THE ROLE OF VOLUNTARY DISCLOSURE IN LISTED COMPANY: AN ALTERNATIVE MODEL

Maria Teresa Bianchi*, Alessia Nardecchia**

* Department of "Diritto ed Economia delle attività produttive", Sapienza University of Rome, Rome, Italy
** Department of "Diritto ed Economia delle attività produttive", Sapienza University of Rome, Rome, Italy

Abstract

The aim of this paper is to propose a model of social reporting that allows improving the communication of sociability and quantify the sociability. The research approach follows a qualitative methodology, applying a single method approach. The observations are the result of an empirical analysis carried out on the Italian-Stock-Exchange listed companies that have an independent social or sustainability balance sheet. The findings of this research are based, first, on collection of data about the sample, in order to identify the strong and weak points in terms of its management and economic evaluation, and secondly on the introduction of an alternative method of social accounting, with the objective of measuring the sociability of company communication.

Keywords: Alternative Model, Company's Disclosure, CSR, Self-Financing, Social Reporting, Social Balance Sheet, Voluntary Disclosure

1. INTRODUCTION

A study conducted by the United Nations Environment Programme - Finance Initiative (UNEP FI) and the Principles for Responsible Investment (PRI) about the costs and risks of environment estimated that during 2011 the monetary value of environmental damage global annual (generated from production and human) amounted to approximately 6600 billion (approximately 11% of global GDP in 2008)[1]; of these, 4.5 trillion dollars were represented by external costs caused by emissions of greenhouse gases (GHG). The same report estimated that, in a scenario like the present, characterized by low growth rates per capita and an increase of the global population, the annual value of environmental externalities could reach 28.6 trillion dollars in 2050, part of which significant should be generated by increased costs for GHG emissions (up to approximately 21 trillion dollars) (UNEP Finance Initiative e Principles for Responsible Investment "Universal Ownership: Why Environmental Externalities Matter to Institutional Investors", 2011).

In this context the company is aware of their social role and they have the need to communicate their social activities to stakeholders.

Although social reporting entails additional costs, companies adopt it because encourages the stakeholder identification (Donaldson and Preston, 1995; Freeman 1984; Freeman et al., 2007; Mitchell et al., 1997) with the corporate vision and mission. The main benefits from the social balance sheet are identifiable in increased returns to shareholders over the long term, in the best strategic planning, in the development of brand, reputation and corporate's image, and in attracting customers.

Social report (Yongvanich and Guthrie, 2006) is based on the idea that communication processes and organization processes are specular, complementary and equivalent (Smith, 1993) and that it will be necessary to show the good organizational performance by creating a positive company image.

In this framework, our study identify the social balance sheet based on self-financing as the tool that best allows to highlight the sociality's enterprise. This sociality is, primarily, the result of the investment of "company's saving."

The social potential is represented by a high propensity to save, and then to invest, thus to increase significantly the economic prospects of the company.

In this direction, the purpose of this paper is to identify an alternative model of social balance sheet for contemporary companies, by providing an updated conceptualization of international standards and guidelines used to apply the voluntary disclosure (Advisson, 2011; Banghoj, Plenborg, 2008).

The article has the following structure: after the introduction, section two describes the research approach. Section three provides a literary analysis. Section four defines the alternative model of social accounting. Section five provides conclusions, limitations and suggestions for further research.

2. RESEARCH APPROACH

The research approach of the paper is based on a qualitative method (Maylor and, Blackmon, 2005; Myers, 2013, Hair et al., 2003). The research provides both the scientific community and the field operators an updated conceptualization of the social balance sheet models through the literature analysis.

The present scientific work integrates and updates existing literature, defining strong and weak aspects of the social balance sheet.

By examining the characteristics of the existing sourcing methods of international standards and guidelines, another contribution of the research is in defining some proposal in order to modify social reporting.

[1] *Italian GDP in 2013 amounted 1,560 billion euro.*

Data sourcing has been carried out using secondary sources, in particular, the secondary data (Yin, 2003; Myers, 2013) originates from:

- scientific articles and books;
- journal articles in open sources;
- databases and websites;
- databases and scientific documents.

In this way, we propose the analysis of the following social balance sheet models:

- the GBS model;
- the GRI model;
- the social alternative model.

3. LITERATURE REVIEW

3.1 The Corporate Social Responsibility in FTSE MIB listed company: some evidence

Many studies investigated the concept of Corporate Social Responsibility in the FTSE MIB listed company.

In particular, the study carried out by ALTIS-CSR Manager Network the data on CSR are in many ways encouraging. The research highlight that the issues related to CSR have now in the agenda of the Board of the main Italian listed companies. Indeed, 70% of Board of Directors of listed companies in the FTSE MIB clarified the specific meaning assumed by the term CSR in their own company and their sociability is communicated to all stakeholders. Besides more than half of Board of Directors is engaged in examining and approving CSR policies.

