"Accountability and Social Responsibility: the First Empirical Evaluations of a Theoretical Model applied on Italian Public Sector".

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ABSTRACT
The central part of the paper develops a Theoretical Business Model that links the instruments of Corporate Social Responsibility disclosure, to the Public activities oriented to the e-citizens behaviours and to the e-government processes.
The architecture of the Model identifies the Structure of the Excellent Public Institutions in function of a series of variables: Instruments of Public Sector Social Responsibility; Development of the e-government processes; and Development of the e-governance processes.
The final part of the paper is dedicated to illustrate the first empirical evaluations of the research and the following steps of the work.

INTRODUCTION

The information technology revolution has had a great impact on the various sectors of the Public Administration. By means of ad hoc laws, the Italian government, along with the other European Countries, has started up a modernization process of the State's administration, inviting the Public Administration to follow development guidelines with the objective of creating a harmonious growth in the information process with regards to the structures and activities linked to it. By these innovative processes accountability will be particularly relevant in the public sector.

Since corporate resources are provided, either directly or indirectly, by the taxes paid by citizens, senior management should be held accountable to them. Accountability is also meant in relation with performance. Traditionally, in Italy accounting practices in public sector have been studied by law rather than accounting academics. However, it has been argued that more research from an accounting perspective is needed in order to measure performance.

The public sector is under a wave of changes due to the so called New Public Management, which stresses the fact the public agencies should operate efficiently, adopting devices that come from the private sector, taking into account the specific cultural (national and regional) and organizational path dependence. The management of the public sector requires informational and decisional processes, as well an monitoring process, that operate more effectively. Efficiency, effectiveness and value creation are concepts and goals traditionally used in the private companies that should also be pursued by public agencies, taking into account the different missions of the two types of corporate entities (D'Alessio, 1989, 1997; Anselmi, 1995; Borgonovi, 1996).

The rationality of the decision-making process, an adequate planning and monitoring system, the separation between policymakers and top management, a high quality of corporate disclosure are all tools that contribute to pursue corporate efficiency and transparency, that are a *sin qua non* for an effective corporate accountability towards community (Farneti, 2000). Following these drivers the paper develops a Theoretical Business Model that links the instruments of Corporate Social Responsibility disclosure, to the Public activities oriented to the e-citizens behaviors and to the e-government processes: the architecture of the Model is explained in the following paragraphs.

THE FUNDAMENTAL CONCEPTS

Before analyzing the architecture of the Model, it is necessary to introduce - briefly - the following fundamental concepts:

- *Ethics*;
- *Business Ethics* (or *Ethics in Business*);
- *Corporate Social Responsibility*.

Ethics[1] is derived from the Greek *ethikos*, meaning *character*. Issues of personal character, and the search for the best patterns for living, were at the core of Greek ethical philosophy. In contrast, *moral* is from the Latin *more*. The Romans used this term to describe the customary ways that people tended to act. Thus, though the two terms are often used interchangeably today, *morality* has evolved to mean the social norms that people are taught and conditioned to follow, while ethics has come to refer to the rational investigating and questioning of these norms.

Ethics is the study of questions of morality, the search to understand what is right, wrong, good, and bad. It is the branch of philosophy that systematically studies moral ideals and goals, motives of choice and patterns of good and bad conduct. This view of ethics is said to be *normative*, since it assumes the existence of at least some universal moral principles and standards. Ethical values provide the foundation on which a civilized society exists. Without the foundation, civilization collapses and unethical behavior will destroy a firm's ability to make money. Although the goal of any firm should be to increase its owners' wealth, to do so requires the public's trust.

In considering the impact of ethical values on a society, Chuck Colson made the following observation: *"(…) Societies are tragically vulnerable when the men and women who compose them lack character. A nation or a culture cannot endure for long unless it is under girded by common values such as valor, respect for others and for the law; it cannot stand unless it is populated by people who will act on motives superior to their own immediate interest. Keeping the law, respecting human life and property, loving one's family, fighting to defend national goals, helping the unfortunate, paying taxes. All these depend on the individual virtues of courage, loyalty, charity, compassion, civility, and duty (…)"*(Colson, 1989).

The general ethical standards of society apply to people in professions such as medicine and accounting just as much as to anyone else. However, society places even higher expectations on professionals.

People need to have confidence in the quality of the complex services provided by professionals. Because of these high expectations, professions have adopted codes of ethics, also known as codes of professional conduct. These ethical codes call for their members to maintain a level of self-discipline that goes beyond the requirements of laws and regulations. Therefore the purpose of *ethics in business* is to direct business men and women to abide by a code of conduct that facilitates, if not encourages, public confidence in their products and services. The main reason for having ethical guidelines is to aid in the decision-making process for situations that involve ethical questions.

Ethics in Business is of utmost importance to accounting professionals and those who rely on their services. *Certified Public Accountants* (CPAs), and other accounting professionals, know that people who use their services, especially decision makers using financial statements, expect them to be highly competent, reliable, and objective[2]. Those who work in the field of accounting must not only be well qualified but must also possess a high degree of professional integrity: a professional's good reputation is one of the most important possessions.

