

***Sustainability reporting and corporate identity:
action research evidences in an Italian Retailing Cooperative***

Abstract

Cooperatives are now facing the challenges to be competitive in the market, without losing their traditional values of mutuality and democracy. To do that, they need to reconstruct open and participative dialogue with their employees and members based on more democratic forms of communication and engagement. From this point of view, the measurement and communication of sustainability aspects may allow to mobilise a dialogue with shareholders and stakeholders without losing the attention on competitive factors. Based on these premises, the article analyses the experience of a five-year action research project (from 2006 to mid 2011), carried out within *Unicoop Tirreno*, an Italian consumers' cooperative, and aimed to implement different tools for sustainability accounting and to embrace a more open dialogue with stakeholder, in particular with employees and members. .. In this process of change, the tools for sustainability accounting implemented played a key role in supporting the Cooperative to reinterpret its own values and in stimulating a new and participative management approach. The results indicate a virtuous circle between the management and measurement of cooperative principles and the management and measurement of sustainability issues.

Keywords: sustainability reporting, action research, cooperative, sustainability accounting, stakeholder engagement, shared value.

1. Introduction

Over the years, an increasing number of organizations have begun to implement sustainability initiatives accounting, in particular carrying out sustainability reporting activities (Kolk, 2003; KPMG, 2011). The benefits gained from the implementation and use of sustainability accounting span from improvement of risk management (Bebbington *et al.*, 2008; Unerman, 2008), a more informed decision-making (Adams & Frost, 2008; Burritt & Schaltteger, 2010; Burritt, 2012), and the capacity to improve environmental and social performance evaluation (Epstein *et al.*, forthcoming). On the accountability dimension, the motivations leading an organization to undertake a sustainability report can be several (Adams & Zutshi, 2004). They range from acquiring or maintaining the approval, for strategic or economic reasons, of the most powerful stakeholders, like customers, suppliers, creditors (Deegan, 2002; Islam & Deegan, 2010) to a desire to be responsible and accountable to all those that a company's activities might impact on (Salani, 2004). Other reasons are related to the necessity to respond to a variety of institutional pressures (Bebbington *et al.*, 2009) and by the importance of protecting and enhancing the value, and potential income-generating, deriving by organizational reputation (Spence, 2009)

So far, qualitative studies have analysed different aspects associated with sustainability, reporting and sustainability accounting, however without any specific focus on cooperative organization. For example Larrinaga-González *et al.* (2001) conducted 9 case studies in Spanish organizations including a total of 15 semi-structured interviews to address the relationship between environmental accounting and organizational change. They found that organizations with access to a large amount of environmental information used their reporting in order to control the national environmental agenda and to legitimate the company in the eyes of society, thus concluding that sustainability reporting had little impact on changes to internal company systems.

Through a series of interviews, Adams (2002) examined the impact of internal contextual factors that might influence decision making about reporting in 7 large, multinational companies located in UK and Germany and operating in the chemical and pharmaceutical sectors. The study explored, among others, the departments involved in decision making; the nature and extent of stakeholder involvement in the reporting process; and the motivations underling the publication of the sustainability report. The results showed that the process of reporting and decision making appears to depend on country of origin, corporate culture and company size. In turn, these variables influence the degree of formality versus informality of

the reporting process, the departments involved in the process and the extent of stakeholders engagement. Furthermore, it emerged that the main motivation behind sustainability reporting was to enhance corporate image and credibility towards external stakeholders and to respond to public pressure.

O'Dwyer (2005b) undertook a critical examination of the evolution of the social accounting process in a specific Irish overseas aid agency. This case study demonstrated the contradictions, tensions and obstacles that affect social accounting, when it is used as a mechanism to drive organizational change and improve stakeholder relationships. The findings revealed a systematic process adopted by the organizational board to silence stakeholders, which completely contradicts the agenda of those promoting social accounting and reporting in the organization. The nature of the stakeholder identification and consultation process was fundamentally flawed and deliberately oriented to exclude key stakeholders' voices and to avoid stakeholders concerns and critical observations. In this way, the agency could maintain the status quo, which was characterised by the total absence of stakeholder engagement in internal decision making processes.

In their action research, Adams and McNicholas's (2007) purpose was to examine the obstacles faced by a state-owned company in developing and integrating sustainability reporting into their annual report. They found that some of the main obstacles were a lack of knowledge among the management team as to what constitutes a best practice in terms of sustainability reporting; a lack of understanding about how sustainability goals and reporting practices could be integrated into the organization wide strategic planning process; and a lack of experience in engaging stakeholders in the reporting process and in the identification of key performance indicators. They concluded that, in spite of the obstacles related to it, sustainability reporting can be considered as a useful tool to introduce and reinforce sustainability principles into company's planning and decision making, thus leading to improved awareness on sustainability issues.

Bebbington *et al.* (2009) interviewed a selected group of companies, in order to document why they initiated sustainable development reporting and explore these explanations using an institutional theoretical framework. They found that the choice to engage in reporting does not appear to be rational. Instead, reporting is initiated because it has come to be an accepted part of a differentiation strategy and because it offers positive contributions to business challenges and to company value. They concluded that a number of different normative and cognitive institutions interacted to shape the process of sustainability reporting influencing managers' decisions about the development of the report.

Despite the studies carried out, most of which focused on the accountability dimension of sustainability accounting (Gray, 2001; Schaltegger & Burritt, 2010), The literature analysis evidences both a limited use of action research as a method to investigate sustainability issues accounting (the notable exceptions are the works by Adams & McNicholas's (2007) and Mitchell et al. (2012)) and also the absence of longitudinal analysis on the topic. In addition, Burritt (2012) has recently argued that the interplay between accountability and internal dimension of sustainability measurement has not yet been well investigated. Similarly, In this regard, also Gray (2002), Parker (2005), and Burritt and Schaltegger (2010) had asserted the importance of a need for more in-depth understanding of how and why sustainability accounting related issues evolves within organizations. Similarly, also Adams and Larrinaga (2007) had argued that there is the need for further field studies which investigate the integration of social and environmental issues into the decision-making (Searcy 2012; Burritt & Schaltegger, 2010).

The present study fits into this academic context, reporting and setting forth a longitudinal action research project carried out from 2006 to 2011 within an Italian large consumer cooperative, *Unicoop Tirreno*, and aimed to rediscover cooperative core values and improve the stakeholder engagement. through the implementation of some tools associated with sustainability accounting. Specifically, the research analyses the implementation of different three managerial tools related with sustainability managerial and accounting tools, that have been used to rediscover and strengthen Unicoop's core values, principles and identity. The aims were also to introduce sustainability matters analysis into decision making and to stimulate a more open and transparent stakeholder dialogue. The actions undertaken during the project are analysed and discussed from operative and strategic points of view. The research contributes to the literature on the role that sustainability, and in particular sustainability accounting may play in a cooperative organization which has been neglected in previous research due to the attention on state-owned organization and shareholder-owned companies (Adams & McNicholas 2007). Empirically, the study demonstrates a feasible path for the implementation, development and improvement of sustainability accounting and accountability within a cooperative organization, highlighting also problems and contradictions that characterized this process.

