Integrated Welfare Systems and Disclosure: Approaching Emerging Issues

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The aim of this paper is to investigate the integrated welfare and disclosure by proposing emerging issues in the contemporary scenario. Thus, company welfare is represented as internal sociability; environmental protection or innovation can be interpreted as external sociability, representing the uses of resources that a company does not incur costs, but demonstrates its health and social responsibility. Following a theoretical approach, the paper proposes as result a conceptual study introducing an updated literature analysis on the topic proposed of the integrated welfare systems and disclosure trying to point out emerging issues through a case study. Moreover, the research methodology is based on a qualitative approach and secondary sources in order to propose not only to scientific community a literature analysis. In this way, the implications of the research can be directed to academic communities and policy makers. The research question is the following: Which are emerging issues on the integrated welfare and its disclosure?

Keywords: welfare, integrated welfare disclosure, sociability, social responsibility, social statements

Introduction and Research Question

The social state is a complex system founded on the substantial equality principal and directed towards reducing inequality by means of synergic interventions such as health assistance, public education, unemployment insurance, access to cultural resources (libraries, museums, free time, etc.), old age and invalidity assistance, defense of natural environment. In this way, the Italian Constitution stated that the Republic guarantees the: “fulfillment of mandatory obligations with regards to political, economical and social solidarity”.

The most recent demographic and socio-economic changes have determined significant transformations in social security systems around the Western world. Globalization as well as the strict interdependency of economies in the international context have rendered the scenarios with which governments are called upon daily to protect the citizen even more complex. The impact of economic recession seems to have risked the fundamental solidarity principal on which the entire social state relies, not only in our country.

The necessity to save money on public spending influences services and allows for the identification and activation of tools and intervention for the improvement of the life quality of citizens. In this way, it must place importance on - both from legislative and business perspectives - subsidiary welfare, intended as all services that can be offered by public and private institutions to support new needs in social policies.

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In this direction, the purpose of the paper is to investigate emerging issues on the integrated welfare systems and its disclosure, by proposing an updated conceptualization of the topic in the international context. In fact, company welfare is represented as internal sociability; environmental protection or innovation can be interpreted as external sociability, representing the uses of resources that a company does not incur costs, but demonstrates its health and social responsibility.

The research methodology is based on a qualitative approach and secondary sources in order to propose to scientific community a literature analysis.

The research question is the following: Which are emerging issues on the integrated welfare and its disclosure?

The structure of the paper is the following. After the introduction, the purpose of the research is proposed. Following sections contain the literature analysis and describe emerging issues and implications. The last section illustrates the final consideration, the limitations and future perspectives of the study.

**Supplementary Welfare and Welfare Mix Phenomenon**

Today, the welfare state system has progressively been replaced by a supplementary or subsidiary welfare system, handled by private operators and no longer by the State that can no longer handle the weight.

The actual historical phase is often described as being characterized by a “state welfare crisis”, tied to the progressive reduction of financial resources available and the adjustment of the socio-sanitary services system and the overload from bureaucratic ties, which cannot handle the needs of society. The lack of adequate protection has become particularly evident following social changes that have taken place over the past decades that have generated new needs amongst citizens and require innovative answers both direct and efficient.

Public services system cannot handle the growing needs of society and, therefore, certain mechanisms have arisen from private regulation for the satisfaction of needs: We must think about the phenomenon of home nurses, to the normalization of baby-sitting, to the growing request for health-care assistants for hospitalized patients and not only, to the placement of immigrant work force.

The necessity to save on public spending, which sometimes also influences services, makes it even more necessary to identify activate tools and interventions for the improvement of quality in the life of citizens. So, it must place growing importance - from both a legislative perspective and an entrepreneurial perspective - on subsidiary welfare, intended as all the services that can be offered by public or private institutions to help with new needs in social policies. Private companies must endure with the loss of welfare by creating new services for their employees and their families, such as health care policies, conventions, support for children’s education and daycare. Today, supplementary welfare is moving in four different directions:

1. The financial sector directed to concession of mortgages and loans;
2. The youth social activities sector, promoting cultural growth and helping with the insertion in the workplace through academic and professional training which is deemed adequate. This takes place with a scholarship, master’s program, postgraduate studies, and stages in companies or professional specialization courses that are highly qualified. But also thanks to financing for trips in Italy and abroad that with vacation they place sports activities or the study of foreign languages; the welcoming in institutions that hold special agreements on national territory;
3. Economic and organizational support for internships abroad and residences for university study outside local residence;
(4) Sector for old age social activities which guarantee the support and protection in the most delicate phases of their lives through health care, organization of summer trips and hospitality in special residences for those who are no longer self-sufficient.

