BANKING FOR THE COMMON GOOD:
A CASE STUDY

Adele Caldarelli,
Università degli Studi di Napoli Federico II.
acaldare@unina.it

Clelia Fiondella,
Seconda Università degli Studi di Napoli
clelia.fiondella@unina2.it

Marco Maffei,
Università degli Studi di Napoli Federico II
marco.maffei@unina.it

Rosanna Spanò,
Università degli Studi di Catanzaro Magna Graecia
rosanna.spano@unina.it

Claudia Zagaria
Università degli Studi di Napoli Federico II.
claudia.zagaria@unina.it

BANKING FOR THE COMMON GOOD:
A CASE STUDY

ABSTRACT

This research focuses on Italian mutual credit cooperative banks, as ethical banks, managed according to the principles of economic and social profitability. The aim is to investigate the way through which Italian mutual cooperative banks contribute to the fulfilment of the Common Good, as Catholic social teaching characterizes it. Notably, the Common Good is theoretical in nature and it is a complex task to identify what it consists of in practical terms. Thus, to verify if it is realized by entities it is important to look at the management action, and for this reason we refer to Economia Aziendale, which is a Common Good driven entity theory. This theory has the merit of translating in practice the founding principles of the Catholic social teaching, and is used for the purposes of this paper as a lens to analyse the case of the Banca di Credito Cooperativo di Napoli. The case study provides a detailed picture of the practices and values of the bank that lead to the achievement of the Common Good for the local community of Naples, through the reduction of financial exclusion and the funding of projects with social and environmental relevance. Moreover, the findings elucidate the concrete contribution of Economia Aziendale from both, the theoretical and the practical perspective, to the international debate on ethics in finance.

Keywords Azienda, Common Good, Corporate Social Responsibility, Economia Aziendale, Ethical Banks.

BANKING FOR THE COMMON GOOD:
A CASE STUDY

1. INTRODUCTION

The issues relating to Corporate Social Responsibility (CSR) and ethics in the banking sector have received little consideration before the 2008 crisis (Boatright, 2008; San Jose et al., 2011). However, with the onset of the financial crisis, socially responsible banking is a concept that has become increasingly significant (Scholtens, 2009), and a number of contributions have highlighted either the issues related to CSR and ethics in finance (Scholtens, 2009; Prior and Argandõna, 2009; Dembinski, 2009; Palazzo and Rethel, 2008; San Jose, 2009), or more specifically the characteristics, role, and relevance of ethical banks in the current economy (Baranes, 2009; Buttle, 2008; Cowton, 2010, San Jose et al., 2011). These issues are progressively assuming greater importance, enlightening the need for rethinking finance to avoid short-termism and mitigate financial exclusion, also due to the recent difficulties that the European banking system is experiencing, which the collapse of Cyprus is only the latest but probably not last episode. Nevertheless a number of questions in relation to ethical banks, such as the creation of some system of alternative guarantees, a policy of participation by stakeholders in decision-making in addition to the shares method, an analysis of their sensitivity to risk, and their role in reducing financial exclusion, still remain unanswered (San Jose et al. 2011).

Accordingly, we focus on the issues relating to the role of ethical banks towards the reduction of financial exclusion, i.e. the commitment to ensure that there are no organisations, micro-companies, NGOs, black economy or groups excluded from the financing system, either because of a lack of resources (poverty), their geographical situation, or because they belong to a certain social or ethnic group (San Jose et al, 2011). Specially, the aim is to expand theoretically and empirically the current knowledge on such financial intermediaries, by understanding how these practically contribute to the inclusion of certain areas of the population in the financial sector.

In particular, the subjects of our investigation are the Italian mutual credit cooperative banks that can be defined ethical banks due to the current legal requirements, their statutory values, and their management action, informed by the characteristic principles of economic and social profitability identified by San Jose et al. (2011) to qualify ethical banking. We examine Italian mutual credit cooperative banks through the lens of *Economia Aziendale* as a Common Good driven theory (Caldarelli et al., 2011; Costa and Ramus, 2012). Indeed, Alford and Shcherbinina (2008) maintain that the Common Good conception developed by Catholic Social teaching offers solid normative foundations for the concept of CSR, and is able to integrate it naturally into business practice. Yet, they highlight that the implementation of the Common Good idea increases the complexity of management, since it is a complex task to identify what Common Good consists of in practical terms. However, two recent studies (Caldarelli et al., 2011; Costa and Ramus, 2012) state that *Economia Aziendale* embodies in its principles Catholic social teaching on Common Good understood as *the total sum of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily* (Caldarelli et al., 2011). Further, they stress that the theory has some potential to show how the Common Good works in action, contributing to overcoming, some of the above-cited practical limitations.

Therefore, the purpose of the paper is to answer the following research question:

- How does an Italian mutual cooperative bank conceive and implement its intention to contribute to the Common Good through the diffused value-creation pursued by the *Economia Aziendale* theory?

For these purposes we employ a single-case study method, focusing on the *Banca di Credito Cooperativo di Napoli* (BCC di Napoli). We selected a bank located in the South of Italy to take into account the recent call made by the Italian Episcopal Conference that has suggested concrete and economic actions via the Common Good principles for this underdeveloped area. Moreover, we chose the BCC di Napoli because, although this is a ‘young’ bank founded in 2007, it is the first mutual credit cooperative bank established in Naples (the largest city of the South of Italy).

The reminder of the paper is organized as follows: the second section briefly reviews the literature on ethical banks. The third section explains the main characteristics of the Italian mutual credit cooperative banks. The fourth section portrays the framework of *Economia Aziendale* and illustrates its concrete contribution to achieving the Common Good. The fifth section describes the research design, and the sixth section briefly introduces the characteristics of the Banca di Credito Cooperativo di Napoli. The findings of the research are presented in the seventh section and discussed in the eightieth section. In the end, we present some concluding remarks.

2. THE ROLE AND CHARACTERISTICS OF ETHICAL BANKS

This section briefly examines the literature on ethical banks, by elucidating their main characteristics and driving norms. To date only few articles (Lynch, 1991; Thompson and Cowton, 1999; Cowton, 2002; Kendric, 2004; Barbu and Vintila, 2007; Buttle, 2007; Buttle, 2008; Baranes, 2009; Cowton, 2010; San Jose et al., 2011) analyse ethical banks and show their relevant role as differentiated financing activities with aims going beyond economic benefits to include social objectives, assuming that both are relevant in a socio-economic model.

Ethical banks have distinguishing characteristics in comparison with the traditional ones, mainly related to the different ethical commitment that shapes the two different models. In particular, it is well argued that traditional banks may incorporate ethical and social aspects through Corporate Social Responsibility (CSR) (De la Cuesta-Gonzalez, 2006). However, CSR in its most basic conception acts as a self-regulating apparatus whereby entities monitor and guarantee their adherence to law and international norms, especially in terms of the triple-bottom line, encompassing people, environment and profit, and does not necessarily imply any ethical commitment in decision-making. Nevertheless, CSR can go beyond the normative focus and the fulfilment of obligations and duties prescribed by laws or union contracts (Jones, 1980; Bowen, 1953) to exhibit greater responsibility and accountability to the wider society (Carroll, 1999; Davis, 1973; Jones, 1980; Steiner, 1971), and in this case it also leads to a direct ethical commitment in financial decision-making of traditional banks.