The majority of the FTSE-MIB listed companies have more cognition of the concept of CSR (70.97%) than samples of companies listed and unlisted (see. Figure 1).

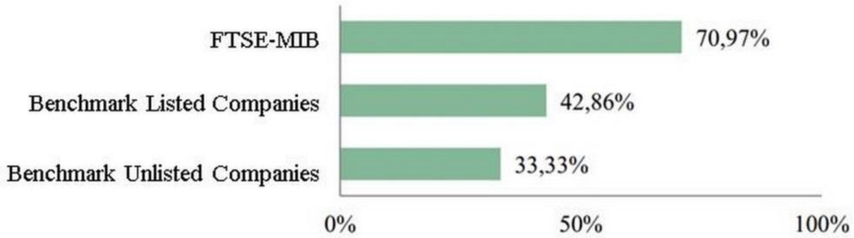

Figure 1. The Board defined the CSR
Source: C.d.A. e Politiche di sostenibilità, CSR Manager Network

Besides, the Board of 64.52% of FTSE-MIB listed companies established and publicly disclosed its social and environmental commitments. In this case, benchmarks clearly differ, only the 14.29% of listed companies announced their social and environmental such commitments, while in unlisted companies the value is 40.00% (Figure2).

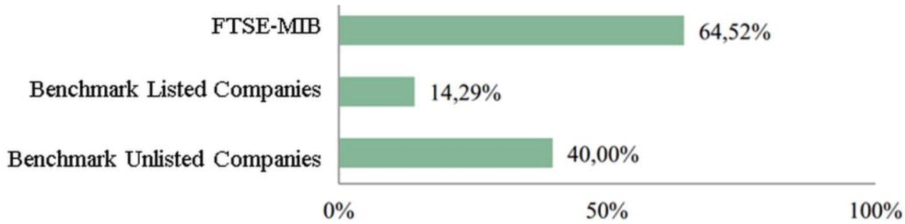

Figure 2. The Board established and publicly disclosed its social and environmental commitments.
Source: C.d.A. e Politiche di sostenibilità, CSR Manager Network

Contemporary companies have an increasingly social role in the knowledge economy (Foray, 2006) and their responsibility resulted in the need to extend the content of the company's disclosure (Mayew, 2012).

The social balance sheet is one of the primary tools of CSR implemented by the companies; in fact the 80.65% of listed companies publish this document annually. The research highlight that the 96% of companies that publish social balance sheet provide to the analysis and the approval by the Board of Directors. The social balance sheet proves as the most capable of engaging the agenda of the Italian listed companies Board. The approval of the Social Balance Sheet by the Board of Directors isn't mandatory and attests like this tool was considered relevant for the companies.

In particular, by using a qualitative approach to the research, the primary data arising from the survey about the reporting are the following.

The result of the analysis show that 4 out of 5 companies in the sample FTSEMIB listed companies prepare their social balance sheet (80.65%), which has become common and essential element of the strategy of large companies (see. Figure 3).

Furthermore another Italian study demonstrated that the 64% of the top 50 companies listed on the Milan Stock Exchange[2] has published the social balance sheet in 2014 (year 2013) (Figure 4).

[2] *Sample of 50 leading companies listed on the Italian Stock Exchange in different sectors of activity, identified as a function of varying size and sector of a total of 300 listed companies. The company size has been calibrated, as well as revenues, also based on the number of employees and, in fact, the productive sector. [...] The breakdown by sectors of the companies included in BI50 was weighted in relation to the distribution found in the sample of 250 largest companies / enterprises / groups ranked according to turnover in the ranking of the Fortune Global 500 (G250).*

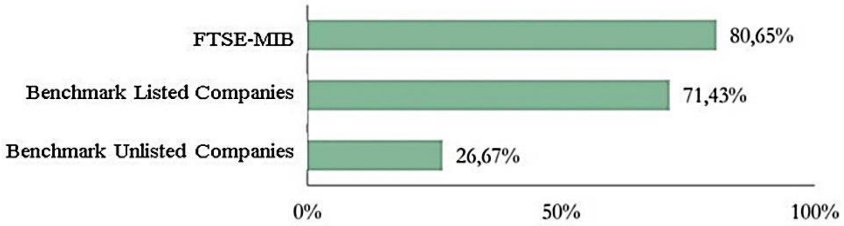

Figure 3. The company prepares its Social Balance Sheet
Source: C.d.A. e Politiche di sostenibilità, CSR Manager Network