The paper is structured as follows: section two describes the characteristics of a cooperative society and the profile of Unicoop Tirreno. Section three outlines the methodology used during the project. Section four describes the development of the project and the findings, detailing discussions, conclusions and inputs for future research.

2. Characteristics of Cooperative Society and the profile of Unicoop Tirreno

The International Co-operative Alliance defined a cooperative as “*an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.*” (MacPherson, 1995). Cooperatives are enterprises in which all the members can participate in the processes of decision making and governance (Harrison & Freeman, 2004; Zamagni & Zamagni, 2008) and are fundamentally based on the idea of organizational democracy (Matten & Crane, 2005). They are characterizing by the following principles (Zamagni & Felice, 2006): 1) voluntary and open membership; 2) democratic member control; 3) member economic participation; 4) autonomy and independence; 5) education, training and information; 6) cooperation among cooperatives; 7) concern for community. In addition, as democratic organizations managed by their members, they are more accountable to their stakeholders than corporations (Salani, 2004). In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others (Zamagni & Zamagni, 2008).

Cooperatives have a specific governance and a specific business model (Zamagni *et al.*, 2004; Mazzoli, 2005; McDonnell *et al.*, 2012), as well as a long socio-economic tradition which combines global orientation and local attention, and which merge economic orientation with the principle of mutuality (Zamagni *et al.*, 2004; Mazzoli, 2005; Poma, 2006). In the economic literature, a cooperative organization is identified as a valid alternative to profit-oriented firms, due to its ability to overcome certain limits, such as the exclusive orientation to economic and financial results and the maximisation of shareholders’ profits (Parnell, 1997; Zamagni, 2005).

Unicoop Tirreno is an Italian large consumer cooperative organization. As such, its primary aim is to purchase goods directly from the whole sellers or producers and supply the goods to their members at reasonable prices. Its economic motive is not to earn profits, but to provide services to its members, that is, the owners of the Cooperative (shareholders). Moreover, the members are called by the statute to participate to the company's governance. Unicoop Tirreno was established in 1945 in Piombino (Tuscany, Italy), by 30 members, and was originally called *La Proletaria* (in English “The Working Class”) as its mission was to help the working class from economic and social points of view. Its original name reflected the primary objective of the self-help organization: mutuality and economic protection of its

members, with the aim of improving living standards and quality of life (Tognarini, 1997; 2005).

Unicoop Tirreno has today an annual revenue of around 1.3 billion €, around 100 stores, roughly 900,000 members and more than 6,000 employees. Started mainly as a territorial cooperative, today Unicoop Tirreno is established in four Italian Regions (Tuscany, Lazio, Campania, and Umbria) and represents one of the most important national actors in the Italian retail market (Nesti, 2005; Tognarini, 2005). From the 1980s onwards, Unicoop Tirreno experienced an intense growth regarding both the type of products offered and the number of clients and suppliers, and enlarged its range of action beyond the territories and regions of traditional settlement. In the '90s this process became more and more intense, with a relevant increase of memberships. During this period, on one hand the Cooperative increased its revenue and its profit, on the other hand it started to drift away from its members, and progressively became incapable of responding to their needs in a satisfactory manner.

Despite its long tradition and its rooted principles, the growth in size and commercial activities caused a progressive detachment from the mutuality logic. Involvement of members in company's governance, their sharing of cooperative values, their participation to the Cooperative's social activities drastically decreased, and members began to shop at Unicoop Tirreno only for its commercial offers. The active participation of employees and members in the decision-making process, and more in general within the democratic life of the company, has tended to dwindle overtime. Moreover, the attention to territories and members focused more and more on commercial issues, moving far from the cooperative inspiring principles. This process, called demutualisation, has been widely studied in literature, since it is today common to many cooperative organizations (Ferrucci, 2006; Zamagni & Felice, 2006; Pestoff, 2012).

In accordance with Griffiths (2004:17) demutualisation "[...] refers to the decreased use of mutual organizations to provide services and produce goods and the conversion from mutual to investor ownership. The beginning of demutualisation of a cooperative is when the cooperative has lost its cooperative identity and what distinguishes it from investor-owned companies." Demutualisation can be split into two different phases: a first-one in which cooperatives lose their values, and a second that is characterised by the formal conversion into investor-oriented enterprises. Most probably, in the retailing sector, a relevant contribute to this process has been furnished by the increase in market competition, with new, large scale international retail groups and the tendency to create an elite within the organization to assume a growing and commanding role that results in the effective capture of the enterprises,

making it difficult for cooperatives to keep traditional values and identity alive (Parnell 1997; Salani 2005).

In Unicoop Tirreno, the cooperative principles of democracy, mutuality and safeguard of future generations have not been longer effectively transmitted through the daily activity of the organization, and so mostly not perceived by members and employees. Overtime their participation to the Cooperative's governance has indeed been compromised. With these premises, the top management of Unicoop Tirreno, and in particular the President, decided in 2006 to set up a project in order to strengthen the relationship with the Cooperative's shareholders -i.e. members- and a privileged category of stakeholders -i.e. employees-, trying to increase their level of engagement in organizational activities, by promoting communication, dialogue and active participation within organization decisional processes.

The main target was to redefine and strengthen the traditional Cooperative's values, and identify a more participative management model of the cooperative (i.e. the turnaround of the demutualisation process). Specifically, the target was to link internal decision making, participative processes with stakeholders and accountability activity with Cooperative's values in order to link and merge cooperative principles, members and employees needs, and market performance. The desired outcome was to achieve and maintain success on the competitive market and strengthening the Unicoop's identity. In order to reach the overall target set the decision made by Unicoop Tirreno's top management was the engagement of a university research group, expert in the field of management, whose involvement would have supported the Cooperative in defining the proposal of a specific research project. Nevertheless, even if in this framework of analysis the Cooperative's needs were clear, the outline of a specific research question was not yet possible to define, such as the aspects related to research plan methods and instruments to use. As first step, the establishment of a methodology of analysis was needed, able to guarantee both scientific rigor and an accurate interpretation of evolutionary dynamics of the organization (both internal and external ones). As described in the following paragraph, the choice made on the methodology fell on the action research approach.

3. Research Method

Action research is a participatory method through which the researchers are directly involved in the creation and implementation of the process of change inside an organization, together with its practitioners (Eden & Huxham, 1996; Burns, 2007; Chevalier & Buckles,

2013). The concept of action research originated primarily in the work of Kurt Lewin in the mid-1940s (Lewin, 1947; Coghlan & Brannick, 2007), and aims both to take action and to create knowledge or theory about a given context. Action research is a participative process. Fellows of the inquired organization participate actively in the investigation analysis, working with the research team so that, the issue/s may be solved or the system improved (Coghlan & Brannick, 2007). The outcome of combining “action” with “research” is to create new knowledge overcoming important social and organizational issues together (Brydon-Miller *et al.*, 2003; Baard, 2010). Knowledge is produced by an interaction between the expertise of the research team and the insights and values of the organization fellows.