The actors in supplemental welfare are more and more the exponents of civil society, being companies and private citizens.

The Italian welfare system has started a progressive transformation phase that, notwithstanding constitutional reforms in section V from 2001, finding at a legislative level, its most complete discipline in the Law 328/2000 “Framework law for the realization of a supplemental system of interventions and social services”, set up based on a vertical subsidiary logic (State- Region- Social Entities), regarding programming and financial policies, and based on horizontal subsidiary mechanisms for the management of services, which are mostly mandated to the Third Sector (e.g., Welfare mix). Modifications are directed to affirm a welfare society (Vittadini, 2002; Antonini, 2000), having the role of the third sector emergent along with the social company but that for its realization at the moment there are multiple criticalities and gaps which are tied, both in the nature of the subjects operating in the non-profit sector, as well as the inefficiency of the accreditation system of entities for the issuance of health services (often interpreted as “accreditation of a structure”, not capable of assessing the inappropriateness of social services), with notable repercussions on the quality of the services offered.

The welfare mix model places itself, in fact, half way between the centered models and that which confides to the market its spontaneous regulation, as it is oriented to a plurality of subjects involved and a multiplicity of services offered.

The state is always requested to handle the task of setting the rules, setting up incentive mechanisms as well as system checks.

Consequently, on one hand, the conception of the state takes on the load of a series of social rights that have remained unchanged, on the other hand, it appears to have mutated the methods through which the objective is achieved. Indeed, such a mutation is determined not only by the needs of compensation (since social rights increase but resources available diminish), but to the full realization of the essence of democratic pluralist state, which generates a multiplicity of emerging forces in society, free to operate even due to the satisfaction of social rights.

This opening, already present in the Italian Constitution from 1948, has received new impulse in legislative evolution (Law 328/2000) and from the reform in section V of the Constitution, both animated by a reassessment of intervention levels closer to citizens (based on the subsidiary principle in its vertical and horizontal meanings). The test of constitutional laws shows that the welfare mix system finds a constitutional framework as its most profound fundamental.

The necessity to save on public spending influences services, rendering the identification and activation of tools necessary as well as intervention for the improvement of life quality of its citizens. It can place a growing importance - in both legislative realm and business realm - on subsidiary welfare, intended as the services that can be offered by public and private institutions to support new news in social policy.

Therefore, we are increasingly feeling the need to have a company welfare system representing a founding tool for corporate responsibility. In the current scenario, therefore development of company welfare is no longer considered optional, but has become an essential factor for growth and success in a company.
It is based on the shared principal of sustaining growth, at every level, from a social responsibility intended as an obligation of all the subjects involved, each in relation to their proper role, to integrate social, ethical and environmental themes in their activities and in their internal and external relationships, operating responsibly, with the awareness of proper rights and obligations. The approach adopted starts from the awareness that from this stage the social state can no longer guarantee the current levels of protection faced with today’s demand and expectation of people in terms of welfare that is growing in quantity and quality.

The creation of a company welfare system is realized through the development of company negotiations that take into consideration the social responsibility, as the possibility of undertaking a “pact” in which parties can formalize their obligation to sustain behavior and coherent choices in industrial relations for development of a socially responsible company (Lindgreen & Swaen, 2010).

The choices in social responsibility shared in negotiations represent, within the realm of the agreement, the “welfare negotiations”, constituting regulations formalized to give answers to the needs of workers and their families, in sections with social relevance. Through such agreements they respond, therefore, to tangible individual and/or family necessities that represent a recognized need for collectivity.

The choices and behavior oriented towards social responsibility in industrial relations and company negotiations suppose sharing from all the actors involved to favor, at company level, the adoption of socially responsible choices. Voluntary sharing and awareness of socially responsible choices in company negotiations can contribute to spreading sensitivity and culture on social responsibility issue, promoting ethical behavior and improving relations between companies and local communities.