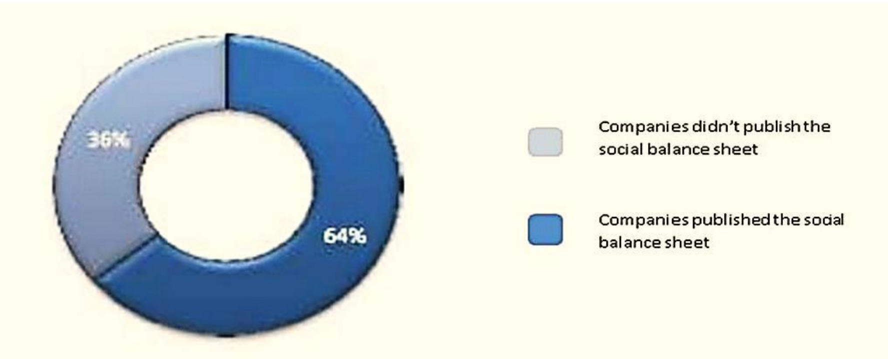

Figure 4. The top 50 companies listed on the Milan Stock Exchange published the social balance sheet during 2014
Source: Rendicontazione non finanziaria e asseverazione dei report di corporate responsibility nelle società quotate - Fondazione Nazionale dei Commercialisti – February 2015

This growing trend is also emphasized by a survey carried out by KPMG. It showed an increase of 59 percentage points between 1993 and 2013 of the companies that published their social balance sheet (see. Figure 5).

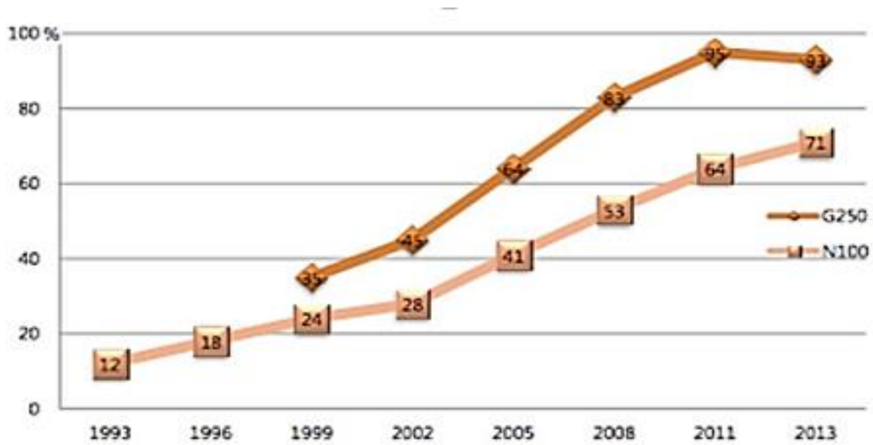

Figure 5. Companies that published their social balance sheet between 1993 and 2013
Source: The KPMG Survey of Corporate Responsibility" - Kpmg - December 2013

Some evidence supports the strategic value of this tool. In almost all enterprises that issue sustainability report, this shall be submitted to the Board (96,00%) and reviewed by an external organization (87.50%), in order to certify their validity (Figures 6-7).

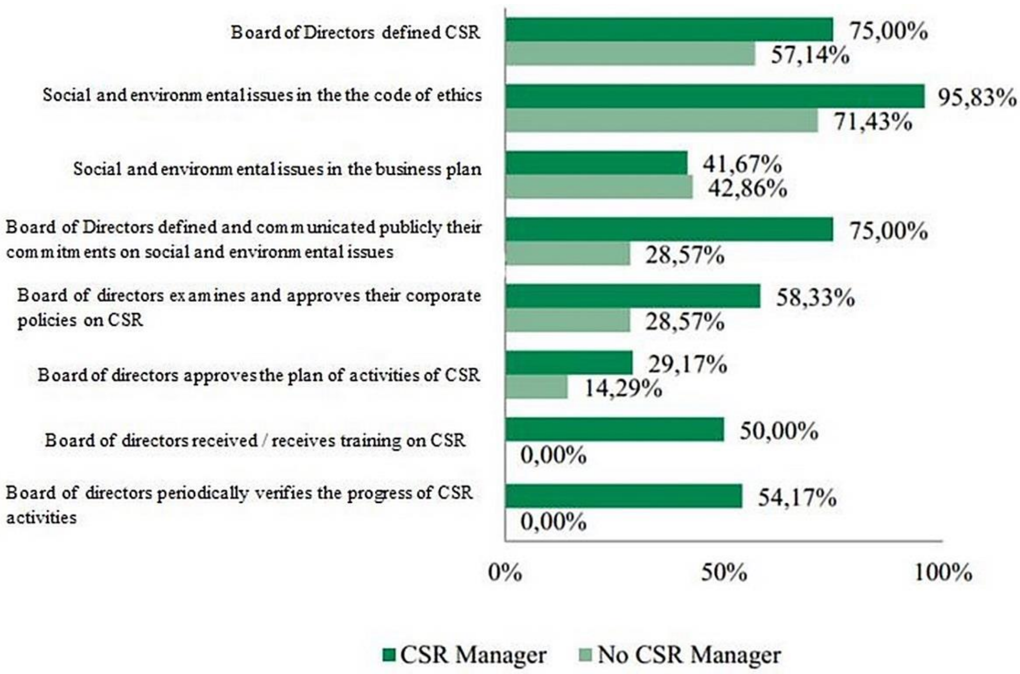

Figure 6. the management of CSR in the presence of CSR Manager
Source: C.d.A. e Politiche di sostenibilità, CSR Manager Network