Action research is both a sequence of events and an approach to problem solving. According to Eden and Huxham, (1996) and Greenwood and Levin (2007), action research is based on five specific phases that define it and distinguish it from case study research, interviews, or consulting activity. These phases are:

- *Diagnosing*: identification of the problematic situation. It involves interpretation of a complex organizational problem, not through reduction and simplification, but rather in a holistic manner. A first theoretical framework will stem from this step.
- *Action planning*: specification of the actions to adopt in order to solve or relieve the problematic situation. The previously established theoretical framework plays an important role in the identification of the actions to take.
- *Action taking*: implementation of the devised actions, causing change to occur and, in principle, leading to an improved situation.
- *Evaluating*: assessment of the outcomes of the actions taken, after the completion of the previous step. This involves a critical analysis of the results in light of the theoretical framework and of the practical effects that were achieved.
- *Specifying learning*: identification and description of findings (lessons learned), based on the information resulting from the previous step, which is the new knowledge.

The knowledge emerging from the 5th phase is intended to be meaningful to others, and can consist also in new tools, techniques and models of analysis (Eden & Huxham, 1996). Because of its interventionist character, action research may be less relevant in demonstrating links between data and outcomes, but it's one of the best ways to demonstrate the changes within an organization (Chevalier & Buckles, 2013). On these premises, in order to tackle the demutualization process suffered by Unicoop Tirreno, the research group decided to engage an action research path, with a complete involvement within activities of the Cooperative and

a close connection with processes implemented by top management. By this method, the aim was to trace the changes gained within the organization, in a scientific and objective way, working and interacting continuously with the actors of the organization, and gaining with them an improvement of knowledge. The reason behind was to avoid any self-referential track, solving the issues detected, and at the same time creating new knowledge available for both other cooperatives (external mutuality logic) and academics (Greenwood & Levin, 2007)

The action research project described was carried out from 2006 to mid 2011. According to Adams and Larrinaga (2007), the practice to engage with an organization has the potential to improve its sustainability accounting and accountability performance. They argued that the practice of engagement is useful to investigate and understand for which aims an organization is using sustainability accounting. On the same way of thinking, Adams and Whelan (2009) argued that action research can be a useful research method to understand how corporate stakeholders affect changes about sustainability reporting. This practice give the opportunity to discover how organizations define sustainability, how they manage it, why they engage in activities related to sustainability, and how they assess as well as communicate this engagement. To this end, pursuing research where researchers can be actually engaged in the sustainability accounting, and thus facilitate organizational change, has been recognized as an important way to advance the knowledge on the topic (Gray, 2002; Parker, 2005; Owen, 2008).

During the project, the researchers participated to numerous meetings and met the President, the head of each directorate, middle managers, and operational staff. In addition, they had the opportunity to use internal and archival documents of the Cooperative. The group of researchers was composed by a scientific coordinator, expert on sustainability management, and three researchers, specialized on sustainability, organization and human resource management, and accounting. The following paragraphs will define the path that characterized these five years of research inside Unicoop Tirreno, through the description and analysis of the key aspects emerged.

4. Observation and Findings

With the aim of systemising and organising the results emerged from the five years of research, the activity performed is described in the next pages at three different levels of analysis. Such levels, not strictly consequential, express the main activities carried out and show the changes that were stimulated within the project. They are useful to highlight the hot

spots in the problem solving process within the Cooperative as basis to stress, in the conclusions, the academic knowledge contribution. In particular, the three levels detected are:

- *the inquiry level*: at this level, on the basis of an initial selection process of most useful managerial tools to implement, internal and external dynamics of the Cooperative were studied, through direct interactions with top management, middle management and operational staff, and through an analysis of specific internal documents;
- *the tools development level*: at this level, the tools to measure and analyse sustainability issues were developed, in order to build and improve the measurement and accountability of sustainability performance;
- *the governance level*: at this third level, the ideas and information elaborated and acquired within the previous two phases were transformed into new sustainability policies and activities that generated organizational and managerial changes.

4.1 Level 1 - Inquiry level

The first phase that characterised the research process was the analysis of the issues related to the so-called demutualisation process, reported by the top management (in particular by the President), and the identification of a new managerial approach aiming at problem solving. As mentioned in section 2, the issue of Unicoop Tirreno was to renew and implement its cooperative identity based on the mutualistic principle and transfer its system of values to the two main interlocutors: employees and members-shareholders. This approach should have been consistent with the company's size (which has overtime significantly increased), focusing on the adoption of more sophisticated management tools, which could have stimulated in a renewed way the participation of shareholders and employees to the governance and the operational management of the firm, in order to build a trust based relationship with them (Swift, 2001).

In 2003 Unicoop Tirreno had internally established a new function, which was a new presidency staff member, that would specifically address corporate social responsibility (now on CSR) related issues. The CSR officer nominated was assigned the task of guiding those activities in consideration of the close analogy between the topics of sustainability at the basis of CSR policies and the value system of the Cooperative (Salani, 2004). This latter is decreed on the Charter of Values, which contains principles referable to economic, social and environmental aspects of sustainability. The Charter of Values (2006: 72-73) bears the values of mutual aid, responsibility of everyone, labor, democracy, equality, equity, and solidarity. The Cooperative's members are inspired by the ethical values of honesty, transparency,

respect for commitments, social responsibility and attention to others, and within the Cooperative they are called to democratic participation and governance. Moreover the Charter stresses that the Cooperative works for the advantage of consumers and local communities, acting in moral and material interests of consumers, respecting the environment, using the resources appropriately, recognizing the priority of health and solidarity among people. Finally, the Charter of Values uses a multi-stakeholder approach in order to define specific objectives of "the corporate social responsibility" and its relationships with different subjects: members, consumers, employees, suppliers, environment, school and culture, public institutions, cooperation (see Frostenson *et al.*, 2012 for a discussion about the use of code of conduct/charter of values).

Starting from these premises, the issue was to identify which was the most efficient managerial tool able to redefine the Cooperative's identity profile, according to this multi-stakeholder perspective. According to Bratman (1992), three different conditions should be met in order to re-assert and strengthen the identity of a cooperative society:

- *mutual responsiveness*, for which members consider other members in the decision process;
- *commitment to the joint activity* among members (even if with different purposes);
- *commitment to mutual support*, with a mutual assistance among members in order to achieve common goals.

Viola (2004) identified two factors needed to fulfil the above conditions: "increasing communication" and "promoting commitment to internal equity". The "communication" should be intended not as mere information, but rather as a real form of participation between cooperative, its members and other stakeholders, such as employees, local communities and commercial partners. The "commitment to internal equity" concerns the guarantee to ban all forms of exploitation and subjugation (Viola, 2004). The application of this principle represents a fundamental engagement of a cooperative towards its members and employees. On one hand, members should be stimulated and encouraged to participate actively in internal governance and decision-making processes. On the other hand, when dealing with employees, the management should be able to transmit the importance to reconcile economic targets and cooperative principles in order to affirm and maintain the distinctive character of the cooperatives compared to the profit-oriented companies (see also Zamagni *et al.*, 2004; Zamagni, 2005; Ferrucci, 2006).

