

Expanded abstract

Reference framework for the integration of social accounting in the strategic management of social economy enterprises

Context and objective

The social and institutional pressure on businesses to generate and demonstrate a value that goes beyond their economic results has increased in recent years. In addition to the demands for information on the impacts of the business activity, there is now a need to propose and implement actions with a positive social impact. In this context, Social Economy enterprises face an important challenge. By their nature, a greater generation of social value could be expected, and yet this cannot be evidenced exclusively through the formulation of their social aspirations. Furthermore, commercial companies have internalized the need to manage and communicate the social value they generate, adopting concepts and lexicon of a social nature in their presentations and activity reports. In any case, there may be an important gap between what has been declared and what has been achieved. It is argued that resources are not really assigned to generate social value or that social value is only treated by some companies as a marketing element.

This points to the need to improve the social value management from a strategic point of view, integrating it into the enterprises' strategic management process. This process is crucial in any organisation and should not be limited to the design phase but also contemplate the implementation of and monitoring of the results. As long as this integration is effective, Social Economy enterprises will be able to demonstrate the coherence between the definition of their purpose, the allocation of resources and their actual performance. In this context, the objective of this article is to provide a reference framework for the integration of social accounting in the strategic management process of Social Economy enterprises. This will, in turn, enable companies to incorporate social value as an element of their strategy in an effective manner.

Design and methodology

The analysis of the theoretical framework starts from the evolution of the concepts of Strategy, strategic process and strategic management process. From that point on, the analysis is structured around two key moments of the strategic management cycle: formulation of the strategic intent, allocation of resources and results measurement. All three constitute a reference model in which the need for coherence between the strategic intention and the results obtained is highlighted.

On the basis of this framework, the analysis and discussion are developed. A comparative analysis has been undertaken between groups of Social Economy and commercial enterpris-

es from five industrial sectors according to the National Classification of Economic Activities (CNAE) codes, and from two perspectives. On the one hand, a semantic-pragmatic analysis of the strategic intention, as stated in their websites, of a sample of 60 companies belonging to both groups. The information has been analysed following three main dimensions: production and commercial activity, social commitment and enterprise model.

On the other hand, a quantitative study based on data from financial profiles has been implemented. This has allowed the comparative analysis of the distribution of value added of a sample of Social Economy and commercial enterprises, following the Added Value Statement model proposed by the Spanish Association of Accounting and Business Administration (AECA). This analysis seeks to identify evidence of the coherence between some differentiating factors of the Social Economy and the actual results obtained.

Results and implications

As far as the analysis of the strategic intention of the sample is concerned, the results show that both Social Economy and commercial enterprises tend to incorporate equivalent messages in their strategic statements as regards their production and commercial activity and their commitment with Society. The companies in both groups, mainly in the manufacturing and agri-food sectors, introduce competitiveness, profitability, quality, innovation, technological capacity and efficiency in their declarations. Besides, concepts such as sustainability, responsibility with regard to social and environmental issues or concern for employment are also found indistinctly in commercial and Social Economy enterprises. In short, those companies that carry out a market activity tend to incorporate economic and social criteria in a homogeneous way as a part of the strategic intention that they state in their corporate presentations. Although the declaration of a social purpose is manifested as necessary and is widely used in large companies, it is not a proof of the actual generation of social value nor does it guarantee its fulfilment. The biggest differences between the strategic intent of Social Economy and commercial enterprises are found when facing the third dimension of the analysis –enterprise model and employment. Thus, cooperatives mention their cooperative nature as a distinctive factor and specifically adhere to Social Economy principles.

The analysis of the financial data allows to conclude that the structure of distribution of added value in Social Economy enterprises is different inasmuch as the remuneration to the labour factor is proportionally higher than the remuneration to any of the other production factors if compared to the structure of distribution of added value in commercial companies. This might be a proof of the distribution of the benefits of the activity on the basis of the contribution of work, and not capital, which is one of the Social Economy principles. However, it would be difficult to report on other principles only taking into account the financial, economic or market information which is usually included in the strategic analyses. There is no comparable information on the social value generated, which makes it difficult to manage and guarantee the alignment between the strategic intention and the results obtained. The application of the polyhedral model of Social Accounting arises as a potential tool to be integrated in this reference framework as it may help to bridge the gaps between strategic intent and strategic performance.

It is concluded that in a global framework in which the United Nations Agenda is present in institutional and business environments and the correlation between business activity and sustainability has become more evident, Social Economy companies need to integrate social value in their strategic management in a more professional and efficient manner. In the future, a research path is opened for the development of a model that, based on the reference framework proposed here, incorporates the key issues, processes and tools for the effective integration of social value in the strategic management of organizations that aspire to generate a social value, in such a way that it can be measured, communicated and managed. Thus, institutions and the society as a whole will be able to evaluate and recognize the contribution of Social Economy to the generation of social value.

Contribution and originality

Among the issues to be included in the proposed framework is the need for a social information system that can be integrated into the companies' information systems and that allows comparability between organizations. In this sense, recent studies have analysed the adequacy of social accounting to reflect the social value generated by Social Economy enterprises.

This article provides an innovative and practical vision by adding new perspectives of analysis and providing the framework for integrating social value into a company's strategic management process by means of the application of the polyhedral model of social accounting.

Limitations

In the first place, the analysis of the structure of generation and distribution of added value has been limited to a single year, therefore lacking an analysis of the evolutionary dynamics of the benchmark indicators. On the other hand, the CNAE sectors analysed can include entities which are not easily comparable as the number of Social Economy enterprises in some of the sectors is low and its dimension is by far smaller than that of commercial companies in the same sectors. Also, the analysis of the Social Economy enterprises has been limited to cooperatives and labour societies as the most representative Social Economy enterprises in Spain; leaving out, therefore, other business initiatives such as Special Employment Centers and Insertion Companies, unless they are constituted as cooperatives or labour societies. Finally, the analysis has been limited to five sectors of activity, among them the most representative ones for Social Economy in Spain. Nonetheless, the extension to other sectors might also yield some different results and perspectives of analysis.

Keywords: Social value, strategy, strategic management, social accounting, polyhedral model