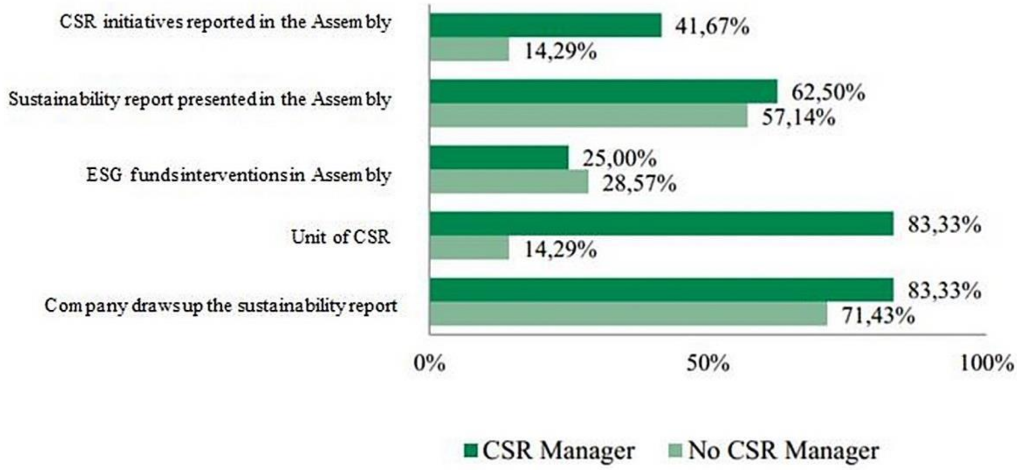

Figure 7. The organizational structure in the presence of CSR Manager
Source: C.d.A. e Politiche di sostenibilità, CSR Manager Network

Among the benchmarks, the situation is different, because the sustainability is a relevant matter in other listed companies (71.43%), but minor in unlisted (26.67%). In other listed companies, despite a high spread, the approval by the Board of Directors and the revision are not very frequent.

Therefore the data (see. Figure 8) shows that the figure of the CSR Manager is now widespread in the context of listed FTSE-MIB (77,40%), but it is lower both in other listed companies (42.86%) and in unlisted companies (26.67%). The same trend is found concerning the existence of a specific unit of CSR, in fact it exist in 2 out of 3 companies of the FTSE MIB listed companies (67.74%).

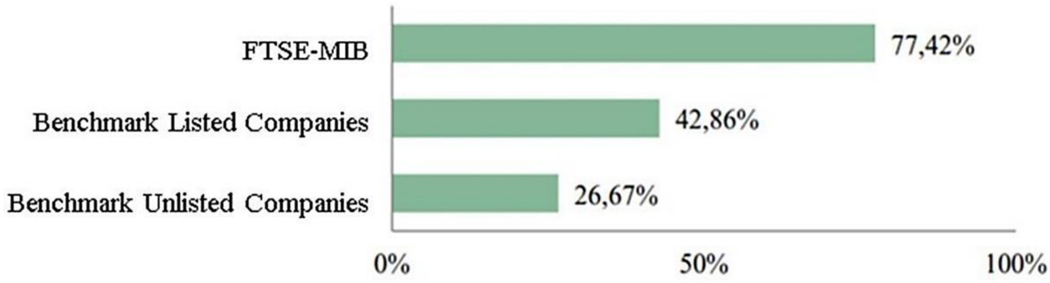

Figure 8. The company has a CSR Manager
Source: C.d.A. e Politiche di sostenibilità, CSR Manager Network

By analyzing the quality of the social report, the KPMG survey on the report 2012 of the G250 highlights that the quality of social reporting is low, only the 20 % of the G250 companies have a good disclosure. Only the 23% of public reporting underlines not only the successes, but also the feedback received from the stakeholders and the improvement areas. There is not a Italian company in the best companies of the sample but on average they are of those with the score higher in terms of quality of reporting. On an average of 59 points out of 100 for companies of the G250 that making reporting, Italy has achieved a score of 85 on 100, followed by Spain (79) and United Kingdom (76) (see. Figure 9).