Differently, ethical banking is centred on double commitments, the economic and social ones (Cowton and Thompson, 1999), that *always* imply *direct* and unavoidable ethical commitment for any decision concerning the operations carried out (San Jose et al., 2011). From this perspective, the main difference between traditional banks and ethical banks lays in the fact that the latters in their decision-making processes should consider the economic and financial dimensions and have to balance these against with a set of specific social objectives (Bryson and Buttle, 2005; Buttle, 2007; Buttle 2008). In particular, San Jose et al. (2011) explain that these banks are managed in accordance with two characteristic principles: i.e., *economic profitability,* which should be regarded as a good management of the bank to guarantee the economic sustainability and the continuous attention for social and environmental purposes, and *social profitability,* that consists in the funding of economic activities with a social value, the absence of investments in speculative projects, and is achieved when the ethical commitment directly permeates all aspects of the bank and not just part of the bank and its activities. In fact, a further implication is that ethical banks must meet ethical commitment, not only in their own actions and management, but also in those of their subsidiaries and partners. This leads to blocking investment in companies which develop products or services related to any of the following areas: weapons, cigarettes, alcohol, pornography, gambling, the army, work exploitation, pollution, genetic manipulation, animal testing, nuclear energy, deforestation, mining pollution, consumer manipulation, salary differences, support for political parties or dictatorships, financial speculation, tax evasion, drugs and mafia (Alsina, 2002).

Cowton (2010) further explains that ethical banks deliver an unusually high level of transparency and more exhaustive information with reference to where money has been lent to their depositors (information transparency and placement of assets), and that ethical banking policy is based on the assumption of risk conditions associated with improvements in terms of asset allocation (alternative guarantee systems). Furthermore, given the well-argued importance of trust in the relationship between clients and bank managers (Kendric, 2004), Cowton (2002) identifies three levels of responsibilities that represent founding principles for ethical banking. The first is *Integrity*, i.e. the responsibility for not excluding any kind of organizations from the financing system, either because of the lack of resources (poverty), their geographical situation, or because they belong to a certain social or ethnic group. The second is *Responsibility*, i.e., the accountability of the banks for any social and economic consequence of their behaviour. Lastly, *Affinity*, i.e., the responsibility for decisions regarding the final use of deposited funds.

Consequently, even if ethical banks did not develop as a response to the financial crisis, their potential is high because as Baranes (2009) argues these represent a concrete alternative and an example for other institutions, to re-orient finance towards its original role, as an instrument at the service of economic, trade and human activities, rather than an end in itself, to generate money out of money in the shortest possible time. Furthermore, San Jose et al. (2011) highlight that ethical banks, although currently lacking of clear alternative systems of guarantees, have the potential to really combat financial exclusion, if they will work hard to address this question.

3. THE ROLE AND CHARACTERISTICS OF ITALIAN MUTUAL CREDIT COOPERATIVE BANKS AS ETHICAL BANKS

This section elucidates why Italian mutual credit cooperative banks can be defined ethical banks, due to their specific legal requirements and driving norms.

Currently, three main types of bank can be recognized in Italy: Commercial Banks (Banche Commerciali), with investor-owners, Popular Banks (Banche Popolari), with borrower-owners, and Mutual Credit Cooperative Banks (Banche di Credito Cooperativo) with borrower-owners which unlike the shareholders of the Banche Popolari, participate with aims different from receiving dividends.

This paper mainly refers to mutual credit cooperative banks that have been characterized since the very beginning by strong religious orientation, and firm commitment of their funding principles to the core values of Catholic social teaching (Zamagni, 2006). In Italy there are about 412 mutual credit cooperative banks, that are widely disseminated in the country and constitute about 8% of the total credit provision, playing a fundamental role - sometimes representing the sole bank used by the smallest communities - serving about 6,700,000 clients and involving an increasing number of members/shareholders. These banks are regulated in a specific section of the Testo Unico Bancario (T.U.B.), are under the supervisory authority of the Bank of Italy, and conduct their business primarily for the members – shareholders (T.U.B. art. 35). Also, the members should be at least 200, with one vote in the general assembly, independently of the number of shares owned, and with a participation not exceeding a nominal value of € 50,000. *Conditio sine qua non* to become member is to prove that residence; registered office; or continuous activities are in the local territory of the bank. Indeed, the main features of such banks are their strong roots in local territories, their relationships with local entities and families, and their activities to maximize social utility for the community. Moreover, according to the prescriptions of the T.U.B. (art. 37) mutual credit cooperative banks devote 70% of their profits to the legal reserve, allocating another portion to the Mutual Fund for the Development of the Cooperation, and the remaining part, if not distributed to the members, is used for mutuality or charity purposes.

Another interesting aspect of Italian mutual credit cooperative banks is that they operate within a three-level network (local, regional and national) working on the basis of shared values and strategies. The network ensures that the mutual credit cooperative banks may benefit from the strengths that characterize a larger system, by preserving at the same time the autonomy, localism, and strong territorial root of each bank.

Mutual credit cooperative banks' goal are formalized at the national level by Federcasse in two fundamental documents: the Agreement Charter of Values and the Agreement Charter of Cohesion, where it is stated that Mutual credit cooperative banks have to promote bottom-up development of society through the attention for 'non bankable persons' and young people; sustainable growth of small-medium sized entities; environmental safeguard and protection of artistic heritage.

The Agreement Charter of Values clarifies that these banks are characterized by two souls. First, these have to reach *economic profitability* to ensure the achievement of the members' needs. Second, these have the soul of *socially responsible entities* aiming to the development of local communities and territories. Arguably, these aspects can be assimilated to those of economic and social profitability typical of ethical banks. Moreover, the previously-cited documents explicitly emphasize that these banks operate by attaining the principles of *Integrity, Responsibility* and *Affinity* that are the same quoted by Cowton (2002) in the context of ethical banks.

4. THE *ECONOMIA AZIENDALE*: A COMMON GOOD DRIVEN THEORY

We examine Italian mutual credit cooperative banks through the lens of *Economia Aziendale*, as a Common Good driven theory (Caldarelli et al., 2011; Costa and Ramus, 2012) with potential in showing how the Common Good works in action. Hence, in the following sub-sections we briefly explain the Common Good conception of the Catholic Social teaching, then addressing the theoretical foundations of *Economia Aziendale*, and discussing its role in practically achieving the Common Good.

The Common Good of the Catholic Social teaching

The Common Good concept dates back to Platonic and Aristotelian philosophy, and over the centuries has been variously interpreted according to a weak or a strong view (Mahon and McGowan, 1991; Velasquez, 1992; Smith, 1999). However, we refer to the strong conception of the Common Good, developed by the Roman Catholic Church, because this offers solid normative foundations for Business ethics and Corporate Social Responsibility, and it is able to integrate these naturally into business practice (Alford and Shcherbnina, 2008).

The Common Good is defined as *"the total sum of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily"* (II Vatican Council, 1965). The Catholic Church's definition emphasizes that people should pursue advantage for the Common Good rather than solely for individual good, as Common Good belongs to everyone, is indivisible, and only together is it possible to attain it, increase it and safeguard its effectiveness (Compendium, 2010).

