FOREWORD

Broadly speaking we know that all types of organizations are under pressure to perform better and to increase their organizational efficiency and effectiveness.

Admittedly, private organizations must deliver increasing shareholder value if they want to survive. Public organizations must deliver what is called public value in returns to taxes. Relatedly, nonprofit organizations (NPOs) too must be effective and deliver value.

But what kind of value? Like public organizations, NPOs operate under the absence of profit and shareholders as steering mechanisms. Their absence however does not mean that they must not meet and follow the universal principles of good management or that they have no obligations to deliver something called value.

In order to be clear about the kind of value we are talking, let me give a brief example. Recently I was interested in accounting for natural disasters and humanitarian interventions because I was directly touched by a tremendous earthquake in Abruzzo, and I was surprised by the fundamental efforts of volunteers and national and international NPO organizations (Sargiacomo, Ianni, & Everett, 2014). Yes, public organizations were important, but NPOs were decisive in aiding the population, and sustaining the overcoming of the very first emergency stage.

Surprisingly, I learnt that in Japan – the land of earthquakes – the term "NPO" first appeared only in 1995 – that is the year of the Great Earthquake – when approximately one and a half million volunteers were mobilized and coordinated to aid the victims of such a tremendous natural disaster. Such an impressive spontaneous wave of Japanese people tried to counterbalance the serious issues – and failures – that government organizations and public bureaucracies faced, to cope with such an awful event. This situation revealed a dramatic need to promote and incentivize altruism and social values and the organizations that were entitled to deliver it. So in 1998, the Japanese Government recognized the importance of such values and passed a new law giving them a stronger support.

Thus, generally speaking, NPOs, before being the results of contractual failures (e.g., Hansmann, 1980), are the consequences of a civil society failure in recognizing and in supporting this kind of value. Their social importance is parallel with the need to be assured that their behavior is transparent and compliant with accounting and legal rules. In fact, the 2009 L'Aquila Earthquake was not only the occasion to reaffirm the importance of altruism and the social values, but also to strengthen controls and sanctions to punish fraudulent behaviors.

This book edited by Ericka Costa, Lee D. Parker, and Michele Andreaus is very welcome as it discusses such problems and gives new perspectives on how to conceive, assess, and show the performance of the complex world of NPO organizations in parallel to the information needs of a multiplicity of internal and external stakeholders.

What is important to observe is that while many books focus almost exclusively on financial accounting, this volume gives substantial weight to social accounting because it is through the social report that we can appreciate the social and civic value of NPO organizations, and at the same time such organizations become accountable to their audience.

The articles of this book are clustered around three main general topics: the non-profit sector (articles 2, 3), accounting and accountabilities for the non-profit sector (articles 4, 5) and social accounting for the non-profit sector (articles 6–10).

The first article co-authored by Ericka Costa, Lee D. Parker, and Michele Andreaus is an introductory article. It examines the foundation of the accounting practices – measurement and reporting – of NPO's, that is, accountability.

In the article "Towards a European Conceptualization of the Third Sector," Jacques Defourny and Victor Pestoff show an interesting attempt to conceptualize third sector organizations based on subjective perceptions of the Emes Network members. This "stakeholder perspective" to NPO conceptualization is useful to elucidate the complex but often ignored process to find an agreement on what a NPO is in positive terms and not only in normative ones (what a NPO should be).

In the article "New Trends in the Nonprofit Sector in Europe: The Emergence of Social Enterprises," Carlo Borzaga and Giulia Galera in their article highlight a relation among the notion of social entrepreneurship and terms like growth, social justice, and equity. Social enterprises are seen as the response to the declining old European welfare system. These three articles shed new and interesting light on what the nonprofit sector actually is.

In the article "Intentions, Observations, and Decisions: Metrics in Insurance Co-Operatives," Louis Beaubien and Daphne Rixon investigate the metrics used in decision making activities by insurance cooperative.

The findings are very interesting because the metrics used are the same of the for-profit insurance company. So the question is: does the cooperative difference exist in the insurance sector and how (and what) performance analysis tools are used to assess their performance?

In the article "The Effects of the Accounting Reclassification of Members' Shares in Cooperatives: An approach," Fernando Polo-Garrido studies the effects of the accounting reclassification of members' shares in Spanish cooperatives as a consequence of the introduction of new accounting standards. The accounting change from equity to liability of members' shares proved to be successful, and this investigation calls for further research into the use of accounting information by capital providers which seek to finance cooperatives.

In the article "Toward an Integrated Accountability Model for Nonprofit Organizations," Michele Andreaus and Ericka Costa deeply analyze the complex question of what an integrated social report should contain with regard to NPO. This article makes a clear distinction between the institutional purpose, the adherence to the social commitment and the adherence to financial constraints, thus emphasizing the need to differentiate among the aforementioned three dimensions that underpin reporting in any firms' typology.

In the article "Stewardship Theory: Approaches and Perspectives," Massimo Contrafatto critically reflects on the notion of stewardship as a possible driver of a more sustainable way of organizing our society. In particular, he analyzes the management, organization, and accounting literature on stewardship, thus proposing a map of current theorizing on stewardship, and portraying alternative variants and approaches in stewardship framework.

In the article "An Integrated Social Accounting Model for Nonprofit Organizations," Laurie Mook presents a conceptual framework and develops a model of integrated social accounting for NPOs. Like the Balanced Scorecard the suggested model adopts four perspectives: 1. Economic and human resources; 2. Economic, social, and environmental value creation; 3. Internal systems and processes; 4. Organizational learning, growth, and innovation.

In the article "Voluntary Disclosure in a Regulated Context: the Case of Italian Social Enterprises," Ericka Costa examines the interrelations between regulation and social and environmental reporting in the Northern Italian Social Enterprises. By so doing, she emphasizes – through a longitudinal analysis – that voluntary disclosure is a real phenomenon that characterizes also nonaccredited social enterprises.

In the article "Intellectual Capital Reporting in the Italian Nonprofit Sector. An Image-Building or an Accountability Tool?," Stefania Veltri and Giovanni Bronzetti analyze Intellectual Capital (IC) measurement, management, and reporting practices at organizational level. They portray – through a case study – that voluntary disclosure – under the heading of a IC report – is used to pursue managerial ends and not only as an accountability tool.

At the end this book offers food for thought to reflect on such complex questions and on the ways to find a balance between accounting and accountability for NPOs.

Massimo Sargiacomo
Professor of Accounting
Department of Management and
Business Administration
University G.d'Annunzio of Chieti-Pescara, Italy

REFERENCES

Hansmann, H. B. (1980). The role of nonprofit enterprise. *The Yale Law Journal*, *89*(5), 835–901.

Sargiacomo, M., Ianni, L., & Everett, J. (2014). Accounting for suffering: Calculative practices in the field of disaster relief. *Critical Perspectives on Accounting*, *25*(7–8). doi:10.1016/j.cpa.2014.03.011