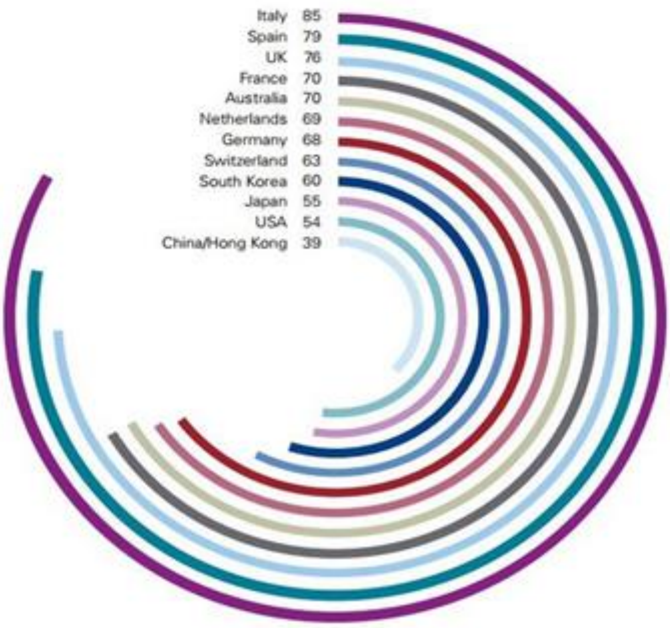

Figure 9. Quality of social reporting.
Source: The KPMG Survey of Corporate Responsibility" - Kpmg - December 2013

Social reporting implies additional costs for the company. It requires an information system that uses both data and tools already present in the business organization and other data and additional tools such as the collection of information, the adaptation and the implementation of procedures ITC, etc.

According to a survey of the Global Reporting Initiative (GRI), between 2006 and 2010, the use of software to monitor the performance of sociality has increased by 50% in the companies using them. In particular, this software reduces the time spent gathering information and the overall costs require fewer resources for reporting and communication, it improves data accuracy and simplifies the social report based on indicators and international standards such as the GRI and the Dow Jones Sustainability Index.

The main criticisms to the CSR (Hinna, 2005; Coda, 2005; Molteni, 2004; Rusconi, 2006) and to its reporting framework are the effectiveness of the incurrence of additional costs and the goodness of the same intentions. Some authors argue that the inevitable increase of costs will have negative effects on the welfare state and the market economy (Henderson, 2001), and that investments in socially responsible actions are the result of pressure from the institutional surrounding context and not the result of careful cost-benefit analysis. In addition, CSR (Guthrie et al., 2007) is considered a tool capable to simplify communication processes through advertising or promotion of a company in order to improve its image towards stakeholders without a corresponding improvement in management.

Attention to social reporting is relevant for contemporary companies, in spite of their primary typical purpose, profit maximization, in order to highlight the resources allocated to social stakeholders, internal and external, and how these are invested for these purposes. The social balance sheet loses its meaning and it implies only an additional cost for no-profit companies.

The social balance sheet is one of the particular company tools. The information on capital must be produced with accuracy and accounting method and the legal entities must feel the obligation, or be obliged, to provide timely information about their social commitment, with reference to 'internal and external to the company" (C. Bianchi, 2010).

The social balance sheet is a document that aims to describe analytically the reasons of costs, not immediately related to the core business, but that can generate benefits for some categories of stakeholders. The drafting of balance sheet can be analyzed according to three profiles of analysis at least: the identification of the content, the internal consistency of content and process. In fact, the different types of social balance sheet proposed from organizations are usually discern in content standards (Global Reporting Initiative, a group that studies and identifies the principles of composition of the Social Balance Sheet) and process standards (AccountAbility1000). The content standards are related to the structure and content of the report. Instead, the process standards mainly focus on the mechanism of construction of the document.

4. A DISCLOSURE ON THE SOCIAL REPORTING MODELS

Professional associations, public institutions and groups of companies have developed voluntary standards in order to increase the spread of social, environmental and intellectual capital information (Dumay, Tull, 2007; Stewart, Ruckdeschel, 1998). This is a new trend promoting innovative kind of voluntary disclosure (Boedker et al., 2008; Husin et al, 2012; Jones, 2007).

Among the above models, a relevant role it is given to the social balance sheet (SBS): it is a tool that displays the link between environmental and socio-economic factors inherent to the enterprise choices (AA.VV. 1981; Cassandro, 1989; Catturi, 2000;. Gabrovec Mei, 1993; Matacena, 1984; Pasini, 1988; Superti Furga, 1977). Companies that draw up a social balance sheet may apply different voluntary standards recognized in the international field.

The types of social balance sheet (Sidoti, 2011) proposed by the different institutions dealing of the standardization of social disclosure process are often boxed in alternative definitions of:

-the process standards focus their attentions on the process of building a social report, and they define the principles underlying its drafting;

-the content standards are primarily concerned with the structure of the report and the content of the same.

There are many methodological approaches developed for the arrangement of the social report (Dale, Onyx, 2010; Godfrey, Hatch, 2007; Parket, Eilbirt, 1975). It is possible to report using methods of quantitative or qualitative detections or simple indicators (Key Performance Indicators (KPI) non-financial). Inter alia, the exposure of these indicators of nature outside accounting (in addition to the financial index) became compulsory by italian law into the “Management Report”, in accordance with article 2428 of the Civil Code. In fact, in Italy, the company registers its social balance sheet to CCIAA into “Companies register” with the balance sheet, so it is available for every stakeholder.