With especial reference to the business initiative, the Compendium emphasizes the importance of the freedom of persons in economic matters, and it is clearly stated that *businesses should be characterized by their capacity to serve the Common Good of society through the production of useful goods and services* (Compendium, 2010). Accordingly, businesses not only have to attain economic goals, but also social and moral objectives, which are all pursued together. Therefore, *"the pursuit of profit is recognized as the first indicator that a business is functioning well"*, but with the awareness that *"a business may show a profit while not properly serving society"* (Compendium, 2010). On the contrary, the pursuit of profit should be in harmony with the protection of the dignity of people.

Also Pope Benedict XVI th, commenting the effects of the financial crisis in his encyclical letter *Caritas in Veritate* (2009), highlights that if profit becomes the exclusive goal, or is produced by improper means, without the Common Good as its ultimate end, the risk is to destroy wealth and create poverty. In his view, economic activities cannot solve all social problems through the simple application of commercial logics, but should be directed towards the pursuit of the Common Good.

Several authors (Argandõna, 1998; Abela, 2001; Alford and Naugthon, 2002; Melè, 2002; Koslowski, 2006; Sison, 2007; Alford and Shcherbnina, 2008; Sandelands, 2009; Santos and Laczniak, 2009; Vaccaro and Sison, 2011, Caldarelli et al., 2011; Costa and Ramus, 2012) have already applied to management studies this conception of Common Good, which definitely calls for bridging the dichotomy between social life and economic life (Zamagni, 2011), as the key to business ethics. From this perspective, an entity contributes to the Common Good of society through its activities, e.g., "*offering goods or services, creating and distributing added economic value, work performed within the company, organizational culture and leadership, creating channels of investment, and ensuring continuity for the company itself*" (Melè, 2002). These studies provide useful discussion and interesting implications of the Common Good, as a relevant theoretical framework for examining ethical issues and Corporate Social Responsibility.

However, recent literature (Alford and Shcherbnina, 2008) also highlights that the implementation of the Common Good idea increases the complexity of management, since it is complex to find out what the Common Good consists in from the practical point of view. Thus, we adopt the theoretical framework of *Economia Aziendale*, since it can be regarded as a practical guide for the effective application of the Common Good principles in business (Caldarelli et al., 2011; Costa and Ramus, 2012). Moreover, Argandõna and von Weltzien Hoivik (2009) have recognized that even though the authors of *Economia Aziendale* do not explicitly speak of CSR, the theory is permeated with social and ethical dimensions.

The Italian Economia Aziendale theory

Economia Aziendale is an Italian normative entity theory that dates back to 1927, through the work of Gino Zappa, and studies the conditions of existence and the manifestation of the life of the *azienda* (Zappa, 1927, p.30), encompassing all types of entities, such as profit-oriented, public, and no-profit.

The *azienda* is defined as an economic institution intended to last for an indefinite length of time and that, with the aim of meeting human needs, manages the production, procurement or consumption of resources in continuous coordination (Zappa, 1956, p.37; Signori and Rusconi, 2009). A distinguishing feature of the theory is the unitary view of the *azienda*, which leads to a holistic approach (Signori and Rusconi, 2009; Caldarelli et al., 2011; Costa and Ramus, 2012). Indeed, the *azienda* has to be jointly analysed from three perspectives: i.e., management, organization and accounting, taking into account their interdependences and systematic relationships, to get a more comprehensive framework (Signori and Rusconi, 2009; Zappa, 1927, p.25).

The goal of the *azienda* is to create value, for itself – and not for the single persons within the institution – and for the different stakeholders involved and socially recognized (Sidrea, 2009). Furthermore, the *azienda* not only takes on social values, but also interacts with its natural environment whose resources fuel the value creation processes set in motion. Consequently, also ecological and environmental variables must be considered (Catturi, 2003).

Economia Aziendale focuses on the conditions that the *azienda* should meet to ensure in the long term either the persistence of the institution, or the accomplishment of the purposes for which it was founded (Sidrea, 2009). Indeed, the *azienda* is characterized by a continuous equilibrium between the social and human dimensions, and the economic and monetary aspects (Amaduzzi, 1963, p.40; Signori and Rusconi, 2009), that as Onida (1961) argues are not clashing concepts, since the latters are of instrumental value to the formers.

In particular, the *azienda* should be able to preserve or even improve its level of functionality over time, through the continuous realization of a positive difference between the benefits obtained and the resources employed (*equilibrio economico*) (Catturi, 2003; Sciarelli, 2007; Cavalieri, 2010), also paying attention to the asset-liability and cash flow dimensions (*equilibrio finanziario, equilibrio monetario* respectively). Moreover, in so doing, it also compounds the attainment of the strategic equilibrium (*equilibrio strategico*), which implies the adoption of systematic behaviour aimed at creating and maintaining cooperative relationships with stakeholders, based on knowledge exchange, open dialogue and joint efforts towards shared aims (Cavalieri, 2010).

In this regard, Rusconi (2005) highlights that the value creation process entails the achievement of a durable dynamic equilibrium encompassing a broader perspective. In fact, when the *azienda* realize the dynamic equilibrium, it is capable of reconciling the interests of those who invest their capital and labour force in economic activity (Masini, 1976), and simultaneously reaches the conditions to assure durable value creation. Then, it can enlarge the sphere of responsibilities in order to include social and environmental actions in its strategic planning (Sciarelli, 2007).

The Economia Aziendale as a practical vehicle for the achievement of the Common Good

Recent literature argues that the values inherent in the concept of the Common Good might find in *Economia Aziendale* a vehicle for concrete application (Maffei, 2011; Caldarelli et al., 2011; Costa and Ramus, 2012). Thus, this sub-section addresses such practical usefulness, in accordance with the above-cited (Alford and Shcherbnina, 2008) difficulties relating to the effective implementation of the Common Good principles.

Like the Catholic Social teaching, *Economia Aziendale* regards profit as an indicator to ensure that the *azienda* is functioning well, but not sufficient to assess the value created, as it is possible to pursue profits without encompassing the social and environmental dimensions within economic activities (Giannessi, 1960). Indeed, *Economia Aziendale* strongly emphasizes that profit is not the main purpose of the *azienda.* Profit should be pursued as a viaticum for the permanence of the *azienda* (Onida, 1971) in the economic environment, as an instrument to contribute to human well-being and environmental protection, and then is it properly understood as an essential element of the Common Good (Coda, 2010; Sciarelli, 2007). Accordingly, *economicità* – i.e. strategic efficacy and operational efficiency – comes to light as a better dimension to evaluate the ability of the *azienda* to create value. In fact, *economicità* is perceived not only as the aptitude to produce a profit, albeit temporary, but also “in relation to the durable existence and the fitting development” of the *azienda* as a source of work and wealth for the whole of society (Onida, 1961; Signori and Rusconi, 2009). Full compliance with the principle of *economicità* does not damage the social dimension but, in ensuring economic sustainability, contributes to making this action effective (Onida, 1971).

At this stage, it is useful to elucidate what *economicità* means in practice, and what are the implications of the concept for the attainment of value creation and of the Common Good of society. As stated above, the key concepts forming the principle of *economicità* are strategic efficacy and operational efficiency, which must be systematically achieved (Cavalieri, 2010).

As for strategic efficacy, it involves a good level of competitiveness, concretely related to the ability of the *azienda* to define and achieve ‘winning’ goals, through continuous interactions with the internal and external environment (Coda, 1988). This implicates a number of transparent relationships of participative nature with different kinds of stakeholders, characterized by a high level of trust between the parties, and based on knowledge exchange, dialogue and cooperation towards common goals (Cavalieri, 2010). As for operational efficiency, this is linked to the correct and clear identification of roles and responsibilities, to ease the monitoring process and information flows. The main implication is the creation of inter-functional and inter-personal harmony, to eliminate inefficiencies and to stimulate productivity, creativity and innovation (Cafferata, 2005).

