INTRODUCTION

*"Business is a vital partner in achieving the Sustainable Development Goals.
Companies can contribute through their core activities,
and we ask companies everywhere to assess their impact,
set ambitious goals and communicate transparently about the results."*
Ban Ki-moon, United Nations Secretary-General [1]

This study aims to move the debate on Corporate Social Responsibility and Sustainability forward by focusing on the opportunities and synergies that these issues can represent for the innovation of business processes and for redefining the competitiveness of firms operating in a fast-changing environment.

The increasing concentration on and regulation of the social and environmental externalities caused by firms' activities have raised awareness of strategy, management structure, performance and impact measurements, workforce, and culture – issues that draw attention to stakeholder-oriented management models. For both firms and stakeholders, the importance of understanding and measuring the social and environmental impact of business activities has grown rapidly, and has deeply influenced the entire economic and productive ecosystem.

In order to address these issues, firms' activities are analysed through the patterns made up of the relationships between stakeholders, the resources they bring to the firm and their expected rewards from its activities. This approach allows the identification of dynamic management tools that consider both the firm's social and economic dimensions simultaneously.

The aim of this work is to understand: "*How the configuration of a firm's social dimension can help identify inclusive corporate governance models, define innovative management processes and re-shape performance measurement systems for the evaluation and assessment of sustainable economic, social and environmental results*".

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[1] GRI, U. WBSCD, SDG compass, *The guide for business action on the SDGs*, SDG Compass, 2015, p. 4, retrieved at https://sdgcompass.org/wp-content/uploads/2015/12/019104_SDG_Compass_Guide_2015.pdf.

The proposed conceptual framework goes beyond the trade-offs between firms' social and economic performance, highlighting the strategic role of their social dimension, and suggests a positive relationship between sustainability-orientation and the likelihood of efficient and innovative management processes guided by stakeholder accountability principles.

The setting-up of appropriate corporate governance models, management processes, and measurement and reporting tools for socially oriented business activities can contribute to firms' innovation processes and profitable growth while addressing stakeholders' social and environmental needs. The proposed framework is analysed in the cases of two different types of firms, operating in two diverse business stages – Innovative Startups with a Social Goal and Benefit Corporations – representing two different configurations of the social dimension and two distinct stages of the evolution of firms' socially oriented activities.

The work is organized as follows.

The first chapter aims to study the importance of the firm's social dimension and how it is configured in the firm's exchanges within its overall system, consisting of the market system and the other rules and institutions that constitute its operative and competitive landscape. The firm's relationship with its environment is embodied in its more or less formally defined interactions with its different interest groups – stakeholders. Stakeholder theory, based on this concept, offers an alternative way of looking at the company, modifying its governance borders and the role of intangible resources such as culture and values in management processes. In view of need to emphasize this complexity, originating from the large number of parties concerned and the variety of resources involved in firms' activities, the necessity arises to include both economic and social dimensions when tracing the patterns embedded in the firm's exchanges within its overall system, which can influence its management choices.

By applying the proposed perspective – integrating social and economic dimensions in firms' management framework, it is possible not only to identify the "actors" (shareholders, stakeholders, communities, etc.) in corporate governance, but also to consider their links to various contributions (both tangible and intangible) and their multiple expectations on firm's performance (social and economic rewards). Accurate identification of these patterns of parties – contributions – rewards, and the analysis of their evolution within the firm's overall system can help managers to pinpoint appropriate inclusive governance models and at the same time to establish the right paths for the management processes and instruments that consider simultaneously the two dimensions.

After reviewing the current state of the art of Corporate Social Responsibility (CSR) studies, the second chapter proposes a framework giving due consideration to social dimension patterns in order to allow companies to assess their business in terms of social and environmental performance on a company– and project-specific level. This framework could facilitate the further implementation of socially oriented activities and performance and support effective decision-making processes. Particular attention is paid to its application in the context of firms' innovation and crisis management.