The company assumes a substantial and effective role. Companies have been capable of gathering the most varied needs of their workers constructing, in many cases, an exemplary model for supplemental welfare. The phenomenon of company welfare is an undoubted sign of the diffusion of a new sensitivity of companies, always more conscious of the needs of company workers in terms of strategic advantage directed to increase productivity and company competitiveness.

In this way, the investigation is directed to understand what the role of companies is. In the current scenario, the state is no longer capable of dealing with pressuring requests for welfare that are coming from workers, male and female, retired pensioners and aspiring workers.

Companies must have a more active role, but how? The recession, which is not allowing the state to fulfill its welfare obligations, is the same that is putting pressure on companies. Therefore?

The first answer is related to the company as container of social services. This is evident when the company is managed economically: “reaching economic objectives with minimal costs, without waste and with attention to future perspective”.

We must start from future perspective to explain the significance of creating a series of conditions that allow for realization of the so-called “internal social policies” or company welfare, based on the logic of the companies’ social responsibility.

To realize such objectives, resources need to be collected. Companies cannot create such resources outside, due to the economical/social historical period. In this way, as the resources need to be found internally, the self-financing (Capaldo, 1968) is related to resources generated internally, which, in terms of company savings, allow for the creation of resources to designate for social use as in the strictest sense of company welfare.
If the companies, *rectius* the businessmen, would begin to take into consideration that internal resources could be designated for social use and that this, being even more recognized on an international scale\(^1\), would increase (and not decrease) the value of the company, then we can hypothesize a common interest of the actors in collective negotiations. A model of socially responsible company is that which takes charge to create conditions to guarantee a future to its company, and therefore its workers, to its country and naturally to the businessman.

It is what financial analysts ask for, integrating financial ratings with the non-financial ones, essentially having social/ethical nature.

From here, is it possible to note the importance of social reporting and the assessment of social economic capital, through forms of “social correction”, of values deriving from an assessment of patrimonial/financial/economical nature?

Going back to company welfare models, the models are not new, and the most cited case is the Olivetti model represented below.

**From the Olivetti Model the Current Model**

The company Olivetti has covered a key role in Italian industrial life not only for its performance with regards to technology and economics, but also for the attention to its employees and their problems.

Adriano Olivetti having succeeded to his father, founder of the historical Italian company, Camillo Olivetti, had developed his own activity with the following vision: a company had to create value not only that which is distributed to the shareholders in terms of benefits but also that which was invested to self-finance the company, therefore in terms of salaries and better incentives for work obligations, in social and assistance services for employees, permanent training and even a reduction of work hours with the same salaries for staff.

Based on company strategy that was followed by Adriano Olivetti (Maggia, 2001), a company must be a “big company” because in this manner can it respond to all its potential future economical opportunities, so under his leadership the company went from 200 employees in 1924 to 4,000 in 1942 and to 25,000 in 1961.

Secondly, Adriano Olivetti emphasized the importance of innovation technology, by introducing men with high scientific preparation in industrial activities the area of project design, where the old collaborator of the father, with whom the company began to develop with much sacrifice, had to put themselves aside and make room for the cum laude graduates in mechanics, electro mechanics and electronics (Olivetti, 1958).

Thirdly, the company should have been international and compete on more international markets in order to maintain itself large and powerful; in the 1930s and 1940s, foreign subsidiaries were created in Belgium, Argentina, Spain, Brazil, and France. When Adriano Olivetti passed away, the company had production offices in Italy (in Canavese, in Turin, in Massa and Pozzuoli), in Europe (Barcelona and Glasgow), in Latin America (Buenos Aires and San Paulo), and in the United States (Hartford).

Fourthly, Adriano Olivetti followed a corporate culture to the end; sustaining, as early as 1945, the necessity to “give awareness to the ends of work” (Olivetti, 1960), asking that industry could reach certain ends, where they could find, profit indicators or if there were beyond and apparent return, something more fascinating, an ideal story, a destination, a vocation in the factory (Olivetti, 1958).