The concept of *Business Ethics* is directly linked to the theme of *Corporate Social Responsibility* (Rich, 1993). The corporate organization has an ethical outline when - not only - it respects the laws, but it also manages its own business respecting the interest of the various stakeholders: in the business ethics are included the themes of the governance and of the accountability (Parmigiani, 2002).

The Corporate Social Responsibility demands to the corporate system to promote the social welfare as regards the social cohesion. The European Commission defines the Corporate Social Responsibility (CSR) as *"(…) the voluntary decision to contribute to the progress of the society and to the defence of the environment, integrating social and environmental problems into the corporate operations and the interactions with the stakeholders (…)"* (European Commission, 2001). In accordance with the economic approach, acting in a social way means maximizing the value taking into consideration the effects induced on their stakeholder, by increasing the intangible assets, reducing the negative effects (such as pollution, waste, etc.), and showing up to advantage the positive ones (such as employment, welfare, etc.).

The notion of corporate ethics or, better still, Corporate Social Responsibility (CSR), was recently developed by international institutions. It originated from the old type of ethical finance which goes back to the beginning of the XX century and is now called *Sustainable Finance* or *Socially Responsible Investments* (SRI) [AEI Standard Ethics, 2005 (January)]. From an institutional point of view, CSR was initially discussed by the United Nations and subsequently developed by the Organization for Economic Cooperation and Development (OECD) and the European Union. Some national governments have recently started to issue guidelines on CSR.

Corporate Social Responsibility is a voluntary commitment undertaken by a company (or a public institution) to contribute to the improvement of the environment and society (European Commission, 2001). Today, the final definition of such commitment and the responsibilities it entails are established by the companies (or the public institutions) with different methods. In the world of Corporate Social Responsibility or sustainable and responsible finance, there are many instances upon which the definition of the "*ethical rules*" to be followed depend and various formulas are being proposed [AEI Standard Ethics, 2005 (January)].

In general terms – and it has to be pointed out that any simplification is obviously reductive and that there are many instances of contamination amongst the various models – the most widely adopted approach is the "*subjective*" one whereby the company which is interested in taking on commitments towards the social sphere and the environment prepares an "ethical" document (usually a code or a charter) laying down the principles drawn up by the company itself or by its consultants. These consultants, the various study centres, the auditing companies then work out the level of social responsibility and propose solutions on the basis of the guidelines provided by their customers.

A second approach is the identification of ethical principles through negotiations with stakeholders. In this case, principles and objectives are not drawn up according to pre-set guidelines but are the outcome of a compromise between external parties and the company [the theoretical reference to this approach is the "*Stakeholder Theory*", (Friedman, 1962)]: this approach has been widely studied and is widely appreciated by the academic world[3].

A third approach, identifiable amongst the recommendations made by the European Commission (European Commission, 2002)[4]. It is the voluntary approach which, even though it is not standardized, has to take full account of the principles laid down by the UN and the OECD, primary sources for useful guidelines for the definition of the concept of corporate ethics.

The most important reason for this approach is the European Commission's determination to contain the spread of choices which are too far away from the social guidance established at international level. This is also shown by the implicit willingness to enhance the strategic guidance function of the "*res pubblica*" system - the common government and the law - in relation to social and development issues and avoid the creation of too many "*ethics*" with limited reach at the service of different national and local interests, individual companies or stakeholders [AEI Standard Ethics, 2005 (January)][5].

THE ARCHITECTURE OF THE MODEL

The instruments of the Model can be classified into three main groups (or clusters) (see Table 1):

1) *actions with main impact on the internal processes of the Public Institutions*;
2) *actions with main impact on the external relations of the Public Institutions*;
3) *actions with bivalent impact on the internal processes/external relations of the Public Institution.*

1) A*ctions with main impact on the internal processes of the Public Institutions.*

The actions with main impact on the internal processes of the Public Institutions, are:

- expression of the ethical view of the Public Institution (or mission);
- promulgation of the ethical code from an ethical committee;
- creation of an internal ethical audit, presided over by an ethical officer;
- realization of activities concerning ethical training;
- Social and Environmental Accountability and Auditing.

Expression of the ethical view of the Public Institution (or *mission)*. The ethical view (or mission) states purposes and fundamental aims that the Public Institution wants to pursue and the consequences that it intends to generate through its institutional activities: so, the ethical view (or mission) is fundamental guide in the strategic choices of the Public Institution.

Promulgation of the ethical code from an ethical committee. The ethical code is a kind of "*Constitutional Charter*" of the rights and moral duties of the Public Institution, a charter that defines the ethical-social responsibility of each member: it is a valid means to prevent irresponsible and illegal behaviors made by people who act in the name of the Public Institution, because it introduces a clear and explicit definition of the ethical and social responsibilities of their managers and employees towards the different groups of stakeholders. The ethical code is usually developed on four levels: a) the general ethical principles; b) the ethical rules; c) the ethical standards of behavior; and d) the internal sanctions. The ethical committee is an internal organism with the task: to give currency to the knowledge and the comprehension of the ethical code, to control the real implementation of the principles contained in the document, to receive notices about the violations, to make investigation and to establish sanctions.

