros, located in Rome, March '22

Can you briefly explain what you deal with?
Foundation working on cooperation and development projects for African communities and especially on women's and children's health.
How long have you been publishing the Social Report? Since 2019
How many people have collaborated in the drafting of the Social Report? Two people
Have you found participation within the association during the publication of the social report?
The participation during the first year of publication was quite difficult, associates had not understood the importance of this accountability report and believed "we have always done well, without these kind of reports". After the first publication, the participation increased, probably they understood the importance of reporting the results and the activities done to the external public.
What are the main benefits that the publication of this report has brought you?
One of the main benefits was the centralization of data, in fact before the publication of this report, the various areas of activities had different ways to record data of the activities done. They have implemented a way to standardize the various reporting sheets.
What were the biggest difficulties encountered at the beginning? Data collection, participation, the structure of the Social Report, find time
Overall, a cost-benefit analysis?
More benefits for now than disadvantage, the associates are curious to see their work in the report and bring new initiatives to improve it.
The data collection standardization helped them a lot also to have overall data , when they present the association.
For now, the only disadvantage is represented by the time they need to use to produce this document, but year over year is becoming less and less.
What would you recommend to a non-profit that still does not publish this type of Social Report?

Absolutely yes, it is a process that the first you start to implement, the better it is; considering also that at a certain time when the association will grow you are obliged to publish it by law.

For sure, it is something useful also to set a strategy, something that usually non-profits do not do, but that is fundamental for the growth and to reach more and more people in the future with the services provided.

Annex C: Interview to Head of Social Report from a non-profit with entries above 1 million euros, located in Rome. Jan. '22

Can you briefly explain what you deal with?
It was started 20 years ago, by a group of people in Nairobi (doctors, technicians, aid workers) from Italy. At the height of the great AIDS and HIV pandemic. Provision of the right to health and well-being. Projects on the ground of a social and health nature. Starts in the Global South, originates in Kenya. The vast majority live and reside in Nairobi and there is direct contact with the community. Participatory relationship.
In 2008, a hospital was founded, an important health center for slums in Nairobi.
How long have you been publishing the Social Report?
Since 2008 even if 2008 they were not obliged to publish the report.
How many people have collaborated in the drafting of the Social Report?
The head of social report and other four people based in Nairobi, and one from administration, two legal, one graphic designer.
Have you found participation within the association?
Today there is active stakeholder participation in the drafting of the social report. Having many projects with institutional donors and public tenders is mandatory to publish this report. It is difficult to find data on a single year, reports usually go by two-months/quarter. There is transparent collaboration and willingness to automate these things (PMs know that this has to be done at the end of the year).
Automation: drive space and cloud collected automatically by contact persons.
Information to be inserted are decided at board level.
Time to publish the report?
1,5 months
What are the main benefits that the publication of this report has brought you from a financial point of view?
There is not a correlation between the publication of this report and the donations received, but he believes that the report brings to the association authority and transparency toward the potential donors.
What were the biggest difficulties encountered at the beginning?

Major difficulty was the compliance with the decree and the difficulty in interpreting it. He suggested to look at the larger organizations that had already started publishing it before the legislation came into force.
What are the main costs found in the publication of the same? Time resource of the employees around 4h/day for 1,5 months. In addition, the expense of the external auditor.
Overall, a cost-benefit analysis? Now that they have publish it for a while, the Social report has more benefits: the process has become an aggregative moment and a way to do self-assessment that usually is not done (or done only at a managerial level), this helps bring together all the representatives of the various stakeholders groups and build this sort of timeline of the association's progress.
What would you recommend to a non-profit that still does not publish this type of Social Report? Advise them to do it and especially the younger ones to involve as many people as possible connected to the association: a sacred moment of confrontation that allows one to go beyond the numbers. The bulk is made up of human relations, drafting it in a participatory manner can be a reminder that associations are made up of people who work there. Gesture of responsibility towards stakeholders, clarification of values.

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