Finally, Adriano Olivetti established strong ties with the “factory” and the territory in which it was settled; he created a series of accessible services for all the population, not only the employees and their families, as for example, Social Relations Centre and the Olivetti Cultural Centers. He also founded the I-RUR, which is an

institute for urban and rural renovation in Canavese, with the objective of studying and executing programs on a communal and inter-communal basis, to improve social and economic conditions of the region, the standard of life and the cultural level of the population, to give contributions to the full employment of labor and to promote, create and manage concrete industrial, agricultural and artisan activities.

Olivetti can be considered the paradigm of the company welfare system, as the base idea of company conception is cultivated by both the father Camillo and the son Adriano, that the factory was not only a place of work finalized to the production of goods, but it was above all an environment for social coexistence.

The first social activities were established in 1909 together with Workshop, with the creation of a mutual fund to assist skilled workers, with the objective of guaranteeing the employees medical and economical assistance in case of injury in the workplace or tuberculosis. At the time the mutual funds did not work very well: a worker to be hospitalized would have to pass all his medical information to the main city of the province, who would pass them to Rome and, before they would be sent back with clearance about three months would go by.

In 1919, anticipating the legislative dispositions on the subject, they instituted a family indemnity of 12 liras for each dependent child, for all their employees. The practice of family indemnity continued and existed in the following years and in 1949, it brought about the creation of a plan of integrated family indemnity alongside those issued by INPS (AA.VV., 2001).

In 1924, in response to living conditions due to the increase in skilled workers and bad living conditions, Olivetti began construction of apartments for its employees.

In 1932, Adriano took over for his father in the management of the company and brought about many new changes. Before 1936, Olivetti offered personal assistance to every worker, while later it adopted an assistance policy that was more structure, that Adriano defined “welfare system”, based on the idea that workers could use assistance and services set up by the company, as, supplying their skills at the service of the company, they acquired rights from it; all of this in the vision of “do ut des” and not for charity. The employees found themselves with: day care center, summer retreats and factory services (cafeteria, automobile services and repairs for transport vehicles). They built schools to teach professional design, such as the Olivetti School, the Centre for Mechanics Training and the Technical Industrial Institute with scholarship mechanisms allowing for young people with technique to become technician - heads or engineers; they organized cultural services (Olivetti Cultural Centre, conferences, theater shows, cinema, art shows and concerts) and training (libraries, night courses for its employees). The establishment of centers for social services had two ends: on one side, it was a promotion tool for the economic and social wellness of the company and on the other hand, it had the function of avoiding conflicts and tensions between management and the worker class, in a historical phase characterized by a notable increase in manpower. Policies were promoted with regards to maternity and children; in 1934, the first day care center in the company was built having a pediatric service attached to it and in 1941, Olivetti Worker’s Assistance Regulations was enacted that recognized economic treatment that was more advantageous with respect to that which was provided for by law, with regards to maternity leave, the conservation of job post for nine months, almost paid fully. The economical and structural growth of the company placed more and more at the center of its discussion the living conditions of its staff; to resolve this issue after the war they built new neighborhoods based on modern urban schemes, such as Borgo Olivetti, Canton Vesco, Montemarino, Bellavista, loans were granted as well as sureties and technical consultancy as well as architectural was free for all its employees. The intense construction activities dealt with the completion of the factory in Ivrea, the construction of a Study Center, the design of a cafeteria, of the school and theater, hospital in Ivrea, third bridge in Ivrea and the factories I-RUR58.
Since 1948, the social services institute is managed by the Management Council, an instrument created to render the workers directly participant to social assistance present in the factories: an example is the Internal Solidarity Fund that employees finance with a monthly contribution and that gives aid in the case of sickness or injury by integrating the national social security system.

Hiring policies were characterized with the idea of hiring more members in the family nucleus, in order to increase consumer and saving capabilities and impede wild urbanization of the territory. Reading the archives on personnel, we noted that 80% of personnel hired to work in Olivetti from 1924 to 1960, continued to live in the same municipalities thanks to the efficient low cost transport system and subsidized loans for home renovation. Even if the number of employees grew enormously in this period, passing from 200 to 10,000, Ivrea only grew by 5,000 inhabitants and the remaining part of Canavese remained with the same population numbers.

For their responsible company policies tied to the territory, Adriano Olivetti clashed both with Confindustria and worker’s unions, because of work hour’s reduction for workers without a change in salary, as his ideas seemed to always anticipate theirs with regards to welfare.