Creation of an internal ethical audit, presided over by an ethical officer. The activity of internal ethical audit is an extension of the traditional activities of auditing and it is aimed at controlling the ethics of behaviors and processes. This activities is usually coordinated by the ethical officer who is the person responsible of the ethical matters inside the Public Institution (such as promulgation of the ethical code, creation of an internal ethical audit, realization of activities concerning ethical training, etc.).

Realization of activities concerning ethical training. The activity of ethical training, is the combination of activities that develop the ability to recognize, to analyze and to solve the ethical dilemma in the Public Institution through philosophical, economic, legal instruments: it is addressed to the decisional actor to communicate and create shearing about the values and principles of the ethical code (CELE, 2004).

Social and Environmental Accountability and Auditing. As far as Social and Environmental Accountability is concerned there are different kinds of applications (e.g., SA8000 Standards[6]; ISO14001 Standards[7]; EMAS Standards[8]).

2) *Actions with main impact on the external relations of the Public Institutions.*

The actions with main impact on the external relations of the Public Institutions, can be classified into:

a) *Instruments of Ethical-Social Reporting*;
b) *Evaluation by Ethical Standards*.

a) *Instruments of Ethical-Social Reporting.*

The ethical-social reporting of corporate social responsibility uses some instruments of different kinds:

- *Final reporting* such as, e.g., the *Corporate Social Responsibility Report* (or *Social Report*), the *Environmental Balance* (or *Eco-balance*) and the *Gender-Sensitive Budget*;
- *Preventative reporting* such as, e.g., the *Sustainable Development Report*.

Final reporting. The *Corporate Social Responsibility Report* (or *Social Report*), provides additional information to that given in the more traditional reports, providing stakeholders with details about the social impact of the company's decisions (GBS, 2001)[9]. Information about the company's performance to be made public simultaneously expands investors' window of choice and increases the approval and the involvement of the general public, enabling companies to strengthen their reputation. This report also provides management with the necessary information to assess and verify the results obtained, useful for identifying strategies with which to approach the social field. Social reporting has the following objectives: to provide all stakeholders with a comprehensive picture of the company's performance, establishing an interactive social communication process; to provide relevant information on the company's operations in order to broaden and improve stakeholder's awareness and ability to evaluate and make choices, also from an ethical-social standpoint.

This means: describing the company's identity and the basic values which the company has applied in preparing the report, as well as its orientation in corporate decision-making, management approach, and their outcomes and impacts; illustrating the goals for continuous improvement which the company intends to follow; providing details on interactions between the company and its surrounding environment; showing value added and how it is allocated.

The sections of the *Social Report* are the following (GBS, 2001):

- the *corporate identity*, which entails a description of the ownership structure, the mission, the framework of ethical values, and the strategy;
- the *creation and allocation of value added*, representing the main connection with the statutory financial statements and which highlights the company's economic (or economically quantifiable) impact on the main categories of stakeholders;
- the part entitled the *social account*, summarizing the results achieved in relation to the commitments, plans and impacts on the individual stakeholders.

The most important ratio contained in the document is the *value added*. *Value added* measures the wealth generated by the company during the year for the stakeholders to which such value added is allocated. The profit and loss account figures are reclassified to show the creation of value added and its allocation to the stakeholders. The allocation process also considers the actual distribution of the net result for the year[10]. *Value added* is represented in two different tables (the two tables balance each other):

- the *Table for the Calculation of Value Added*, identified by comparing interim revenues and costs (see Table 2);
- the *Table showing the Allocation of Value Added* being the summation of the remuneration received by stakeholders within the company and the donations (see Table 3).

The part of the *Social Report* entitled the *social account* contains the qualitative and quantitative description of the company's results in relation to its commitments, the deployment of plans and the impact on the individual stakeholders (GBS, 2001).

In addition to the financial results – as per the statutory financial statements and previously shown in the table of value added – the company generates other benefits for its stakeholders which the document will now identify and analyze using measurements and comparisons, description, illustrative tables, evidence and reports, and any other means enabling the construction of an comprehensive picture. In addition to those effects the company can accurately pinpoint, there are other directly and indirectly generated impacts, of which the company may be aware to various degrees. These relate to various groups of stakeholders. The account should enable the various subgroups of the general public to become aware of what the company has generated and to establish more solid and satisfying relations therewith. The *social account* must be presented as structured information which makes reference to the framework of the identity statement (values, mission, strategies and policies) and to the other stakeholders, giving the reader the opportunity to assess the extent to which the statement has been implemented and observed and thus enabling an overall evaluation of corporate conduct[11,12].

The *Environmental Balance* (or *Eco-balance*) means companies expressing in quantitative terms that are as clear as possible the environmental performance of their operations, comparing data about the environmental burden of inputs to data about outputs: this document is the final part of the environmental impact study and assessment which compares environmental costs and benefits on the basis of homogeneous criteria (Scandurra et al, 1995). This document concerns: Environmental management and risk management systems; Training and education; Environmental performance indicators; Use and consumption of energy and non-recyclable materials[13].

