

Preface

ABOUT THE SUBJECT

The Social Economy Sector (SES) emerged in a context of crisis and degradation of conditions. This sector is made up of a group of private entities, duly organized, with autonomy and freedom, which are created to satisfy the needs of the stakeholders, through the provision of goods and services, ensuring their financing. These entities share some characteristics, as for example: they are neither a part of the public sector nor controlled by it; they are entities that promote democracy and perform activities that meet the needs of individuals and their families. Thus, the SES has played an increasingly important socio-economic role in local, regional and national life, mitigating the negative impact of the current economic context. We could say that the SES is between the State and the market.

In organizations that belong to the SES, each value invested has as purpose a specific cause or goal for the benefit of society, taking into consideration the various gaps that the State alone cannot fill. And perhaps for this reason they are often also funded by the state. Hence, the SES entities face pressures for greater accountability (social and corporate managers) towards their funders, users and citizens, and a growing need to report good practices and the social, economic and financial impact that they have on the community. However, because they have very particular characteristics, SES entities often face difficulties related to the management model; to the lack of an accounting framework that allows them to properly disseminate the results of their activities; to the lack of indicators that allow to measure the social, economic and financial impact of the activities carried out; to the lack of resources to enable them to use information and communication technologies to support the work they are undertaking; and to the adoption of required control mechanisms. In this sense, this book aims to disseminate good practices that involve financial reporting; the assessment of their social, economic and financial impact; and the use of technologies and information systems, which promote the modernization of the SES and the improvement of its accountability, sustainability and operational performance.

EXPECTATIONS

The editors expect this book to be useful for regulatory authorities and researchers in the field of accounting, management, internal control, auditing and technologies in the SES. It also intends to be valuable to SES managers, making them aware and realize how the several tools can be used to ensure the accuracy and transparency of SES management acts and to improve the efficiency and effectiveness of SES management. Through the dissemination of the research findings on the SES, this publication

will also be helpful to develop and inspire further research by students in post-graduate courses with research interests in public accounting and management.

This book aims to achieve the following main objectives:

- Disseminate methodologies that would allow SES entities to implement practices, consistent with values of ethics, rigor, transparency and accountability to promote accountable SES managers;
- Document the management and control practices that are being used by SES entities in order to increase their accountability;
- Review the processes/models of governance that allow promoting accountability and document those that are being used by managers in order to increase the management transparency for citizens and other stakeholders;
- Discuss and disseminate the processes of control and stress their importance for the reliability of financial reporting;
- Disseminate the successful adoption of information technologies in order to instigate the SES modernization.

ORGANIZATION OF THE BOOK

This book is organized into 15 chapters. The first four chapters are focused on the accountability and transparency of the social entities and talk about some mechanisms that can be used to promote them. Thus:

- **Chapter 1: Modernization and Accountability in the Social Economy – A Systematic Review** provides a systematic review of the literature on modernization and accountability practice in the social economy.
 - **Chapter 2: Accountability via Financial Disclosures – An Exploration of the Public’s Perceptions** explores the general public’s perceptions of the relative importance of specific financial disclosures, which the public believes SES organizations should publish as part of their provision of accountability.
 - **Chapter 3: A Domain Model for Transparency in Portuguese Cooperatives – The Governance Structure and Accountability Dimensions** presents a domain model that represents the informational needs of transparency (governance structure and accountability dimensions) in Portuguese cooperatives.
 - **Chapter 4: Transparency and Resource Mobilization in Times of Crisis – An Analysis of the Brazilian Nonprofit Sector** aims to analyze the influence of transparency on the resource mobilization of Brazilian non-profit organizations.
- Chapters 5 to 9 provide some knowledge of reporting, namely social reporting, in the social economy:
- **Chapter 5: Accountability and Reporting in the Funding Decision Process of Social Economy** aims to provide knowledge of how accountability and reporting are used by social entities, and to establish whether this use brings about an increase in the trust created between these entities and their funders with regard to the possibility of obtaining increased funding.

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- **Chapter 6: The Influencers of Social Accounting and Reporting – Some Evidence** intends to present some reliable factors that have a significant impact on the creation, development and practice of social accounting and reporting.
- **Chapter 7: The Potential Role of Social Reporting in the Decision-Making Process of Cooperatives** addresses the role of social reporting in decision-making processes.
- **Chapter 8: Social Accounting in the Social Economy – A Case Study of Monetizing Social Value** aims to compare the results from social accounting with the results from traditional accounting using a relevant case: Clade group.
- **Chapter 9: Reporting Value Using Social Return on Investment Reports – An Overview and Analysis of Reports in Practice** provides an assessment of Social Return on Investment (SROI) as an instrument of reporting the value that (non-profit) organizations in the SES have created.

The next two following chapters provide reflections on online accountability in the social economy. In this way:

- **Chapter 10: Disclosure of Corporate Social Responsibility on the Websites of Portuguese Foundations** aims to assess how the Portuguese foundations manage and disclosure information about Corporate Social Responsibility on their websites.
- **Chapter 11: Evaluation of the Online Accountability of the Portuguese Private Institutions of Social Solidarity** intends to ascertain whether the Private Institutions of Social Solidarity in Portugal have conditions to comply with the mandatory disclosure under the law.

The next four chapters focus on subjects such as the impact of the social economy sector, the accountancy and taxation systems as a promotion of the discipline of patronage refunds, and the circular economy as a promise that can refocus society towards the values of stewardship. Thus:

- **Chapter 12: Realities and Challenges of the Social Enterprises in South-Eastern European Countries – Comparative Analysis** focuses on mapping the sector of social economy in some states from South-Eastern Europe, presenting their role and impact due to the activities achieved in society.
- **Chapter 13: Public Services and the Power of (Non)Communication** tries to compare the well-being and quality of life (the older terms were public value or solidarity) with public goods inside and outside public services.
- **Chapter 14: Distributing Mutual Advantages in Italian Cooperatives – An Analysis of Patronage Refunds** based on the mutuality principle, as far as the patronage refunds' discipline is concerned, aims to understand whether the related accounting and taxation systems follow such logic.
- **Chapter 15: Circular Economy for India – Perspectives on Stewardship Principles, Waste Management, and Energy Generation** discusses the original ideals of stewardship and how colonization caused a deterioration of this philosophy in favor of materialistic wealth generations. The chapter advances that the circular economy holds promise as a new economic system and philosophy that can drive society towards the values of stewardship.

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