The main models (Chiesi, Martinelli, Pellegatta, 2000; Costa, 2007; Hinna, 2002; Manetti, 2006; Marchini, Tibiletti, 2004; Rusconi, Dorigatti, 2005; Rusconi, 2006) of social reporting applies by Italian companies related to content standards are the following:

- the model developed by the Study Group on Social Reports (GBS);
- the model developed by the European Institute for the Social Report (IBS);
- the CSR-SC model of the Ministry of Welfare;
- the model developed by the Global Reporting Initiative (GRI).

4.1 .The GBS Model

The standards proposed by GBS (Gruppo di Studio per il Bilancio Sociale, 2007) actually represent one of the main guidelines for Italian companies that draft social balance sheets.

The GBS standards were divided into three sections (I, II, and III) proceeded by a Presentation.

The Presentation of the model defined the scope, diffusion and discipline of social balance sheet, further detailed with the following points:

- underlying motives;
- general characteristics;
- group work criteria;
- the document.

Concerning the general characteristics, they are recognized for social balance sheets with the following features:

- autonomous document: it deals with a type of autonomy that is relative with regards to the document, but not to the information it contains;
- periodical document: the social balance sheet must be drafted as per regulations for every year-end;
- stocktaking document, where all the program directions are indicated for the future;
- public document: directed towards social mediators that are directly or indirectly involved in activities; here we deal with those who use resources in the company under the form of assets (work services, supply of goods and services etc..), and those who use company results and those that indirectly reflect on such activities.

The section I of the GBS standard describes the Social Balance Sheet Objectives and drafting principles.

The explicit objectives of the model could open an interactive company communication process using data capable of outlining a complete framework of company performance, as well as the possibility of broadening awareness and assessment possibilities and choices for stakeholders.

The Social Balance Sheet drafting principles are the following:

1. Responsibility towards stakeholders that the company must answer to;

2. Identification of property and corporate governance with use of ethical paradigm of reference;
3. Transparency for recipients: all parties must be given the opportunity to understand the logical process of detection, reclassification and social reporting;
4. Inclusion: all identified stakeholders will be directly or indirectly given a voice;
5. Coherence between politics and management choices with respect to declared values;
6. Neutrality, impartiality and independence of interested parties;
7. Accruals basis;
8. Prudence to avoid overestimation of negative and positive social effects;
9. Comparability over time, through each year-end and in different companies;
10. Comprehensiveness of information based on the balance between form and substance;
11. Periodic recurrence in publication of social balance sheet considered accessory to the financial statements;
12. Homogeneity in monetary accounts;
13. Usefulness of information finalized to satisfy stakeholders;
14. Significance and relevance of impacts subject to reporting founded on the fact that eventual estimates or assessments have to be based on congruent or explicit hypothesis;
15. Verification of information through the reconstruction of gathering procedures and reporting;
16. Reliability and faithful representation, through the submission of information devoid of errors and prejudices;
17. Independence from third parties eventually involved in the drafting of certain parts of the Social Balance Sheet.

The section II is named Structure and contents of the Social Balance Sheet. It represents the focus of the document defining the content of the Social Balance Sheet proposed by GBS. The three fundamental parts of the model are:

- company identity;
- production and distribution of added value;
- social relations.

Company identity represents a descriptive introduction that supplies news about the company, with the purpose of give to the stakeholders the first elements to be able to formulate an evaluation and to express a coherent opinion between values of the company and the achieved performance. In order to reach a clear identification of the company, the document requires the following information:

1. Institutional Assets: property assets and governance evolution, main elements that define the history and company evolution, dimensions, placement on the market and organizational structure;
2. Reference values: clarification of the guidelines values, ethical principles and codes of conduct;
3. Mission: description of company purpose over the long term;
4. Strategy: programmed objectives for an average long term period finalized to achieve mission;
5. Policies: objectives and choices on a short-term basis.

The section named Production and distribution of added value must contain a prospect of income statement classified by the added value method.

Added value method is applied to show wealth produced and is characterized by two distinct tables:

- the statement of calculating the value added, defined starting from the juxtaposition of revenues and average costs;
- the statement of value added distribution, reconstructed as the sum of remuneration received by stakeholders within the company and outside donations.

Added value can reflect various configurations based on the aggregation level of income components: characteristic added value, ordinary added value or global added value. The chosen configuration for GBS is that of global added value that can be considered as a configuration at net value or gross value with depreciation.

The social report represents the section of the Social Balance Sheet that should include communications directed to the stakeholders by expressing the information in a specific manner for each category of identify interest. The section of the document dedicated to social reporting is divided into: fundamental sections and supplemental sections.