At the beginning of the research, the before-mentioned literature review was reflected on Unicoop's framework and permitted to identify how and where operate to strength the

participation of employees (Collier & Esteban, 2007) and members, and to reinforce Cooperative's identity. In line with the idea that be accountable to its members is a distinctiveness factor for a cooperative (Salani, 2004), and according to Viola (2004) about the necessity to increase the communication and participation between cooperative and its members and stakeholders, the social report was considered the initial most suitable tool to use in the research process¹ (Swifts, 2001; Morsing & Shultz, 2006). A social report has the potential capacity to outline the performances of the organization beyond those strictly economic, to communicate with transparency values and identity of an organization, and to facilitate stakeholder engagement processes (Salani, 2004; Joseph, 2012). In fact, since 2001, Unicoop Tirreno had been drafting a social report that was used as a mere informative tool to provide non-financial information to stakeholders. The new objective was now to rethink the nature and the structure of the social report in order to have a more reliable and transparent tool capable of acquiring the attention of the Cooperative's members and, at the same time, to stimulate the attention and participation of the stakeholders (Salani, 2004; Morsing & Schultz, 2006).

From the operational point of view, all activities related to Social Report drafting have foreseen a continuous interaction between researchers and Unicoop Tirreno. The researchers were fully involved in the Cooperative's activities and provided both the methodological and operative support needed for analysing the Cooperative's characteristics, by collecting and analysing information, drafting the report, and, finally, providing feedback to management. The process, each year, was broken down into two macro-phases. The first step concerned carrying out interviews with the Cooperative's staff, and the second focused on the construction of the report. The whole process was performed in close cooperation with the Cooperative's CSR Manager. As far as the first macro-phase involved, first of all an initial start-up meeting with the Cooperative's President was set up. Aim of this meeting was to share the details of the methodological approach to be implemented in the following steps, and to receive information on focal points of the Cooperative's strategy of social responsibility. Indications obtained from the meeting with the President were considered the basis for the following meetings with the other top managers (the Directors). These interviews were totally open, with no predefined protocol. They were aimed to identify a first picture of

¹ Social report is a type of sustainability report focused specifically on the social dimension of the sustainability, and it is typical of the Italian setting.

the Cooperative, with the most relevant issues to be analysed with the middle management and operational staff.

Furthermore, the meetings with the middle managers and their collaborators were oriented to define and analyse in detail the CSR targets, the actions implemented, the results obtained, and their effects on the Cooperative's stakeholders. During these meetings, the schedules for data collection aiming at the construction of sustainability performance indicators were defined. At this level, meetings were managed using semi-structured interviews with the support of a specific tool for the survey of data and indicators, called the "chart of sustainability accounts". During the 5 years of activity, a progressive intensification of horizontal and inter-functional relationships among middle managers and operational staff was clear, with an increase in collaborations among staff belonging to different directorates. At the beginning, a tendency to operate somewhat independently emerged, with little (if any) awareness of the opportunities that could arise from sharing certain information with other directorates. Gradually inter-functional connections were created, allowing dealing with the same issues in different perspectives, at the same time starting to interact with the CSR manager and the researchers in order to initiate and promote new internal collaborations. This improvement in the provision of information and in their strategic functionality was possible thanks to a growing confidence that the staff acquired with respect to the issues, as well as due to an improvement in the relations between staff members and researchers.

The second macro-phase encompassed the elaboration of the CSR performance indicators and the sustainability report drafting. The first draft version of the report was shared exclusively with the President and the top managers. The meeting with the President and top managers aimed to supply a first analysis and interpretation of the results achieved, checking their coherence with the outlined strategy. Afterwards, the process envisaged drafting and publishing two quite different documents: the *sustainability report* and the *synthesis report*. The *sustainability report* was the published official document presented to the annual assemblies of members and put online on the Cooperative's website, in order for it to be available to all stakeholders. The *synthesis report*, confidential for the top management, aimed at describing the strong and weak points that transpired from the analysis of coherence between corporate strategies and the results obtained (and measured by sustainability indicators), including some advice useful to fill the gaps that had occurred.

It is important to observe that starting from 2006 to mid 2011 the number of Cooperative's employees involved in meetings and gathering information process increased considerably. The employees, from middle level and high management levels, raised from 16 to 31,

demonstrating the perceived growing importance of sustainability issues (Table 1). An increasing involvement of the top management members was also registered over the same five-year period. Indeed, in 2006 only the President and one Director had participated to the outlining of the report. Starting from 2010, the entire top management team (6 Directors and the President) was involved in the process, demonstrating the strong commitment on the project and the increasing relevance of sustainability in the internal decision making process. In the process of increasing involvement of different functions (both at the levels of top managers, middle managers and operational staff), the first to be involved were components of the directorates closer to the CSR issues: the Presidency, expression of members-shareholders, and the directorate of Social Affairs, responsible for the promotion of non-commercial initiatives addressed to the members at local level. After on, other directorates were engaged, from the human resources directorate to the technical directorate, then the commercial and logistic departments, and eventually, in 2010, the finance directorate.

‘Insert Table 1 here’

Over the years, each directorate was stimulated to find some sustainability core themes, allowing a systematization of the issues (Table 2). The spotting of the core themes was carried out through a direct involvement of the middle management and operational staff, and through an assignment of direct responsibilities on the implementation and achievement of targets related to the themes identified. The overall results of the several initiatives and activities carried out were: a better alignment among information belonging from different directorate, an improvement in data collection and analysis, and finally a map of the interaction between mutuality activities and social and environmental issues.

‘Insert Table 2 here’

In terms of barriers encountered in the process, at the beginning one of the most critical obstacles was the lack of familiarity among staff in measuring performance other than financial and economic. This has been overcome thanks to the knowledge of the research team, which helped staff to become more confident with sustainability issues, and the opportunities and problems linked to their measurement. Moreover, the employees realized that a structured search of certain information and data enabled them to improve also some ordinary activities, with a positive effect on the entire management of the Cooperative. For instance, employees of the human resources directorate showed the usefulness of the collection of information on training activities provided to employees, that -until then- was

run separately among each directorate. Furthermore, the employees of the technical directorate started a process of continuous monitoring of the consumption of natural resources that brought them, a little later, to plan energy audits at all stores. These and other feedbacks received over the years have shown a process of progressive learning, that is not limited to the narrow sphere of activities relating to accountability, but that become key to the interest of the overall internal management activities. Another aspect emerged during the meetings with middle managers was the lack of coordination among different directorates in the development of specific projects. Sometimes, the same project was indeed promoted simultaneously by different functions, with no mutual knowledge. In some cases (but not always), the researchers were called to play a role of connectors, facilitating the coordination among the activities and promoting an increased efficiency in the management of such initiatives.