It is worth emphasizing that *economicità* refers to the long-term, and is mainly influenced by the interactions between the *azienda* and its environments. Hence, we can identify a circular process in that the *economicità* is instrumental to attaining the Common Good of the society, and at the same time achieving the Common Good is a condition to ensure *economicità* and the permanence of the *azienda* in the long term.

5. RESEARCH METHOD

This research employs the single case study methodology (Yin, 2003; Ahrens and Chapman, 2006) since, consistent with Siggelkow (2007), a single case study can contribute to existing knowledge through the deepening or widening of current understanding. Also, the case study helps researchers to better *understand* the social system of reference, by providing a holistic view of the social dynamics and practices in a specific set of circumstances (Scapens, 1990).

The analysis of the BCC di Napoli case was carried out as follows. Initially, we created a relationship with the Chairman, who was briefed about the project, and then introduced us to the managerial group. The authors personally carried out the interviews, following an agenda of topics rather than a structured set of questions. This approach allowed full coverage of the issues involved, and resulted in a detailed picture of the management practices of the bank. The interviews aimed to depict how the interviewees thought about their roles, the bank's role in the economic context of reference, the commitment to the driving values and the business culture, as well as the practices and management tools available within the bank.

The interview strategy was mostly informed by a balanced consideration of the approach suggested by Scapens (1990), Yin (2003) and Ahrens and Chapman (2004; 2006). Each of the interviews lasted around one hour and 30 minutes and most of them took place with two of the researchers present. Notably, the two researchers adopted tactics (Marginson, 2004) to improve the clarity of the data collected and limit misunderstandings in the interpretation of the responses. First, they clarified that there was not any specific theory to prove or disprove, and thus interviewees were not meant to provide the 'right answers'. Also the researchers in several cases inquired respondents to illustrate the behaviour or issue s/he was describing ("*that's interesting, could you provide an example or elaborate a little more?"*), or in other cases asked permission to re-phrase in their own words, to find out the importance and comprehension of emerging issues.

Interviews with 15 individuals were held at the study site (see table 1). These were digitally recorded, transcribed for analysis soon after the event, and organized chronologically. Moreover, a telephone follow-up with the respondents was conducted when a few data were missing. Before analysing the data, the interviewees were asked to review the transcripts and to make any corrections necessary. When required, we made a second visit to confirm some of the information or to follow up on something arisen in another interview, totalling in the end 19 interviews.

Table 1 – Interviews

CATEGORIES OF INDIVIDUALS INTERVIEWED	NUMBER OF INTERVIEWS PER CATEGORY	REPEATED INTERVIEWS PER CATEGORY
Top Management	2	0
Board	5	2
Risk Office	3	1
Accounting and Finance Divisions	5	1

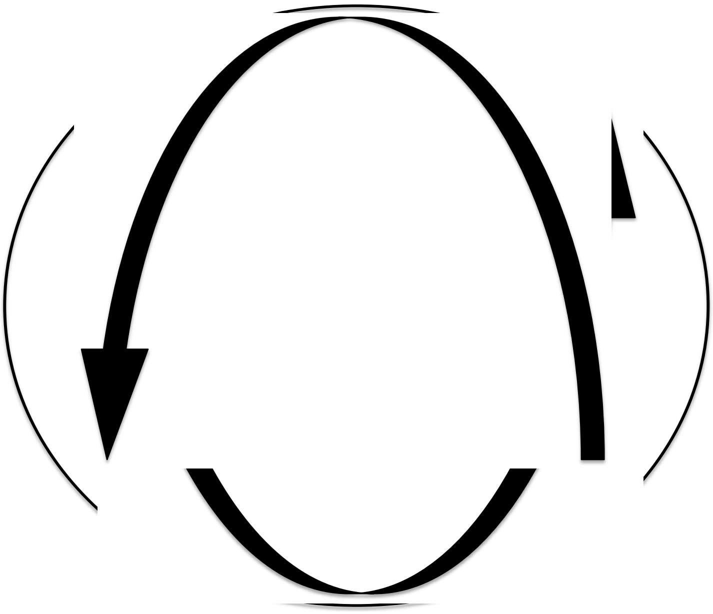
Once all the interviews were completed, the members of the team discussed the main issues raised, and were able to fix a starting point for the analysis. To enhance research reliability supplementary documents, such as accounting details, budget profiles, staffing levels and other documentation and policies for strategies and practices over the last 4 years (see table 2) were collected and triangulated with data drawn from the interviews. This approach resulted in the production of a comprehensive analysis of the processes of the bank.

Table 2 – Supplementary material

PUBLIC AVAILABLE DOCUMENTS OF ITALIAN CREDIT COOPERATIVE SYSTEM	PUBLIC AVAILABLE DOCUMENTS OF BANCA DI CREDITO COOPERATIVO DI NAPOLI	INTERNAL DOCUMENTS OF BANCA DI CREDITO COOPERATIVO DI NAPOLI
CHARTER OF COHESION	FINANCIAL REPORTING (2009, 2010, 2011)	BRANCH REGULATION
CHARTER OF VALUES	STATUTE OF THE BANK	DESK OFFICERS REGULATION
SOCIAL REPORTING (2010, 2011)	REGULATION FOR THE GENERAL ASSEMBLY	FINANCIAL INVESTMENTS REGULATION
	REGULATION FOR THE ELIGIBILITY OF THE MEMBERS	PERSONAL TRANSACTIONS REGULATION
	STRATEGIC PLAN 2007-2010	MONEY LAUNDERING REGULATION
	STRATEGIC PLAN 2011-2013	INTERNAL PROCEDURE ON LENDING PROCESS
	CODE OF ETHICS	INFORMATION FLOWS PROCESS REGULATION
		RECEIPTS AND PAYMENTS PROCESS REGULATION
		SAFETY REGULATION
		ASSET MANAGEMENT REGULATION
		BUDGET PROCEDURES
		RISK MANAGEMENT PROCEDURES
		RISKINESS MEASURE REPORT
		INTERNAL CONTROL SYSTEM PROCEDURES
		SUPERVISORY COMMITTE REGULATION (DECREE NR. 231/2001)
		AUDIT PLAN

In order to interpret the data gathered, the model shown in table 3 has been established to ease analysis, by creating categories of relevant themes, also considering what described in sections 2 and 3.

Table 3 – The model of analysis



In essence, the fourth section showed that the economicità should be regarded as a fundamental condition that the azienda have to fulfil for attaining the Common Good of the Society, which in turn is itself a condition that favours the fulfilment of the economicità and the permanence of the azienda in the long-term, thus creating a virtuous circle. On this basis, the model below attempts to practically apply the theoretical assumptions to the case of BCC di Napoli. Accordingly, in the central part of the model we assume that the institutional goal of BCC di Napoli, as an ethical bank, is to achieve the Common Good of the Society (i.e. the local territory) through the creation of diffused value for stakeholders and the environment, in terms of economic and social profitability. The achievement of such value creation is ensured only if two conditions are accomplished: i.e., the economicità and the direct commitment to ethical values, represented in the bottom part and the upper part of the model respectively. More specifically, the model assumes that to contribute to the Common Good, the bank should fulfil the economicità, in terms of strategic efficacy and operational efficiency, and ensure direct ethical commitment in any management action. The big black arrows represent the circular manner through which the bank contributes to the Common Good. Indeed, the commitment to ethical values is usually reflected into a positive and shared business culture oriented towards transparency, trust and cooperation in internal and external relationships of the bank, which contributes to the fulfilment of the economicità, and the achievement of the Common Good. Moreover, the economicità contributes to strengthen the commitment to ethical values that drives the operations of the bank towards the achievement of the Common Good.