Even though various studies have investigated the relationship between a firm's social and economic performances, the progress of research into the field of stakeholder management and CSR today indicates that it is difficult to figure out the extent of firms' effective contribution to the resolution of social and environmental needs and how and how much this affects their economic results. Many firms are aware that social and environmental issues are important to business, but they still consider them to be at the periphery of companies' management and decision-making. If social and environmental issues were treated as "internalities" instead of externalities, they would no longer be considered as criticalities bringing trade-offs for firms' management, but as a means of transitioning to a different overall state – potentially the source of opportunities for improving firms' effectiveness and innovation.

The purpose of the management framework proposed, which considers both economic and social spheres, is to challenge this dualism by providing a two-way model that interprets the firm's activities and performance and provides a management platform for emerging adaptive social and economic party – contribution – reward patterns. The focus on the patterns can help firms to coherently manage a flow of issues (both economic and social) rather than dealing with the parties separately, losing sight of the interaction among them. The adoption of appropriate integrative mechanisms that link the two dimensions can affect firm's value creation process.

The framework also provides an explanation of how the synergies between the patterns of the firm's social and economic dimensions can mediate the management of many activities considered as externalities, which can be crucial in shaping firm's response to innovation and to a variety of criticalities.

The third chapter aims to analyse the role of social dimension measurement in the firm's management, given that the choice of social and environmental impact measurement model plays an important role in stakeholder accountability on the one hand, and on the other may influence the company's social accounting process for the assessment and reporting of its social performance.

The demand for new methods for measuring social impact has come from many different players, who wish to demonstrate the impact of their business activities for their stakeholders and the environment. Therefore, during the last few decades there has been a multiplication of measurement systems for satisfying the most widely varying demands for information about the social impact generated by firms, giving rise to many calculation methods.

Considering the needs and main characteristics of stakeholder accountability, this chapter proposes a four step process for social accounting and uses it as the basis for analysing the most widely quoted measurement models and their main features at a conceptual and operating level.

The four steps accounting process proposed starts by identifying the categories of data to be gathered, prioritized and processed in order to subsequently measure social and environmental benefits and costs, for evaluation of a firm's performance in both the social and the economic dimensions. In the two final steps, reporting, consideration is given to the choice of the instruments to be used to "translate" and disseminate information to the company's stakeholders both internally and externally, to allow in a final step the implementation of the data in the decision-making process.

The social and environmental impact measurement model should be chosen as appropriate to the steps in this process and the peculiarities and dynamics of the main characteristics of the firm's social dimension and its synergies with the economic dimension. The scale of the measurement process and its main purposes therefore need to be analysed in greater depth in relation to the varying information needs of the different patterns within the social and economic dimensions. Directive 2014/95/EU has fostered this process and further encouraged the adoption of suitable instruments for stakeholder accountability and for improving the disclosure of non-financial information, since it requires large companies to disclose specific information about the way they operate and how they manage social and environmental challenges.

Finally, the last chapter analyses the application of the proposed social dimension framework in the case of two distinct types of firms – Innovative Startups with a Social Goal and Benefit Corporations – by making a more detailed assessment of the opportunities it offers for firm's management and decision-making and its limits from an operative perspective. The two cases are chosen in order to capture different configurations of the patterns of the firm's social dimension, as in the case of Social Goal Startups the social dimension is intrinsic to the entrepreneurship project, while in Benefit Corporations it can be added to the core set of traditional economic processes. Furthermore, these two types of firms, operating in two different stages of the business life cycle, are able to exemplify different performance management issues and diverse measurement and communication needs. The assessment of social and environmental impact and its disclosure, the direct consequence of the selection of adequate measurement models, requires the correct configuration of the patterns of both social and economic dimensions. The various parties – contributions – rewards pattern configurations, identified through the interactive exchange between the economic and social dimensions in these firms, generate different requirements for the social accounting process. However, in both forms of organization, the measurement model entails a greater involvement of all stakeholders in the accounting process, in order to evaluate the relevance of the issues and the data reported.

The analysis of social performance measurement in each of the two categories of firms investigated highlights not only the tailoring of the measurement model to the characteristics of the social dimension, but also the need for a personalized process of its adoptions, with the aim of achieving integrated managerial control and communication for both social and economic performance.