4.2 Level 2 - Tool development level

The second level describes the process of development of the sustainability accounting system. In such process, middle management and operational staff worked on the modalities and technical aspects to guarantee a reliable measurement of sustainability performance.

The common tool for gathering the necessary sustainability information (the “chart of sustainability accounts”) was substantially improved, bringing out a series of critical issues. The main example was about environmental indicators. In 2006, the environmental matrix (energy and water consumption, waste management, etc.) reported just "estimated data". In 2010, approximately 80% of the data was monitored and calculated and not estimated, and other management tools, such as energy audits, were implemented to check anomalies, with positive impacts both on environmental performance and economic savings.

The topics addressed tended to concentrate progressively on those issues more traditionally linked to the contribution provided by the Cooperative to sustainable development, with a parallel process oriented towards rationalizing the number and the type of indicators adopted. As shown in table 1, an increasing number of Cooperative staff were involved in the project, with a concurrent progressive rationalisation and decrease of both the subjects investigated and of the total number of performance indicators adopted. Progressively, each indicator and subject was inserted into one of the three dimensions of sustainability (economic, social and environmental), and from 2008 the report began to change its structure, moving from a *social report* towards a *sustainability report* (Table 3).

This change was proposed by the research team and shared with Unicoop's top management and the President. To this end, the accountability reference system was changed, from Italian guidelines for social report (GBS 2001)² to Global Reporting Initiative guidelines (GRI 3.1 2006). This implied a move from a reporting structure apt primarily to measure the effects of actions carried out on the stakeholders, to a reporting structure oriented to measure the overall effects of the Cooperative's strategy at social, economic and environmental levels and also to link them with its values and principles³. The choice of Global Reporting Initiative guidelines allowed a better comparison with other organizations and also facilitated stakeholders' comprehension of the document (Joseph, 2012). Indeed, this new structure presents information on performance, as measured through specifically designed indicators, in a much clearer format, thus further stimulating the interest of potential stakeholders, including members and customers.

'Insert Table 3 here'

The change in type of the report generated some positive results. Specifically, positive feedback was obtained on behalf of shareholders and employees, that is, those categories of actors which management considered as priority. From the employees' point of view, appreciated were the clear statements contained in the document and the ease of connecting the actions described to specific dimensions of sustainability. On the other hand, the distribution of the new version of the document among members allowed to illustrate better to shareholders the participative decision making process that the Cooperative had long been undertaking, and their relevance within the company governance.

Through this process of change, sustainability reporting has increased transparency around the social and environmental impacts of the Cooperative, providing a more detailed account about its governance and the activities carried out to strength the Cooperative's values and principles. The sustainability reporting, characterised by an on going, self-analysis process, allowed the Cooperative to understand how sustainability policies and Cooperative's values and principles are linked together, and to the creation of long-term economic value. This process of change was shared between the company and the research team, through a systematic review and adjustment both of the method of inquiry and of the reporting structure.

² The Gruppo Bilancio Sociale guidelines is an Italian standard for the development of a social report that has been released for the first time at the beginning of 2000.

³ See Fossati et al. (2009), cap. 2, for a detailed and comparative analysis of Italian Social Report Guidelines and Global Reporting Initiative Guidelines.

The elements that qualify the sustainability report can be described using the hierarchical model developed by Deegan and Unerman (2006). The model is composed of four hierarchical levels that are the "why - who - for what - how" stages (Table 4).

“Insert Table 4 here”

Starting from 2008, the positive effects of the approach structured around the measurement of sustainability performance for accountability purpose has led to the implementation of two other management tools that have become integrating part of the sustainability management process of the Cooperative and which have defined, at the same time, a more complete sustainability accounting system: the *sustainability annual plan* since 2008 and the *participatory social plan* since 2010. The *sustainability annual plan* is an ex-ante analysis tool about the possible impacts at social, environmental and economic levels of the initiatives planned, with an explicit reference to the stakeholders involved. Similarly to a budget plan, the management identifies goals, budget, deadlines, responsibilities and expected impacts on stakeholders of the planned actions having a sustainability dimension. Moreover, the achievement of the targets identified in the *sustainability annual plan* is monitored and communicated in the *sustainability report* of the following year. This process, in addition to having a high impact at management level, provides the Cooperative with an important opportunity for promoting transparency in stakeholder relations, given that the achievement of the objectives established could be verified in following years.

The tool introduced sustainability themes into the planning phase and linked them to the Cooperative's strategies, values and principles in order to show and valorize the links among them. By means of it, Unicoop Tirreno was able to evaluate the consistency of tangible actions in the phase of implementation with the set of own principles and values, through an anticipated evaluation of what would have been the impact of those actions on their stakeholders. In this process, the sustainability reporting had a double key role. On one side it operated as feedback tool, because it provided key indications for the implementation of new projects and actions to be promoted in following years. On the other side it operated as a control tool, and it allowed measuring the results obtained by the Cooperative as compared to the initial evaluation. Some of the employees interpreted this tool as a demonstration of concreteness of top manager with respect to sustainability goals, connecting them into a strict process of planning and checking. In a different way, other employees interpreted this process as demonstration of the interest of the top managers to control their actions, urging them to

narrow and close relationships with other colleagues instead of promoting collaborations and internal co-operations.

In 2010, in order to complete the sustainability accounting system, a new tool, known as the *participatory social plan*, was integrated within the sustainability management process. The engagement dynamic developed over the years in relation to stakeholders, as result of Cooperative attention on sustainability management, has led to identify the *participatory social plan* as the main stakeholder engagement tool. The *participatory social plan* aims to support the meta-planning phase by integrating the logic of top-down and bottom-up approaches. It allows Unicoop Tirreno to mobilise members and stakeholders participation in the decision-making process, through the comparison and discussion of some specific issues related to sustainability.

The top management identifies some "core" themes that would be later discussed by thematic groups. These groups are constituted by Cooperative employees from different departments, by members representative of different territories, and external stakeholders (such as representatives of local institutions, consumer representatives, local suppliers, cultural associations, environmental associations, and others). Each group is therefore called to compare and select a number of proposals that the Cooperative's management will evaluate for feasibility in terms of opportunities and time. Finally, the actions chosen by Cooperative's management become part of the *sustainability annual plan*. From the point of view of the contents, during the period 2010-2011 the core themes identified as priorities were four: food safety, environmental protection and efficient management of resources, diversity management, and social inclusion. Except for the working group related to the social inclusion which was primarily targeted to voluntary associations, the other working groups were composed by a total of 57 stakeholders, among which 12 members and 14 employees of the Cooperative. From a management point of view, the integration of the *participatory social plan* with the *sustainability annual plan* and the *sustainability report* created a close connection between an active participation of the employees, members and stakeholders during the planning phase, and the measurement of the results during the control phase.