Hence, we identified the following broad categories of relevant themes: the commitment to ethical values, and the *economicità*. The researchers carried out discussions about the interviews trying to trace all the responses to such categories, where possible. In accordance with Ahrens and Chapman (2004), the areas of agreement between the interviewers around the categories of analysis were identified. Subsequently, any area of disagreement was reviewed and discussed also in the light of the documentary sources available. The developing issues or problems impossible to insert in the model were the object of separate discussion, and were used to better explain the phenomena or to identify any unsolved question for further investigation.

6. AN OVERVIEW OF THE CHARACTERISTICS OF THE BANCA DI CREDITO COOPERATIVO DI NAPOLI.

The research examines the case of the *Banca di Credito Cooperativo di Napoli* (BCC di Napoli) located in the Campania Region.

BCC di Napoli is a small bank that operates through a unique branch located in the city centre, has 3,164 members, and serves also a number of clients which is constantly increasing. The area of expertise of the bank is the city of Naples and the neighbouring municipalities. In this perimeter population is more than 1,516,000 inhabitants, there are about 557,000 households, and 121,700 businesses. For this area the data on the banking industry reflect almost the same trends of the Region, where in late October 2011, total bank loans were approximately 81 billion euros, with an annual increase of 5.3% (higher than the national average of 3.8%).

The people actively involved in the management of BCC di Napoli can be identified with the following categories: 9 employees, 3 Top Managers, 10 Directors. All of them in the management of the bank have to bear in mind that BCC di Napoli has to respect the principles and values defined in the Charter of Values *"Carta dei Valori"*, the Charter of Cohesion *"Carta della Coesione*", and the Code of Ethics. These documents represent the agreement between cooperative banks, local communities and the country, and encompass the values, rules, and praxes for all the Italian mutual credit cooperative banks. Accordingly, BCC di Napoli conducts about 70% of its activities for the clients-members, and is characterized by three distinctive features of Mutuality: *Internal Mutuality*, i.e., the orientation of the banking activities toward the economic and social value creation for the client-member; *External Mutuality*, i.e., the pursuit of economic, social and environmental advantages for the local community of Naples, aimed at achieving the cultural and moral development, as well as the cooperation and the cohesion; *Systematic Mutuality*, in favour of the other cooperative banks, to enhance the cooperation and the creation of a network of cooperative banks. In practical terms the latter means that BCC di Napoli is autonomous in managing its activities but, given the unity of the banking cooperative system, it has to contribute to its development through subsidiarity relationships with the other banks, transparency of the information and reciprocity of the actions for all the relationships within the system. Further, all the activities of the bank are oriented towards the achievement of the three essential principles of *Integrity* (i.e. BCC di Napoli is committed to avoid the exclusion of any kind of organizations/groups from the financing system); *Responsibility* (i.e. BCC di Napoli is accountable for the social and economic consequences of its behaviours) and *Affinity* (i.e. BCC di Napoli is responsible for the decisions regarding the final use of deposited funds).

7. FINDINGS

This section presents the findings of the analysis, by discussing the most important issues that emerged from the interpretation of the interviews and the additional data sources. In accordance with the model shown in table 3, the report of the case study is divided in sub-sections to be as clear as possible in explaining the practices and the procedures of the bank. However, the unity of management action, the linkages between actors, and the interconnections between procedures, are absolutely not in question.

Key theme 1: commitment to ethical values

With reference to the ethical commitment, the majority of the individuals cited explicitly the ethical principles of Internal, External, and Systematic Mutuality. They devoted great attention to the latter, by emphasising the importance of the mentoring role of the BCC del Garda (one of the biggest and most ancient credit cooperative banks) in the start-up phase of the bank, and considering this as a clear example of what do the driving values of the credit cooperative system practically entail. To be clear we quote from a member of the Accounting Division

> "*The action of mentoring carried out by BCC del Garda started at the very early stage and still continues thanks to a constant and physical presence at our site. BCC del Garda is a crucial actor of our success because its mentoring allows us to benefit from the experience of a bigger bank, preserving the benefits arising from our reduced dimensions, which ease building close relationships with our territory and its components"* (member of the Accounting Division).

Moreover, the Chairman gave us evidence of several cases in which BCC di Napoli, despite its dimensions, could fund a number of activities in the Neapolitan area thanks to the financial support of the network of Cooperative Banks. We quote here his comment.

> *"To the total amount of the loans granted by the Bank, you must also add those that the BCC brokered with the Network, enabling the delivery of additional funding despite the normative limits established. The greatest amount of the credit distributed was allocated over a broader range of members and clients, and compared to the average of market conditions offered by traditional banks we could offer more favourable rates"* (Chairman).

This elucidate that BCC di Napoli on the one hand benefits from the limited dimensions that allow local focus, closeness to clients and members and good knowledge of the territory. On the other hand, it benefits from the Network in terms of significant financial resources to invest in the projects identified as valuable for society and environment, thanks to the knowledge of the area of Naples.

Furthermore, the interviews, in line with the documentary evidences (Charter of Values and Charter Cohesion, Financial Reporting, Statute), emphasized that the primary target of BCC di Napoli are people, both inside and outside the bank. Accordingly *"clients do not represent numbers or files,* *but well known person"* (Director). Thus, the achievement of satisfactory results, that are important for the clients, represent a continuous stimulus for the employees, due to their personal relationships. In fact, they described their role in enthusiastic terms, as the following quote from the Risk Manager clarifies:

> *"We feel involved in the activities of the bank that are essential for our clients' needs, because of the close relationships that we share with them. Clearly, the process is complex and implies a high level of responsibility, also from the moral point of view... however it is stimulating, as well!"* (Risk Manager).

Remarkably, often the interviewees used the form "we" instead of "I", as the above quote exemplifies, revealing high cohesiveness, which is crucial to maximize the benefits arising from the closeness to the territory, the knowledge of people and the fiduciary advantage. For this purposes BCC di Napoli favours the work in inter-functional teams, as the quote from the Chairman simplifies:

> "*We know how much constant and proactive debates between people with different backgrounds is important. Communication, personal growth and development of inter-functional and interpersonal relationships is essential to increase the quality of the organizational structure, towards better economic results and social performance"* (Chairman).

Moreover, BCC di Napoli adopts an 'open door policy' which consists not only of daily meetings between the members of each team with the team leader to discuss problems, suggestions or strategies of action, but also of informal meetings, as the employees have frequently lunch together and discuss about specific problems of their activity, or recent news from newspaper articles, possibly relevant for BCC di Napoli. Promoting cohesiveness and communication is helpful to make people feeling involved in the activities, as a part of a family with the same values. In this regard, one member of the Accounting Division said:

> "*We share values and goals, acting for the advantages of our community, and these aspects make me feeling better at the end of the day. I feel lucky of being an employee of this bank because we play a crucial role for the Neapolitan community"* (Member of the Accounting Division).