Adriano Olivetti understood before others that the two tools that a company had in order to operate efficiently were, on the one side, scientific organization for production associated with the acquisition and use of specialized plants and on the other, social management of its workforce in order to add value to proximity relations between environment and company. The wellness of its employees represented, in fact, a valid assumption to guarantee lasting conditions for the success of the company. For this reason, the company undertook a series of activities for company social development such as the construction of Health centers furnished with convalescents and qualified doctors for its employees and their families, in order to block the diffusion of epidemics or debilitating diseases like tuberculosis, and the creation of employee cafeterias to fight the health food problem in that period.

Olivetti was not the only company in those years to adopt a company welfare system. Other companies, even in more recent times, have adopted company welfare systems. For example, the welfare policies of Martini & Rossi (Napoleone Rossi di Montelera: “the profit could not be separated from economic and social growth of those who worked in the company”), which have assistance policies, such as the availability of daycare for its employees, from the beginning a series of advantages for workers with very young children (in normal daycare schools children are admitted at 3 years old); after work (with the organization of trips, cultural visits, sport competitions and musical events), the female creative organization and the summer colonies where the children of employees could spend vacation periods (between the 1930s and the 1950s, in the Martini houses in the Alps, in Valle d’Aosta and then at the end of the 1990s, in a new property in Salice d’Ulzio). We can even make mention of a true construction policy put into effect by Martini & Rossi at the beginning of the 1950s and 1960s in favor of its employees. Such policies were activated in order to supply good living at a low cost to employees; and so they were established in this manner without having been entered into a coherent development plan, numerous “employee houses” furnished with spacious apartments and rational living quarters.

In a more recent period, how can we not recall company welfare policies in Pirelli, with their initiatives regarding assistance, family support; Luxottica, with regards to health and wellness, education and merit promotion, mobility and social assistance; ENI, with initiatives for the family, health and initiatives for time &

\(^2\) Codice Etico Pirelli, 2010: “The Pirelli Group recognizes the centrality of human resources in the belief that the key factor in the success of any business is the contribution made by the people who work there, in a climate of fairness and mutual trust”.

\(^3\) “They are everyday people determine the true long-term success of our businesses” (Leonardo Del Vecchio, agosto 2011).
money savings; Intesa San Paolo\textsuperscript{4}, with complimentary social security, complimentary-supplemental health insurance, free time in recreational centers, and finally solidarity.

The Binomial Economics and Sociability

In the past years, following globalization, an emerging issue is related to economics themes connected to ethical problems and corporate social responsibility (McWilliams, 2000; McIntosh, 2003; Lindgreen & Swaen, 2010). In the 1930s, company economics researchers amplified there research field towards corporate behavior, by considering consequences of company activities on the social collectivity (Donham, 1927). The discussion is started by the socially responsible managerial class, capable of orienting its behavior in a socially responsible manner. Sociability appears as a primary factor in avoiding the decline of companies (Donham, 1927).

Today, the relevance of social functions in the company system (Carroll, 1999) obtains even more value, due to the effect of growth in maturity of our civil society that has elevated its requests and expectations towards public and private institutions, to which a request is made to find a balance between economic criteria and social finality in the governance of activities carried out. In the 1950s, studies began to identify additional objectives with respect to financial economics, to be found in social actions directed towards the company (Bowen, 1953). In the 1960s, many studies began to ask if companies could allow themselves to not consider social responsibility with regards to their actions (Davis, 1960; McGuire, 1963; Walton, 1967). From the Freidman theories (Friedman, 1970) that social responsibility could not fail in profit growth, the idea that there is a relationship between higher profits and greater responsibility is emerged. Often, such a binomial is correlated to company productivity. On the sociability issue is therefore connected to having found many ideas in an era of globalization. In fact, social issues are related to the discussion elements in all sectors. In particular, public awareness towards relevant aspects, such as unemployment, environmental protection and worker's protection and the transformation of consumer markets, forced to follow continuous changes dictated by the collectivity, as well as new habits in potential consumers, with the radicalization of the binomial between rich countries and poor countries, with “new entries” in the new age of the same (Bianchi, 2010).