“Insert Figure 1 here”

By means of the integration of the above tools the Cooperative has developed a sustainability accounting system composed by two tools useful in the planning phase (the *sustainability annual plan* and the *participatory social plan*) and a *sustainability report*, which was used to estimate the effectiveness of the actions undertaken (measured with

sustainability indicators) and to evaluate the coherence between what emerged in the participative planning process and the subsequent actions and results. The outcome of the integration was an increased credibility and transparency of the participative processes, along with a better capacity to measure the level of mutuality achieved and of its link with social and environmental targets.

4.3 Level 3 - Governance level

The third level detected during the action research project was the "governance level", through which sustainability issues were included in the Cooperative's management process and strategy. The sustainability report drafted each year together with the synthesis report reserved to the top managers have facilitated, over the five years of activity, the identification of innovative projects aimed to intervene on the major issues arisen during the accountability phase, as summarized in table 5.

‘Insert Table 5 here’

Initiatives and actions developed over time are closely connected to environmental efficiency (systems of waste management and energy efficiency), labour relations (health and safety and human resources management), quality and ethical sphere (food safety, and promotion of ethically branded products), and economic strategies (design of stores, measurement of economic performance across the territory). Six out of eight projects implemented included employees, and four saw the active involvement of members. This demonstrates the important work carried out by Unicoop Tirreno to concretely respond to the needs of the employees and members. Moreover the initiatives developed have involved both the Cooperative's managerial context as well as the organizational one, showing the interest of the top management towards the integration of the tools within the Cooperative's strategy.

The initiatives have produced significant internal effects, showing on one hand the desire to combine traditional values with the adoption of more sophisticated management tools, and on the other hand highlighting some internal contradictions and managerial weakness. Some projects (like as the adoption of a safety management system, energy auditing systems, valuing and managing diversity programs, and waste management system) have stimulated relevant internal management changes, with the identification of new internal roles and duties. Moreover, some other projects (food safety, ethical label) have given an ethical connotation to mainly commercial activities. The organizational changes have needed the identification of

new profiles, within the environmental and safety management and have shown the weakness in competences of the previous people in charge, unable to fully understand the new management approach. This has led to an internal reorganization of some tasks, with the designation of new people in charge. Simultaneously, with regards to valuing and managing diversity, the projects carried out have led to some changes within the stores, since the stores' directors were involved in learning process on how to manage maternity leaves and work-life balance issue. On the other hand, the food safety and ethical label related projects have had an impact on the commercial functions, bear on new ways to manage the supply chain and through a valorization of ethical products in the stores. However, the middle managers seemed at the beginning preoccupied by the reduction on short-term margins more than seeing the coherence between these projects and the value system of the Cooperative.

Today it is not yet possible to have clear and complete evidences about the effectiveness of the projects, since the implemented actions need time to show if and how they have been effectively integrated within the organization and, above all, to measure the level of benefits and active participation of stakeholders in the long run.

5. Conclusions

The research has described and highlighted the findings of a five-year action research project carried out from 2006 to mid 2011 within an Italian consumer cooperative, Unicoop Tirreno. Starting from the analysis of Unicoop's historical and commercial characteristics the main aim of the project was to identify the appropriate instruments to manage the critical demutualization process in which Unicoop was occurred. A lack of an open and transparent dialogue with employees and members generated the idea, in the top management of the Cooperative, to rethink and rebuild the relationship with them. To this end, the double targets were to rebuild a constructive set of relations in order to enhance employees and members participation at the governance and managerial decision making and, concurrently, to reinforce organization's identity. The action research project carried out was based on the idea that the management and measurement of sustainability could represent the *fil rouge* to favor the engagement of employees, members and other stakeholders.

As regards to cooperative management and organizational democracy the initiatives implemented to satisfy the needs of the employees, members and stakeholders represent examples of how Unicoop has used sustainability management and measurement for increased organization democracy and diffuse and reinforce its core values. The first tool

chosen to mobilise the initial change was the sustainability report. Its development stimulated in turn the implementation of a series of other projects and tools which were implemented to reinforce the level of mutuality of the Cooperative and to increase the social and economic value added generated. The final outcome should be the strengthening and improvement of Cooperative's identity and the creation of a more democratic system in which all stakeholders involved in the management of the Cooperative can actively contribute in the decision making.

Referring to sustainability measurement, this research represents an innovative experience that can reasonably give a contribution to the academic debate. To the best of the authors' knowledge, this is indeed the first case of action research project in a consumer cooperative that describes and analyses how sustainability accounting has been implemented and enhanced over the time. The research demonstrated how the focus on sustainability issues may represent a driver to stimulate changes within a consumer cooperative and how sustainability accounting, composed by internal and accountability tools, may be considered a trustworthy management system capable of involving stakeholders and stimulating and enhancing cooperative's identity.

As highlighted in the paper at the beginning of the project, top management identified a double need to be satisfied. On one side the need to initiate a two-way communication process with employees and members; on the other side the need to increase and enhance the active participation of members and employees to the governance and managerial process of the Cooperative.

About this latter point the "Inquiry level" of analysis has highlighted a relevant enlargement, during the five-year period, of the number of employees involved at different levels in the measurement of sustainability. This aspect reflects the progressive strategic value that sustainability has taken inside the Cooperative and expresses the increased participation of the various subjects in the process of change. Over time, this continuous improvement represented a powerful drive in the spread of sustainability themes within the Cooperative and in connecting sustainability with the founding values and principles of Unicoop.

About the former point, as showed in the "tool development level", moving from Italian guidelines (GBS) to international guidelines (GRI3 model) indicates the willingness of Unicoop Tirreno to improve its level of accountability and to increase its level of transparency (Adams, 2004; Joseph, 2012). At the same time, it also opened the door to a real challenge, in which the Cooperative accepted the possibility to measure its own limitations. Therefore, the tool offered a more level of transparency towards external stakeholders, permitting a better

measurement of the Cooperative's sustainability performance and also to link sustainability themes with Cooperative's strategies, values and principles. Moreover, this phase has provided the stimulus to also develop and introduce inside the organization two other tools related to sustainability analysis (i.e. the *participatory social plan* and the *sustainability annual plan*), whose development facilitated the construction of a sustainability accounting system capable to support the plans and to monitor, control and communicate the effects related to the actions promoted by the Cooperative.

This research also represents an example of twin track approach on sustainability accounting, which, according to Burritt and Schaltegger (2010), turns out to be the most advanced approach and, currently, the less analyzed. The research shows the virtuous tie between external accountability and internal decision-making, pointing out how the maturity of a sustainability accounting system necessarily requires a complementary development of both dimensions. As showed, the development of both dimensions must take place joining both the technical aspects and the cultural one through a process of mutual exchange and improvement between the two dimensions. Differently from previous literature (Larrinaga & Bebbington, 2001; O'Dwyer, 2005b), this research points out that organizational and cultural changes connected to the measurement of sustainability can be progressively implemented. In absence of any change, the initiatives developed in Unicoop to improve the accountability of sustainability information could represented expressions of green washing phenomena, with the risk of negative relapse in reputation (Bebbington *et al*, 2008).