Furthermore, communication allows the establishment of common goals and clear vision of the role and potential of the bank for the needs of the mistreated territory of Naples, which stimulates employees towards better performance.

However, it is worth highlighting that such a strategy is carried out without compromising the identification of clear roles and responsibilities at any level of the organization, to ensure the transparency of the processes. Indeed, the effort to establish effective transparent relationships was often re-called during the dialogues, as transparency is seen as a *conditio sine qua non* to ensure the respect of the two principles of *Responsibility* and *Affinity*. Like the Strategic Planning enlightens, the identification of roles and responsibilities serves the mission of BCC di Napoli, which implies a responsibility of the bank for any social and economic consequence of the behaviours undertaken, and for the decisions regarding the use of deposited funds (Strategic Planning).

The high degree of transparency for the activities becomes more important also in view of the rooted problems of crime and corruption that have plagued the Neapolitan area for long time. Some interviewees clarified that "*being transparent is different than seem transparent in compliance with legal requirements"* (Chief of the Accounting Division). Indeed, as the following quote from the Risk Manager highlights:

> *"Crime and corruption represent a major risk. The unique way to be accountable is transparency with clients, members and community, for all the aspects of the internal processes* (Risk Manager).

In this regard, the respondents made references also to the eligibility criterion to become member or director, and devoted special attention to the substantial nature of such requirements. In fact, as one of the Directors stressed, the eligibility goes beyond the formal compliance with the requirements set out in internal regulations, such as the Code of Ethics, because:

> *"Those who want to hold the office of member or director must and prove that they comply with these requests from a substantive point of view"* (Director).

Yet, the importance of transparency and participative approach emerged also in relation to the issues of the governance model. Especially, the *one head one vote* system within the General Assembly is seen as an important tool, which contributes to the creation of commitment to the business culture, through members' involvement in decision-making, because:

> *"There is no difference between individuals that have just two shares (which is the minimum) and people that have 1.000 shares, everyone's opinion is important to grow together"* (Director).

This is related also to the principle of *Responsibility*. In fact, like one of the Directors said:

> *"Everyone is (and should feel) responsible for the behaviour that the bank undertakes regarding the final use of the deposited funds"* (Director).

In summary, the interviews revealed that a strong and *direct* commitment with the ethical values characterizes the activities and decision-making of the individuals within the bank. Such direct commitment is also reflected in a shared business culture, characterized by considerable attention for mutuality, closeness to the territory, centrality of people, cohesiveness, transparency and participative approach.

Key theme 2: the economicità

In the first part of the sub-section, we elucidate how BCC di Napoli achieves *strategic efficacy*.

BCC di Napoli represents a fundamental actor that stimulates the development of the Neapolitan economy, by granting loans to the people and local companies. Remarkably, all the interviewees have strongly emphasised that BCC di Napoli is not a charity institution, but a bank with profit goals, as the piece of the following interview with the Chairman clarifies.

> Chairman: *The mission of BCC di Napoli is to achieve the common good of the local community.*
> Researcher*: Is BCC di Napoli a sort of charitable institution?*
> Chairman: (….) *Obviously no, it is not. BCC di Napoli is a bank and, as a bank, has to make profits in order to ensure its existence and durability.*

The mission is translated into BCC di Napoli's objectives, which can be grouped in two categories: the economic and the social ones. The main economic purpose is the growth in the number of members/shareholder, to increase the amount of capital, as this is the unique source of 'new' money. The interview with the General Director and the analysis of the operational plans enlighten that in 2007 the bank had two targets relating to the number of members/shareholders: 2,900 members by the end of 2010 and 3,000 members by the end of 2011. Financial reporting data disclose that BCC di Napoli is achieving its economic purposes, as at the end of 2011, BCC di Napoli had increased the number of its members, which was 3,164 for a total amount of 7,326,500 € of the share capital. Financial reporting also clarifies that the fulfilment of the economic targets was possible due to the increasing trust of the local community in the ability of BCC di Napoli to select valuable social purposes for the Neapolitan area (as the following paragraph explains), thus raising higher acknowledgment.

A BCC di Napoli's *modus operandi* is distinguishing also due to the involvement of local firms and people, in the process to define social purposes. In this regard, one member of the Board clarified that BCC di Napoli does not have its own social purposes.

> *"BCC di Napoli does not have its own social purposes. The role of the bank is just to help our members and local people to achieve their goals, if their projects are relevant for the growth of our territory. For this reason, in 2009 we started to actively involve our members, people and local firms, to understand what social benefits they were looking for"* (Director).

Consequently, the Head of the Branch undertook a survey to get data from local people (members/shareholder and external clients) of different Municipalities, to find out what were their priorities in terms of social purposes. We quote from the Head of the Branch of BCC di Napoli to explicate how local people were involved in the process.

> *"Together with the members of the Strategic Planning function, and thanks to their knowledge of the area, and to the instructions of the Board of Directors, 21 social needs of our community, grouped into 10 categories, were identified. Afterwards, we submitted a questionnaire by email to shareholders/members, and I also interviewed 350 external clients with the help of two cashers. We had discussions with them to understand what were the major problems in their Municipalities and how, BCC di Napoli could support the local development. All the clients were willing to spend some time talking with us, and one of them said: 'The Neapolitan community needs this sort of banking activity, and I will promote you (the bank) among my family and friends. This is the sole way we have to fill our gap in terms of growth and development'. "* (Head of the Branch).

Subsequently, the social needs identified were aggregated as the following order of priorities, also shown in the Strategic Planning (2010):

1. Local Firms
2. Artisans and Farmers
3. Occupation
4. Environment
5. Combating Crime
6. Health
7. Education
8. Immigrants
9. Culture
10. Sport

The Board of Directors and the Strategic Planning Function discussed this classification, to refine BCC di Napoli's activities, also in light of the implications in terms of economic objectives and cost constraints. In this regard, we quote from the Chairman:

> *"We do not want to identify different social needs or modify the priorities expressed. We simply verify whether or not they are consistent with our economic constraints, to ensure their achievement and the constant support to the local community"* (Chairman).

From this perspective, respondents also emphasized that the main effort of the bank is to prevent that there will be organizations or groups excluded from the financing system, and therefore a crucial importance is ascribed to the personal information that the client has to provide in addition to the financial guarantees (Internal Procedure on Lending Process, 2010). The Risk Controller provided us with an example, by looking at the Operational Planning (2012) during the interview, that we summarize as follows:

- When the client requests a loan he has to provide the ‘classic’ financial guarantees.
- In addition, he has to provide detailed information to allow the assessment of the project, with a specific focus on benefits and advantages for the local community.
- The employee who manages the request has to collect supplementary material to integrate the evaluation, by assessing if the client has the personal characteristics that the bank requires. This concerns aspects such as reputation and the integrity of the entrepreneur; previous relationships with the bank or other financial institutions; if possible previous projects undertaken and any effects of these on the local community; commitment of the entrepreneur to creating good working conditions; respect for the environment; inclusion and protection of disadvantaged groups of minorities.
- The project is evaluated to find out what are environmental, occupational and cultural benefits for the Neapolitan area, and if these are in line with the strategic priorities fixed.
- If the client can provide real guarantees; his project is positively evaluated and in line with the priorities established; and he has the personal characteristics that the bank requires, then his project can get the necessary financial resources.
- In case that all the other conditions are achieved but the client does not have enough financial guarantees, the bank carries on further activities. BCC di Napoli provides ‘non-bankable’ clients with tailored funding plans to overcome the lack of financial guarantees, allowing for example the pre-amortization of the debt for the first year, customized repayment plans on the basis of the characteristics of the project, assistance and supervision of the bank during the planning and the start-up phase, as well as monitoring throughout the period of the loan.