The *Gender-Sensitive Budget* (or *Gender Budgets, Women's Budgets and Women's Budget Statements*) refers to a variety of processes and tools aimed at facilitating an assessment of the gendered impacts of government budgets. In the evolution of these exercises, the focus has been on auditing government budgets for their impact on women and girls[14]. This has meant that, to date, the term *Women's Budget* has gained widest use. Recently, however, these budget exercises have begun using gender as a category of analysis so the terminology *Gender-Sensitive Budgets* is increasingly being adopted. It is important to recognize that *Women's Budgets* or *Gender-Sensitive Budgets* are not separate budgets for women, or for men. They are attempts to break down, or disaggregate, the government's mainstream budget according to its impact on women and men, and different groups of women and men, with cognizance being given to the society's underpinning gender relations (Sharp, 1999).

Preventative reporting. The *Sustainable Development Report* provides a framework for sustainability reporting with emphasis on the linked aspects of an organization's environmental, social, and economic aspects. According to the definition of the World Commission on Environment and Development (WCED) *"(…) a development is considered to be sustainable if it meets the needs of the present without compromising the ability of future generations to meet their own needs[15] (…)"*.

The *Sustainable Development Report in Government* presents information about the way in which Government Departments and their executive agencies manage their land, buildings and staff. It does not set out to provide comprehensive data on each Department's operational performance since such information is more appropriately provided at Departmental level. What it provides is a snapshot of the way in which Departments have performed in areas covered by the targets and commitments in the Framework for Sustainable Development on the Government estate.

b) *Evaluation by Ethical Standards.*

The evaluation of ethical standards and requirements for Public Institution is performed on the basis of parameters. The first parameter (or source of law) is the Universal Declaration of Human Rights of the United Nations. This parameter is then followed by dozens of Pacts, Declarations, Agreements, Resolutions adopted and entered into by the United Nations and, as has already been stated, on the subjects of economic development, employees' rights and European law, by the International Labour Organisation (ILO), the Organisation for Economic Cooperation and Development (OECD) and the European Union (EU). The ethical evaluation of states favours those nations which are governed by regimes of proven people's democracy which respect the highest requirements in terms of: human rights; environmental legislation and policy; relations with developing countries; sustainability of economic structures; level of formal and substantive democracy and security policy. The *Agenzia Europea di Investimenti (AEI) Standard Ethics* is an Italian example of company that provides in corporate valuation by Standard Ethics[16]. The final evaluations by AEI Standard Ethics on the level of conformity of companies and Nations (or Public Institution) to the baseline ethical values are expressed with eight different Ratings: EEE; EEE-; EE+; EE; EE-; E+; E; E-. "EEE" stands for '*above average*', "EE" for '*average*' and "E" for '*below average*' (see Table 4). Those Nations (or Public institution) and companies which do not comply with the values expressed by the United Nations do not receive ratings and are included amongst the "*suspended*" issuers [AEI Standard Ethics, 2005 (February)].

3) A*ctions with bivalent impact on the internal processes/external relations of the Public Institution.*

The actions with bivalent impact on the internal processes/external relations, are represented by the current e-government/e-governance processes.

The concept of e-government (or e-administration) is referred to the use of modern Information and Communication Technologies (ICT) linked to the development of electronics and the Internet in the modernization process of the Public Administration (Pollifroni, 2003). The different processes of e-government may be analyzed with reference to the various models, that the Public Institution may adopt during the modernization process of the structure. The different e-government models are:

- *G2C model* (*Government to Citizen model*): this model concerns the activities carried out by the Public Institution towards own citizens (e.g. to build Institutional Portal Web and to provide Internet on line services such as the presentation of the Individual Tax Return in electronic format, or the application of electronic documents by the Registry Offices, etc.).
- *G2B model* (*Government to Business model*): this model concerns the activities carried out by the Public Institution towards own business companies (e.g. to provide Internet on line services such as the presentation – in electronic format - of the following documents: Income Tax Return, Annual Report, etc).
- *B2G model* (*Business to Government model*): this model concerns the activities carried out by the Public Institution towards own external supplier (e.g. e-procurement activities, e-auctions on line, etc.; in Italy these activities are made by Consip S.p.A., a Public Company of the Italian Treasury Department).
- *G2E model* (*Government to Employees model*): this model concerns the activities carried out by the Public Institution towards own employees (e.g. to provide Internet on line services such as e-learning activities).
- *G2G model* (*Government to Government model*): this model concerns the activities carried out by the Public Institution towards other Domestic Public Institution (electronic integration between several Departments

or between Central and Local Public Institution) or towards other International or Foreign Public Institutions (e.g. intelligence activities, International Co-operation actions, etc.).