The fundamental sections include the following sections:

1. Report Contents;
2. Identification of stakeholders;
3. Principles used for each stakeholder category.

The main element characterizing the social balance sheet is the identification of stakeholders, or rather the different categories of those who hold interests in the company

The identification of the categories should represent a significant time in the drafting of social balance sheets. The GBS model proposes a list of company stakeholders related to production companies; nevertheless, this list is subject to integrations and changes due to company reality. It is composed of personnel, shareholders, investors, clients/users, Public Administrations and society as a whole.

For each identified category of stakeholders explicit policies are adopted. They emerge through the recall of expressed obligations in the section regarding identity, coherence in actions taken and declared objectives.

The principles used for stakeholder categories include:

- Policy guidelines and expected coherent results with reference value and mission;
- Detection process (legitimate expectations and the level of consensus/satisfaction);
- Controversy and contentiousness.

The supplemental sections include:

1) Judgments and opinions from the stakeholders;
2) Comments and declarations from the company;
3) Improvement of the social balance sheet.

In these section the will to make emerge the nature of relations between the company and external or internal intermediaries is clear, as we reach a real involvement of stakeholders in the drafting process of the report. It is relevant to observe another feature of the social balance sheet that allows declaring the improvements reached in the document to increase completeness, transparency, inclusion and proactive actions.

Finally, the section III of the GBS model is the Appendix and includes:

1) information for determining added value;
2) handle off schemes for financial statements with regards to valued added prospects.

The last part of the standard aim to increase clarity of the quantitative data shown.

4.2. The GRI model

The Global Reporting Initiative – GRI - establishes the international recognized for the drafting of sustainability report used in all companies, independently of their dimension, sector of activity or country. GRI guidelines (GRI, 2006) are today the most appreciated on a world scale.

The GRI principles (GRI, 2002; GRI, 2011) have been elaborated to reach an high level of transparency in communications, making public all information on topics and indicators that allow stakeholders to know the impacts generated and then take knowledgeable decisions, both in procedures and in hypotheses' used in drafting. By applying the GRI guidelines is possible to compare sustainability statements from different companies.

To guarantee a support for company results, its necessary to establish the information to be included in the report. This decision has to be taken by contemplating company purpose and experience with regards to expectations and legitimate interests.

The principles, which are the basis of the guidelines for reporting on sustainability, are used to identify the document content and guarantee the quality of information reported. They include information standards that are composed by "performance indicators" and of other ones of a different nature.

Each performance indicator also contains its "protocol indicators" that provides definitions, compilation guidelines and other useful information to help in report drafting and insures coherence in interpretation of the indicators. The users of these guidelines must take advantage of indicator protocols. The substitutes of the sector integrate the guidelines with interpretation and recommendation on their application in specific areas, understanding that even performance indicators are specific to each sector. The "technical protocols", are used with the guidelines and the sector supplements support the drafting of aspects such as the definition of the report perimeter as it is interested in problems that almost all companies must face.

The GRI approach starting from the identification of topics and then of relative indicators through an iterant process. In particular, the GRI guidelines (www.globareportinginiziative.org) identify three types of information:

- Strategy and profile (strategy and analysis, organizational profile, report parameters, governance, obligations, involvement of stakeholders);
- Management methods (employment, industrial relations, health and safety in the workplace, training and education, diversity, equal opportunity, investment practices and purchasing, non-discrimination, liberty of association and collective negotiations, abolition of youth labor, prevention of forced labor, claims and resolutions, safety practices, Indian population rights, health and safety of consumers, product and services labeling, marketing communications, respect of privacy and conformity);
- Performance indicators (economics, environment and social).

5. AN ALTERNATIVE MODEL OF SOCIAL ACCOUNTING

The goal of a social balance sheet is to explain how resources are originated and used and the models mentioned do not allow for a precise analysis of this topic. It could be interesting to monitor and measure social actions by companies through self-financing.

Self-financing, or rather company savings, is an economical phenomenon with financial effects that allow minor need to credit capital and to use internal company resources for new investments. In this way, company can increase future performance and guarantee vitality and growth. Such a role is even more evident when self-financing is used to invest in research and development, marketing, environment safeguarding and accident prevention.

5.1 Social Balance Sheet based on the self-financing model

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 economic resources, and sustainability has become the main evaluation term for companies (Farneti, and Guthrie, 2008) and public administrations that want to take on a role that is socially responsible.

The social balance sheet is one of the most relevant reports for companies directed to represent social information in the light of the voluntary disclosure (Uyar and Kiliç, 2012).

The social balance sheet is a summary document containing the reasons for sustaining costs, not immediately referable to specific activities, but capable of generating advantages for certain stakeholder categories (personnel, shareholders, investors, clients, users, suppliers, Public Administrations and the society as a whole).

We also must observe that 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.

If what has been described is correct, we must better understand how a social balance sheet model can be built on self-financing.

5.2 Model Analysis

The social balance sheet for self-financing is the tool that best allows for the description of company social responsibility due to, investments of "company savings".