The process implies a balanced evaluation carried out by the Accounting and Risk divisions, together with the Board of Directors, that evaluate each of the *special cases*, by referring to multiple information sources. This is possible thanks to the knowledge of people and territory that the bank owns.

> “*The knowledge of the territory allows the bank to provide financial resources to part of the population, usually excluded from the financing system, implies a high degree of transparency and knowledge of the clients and the community, which favours the accountability of the bank regarding the final destination of the deposited funds*” (member of the Accounting Division).

Indeed, as the Chairman specifies:

> “*The bank not only provides finance (also to non-bankable people), but is actively involved in project design, and in the implementation of the projects which the community needs to grow”* (Chairman).

This is essential for transparency and accountability purposes because the constant effort in monitoring investments also permits continuous and timely information regarding the whole of the activity of the bank, and particularly the allocation of capital. In fact, it is worth noting that:

> “*BCC di Napoli aims at being a transparent intermediary institution, capable to transfer to the entities not only necessary capitals, but also values and expectations of savers and community”* (Risk Manager).

However, since the issues relating to the lending process represent a central matter, several interviews also highlighted the need for more defined and shared systems of alternative guarantees. To clarify we quote from the Risk Controller.

> *"Our goal is to fund projects with relevant social impact but sometimes we recognize that there are not enough tools to assess such dimension, or in general that the discretion which characterizes the process is too high"* (Risk Controller).

Indeed, the interviewees stressed that the current system of guarantees is not fully developed, still leaving unanswered a number of hypothesis related to the evaluation of the single specific cases. This could be probably problematic in the future if the bank will continue to expand its activities and area of interest. To explicate we quote from the Risk Controller:

> *"We aspire to the creation of a more clear and detailed system to evaluate the alternative guarantees, to avoid any complication or error in the foreseeable future due to the continuous growth of the bank. I believe that this could be potentially useful also for other BCCs"* (Risk Controller).

Other interviews underlined that a supplementary way through which BCC di Napoli has recently promoted the local growth, is the issue of € 2.000.000 of three year bonds which can only be purchased by Neapolitan people and will be used within the community, as they are mainly intended for funding small businesses, artisans and start-ups in this area.

> *"We will be accountable by providing information on our website about the clients that will get the money. They will be 'clean' businesses, young people who have business ideas but find the doors of finance closed".* (Chairman).

Also, BCC di Napoli devotes a portion of its earnings to charity purposes that are not strictly related to the banking activity carried out, such as health, education, environmental protection, and employment and 'reduction of black economy'. In this regard it should be noted that despite BCC di Napoli is required by law to comply with this sort of 'duty of benefice', the bank keeps money and does not sent just the minimum for charity purposes. Indeed, BCC di Napoli in these years has not distributed dividends to its members; but its focus has been constantly on promoting financial activities valuable for the community's growth.

Summarizing, this strategic approach aims to trigger a circle whereby Neapolitan citizens invest in the BCC di Napoli, the bank finances local companies and the benefits come back to the city in the form of local development and jobs, creating *a "virtuous synergy between ethics and doing business"* (Risk Office employee).

At this stage, we elucidate how BCC di Napoli achieves *operational efficiency*.

First, BCC di Napoli aims at being a flexible bank with a structure not too costly. To be clear we quote from a member of the Strategic Planning function.

> *"Flexibility and cost reduction represent an essential part of our moral responsibility. The resources saved through the outsourcing of functions to the Regional and National Federations, are indeed invested in projects with social relevance"* (member of the Strategic Planning Function).

Consistently, cost containment is possible thanks to the characteristic network of the BCCs, which consists of the Regional Federations and the National Federation (Federcasse), and supports BCC di Napoli. These institutions carry on activities of coordination, technical assistance, counselling and provision of services for the benefit of the members bank. In fact, as the Statute states, *Subsidiarity* requires that national and regional structures provide the members bank with the functions which would be less efficient (and too costly) to implement at the local level. A good example of what this practically entails is related to the Internal Audit (IA) function that in BCC di Napoli is outsourced at the Regional level. We quote from the CEO:

> *"The function is not properly outsourced because IA activities are carried out within the Network. Therefore, we save the related costs and the IA, in evaluating the effectiveness of the internal control system and in providing support to the managers for decision-making, also acts as a mentor for our bank"* (Risk Controller).

Given the importance of the internal control systems to ensure efficiency, and in line with the above discussion, it is worth highlighting that BCC di Napoli benefits also from the external audit provided by the National federation. As the Audit Plan (2012) specifies, this is a different form of control, to ensure that there is no speculation and that the banking activity is ethically carried out. Nevertheless, although not required by law, BCC di Napoli has also opted for voluntary external audit for financial reporting provided by Deloitte, because:

> "*BCC di Napoli wants to be transparent and accountable to the community, to legitimate its activities and to increase its reputation. We look for further guarantees of our efficient management conduct to attract new members/shareholders.*" (Chairman).

Consequently, BCC di Napoli benefits from the typical organizational structure of large banks, and also from its reduced dimensions, which allow close relationships with the territory and its components.

A second crucial dimension of *operational efficiency* is the clear identification of roles and responsibilities, which importance emerged particularly concerning the management of risk, that is regarded as a priority. We quote from the Risk Controller:

> *"The recent financial crisis uncovered the weaknesses that characterize the management of risk, compromising the trust that people have in financial intermediaries. However, BCC di Napoli has been able to grant its support to the Neapolitan community, because we put effort in ensuring the determination of roles and responsibilities of all the people involved in the processes"* (Risk controller).

The interviews with the Directors provided us with an example of what this actually entails, with specific reference to the management of risk. In particular, the Director said:

> *"The risk management process in BCC di Napoli is iterative, and requires both a bottom-up and top-down approach. On the basis of the scenarios analysis the Risk Controller and the Board of Directors, who have a more comprehensive view of the activities, specify a plausible range of risks that the bank has to take, and define roles and responsibilities for the management of each kind of risk. The risk identification process in BCC di Napoli also refers to the information provided by Credit Risk Controller, Compliance Officer, Supervisory Committee as well as Money Laundering Committee. Finally, the Risk Controller supervises the whole process"* (Director).

Recent internal procedures (Operational Planning 2012 and Riskiness Measure Report 2012) clarify what are the main risks affecting the bank's activities (table 4) and the organizational functions involved in the management of such risks (table 4).

Table 4 – management of risks: who and what

WHAT	WHO
CREDIT RISK	CREDIT RISK MONITORING FUNCTION
LIQUIDITY RISK	
MARKET RISK	
COMPLIANCE RISK	COMPLIANCE OFFICER
STRATEGIC RISK	GENERAL DIRECTOR & STRATEGIC PLANNING FUNCTION
CONCENTRATION RISK	CONCENTRATION RISK COMMITTEE
OPERATIONAL RISK	RISK CONTROLLER
CRIME RISKS	SUPERVISORY COMMITTEE

Compliance with the procedures relating to definition and separation of roles and responsibilities is ensured also by the Supervisory Committee (decree nr. 231/2001), voluntary introduced in 2010. The Committee verifies if the internal controls and procedures are adequate for the BCC's needs; supports the Top Management in assessing the effectiveness of the information systems; supervises the information flows to guarantee the separation between different functions, and carries out specific activities to mitigate the crime risks.