The development of the e-government processes (conditioning processes or causes) determines an improvement in the governance processes of the Public Institution that - using highly technological solutions - are named e-governance processes (conditioned processes or effects) (see Figure 1). Consequently, the e-governance is the second aspect of technological innovation applied to Public Administration processes: that is to say the possibilities for the improvement of the democratic participation processes offered by the new technologies. These e-governance processes include, for example: direct participation of the employees to the internal decision of the Public Institution: these processes influence the internal governance with activities, e.g., of internal electronic poll (e-decision); direct participation of the citizens to the political choices: these processes influence the external governance of the Public Institution with activities, e.g., of e-voting; this is the so called *digital democracy* (or *e-Democracy*). eDemocracy - the use of ICT to promote and support the democratic process - was reported still to be in its infancy and many relevant processes involved need upgrading. eDemocracy made a positive contribution in facilitating democratic renewal and improving citizen participation. However, it was also recognized as just one element of participation and needed to be seen within the context of a wider agenda for democratic renewal and citizenship (Deloitte-Eurocities, 2004). Concisely the architecture of the Model has identified the Structure of the Excellent Public Institutions in function of a series of variables:

a) Instruments of Public Sector Social Responsibility (X);
b) Development of the e-government processes (J);
c) and Development of the e-governance processes (K).

The Instruments of Public Sector Social Responsibility (X) are the first variable (or driver) of the Theoretical Business Model illustrated in the present research. The illustrated *actions with main impact on the internal processes of the Public Institutions* (1) and the ones *with main impact on the external relations* (2), contain the first variable of the Model (this variable can be called "*Social Leverage*"). While the illustrated *actions with bivalent impact on the internal processes/external relations* (3), contain the second variable (J = Development of the e-government processes) and the third variable of the Model (K = Development of the e-governance processes).

The paper draws conclusions by the first empirical evaluations of the research. In these months our Department is testing the Model on a statistical selected sample of Italian Local Public Institutions (202 Municipalities). The empirical applications have used the following steps: to analyze annual reports, to prepare questionnaires, to administer questionnaires, to analyze data and to integrate findings. The research has tried to extract the Excellent Public Institution that uses - at the same time - the three drivers [X = Instruments of Public Sector Social Responsibility; J = Development of the e-government processes; K = Development of the e-governance processes]: only 9 Municipalities (4%), over 202, have used the three drivers at the same time. How the table shows (see Table 5), the extracted Local Public Institutions (9) have excellent ratios, better than the full selected sample (202). If the first results are very encouraging, the following steps of the research will be: to develop and to improve the instruments used in the empirical applications (especially the questionnaires and the ratio analysis); to develop the analysis in several sectors (Health, Education, University, Transport, etc.) including not only Local Public Institutions, but also Central Public Institution; and to realize activities in partnership with other Universities or Business Schools.