A Different Approach to Social Statements

The sociability has relevance if it is directed and accountable to the outside. From this simple assumption studies and applications (Wood, 1993) have led to the creation of social accounting, through forms of social accountability.

Corporate management has inevitable social implications that transcend corporate action observed from a classic point of view, or rather set up to assess economical-financial implications.

Social information is always more relevant for the assessments that the markets permit to the company. We have already stated that the study presented by Advantage Financial explains the reasons for better access to credit for companies that adopt socially responsible policies. Traditional models for reporting do not demonstrate the methods with which companies create and use resources for social actions. In other words, the models described are efficient under a descriptive profile, but do not duly quantify the social phenomenon. The goal of a social statement is to explain how resources are created and used and the models mentioned do not allow for a correct analysis of this topic.

\textsuperscript{4} Codice Etico Intesa Sanpaolo: “Promote policies that make the balance personal and professional development, promoting forms of flexibility and implementing initiatives for conciliation between work commitments and private, in the knowledge that the private sphere is a fundamental part of everyone’s life”.
From this perspective, monitoring and measuring social actions by companies through self-financing is relevant.

Self-financing (or company savings) is an economical phenomenon with financial effects allowing for minor recourse to credit capital to use internal company resources for new investments. This allows for an increase in future performance and insures vitality and growth. Such a role is even more evident when self-financing is used to invest in research and development, marketing, safeguarding of the environment and accident prevention.

In this way, there is a positive valuation of the indicators ACE\(^5\) (economic growth aid), or rather a tax incentive that is recognized to companies who decide to save and invest the company savings with an “industrial” perspective. Self-financing is fed through the waiver of shareholders on their dividends, which means that, even under an ethical profile, the waiver of cashing in profits, in order to increase company development represents socially responsible corporate behavior.

In this direction, the following section explains how a social statement model can be built on self-financing.

**Social Statement Based on the Self-financing Model**

To communicate its sociability, companies use social statements. The general aim of social statements is to describe the reasons for sustaining costs that are far out with respect to characteristic activities, but at the same time productive for the stakeholders. This report goes alongside the financial statements and completes them about the information of aspects not monetary regarding the company performance.

In the past years, there has been a growth in awareness with the way companies produce and the difference it makes in a context of using up environmental, social and economical resources, and sustainability has become the main evaluation term for companies and public administrations that want to take on a role that is socially responsible.

Today, this tool is relevant for the company system, in fact, “social information must be produced with rigor and accounting methodology” and as well, “the judicial subjects must feel the obligation, or be obligated, to supply punctual information on what their social obligations are, with reference to the internal and external environments of the company” (Bianchi, 2010, p. 118).

Economic research must be more than ever, realized based on an ethical paradigm.

The social statement is a summary report that has the task of describing analytically the reasons for sustaining costs, not immediately referable to specific activities, but capable of generating advantages for stakeholder categories (such as personnel, shareholders, investors, clients, users, suppliers, public administrations and the society as a whole).

The construction of a social statement can be based on three profiles: identification of content, internal coherence of content and process; in fact, the different types of social statements proposed by various organizations are referred to guidelines (Global Reporting Initiative, Study Group for regulating preparation principles for Social Statements, self-financing) and of process (Account Ability 1000). The guidelines involve the structure and meaning of the report, having the purpose of analyzing the relation’s network on which quality depends on for the results of government action. Process standards are concentrated primarily on construction mechanism of the report and propose some phases where each one is finalized with an outcome, explaining which principles are used for the preparation.

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\(^5\) The ACE progenitor is DIT (dual income tax) that stimulated capitalization of one’s own company.
So, the present paper proposes an innovative model, described in doctrine and applied in practice by emphasizing the uses of earned proceeds.

**The Innovative Model of Analysis**

The social statement for self-financing as innovative model is the tool that best allows for the description of company sociability, due to investments of “company savings”.

This social statement model is composed of two parts as represented in scheme below (see Table 1): the Social Statement in a strict sense where there is a comparison with resources and uses, and comments that are used to explain the data that are merely quantitative in the first part.

