

To Develop and Operationalize a Social Accounting Model That Can Be Applied to Social Enterprises

Project # 15

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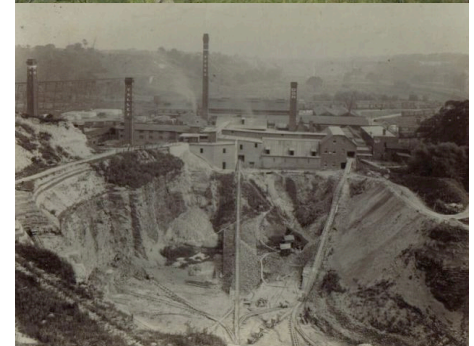


Introduction

Evergreen is a growing non-profit that builds the relationship between nature, culture and community in urban spaces.

With the intent of fulfilling economic, social and environmental sustainability, Evergreen and the Social Economy Centre have partnered to develop a Social Accounting model.

Once operational, this model will be further tested with Frontier College and Alterna Credit Union.



Background and Rationale

Need

Although numerous socially minded organizations operate worldwide, conventional accounting statements fall short in demonstrating social and environmental value. In alignment with this view, recent literature has challenged for a more imaginative social accounting and greater engagement¹.

Concurrent with Evergreen's strategic review, this project will consider both the process and outcomes of developing a social accounting model.

1. Gray, R. (2006). Social, environmental and sustainability reporting and organizational value creation?: Whose value? Whose creation? *Accounting, Auditing & Accountability Journal*, 19(6), 810.

Challenges

- Minimal "successful" experience and knowledge to follow
- Coordinating with Evergreen's strategic review process is essential
- Understanding importance of indicators and letting data drive the process
- Attribution factor
- Acceptance of social accounting model in organizational systems and culture
- Limited time: tentative project completion August 2008

Opportunities

- Demand for organizational improvement and greater accountability (internal + external)
- Collaboration of Evergreen management and academic researchers
- Diversity of backgrounds, perspectives and area of interests in team members
- Accounting systems highly influence behaviour within an organization's operation. We want to develop an accounting model that drives behaviour towards sustainability (economic, social and environmental).

Project Methodology

This project employs a participatory, reflective research approach

Current Work

(February – April)

- Literature review consisting of:
 - Prior experiments
 - Approaches
 - Related institutional items
 - Social accounting reports
 - Evergreen reports and documents
- Current Evergreen data sources identified
- Introductory meetings with key Evergreen staff
- Identification of key questions
- Monthly / bi-monthly meetings
 - Sharing findings
 - Reflection
 - Planning
- Using online technology (Wiki) to capture, share and organize project work

Future work

(May – August)

- Coordination with Evergreen strategy planning team
- Data collection / stakeholder consultations (may be coordinated with strategy planning team)
 - Focus groups
 - Interviews
 - Surveys
- Criteria and selection of key indicators
- Market comparison of indicators
- Operationalize social accounting model
- Feedback and review process
- Conclusions
- Community presentation
- Fact sheet / online report
- Article in academic journal
- Conference presentation (CSEAR)

Role and Participation of Community Partners

- ❑ This is a community-university project driven equally by both partners
- ❑ Evergreen provides
 - Staff time devoted to project
 - Meeting space
 - Access to resources and relationships



“This project is perfectly timed with our strategic directions and will help us realize our sustainability goals.”

- Geoff Cape, Evergreen Executive Director

Main Findings/Deliverables



Literature Review

- Participatory / action research methodology can be effective yet what happens beyond helicopter approach?
- Support of senior management is key
- Organizational change factor needs to be addressed
- The process may be more important than the numbers generated
- There may be a temptation to measure what is measurable, rather than what's important
- Accounting is not neutral; it can drive behaviours

Evergreen

- Increasing awareness for professionalism and transparency
- Data availability driving current measurements
- Current data collection is not synchronized and opportunity exists to enhance strategic plan, reporting, and fundraising
- Important to capture 'learnings along the way' / process