Tables and Figures

TABLE 1: Instruments of the Model

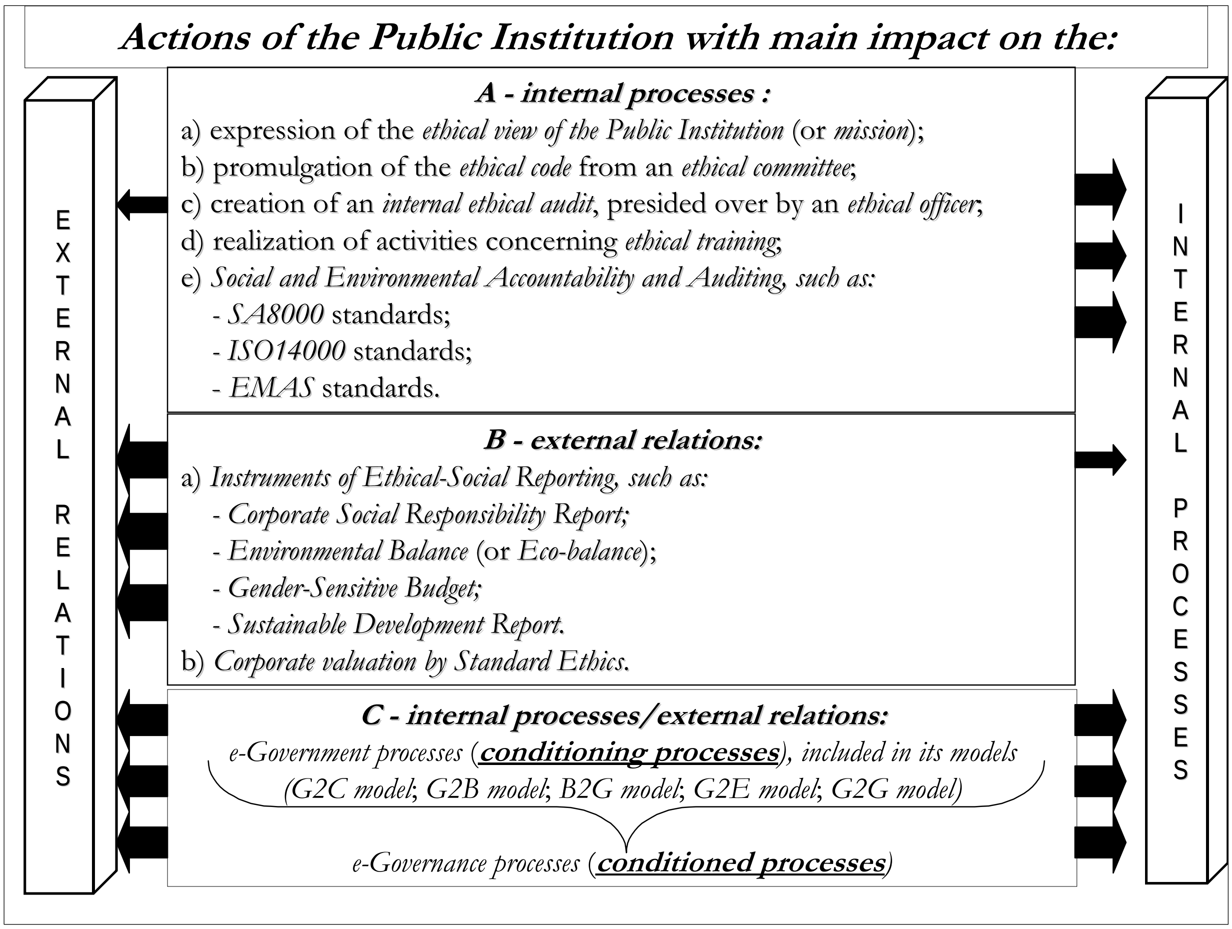

TABLE 2: Table for the Calculation of Value Added (Source: GBS, 2001)

TOTAL VALUE ADDED	YEARS		
	(n)	(n-1)	(n-2)
A) Production value			
1.Turnover – goods and services			
- revenues adjustments			
2. Variation in work in progress, semi-finished products and finished goods (and merchandise)[9]			
3. Variation in contract work in progress			
4. Other revenues and income			
Revenues from core business			
5. Revenues from atypical business (internal production)			
B) Production cost			
6. Raw materials, consumables, supplies and merchandise (or cost of goods sold)			
7. Services			
8. Use of third party assets			
9. Provisions for contingencies			
10. Other provisions			
11. Other operating costs			
GROSS VALUE ADDED FROM CORE BUSINESS			
C) Non-core and extraordinary items			
12. +/- **Non-core items**			
Non-core revenues			
- non-core costs			
13. +/- **Extraordinary revenues**			
Extraordinary income			
- Extraordinary expense			
GROSS TOTAL VALUE ADDED			
- Operating amortization/depreciation by similar categories of assets			
NET TOTAL VALUE ADDED			

TABLE 3: Table for the Allocation of Value Added (Source: GBS, 2001)

VALUE ADDED ALLOCATION	YEARS		
	(n)	(n-1)	(n-2)
A – Remuneration of personnel:			
Consultants			
Employees			
d) direct remuneration;			
e) indirect remuneration;			
f) profit-sharing schemes.			
B – Remuneration of the Public Administration:			
Direct taxation			
Indirect taxation			
- grants for current activities			
C – Remuneration of Borrowed Capital:			
Financial charges for short-term borrowings			
Financial charges for long-term borrowings			
D – Remuneration of owners' equity			
Dividends (net profit distributed to shareholders)			
E – Remuneration of the Company			
+/- variations in reserves			
(Amortization/depreciation[12])			
F – Donations			
TOTAL NET VALUE ADDED			

TABLE 4: Nation Rating, evaluation by Standard Ethics
[Source: AEI STANDARD ETHICS (Agenzia Europea di Investimenti Standard Ethics G.E.I.E.), (February 2005) and (July 2004), Nation Rating, Bruxelles, Reports, Bruxelles]

Ethic Rating	2005	2004
EEE	DENMARK ICELAND NORWAY SWEDEN	DENMARK ICELAND NORWAY SWEDEN
EEE-	AUSTRIA BELGIUM FINLAND FRANCE GERMANY IRELAND NETHERLANDS NEW ZEALAND SPAIN UNITED KINGDOM	AUSTRIA BELGIUM FINLAND FRANCE GERMANY IRELAND NETHERLANDS NEW ZEALAND SPAIN UNITED KINGDOM
EE+	AUSTRALIA CANADA GREECE LUXEMBOURG PORTUGAL SWITZERLAND	AUSTRALIA CANADA GREECE **ITALY** LUXEMBOURG PORTUGAL REPUBLICA CECA SWITZERLAND HUNGARY
EE	CZECH REPUBLIC HUNGARY **ITALY** JAPAN MEXICO POLAND SLOVAK REPUBLIC UNITED STATES	JAPAN MEXICO POLAND SLOVAK REPUBLIC UNITED STATES
EE-	BRAZIL BULGARIA ROUMANIA SOUTH AFRICA	BRAZIL BULGARIA ROUMANIA SOUTH AFRICA
E+	ARGENTINA SOUTH COREA TURKEY	ARGENTINA SOUTH COREA TURKEY
E	ISRAEL RUSSIAN FEDERAT	EGYPT ISRAEL INDIA RUSSIAN FEDERAT
E-	CHINA EGYPT INDIA	CHINA

FIGURE 1: Relations between the E-Government Models and the E-Governance processes