Concerning the identification of the specific learning, the action research has proven the ability of generating effects, both internally and externally to the Cooperative. Regarding to the internal effects, the study has evidenced how a sustainability report can give birth to new projects on internal sustainability measurement, promoting therefore an improvement of the sustainability performance. About this point, the involvement of members and employees has proven to be fundamental for the success of the project. On the external side the activity developed during the five-year period demonstrated how the ability to manage, measure and communicate sustainability aspects increased the transparency of the Cooperative's actions. It also highlights the relevance of external stakeholders engagement process as basis to increase the effectiveness of the decision-making process.

According to the authors' opinions there are some main conditions that have led the Cooperative to achieve the results described. The first condition refers to the very strong commitment of the top management, who was able to integrate the feedbacks deriving by the use of sustainability report into the development of strategies of the Cooperative. The second

one concerns the Cooperative's wide-ranged vision of its top management, that was able to give a new and modern interpretation to the traditional cooperative values. In this stage the support of a formalized CSR strategy process turned out to be essential, as it allowed developing and combining traditional cooperative values and sustainability tools. The third condition concerns the strong and real involvement of the different areas of the Cooperative, which have been efficient in supplying data needed during the reporting and measurement processes, as well as in contributing to analyse trends of sustainability indicators in relation to the policies and strategies implemented. The fourth condition refers to the relevance of communication among different areas of the Cooperative, and between the top management and most operational levels, in order to make the sustainability accounting system as clear as possible to all participants. The fifth and last aspect refers to the skill of interpreting the CSR as an approach that can link the vision of "global markets" to territorial specificities and to other values that characterize the Cooperative's heritage.

On the opposite side, the project has shown some weakness elements, which have to be removed in order to fully pursue the scope of halting the demutualization process. These elements were related to the different perception that managers have about the usefulness of the sustainability approach and its related tools. Some of the financial middle managers were indeed not convinced on the opportunity, from a competitive point of view, to adopt tools for measuring performance other than financial. In particular, they stressed the fact that was not so clear the usefulness and the need to invest resources on sustainability tools; and, due to the international financial crisis, such skepticism was lately even reinvigorated. In other cases, with reference to the operational level of the organization, the measure of sustainability performance and the promotion of projects apt to change the organizational structure, were perceived as hostile tools, oriented to control the work of the staff, more than as tool apt to support the operational activities able to guide the decisional processes and promote a concrete stakeholder engagement.

These aspects show how the path towards a complete sustainability strategy, able to reaffirm the Cooperative's identity, has been set up, but it cannot be still considered completed. The described project has in fact permitted to Unicoop Tirreno to create a path towards a distinctive identity, with respect to profit-oriented firms, where the distinctiveness is focused on sustainability. Over time, the renovation of a stronger identity, based on democratic participation and mutuality, might be translated into a competitive advantage and long-term economic value based on trust relationships (Castaldo, 2002, 2007). Concerning this point, the economical value created in a long-term perspective may assume a mutualistic

connotation only if it is shared with other actors, in a shared-value perspective (Porter and Kramer, 2011). Indeed it is possible to argue that both the sustainability management and sustainability accounting system implemented, based on wide stakeholder engagement processes, may represent a stimulus to develop a system of creation of shared-value (Porter & Kramer, 2011).

In this perspective the topic of sustainability stimulated both new ways of dialogue with employees and members, and new opportunities to consolidate the relationships with other stakeholders with whom the Cooperative might share strategies and objectives (in particular local suppliers, local communities, institutions and representatives of civil society, etc.). This aspect, if seen under the light of the “cooperative model”, represents in real term the concept of mutuality (beyond solidarity and philanthropy) and contributes to design a new business model based on multi-stakeholder dialogue and on sharing benefits and managerial results. The creation, in the long run, of “shared value” indicates the capacity of Unicoop Tirreno to link the results of its initiatives with the improvement of economic and social well-being of its stakeholders in the territories in which it operates, and it expresses the capacity to achieve the mutual goals of the parties involved in the relations. The commitment to create “shared value” is therefore important as it encourages both mutuality of interest and stewardship behavior that will lead to achieving the mutual goals. The final potential benefits, which could be reached, can be identified at two levels: at macro level, with reference to the influence that the activities of Unicoop Tirreno can have on future generations, territories and local communities, environmental protection, and, finally, on the national cooperative system; at micro level, as result of initiatives and programs applied to other categories of stakeholders such as members, consumers, employees and local suppliers (Table 6).

“Insert Table 6 here”

From a methodological point of view, one potential limit of the project refers to the characteristics of the action research method. Action research and, more in general qualitative research, lacks of knowledge transferability. In action research each intervention is “one-off” and findings emerged in that specific experience might not be generalized into other contexts or other setting due to their specific characteristics (Eden and Huxam, 1996). Nevertheless, also if the process cannot be replied in other organizations or cooperatives, some lessons emerged by the experience (for instance the abovementioned conditions for a successful project) may represent the starting point for other experiences aiming at designing similar

paths. Moreover, again related to the nature of the research, observations emerged may have been influenced by the researchers' personal vision which is not value free. Indeed, on one hand the close relationship with practitioners gave the researchers a richness of a truly insight view. On the opposite side this relationship and involvement can represent a difficulty in a neutral evaluation of that specific research experience. In order to limit this problem, within the present research, all main steps have been accurately traced out, by using indicators representative of the Cooperative's evolutions and analyzing continuously the coherence between what was planned and the obtained results.

In conclusion, in the opinion of the authors, the present work leaves two main open research perspectives: the first one is more related to the specific case of Unicoop Tirreno, and the measure of competitive efficiency of the sustainable strategy adopted. In particular, the objective should be an analysis of the link between sustainability strategy and competitiveness, that is, if the choice made by Unicoop Tirreno to redefine its identity through the adoption of sustainability tools can represent a winning factor in terms of competitiveness. On the other hand, the second research perspective is linked with the sustainability accounting within cooperative organizations, and specifically it could be useful a comparison between the accountability system of a for-profit business and the one related to a cooperative, in order to identify differences and analogies of the two systems.