'Pilot' Focus

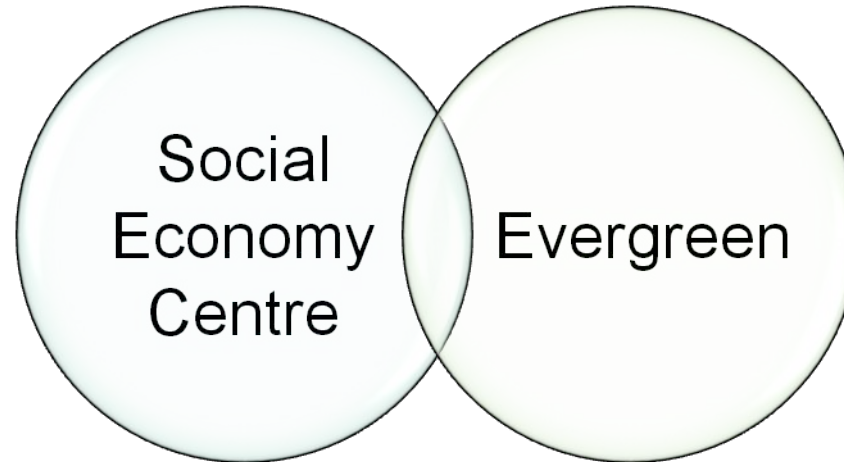
- Focus on 'employees' as subset of overall project to find emerging indicators and explain their importance
- Easy topic to relate to and useful work-life balance literature
- Allows for awareness and introduction of project to Evergreen staff
- Beneficial to have a focus area as an example in order to explain the overall objectives and value of the project
- Next area of focus will be on the value of volunteers

Implications for the Social Economy

- ❑ This work-in-progress builds upon earlier social accounting models (for example, Abt, 1974; Belkaoui, 1984; Estes, 1972, 1976; Linowes, 1972) and, more particularly, the adaptation of a Value Added Statement, or **Expanded Value Added Statement** by Mook (see: Richmond & Mook, 2000; Quarter, Mook & Richmond, 2003; and Mook, 2007).
- ❑ It considers lessons learned from other social accounting model development and operationalization attempts such as:
 - Adams & McNicholas, 2007
 - Bebbington & Gray, 2001
 - Darby & Jenkins, 2006
 - Dey, 2007
 - Manville, 2007
 - Somers, 2004.
- ❑ The resulting model will be tested with a sample of social enterprises—initially with Frontier College (an adult education nonprofit) and with Alterna Credit Union’s micro-lending fund—following which, the process and the model itself will be interpreted using critical accounting theory.

It is hoped this process will provide a positive example in both the process and outcome of establishing economic, social, and environmental values in a social accounting model.

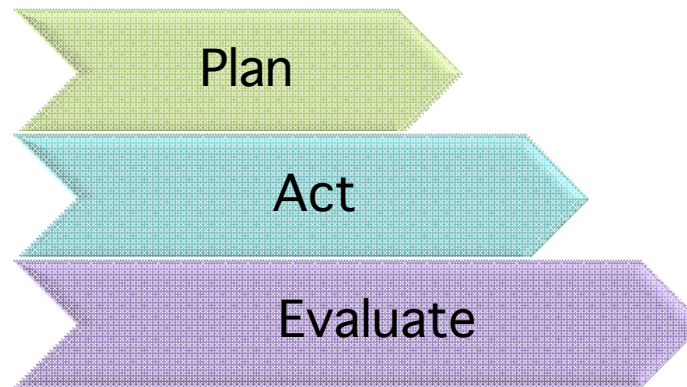
How Students Benefit from the Project



- ❑ Community-university applied research project allows practical, shared learning and praxis.
- ❑ Use of a participatory research methodology has student researchers participate in collecting data, analyzing and interpreting findings.
- ❑ Encouragement of critical thinking. For example, questions to stakeholders may challenge organizational paradoxes.
- ❑ Expanding university and community networks.
- ❑ Participation and learning in symposiums!

Next Steps

This project will continue to follow a emergent, participatory, developmental approach.



The final goal is a social accounting system that fits easily with Evergreen's planning, reports, decision-making and communication.

Additional goals along the way include:

- To meaningfully measure a few things, better
- To take into account both internal and external indicators
- To define measurements that impact and influence the way decisions are made (vs. measurables that are done as an afterthought)
- To develop flexible measurements that can adapt and change over time
- To drive behaviour towards sustainability
- To incorporate reflection into the process and modify as necessary