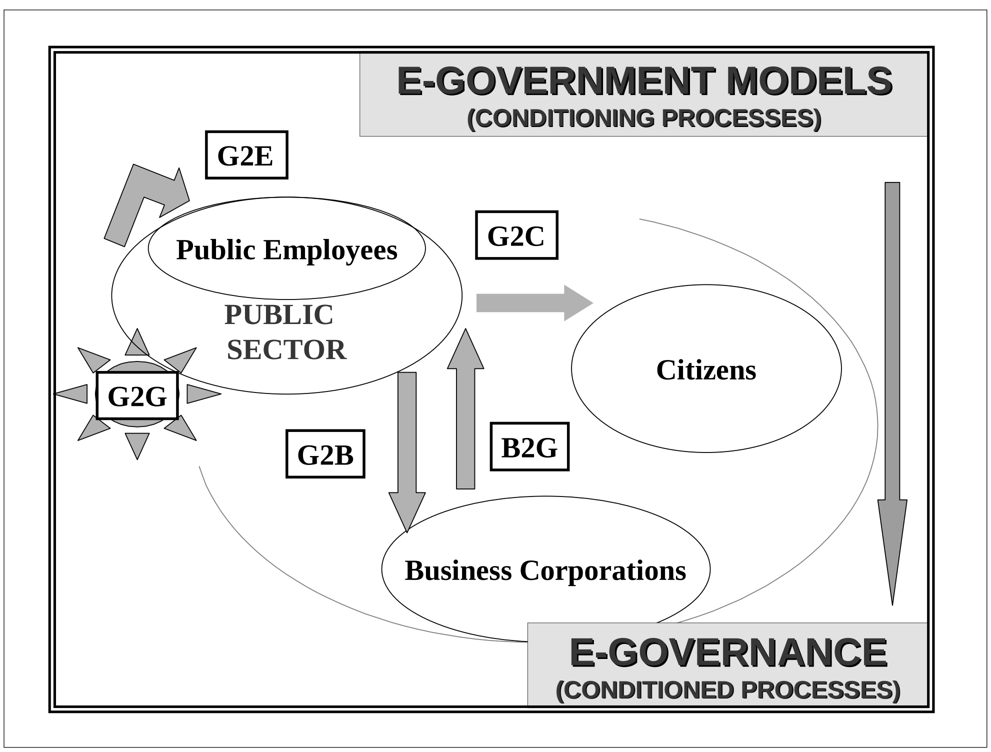

TABLE 5: The first empirical evaluations of the research

		ACID-TEST-RATIO				CAPITAL NET WORTH				VALUE ADDED			
		Positive Ratio		Negative Ratio		Positive Ratio		Negative Ratio		Positive Ratio		Negative Ratio	
	Examinated Local Public Institutions (n. 202)												
RATIOS	202	38	18,81%	164	81,19%	129	63,86%	73	36,14%	131	64,85%	71	35,15%
	Extracted Local Public Institution that use the three Model-Drivers (n. 9)												
RATIOS	9	8	88,89%	1	11,11%	9	100,00%	0	0,00%	9	100,00%	0	0,00%
PERFORMANCES			372,51%		-86,31%		56,59%		-100,00%		54,20%		-100,00%

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Endnotes

[1] Source: www.ethics.org.

[2] For further information visit the web site of the International Ethics Standard Board for Accountants (www.ifac.org).

[3] The main theoretical references to this approach are: Friedman M. (1962), *Capitalism and Freedom*, University of Chicago Press, Chicago; Freeman E. R. (1984), *Strategic Management. A Stakeholder Approach*, Pitman, Boston; Carroll A. C. (1993), *Business & Society. Ethics and Stakeholder Management*, South Western, Cincinnati.

[4] This document follows the *Guidelines for Multinational Enterprises*, written by the OECD in 1976.

[5] The main Italian academic references on *Ethics in Business* topics, are: Vermiglio F. (1983), *La responsabilità sociale dell'impresa*, Industria Poligrafica della Sicilia, Messina; Terzani S. (1984), *Responsabilità sociale dell'azienda*, in *Rivista Italiana di Ragioneria ed Economia Aziendale*, luglio-agosto, 1984; Matacena A. (1984), *Impresa e ambiente: il bilancio sociale*, Clueb, Bologna; Coda V. (1989), *Etica e impresa: il valore dello sviluppo*, in Corno F. (a cura di), *Etica e impresa: scelte economiche e crescita dell'uomo*, Cedam, Padua; Sacconi L. (1991), *L'etica degli affari. Individui, imprese e mercati nella prospettiva di un'etica razionale*, Il Saggiatore, Milan; Cafferata R. (1995), *Sistemi ambiente e innovazione. Come si integrano la continuità e il mutamento nell'impresa*, Giappichelli, Turin; Nibale G. (1995), *L'etica aziendale, l'economicità aziendale e l'economicità sociale*, in *Finanza, Marketing e Produzione*, n. 4; Lago U. (1995), *L'etica nella gestione d'impresa*, in *Economia e Management*, n. 3; Rusconi G. (1997), *Etica e impresa. Un'analisi economico-aziendale*, Clueb, Bologna; Zamagni S. (2003), *La responsabilità sociale dell'impresa: presupposti etici e ragioni economiche, in L'impresa giusta. Responsabilità e rendicontazione sociale nella cooperazione*, Il Ponte Editore, Perugia.