<table>
<thead>
<tr>
<th>Table 1</th>
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<tbody>
<tr>
<td><strong>The Social Model Statement</strong></td>
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<tr>
<td><strong>Resources</strong></td>
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<tr>
<td>1. Self-financing of the report:</td>
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<tr>
<td>1.1. Retained earnings (profit net of dividends)</td>
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<td>1.2. Provisions</td>
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<td>1.3. Depreciations</td>
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<tr>
<td>2. Rectifications:</td>
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<tr>
<td>2.1. For price policies</td>
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<tr>
<td>2.2. For tax policies</td>
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<tr>
<td>Asset reinforcement over a long-term period</td>
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<tr>
<td>Total resources (1+2)</td>
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</table>

The comments on the social statements, regard resources exposed in the scheme, allowing to explain the quantitative data expressed in the table and allowing to reconstruct the voice for self-financing of statement and uses. Regarding the uses, the comments put emphasis on the genesis of value assigned to social investments both internally and externally. Such data primarily emerge from a comparison of the patrimonial state of the year-end that the social statement refers to with the one from the previous year.

This model of social statement begins from self-financing, as the summary of profits that are not distributed, depreciations and provisions calculated net of utility funds, as a good indicator of social potential that the company has, even better than the classic indicators such as employment and taxes.

Social potential is represented by an elevated propensity to save, and therefore to invest, in order to significantly improve the company’s economic prospects. It seems evident that company savings can represent social potential, and therefore self-financing is the indicator of positive economic outcome capable of expressing a relation between external and internal environments. In fact, “self-financing represents a true tool for the evaluation of action, as it results from rational management, it has the seed of the future, thus establishing itself as a true social resource”\(^6\).

Following the current historical period, in which credit crunch impedes companies in their growth, especially small to average sized companies, having financing, financial autonomy needs to be increased; in other words, companies are less dependent on the market and, can therefore handle investments with means that are generated inside the company system. Self-financing is a measure for resources that a company with its own management is capable of generating on its own.

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\(^6\) Social statement from the Bank “Credito Cooperativo del Tuscolo” – Rocca Priora.
The model for self-financing contains some peculiarities that describe a series of social actions: the first is price policy. In fact, price policies with a strong discount, or contained, are read by the model as an additional resource. This is clear in technical accounting terms minor prices/higher profits, very true in terms of sociability. A maintenance policy of prices today represents a social resource for companies sustaining that they are meeting their clients half way. In food distribution, in large consumer goods, today a price policy, tariff policies and so on represent elements having broad social impact.

The referred model divides the social uses in internal and external. This means using the potential derived from self-financing for sociability towards internal and external stakeholders.

This leads to the quantification of company welfare as previously mentioned at the beginning of the paper. In other words, companies invest in actions directed towards improvement of work conditions of their employees and they also invest in external environment, but companies also invest in innovation and this improves their products and processes in order to release products on the market that have an even more minor environmental impact.

The self-financing model has the quality of giving quantification to social action, but it is the model that has further value. In fact, self-financing is an indicator of the company’s state of health. It is easy to demonstrate that companies, whatever size, tend to generate self-financing based on their capacities and limits in their sector of activities (the marginality of every company and every sector is different). This postulates that self-financing is a pure social resource and the use is a modality to understand how it realizes socially responsible actions.

Internal sociability coincides with all the tools for company welfare that have been mentioned, while external sociability represents the actions of a company towards the outside and, therefore the sociability that is realized with innovation that improves environmental impact.

“Innovation is defined with the social process through which an invention or a creative idea is adopted by a group (…). This is the moment in which the initial idea has a social fall-out and contributes to the progress of humanity” (Sinibaldi, 2012).

It is recognized as the primary motor for economic and social growth of a nation favoring productivity and therefore increases in GDP, increase in quality and variety of products offered and duration of social wellness (Franzini, Giannini, & Zamparelli, 2012). Strong ties exist between innovation and sociability.

Innovation can be generated by CSR oriented initiatives through the use of social, environmental and sustainable drivers used to create new products, services and processes capable of triggering, through networking, a virtuous circle.

The relation between CRS and innovation is revealed with more force in organizations where corporate social responsibility is an integrated part of company strategy. In this regard, it is useful to distinguish those who have a reactive approach to change from those that have a proactive approach. While a reactive approach is not capable of anticipating change and so it can only use a reaction plan with effects in the short term, who has a proactive approach perceives the tendencies in advance and is capable of creating a new action plan, capable of generating innovation that is sustainable over time.