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Tables and Figures

Table 1: Number of cooperative' staff involved in the development of the social/sustainability reports

Report Edition	2006	2007	2008	2009	2010
<i>Directors</i>	2	4	4	6	7
<i>Middle management and operations staff</i>	16	21	22	28	31

Table 2: Summary of the main themes for each directorate

DIRECTORATE	MAIN THEMES INQUIRED AND DISCUSSED (2010)
Consumer-members Policies	<ul style="list-style-type: none"> • Composition of social base (age, gender, territory of members) • Participation of social base in the cooperative's life and governance (assemblies, budget approval, elections for the cooperative's governance) • Local initiatives (e.g. cultural events) • Philanthropy initiatives promoted • Consumers' awareness program (education program with no commercial purpose) • Reserved services (e.g. sustainable tourism)
Human Resource	<ul style="list-style-type: none"> • Composition of human resources employed • Equal opportunities program - managing and valuing diversity • Industrial relationship issues • Health and safety at work
Energy and Development	<ul style="list-style-type: none"> • Energetic consumptions • Water consumptions • Environmental sustainability initiatives
Commercial	<ul style="list-style-type: none"> • Cooperative brand supply (SA8000 certified, environmental-friendly, high quality products) • Safeguard of local suppliers and production • Consumers' safety
Sales network and Logistic	<ul style="list-style-type: none"> • Warehouse logistic • Waste management
Planning, Administration and Control	<ul style="list-style-type: none"> • Analysis of the link between competitive profile in the national market (economic and financial targets) and the will to be coherent with cooperative principles

Table 3: Main characteristics of social/sustainability report

<i>Edition</i>	<i>Document's Name</i>	<i>Structure</i>	<i>Number of indicators and subjects investigated</i>
2006	Social Report	Stakeholders Approach (GBS)	115 indicators and 41 subjects
2007	Social Report	Stakeholders Approach (GBS)	131 indicators and 37 subjects
2008	Sustainability Report	Sustainability Approach (GRI)	125 indicators and 31 subjects
2009	Sustainability Report	Sustainability Approach (GRI)	147 indicators and 32 subjects
2010	Sustainability Report	Sustainability Approach (GRI) and insight on stakeholder engagement policy	114 indicators and 25 subjects

GBS= Italian Guidelines on Social Report; GRI= Global Reporting Initiative Guidelines

Table 4: The hierarchical model of Deegan and Unerman (2006) and its application to Unicoop Tirreno

Stage in the model	Detail of the stage by <i>Deegan and Unerman (2006)</i> .	Application within Unicoop Tirreno
Why	In this stage the reasons why a company decides to produce a sustainability reporting are described and explained. The motivations can be different.	<ul style="list-style-type: none"> • Needs to recover the relationship with the owners of the cooperative (consumer-members) and employees, focusing efforts to respect cooperative’s principles (mutuality, sustainable development and safeguard of future generations) • Desire to raise awareness about the distinctive aspects of the cooperative in new settlements (non-historical territories) • Demand to focus the positive aspects of the cooperative, other than financial performances, such as social and environmental commitment. • Need to increase competitiveness and distinctive identify.
Who	In this stage the stakeholder that a company wants to consider when it defines its corporate social responsibility policies are identified. Their identification is dependent upon the motivations identified in “why” stage	Unicoop Tirreno identified a wide range of stakeholders, classified in seven macro-categories, that have been traced to the three pillars of sustainability: <ul style="list-style-type: none"> • <i>Economic sustainability</i>: suppliers, consumers coop-members, consumers not coop-members • <i>Social sustainability</i>: consumers coop-members, employees, local communities • <i>Environmental sustainability</i>: local (and global) communities, associations for environmental protection, cooperative system
For What	In this stage the social, environmental and economic expectations of the stakeholders are defined through a process of engagement and dialogue.	Each year, the gap between cooperative’s values and sustainability targets and performance has been detected. The aim was to reinforce the members participation process and stakeholder engagements. The stimulus derived from members and stakeholders led the implementation of new projects in many areas of cooperative
How	In this last stage an organization defines how reporting can be done in practice. The level and quality of information provided vary according to the organization’s desire to be accountable towards its stakeholders.	The reporting system had two focuses: <ul style="list-style-type: none"> • Ongoing research of coherence with traditional cooperative principles and values; • Interest in developing new and more effective communication and participation channels with stakeholders and members in order to identify their needs.

Table 5: the main characteristics of the sustainability projects implemented

Project	Starting year	Gap found in the sustainability accounting system	Stakeholders engaged	Actions developed within the Project
1. Civic testing	2007	<ul style="list-style-type: none"> • Low attention on the architectural barriers in the stores 	Members Employees	Planning of a new format for the stores in order to improve their accessibility
2. Energy auditing system	2008	<ul style="list-style-type: none"> • Lack of data on gas and electricity consumption • Progressive increase of costs related to energy consumption 	Environment Employees	Drafting of new guidelines for a proper and rational use of energy and annual planning for internal energy-related audits
3. Valuing and managing diversity program	2008	<ul style="list-style-type: none"> • Lack of women presence at the top management level (in view of the majority of women employed) • Lack of policy for the maternity leaves 	Employees	Training initiatives on the value added of gender differences and innovative practices on management of the maternity leaves at single stores level
4. Health and safety management system	2009	<ul style="list-style-type: none"> • Progressive deterioration of safety performance indicators • Lack of data on staff training on health and safety 	Employees	Beginning of a health and safety management system based on the Plan, Do, Check, Act approach
5. Ethic labels promotion	2009	<ul style="list-style-type: none"> • Low sales quotas of ethic products (e.g. Fair trade labels) 	Employees Members Consumers	Planning and implementation of a promotional on the ethical brand “Solidal”
6. Food Safety	2010	<ul style="list-style-type: none"> • Need to intensify the check on local productions chains • Weak communication to members and consumers on procedural controls adopted by cooperative 	Members Consumers Suppliers	Upgrade of the check list on food security among local suppliers and informative campaign for members and consumers
7. Waste management system	2010	<ul style="list-style-type: none"> • Lack of data • Lack of procedural controls on waste cycle management 	Environment Employees	Environmental audits in the stores and new internal procedures for waste management and internal audit
8. Implementation of a territorial accountability	2010	<ul style="list-style-type: none"> • Lack of measures about the economic results and impacts of the Company within the different local communities 	Local communities Members	New interpretation of the economic results adopting a local perspective

Table 6: The commitment to the creation of shared value

Level	Stakeholders	Declaration and Target sh
Value creation at macro level	Future Generations	All cooperative activities are addressed to promote the attention, protection and promotion of the future generations
	Local territory and local community	The cooperative is a part of the community and gives its contribution to improve their material, moral and cultural well-being
	Environment	The cooperative considers the environment a good of all the people, which should be protected from the attacks of speculation, reckless use of consumer goods, pollution and bad governance
	National system of cooperation	The commitment is direct to the protection and promotion of the cooperation system (Lega delle Cooperative) and to the strength of the relation with it
Value creation at micro level	Members, Shareholders and Consumers	<ul style="list-style-type: none"> • Development of social activities targeted to the territories • Strengthening of purchasing power of the consumers and lower prices • Maintaining of a high standards of quality and safety of the products • Protection of the principle of proximity and closeness of the store • Promotion of the savings entrusted to the Cooperative
	Employees	<ul style="list-style-type: none"> • Stabilisation and increase of motivation • Increased professionalism and expertise • Promotion of the principles of health and safety • Empowerment: accountability and incentive systems • "Generational Pact" protection for employees with high seniority and t appropriate professional promotion and development of future generations
	Local suppliers	<ul style="list-style-type: none"> • Payment of suppliers long before the legislative limits of 60 days • Quality assurance and promotion of local products

Figure 1: Unicoop Tirreno Sustainability Accounting Cycle