Such model is composed of two sections. More specifically, the Social balance sheet in a strict sense characterized by a comparison, as demonstrated in the following scheme, with resources and uses, and comments, which are used to explain the data. This model is merely quantitative in the first section.

Summarizing we have the following result:

RESOURCES	USES
1 Self-financing of the report:	3 Internal Sociability:
1.1 retained earnings (Profits net of dividends)	3.1 Development & research costs
1.2 provisions	3.2 Training personnel costs
1.3 depreciation	3.3 prevention devices
2 Rectifications:	4 External sociability:
2.1 for price policies	4.1 installations for minor environmental impact
2.2 for tax policies	4.2 marketing expenses
	Asset reinforcement over a long term period
TOTAL RESOURCES (1+2)	TOTAL USES (3+4)

The comments on the social balance sheets, regard resources exposed in the scheme, allow to explain the quantitative data expressed in the table and to reconstruct the self-financing voice of statement and the uses. Concerning the uses, the comments emphasize the origin of value assigned to social investments both internally and externally. Such data primarily arise from a comparison of the patrimonial state of the year-end that the social balance sheet refers with the one from the previous year.

The above model begins from self-financing, as the summary of profits that are not distributed, depreciation and provisions calculated net of utility funds, as a good indicator of social potential of the company, even better than 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, becoming a true social resource."

The model for self-financing contains some features that describe some social actions: the first is price policy. In fact, price policies with a strong discount, or contained, are evaluate 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 controlled policy of prices today represents a social resource for companies sustaining that they are meeting their clients half way. Above all in food distribution, and in particular in the large consumer goods company, today price policy, tariff policies etc., represent an element that has a strong social impact.

The 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 and leads to the quantification of company welfare.

Companies, in other words, invest both in actions directed towards improvement of work conditions of their employees and 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 a minor environmental impact.

The self-financing model is able to evaluate the social action, but it is the model 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, are inclined 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 assumes that self-financing is a pure social resource and its use is a modality to understand how it realizes socially responsible actions.

Internal social actions of contemporary companies correspond with all the tools for company welfare that have been mentioned; external social actions represent the actions of a company towards the outside and, therefore the sociability that is realized with innovation that improves environmental impact.

6. CONCLUSIONS, LIMITATION AND FUTURE RESEARCH

The aim of this research is the search for an appropriate tool to be offered to companies and to help them in the communication. The 80.65% of listed companies draft their social balance sheet as a tool to communicate and promote their sociability. The study suggests an alternative method of social reporting in order to improve the tool of balance sheet. The traditional standards drafting are essentially descriptive, do not highlight the company social actions and the source of funding used for this purpose.

The alternative method proposed in the section five allows for the communication and the measurement of company sociability.

The SBS based on self-financing is the tool that best allows highlighting the sociability's enterprise. This sociability is, primarily, the result of the investment of "company's saving."

The model of SBS consists of the "Social Balance Sheet" in the strict sense, where the resources contrast the uses and the "Explanatory Statement" is used to explain the quantitative data reported in the first section.

While considering the resource, the explanatory statement allows explaining the quantitative data presented in the table and it allows the reconstruction of the self-financing part from the balance sheet. While, when we consider the uses, the Explanatory Statement highlights the origin/reason of the values assigned to social investment, both internal and external. These data arise from the comparison of the balance sheet of the year which the SBS refers with the previous year.

This model of SBS assumes that the self-financing, as the sum of retained earnings, depreciation and provision to net use funds, is a good indicator of the potential sociability of a company, moreover it is better than the classic indicators such as employment, taxes, etc.

The social potential is represented by a high propensity to save, and then to invest, thus to increase significantly the economic prospects of the company.

This methodology puts in evidence the suitability of self-financing as a social resource companies should not refrain from.

The Social Balance Sheet, drafted in accordance to the model of self-financing, unlike other models set in patterns without an authentic conceptual autonomy, has the assumption that the self-financing (Capaldo, 1968) is a good indicator of the social potential of a company better than other indicators such as employment, taxes, etc.

From this point of view, the self-financing constitutes a proper social resource which the company could not refrain from. This is due to the belief that the sociability is intrinsic to the company.

Above all in a historical moment as the one we are in today where a credit crunch impedes companies in their growth, especially small to average sized companies, having financing, become necessary to increase financial autonomy, signifying that they are less dependent on the market and, can therefore handle investments with means that are entirely generated within the company. Self-financing is a measure for resources that a company with its own management is capable of generating on its own.

Finally the companies that invest in social reporting could have major performance and create value in the long period.

This research was conducted on the basis of listed companies' reports. This means that the analysis was conducted on a limited sample of companies and, moreover, of companies that however has a culture of corporate social responsibility and have internalized some mechanisms of showing their sociability.

The second aspect to consider is that you should apply the model not from an outside reconstruction, but from the accounting data of the company to properly understand the dynamics of the construction of the document.

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