**Summarizing Economics and Sociability**

This section demonstrates that a synthesis exists between economics and sociability. The concept of economics, or rather the capacity of a company to reach objectives as in minimum costs and no waste of
resources with attention to future perspective, shows how attention to future perspectives does not have to be
directed only to making profits, but also to the capacity of creating economic capital conditions to allow the
development of the company in a sustainable manner.

The company that wants to orient its management to sociability principles can reach such an objective
without undermining its profits or company development.

The objective that arises is spontaneous, above all in a global economy, to safeguard profit, development
and sociability. The company that delocalizes in countries where manpower and prime goods have a lower cost
seems to have an advantage in global competition and so how come sociability should be a variable to consider?

There is a moment of operational reality; companies that have developed their own business without
asking themselves about future perspectives, even with a social outlook, today are squashed from excessive
debt, from business lacking any appeal because of scares quality, etc..

Sustainable growth, even in social terms, allows them to remain on the market. Innovation (Chesbrough,
2010; Gollin, 2008; Teece, 2010) is the key to success that allows the realization of products with minor impact,
with major efficiency. It is the case to observe on a mature market how the automobile industry has found new
life due to innovation allowing for growth of the product’s life cycle.

The key to innovation analysis is the medium-long term period as the element of social environment. The
concept of economics refers to future perspectives, “compelling” the businessman to a type of management that
not only tends towards maximization of performance contingencies, but also deals with obtaining positive
long-term results. It is evident that company policy that invests in innovation will waiver immediate profits to
obtain future economic-financial results which are better, that at the same time, will generate development and
socio-environmental progress.

Today, to be a successful company that is innovative, one of the keys to success is competitiveness, as we
also need to consider the impacts that operations will have on society and environment, stimulating creativity of
personnel and collaborating with the stakeholders in designing and developing new products and services. It is
necessary to surpass the idea of equivocating innovation to technological evolution and diffusing in the
conscience of the company, of every size, the idea that innovation must be a continuous activity as well as
systematic to involve all business units (Fontrodona, MacGregor, & Xavier, 2008).

**Conclusions on the Role of the Company in New Welfare**

Following the previous theoretical analysis, companies must carry out the role of primary creator of social
wellness.

Traditional welfare has become less and less due to the considerations that we have made, thus the third
sector manages the most requests: the state does not arrive and no other operator can fill in the role. Think
about non-profit organizations that qualify personnel who are prisoners or ex-prisoners, thus being an activity
that absolves the Constitutional concept since it provides for rehabilitation of the penalty. This type of
activity cannot be the answer to a social security system. Therefore, the Third Sector, which has large merit,

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8 The example “Pasticceria Giotto” is a prison pastry shop in Padova, managed by the Consortium OFFICINA Giotto. This
company was created in 2004, giving a stable format to social cooperative presence that goes back as far as the nineties. The
Consortium activated a series of projects with prisons in various sectors that today involves 120 prisoners and is now an
intermediary with institutional parties both within the prison world and outside, above all regarding business venture and public
administrations. Amongst their active projects, besides pastries and cooking, there is a call center, luggage and bicycle assembly
company and the realization of pen drives for digital signatures.
cannot be loaded down with an activity that is structured in terms of welfare. So, companies become active in this new welfare model that is starting to outline itself.

The resources that companies designate to such activities are to be found in self-financing as resources that the company saves, of whatever size, which it is always capable of generating.

Company welfare is interpreted as internal sociability, like environmental protection or innovation can be interpreted as external sociability, representing the uses of resources that a company does not incur costs, but demonstrates its health and social responsibility.

Especially when you go to promote the attention of rating agencies, banks, funding agencies and so on positively evaluate the companies that actually invest in these activities. Somehow the circle closes: social media with industry-funded self-generated and with the benefit of positive appeal to “spend” in all markets (financial markets, outlet, supply, etc.).

So, there remains a problem of the moral order. The good for the sake of Kantian memory, or the more recent bonum honestum of John Paul II, are inevitably factors related to the single individual and much can be done on this, but not with self-financing or other means of financial nature, but with the search for a scale of values which one needs to go back and be inspired by. But this is an issue that goes beyond the present research.

References