[6] SA8000 (Social Accountability 8000) is an international standard for social accountability developed by Social Accountability International (SAI) through multi-stakeholder consultations. The objective of SA8000 is to ensure ethical sourcing of goods and services. SA8000 is a voluntary standard and can be applied to any size of organization or business across all industries. The standard, based largely on ILO conventions, sets basic standards for: child labour, forced labour, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary practices, working hours, compensation.

[7] SA8000 (Social Accountability 8000) is an international standard ISO14001 (or EN ISO 14001) is a series of environmental management standards promulgated by the International Organization for Standardization (ISO - International Organization for Standardization is a network - a non-governmental organization - of the national standards institutes of 148 countries, on the basis of one member per country, with a Central Secretariat in Geneva, Switzerland, that coordinates the system. These standards comprise environmental management systems, environmental audits, environmental labelling and environmental performance assessments. The ISO14001 standard for environmental management systems is becoming an increasingly common requirement for doing business in Europe and other regions. Environmental audits are conducted to determine, based on objective evidence, whether a company is in compliance with environmental standards required by law, or its own environmental policies and goals.

[8] The EMAS (*Eco-Management and Audit Scheme*) standard allows voluntary participation in an environmental management scheme for organisations operating in the European Union and the European Economic Area. The scheme has been operative since April 1995. It aims to promote continuous evaluation and improvements in the environmental performance of participating organisations. Both EMAS and EN ISO 14001 have the common objective of providing for good environmental management. However yet too often they are seen as competitors. The EU Commission has recognised that the International Standard for Environmental Management Systems, EN ISO 14001, can provide a stepping stone for EMAS. The adoption of EN ISO 14001 as the management system element of EMAS will allow organisations to progress from EN ISO 14001 to EMAS without undue duplication of effort.

[9] The most influential standards at an international level include, e.g.:

- Account-Ability 1000, AA1000, 1999, ISEA (Institute for Social & Ethical Accountability);
- The Copenhagen Charter, a Management Guide to Stakeholder Reporting, 1999, Ernst & Young, PricewaterhouseCoopers, KPMG; Huset Mandag Morgen;
- Sustainability Reporting Guidelines, 2000, GRI (Global Reporting Initiative);
- Voluntary Guidelines for CSR Reporting & Communication, 2000, CSR Europe;
- European Commission 2001. Green book, [18.7.2001 – COM/2001 – 366, also known as Green Paper on CSR].

[10] Value added can be either net or gross of amortization/depreciation.
Including amortization/depreciation it represents the gradual reintegration of long-term production costs with the new wealth created. When this dimension is considered, the amortization/depreciation is allocated to the company's remuneration at the time of distribution.

[11] The fundamental elements of the *social account* are (GBS, 2001):

- the description of the commitments or objectives, and the rules of conduct (e.g. code of conduct, corporate policies, operating procedures, quality manuals, etc.) which derive from the business identity;
- an identification of the stakeholders at which the social report is aimed;
- the description of the policies in relation to each stakeholder category, the forecast results and consistency of the stated values;
- the social reporting process , which enables the identification of the relation between objectives and outcomes related to company activity;
- the organized and complete description of events, quantitative and qualitative information, comparisons, reports and, more generally, information usefully in describing the relation between commitments and outcomes;
- the opinions and feedback of stakeholders which are included in the social report in compliance with the involvement principle;
- any comparisons (benchmark) which enable the reader to better evaluate the company's performance. Benchmarks are only used if they come from official and public sources;
- the future improvement objectives, for both operations and substance;
- the opinions and reports of any third parties engaged to assess the quality of operations or their compliance with the established methodological commitments.

[12] In April 2005 GBS has made a specific document concerning a Social Report Model for the Public Institutions (GBS, 2005).

[13] Other sources on the *Environmental Balance* (or *Eco-balance*), are: European Environment Agency (EEA); European Topic Centre on Catalogue of Data Sources (ETC/CDS); U.S. Environmental Protection Agency (U.S. EPA).

[14] In 1984, Australia was the first country to introduce a gender-sensitive budget as a pilot project. Although it is not clear from the literature exactly what countries have attempted "*to do*" in preparing a gender budget, it appears that several nations have moved or are moving in this direction: Barbados, Fiji, Kenya, Mozambique, Namibia, Philippines, South Africa, Sri Lanka, St. Kitts, Switzerland, Tanzania, Uganda, The United Kingdom, Zambia and Zimbabwe (Unifem, 2000).

[15] Source: World Commission on Environment and Development's (WCED), [the Brundtland Commission, Report Our Common Future (Oxford: Oxford University Press, 1987)].

[16] The company, based in Bruxelles, is an Economic Interest European Group (EIEG) which aims at promoting company ethics, Corporate Social Responsibility and Socially Responsible Investments.
The activities of the AEI Standard Ethics include issuing ethical ratings to companies, Nation and Public Institution. The "*ethical*" Ratings issued by AEI Standard Ethics is the result of statistical and scientific work carried out to take a snapshot of the economic world in relation to ethical principles promoted by the large international organizations.