Though, in addition to what the internal procedures formally state, the interviews confirmed the efforts to encourage all employees, to go beyond formal requirements, staying involved in the process for managing risks, being *"creative, communicative and collaborative"* (Risk controller). We quote from the Risk Controller during a corporate meeting:

> *"We are a few of people with a lot of ideas. We are working on ways to get us to communicate concerns or ideas about the risks that may occur. I believe that what help us to achieve the success is our constant (emphasis added) collaboration … All of you may have an idea that we haven't thought about, or each of us (Risk Controller and the Board of Directors) may focus on the wrong things or miss something small, and others can help highlight 'the risk of today's bright ideas'. "* (Risk Controller).

However, the Risk Office employees also raised scepticism on current normative requests, that compress rather than enhancing the specificities and the good practices of realities such as credit cooperative banks. They experience practical difficulties when applying existing law, tailored for large commercial banks, and sometimes inappropriate. One of the respondents was critical in this regard:

> *"Think about the Basel II parameters: such indicators are appropriate for large banks, but not at all in the case of cooperatives that operate in well-circumscribed areas. These criteria are much more onerous and restrictive for BCC di Napoli compared to other banks"* (Risk Office employee).

To be clearer we also quote from the CEO, who highlights that sometimes compliance with normative requirements can be dangerous for the mission*:*

> *"Formal compliance with norms designed for short-term oriented institutions, sometimes lead us to abdicate to the substantial compliance with the long-term oriented mission of the bank, and the risk of failing becomes much higher"* (CEO).

In summary, the interviews revealed that BCC di Napoli carries on its activities and complex processes in a way that allows the attainment of the condition of *economicità*, i.e., by achieving both *strategic efficacy* and *operational efficiency*. BCC di Napoli achieves *strategic efficacy*, by defining winning economic goals, and ensuring continuous interaction with environment through transparent and trustworthy relationships, and a participative approach. Moreover, BCC di Napoli achieves *operational efficiency* by concentrating on cost reduction and clear definition of roles and responsibilities to ease the monitoring process and the information flows between different people and functions. Several areas for improvement of the activities of the bank were finally detected in relation to the system of alternative guarantees and the limits of existing regulation.

8. FURTHER THOUGHTS: BROADENING THE RELEVANCE FOR THE INTERNATIONAL COMMUNITY

This section attempts to answer the research question, by discussing the results of the case study, in the light of the theoretical and practical implications of *Economia Aziendale,* with especial attention to their relevance for the international al community. The purpose of our research question was to elucidate how an Italian mutual cooperative bank conceives and implement its intention to contribute to the Common Good through the diffused value-creation pursued by the *Economia Aziendale* theory. In this regard, it is worth remembering that entities are an integral part of society supposed to contribute to the development of the Common Good (Compendium, 2010), and that the *azienda* is an institution created by and for the satisfaction of human needs (Zappa, 1927). In addition, given ‘the durable existence and the fitting development’ of the *azienda* as a source of work and wealth for the whole of society (Onida, 1961; Signori and Rusconi, 2009), the *economicità* comes into light as a suitable dimension to evaluate the ability of the *azienda* to create value, because it encompasses a broader perspective not only limited to financial values.

From this perspective, the findings enlighten that BCC di Napoli is able to guarantee its durability as an entity and its contribution to the Common Good of the territory through the achievement of the *economicità*. This entails, in practical terms, a strong and *direct* commitment to ethical values, and a constant focus on *strategic efficacy* and *operational efficiency*.

More precisely, the case study has shown what are the distinguishing features of BCC di Napoli activities that favour its success in achieving the value creation for the community, thus contributing to the Common Good.

The first distinctive feature of BCC di Napoli is that all the activities are informed by the founding ethical values of the bank, thanks to a shared business culture. Indeed, elements such as the centrality of people, the strong territorial root, the participative approach, the transparency of the activities carried out, the continuous and timely information, determine a direct impact of the ethical dimensions on the objective-setting process and, more generally, on all the strategic decisions. Further distinguishing elements of the bank are related to the observance of the efficiency. First, efficiency relating to cost containment and structures not too much costly is an essential part of the moral responsibility of the bank because it allows saving money to invest in projects relevant for the community. Second, efficiency in terms of good organizational structure based on a clear definition of roles and responsibilities, also ensuring the creation of effective inter-functional and inter-personal synergies, contributes to enhance creativity and productivity.

What should be noted is that BCC is a practical example of a virtuous circle because the commitment to ethical values favours the realization of the *economicità* (i.e., strategic efficacy and operational efficiency), and the *economicità* ensures the permanence of the bank over time and favours the commitment of people (e.g. employees, members, clients) to the ethical founding principles. Thanks to these characteristics BCC di Napoli is able to create value for itself and the Neapolitan area, by satisfying both the economic profitability and social profitability conditions. The former is fulfilled through the realization of profit, understood as a *viaticum* to achieve social purposes and to contribute to the economic, social and environmental development of the territory of Naples, thus serving the latter. Hence, since BCC di Napoli is able to properly fulfil its multiple responsibilities, we can maintain that it represents a concrete example of how *Economia Aziendale* principles work in action towards the creation of the Common Good.

From this perspective, the BCC di Napoli's *modus operandi* represent a good example of the practical implementation of *Economia Aziendale* principles, for other mutual credit cooperative banks - for which BCC di Napoli might also represent a mentor - towards the fulfilment of the Common Good. However, it is also noteworthy that the case study has depicted several interesting unsolved concerns for the bank, such as the absence of specific legislation for cooperative banks, and the need for further development of the system of alternative guarantees, in terms of improvement in current procedures and information requirements. These on the one hand represent key problems which deserve more investigation to detect possible solutions, relevant not only for BCC di Napoli, but for the cooperative banking system as a whole, as to their potential general incidence. On the other hand, these are challenging issues that if more systematized could bring benefits not only to cooperative banks, but to the banking sector in general. Indeed, although the case study focuses on a mutual credit cooperative bank, these results might be useful across the banking sector because of their potential in depicting how a bank can design its internal strategy and governance processes to pursue in a balanced manner, both economic and social objectives.

Furthermore, our findings offer a contribution to the international debate on ethics in finance also from the theoretical perspective. Indeed, this paper, in addressing the on-going debate on ethical banks and their role in reducing financial exclusion, has the merit to propose an innovative theoretical approach, by emphasizing the contribution of *Economia Aziendale* in examining the matters related to ethics in finance. *Economia Aziendale*, as a Common good driven theory, is not very well known outside the Italian context, however its driving principles can enlighten a new approach to finance, as a feature to promote the human and communities flourishing for the 21st century.

This research provides empirical evidences of both the valid practical and theoretical implications of *Economia Aziendale* in promoting and concretely achieving the Common Good of the society. Moreover, the results suggest that the effectiveness of *Economia Aziendale* for the concrete operationalization of the Common Good principles in finance, thanks to the principle of *economicità*, is not limited to the Italian banking system, but might fit all financial institutions interested in pursuing social and environmental purposes.

It is also worth noting that since the second half of the 20th century a lengthy debate on Corporate Social Responsibility and Business Ethics has been taking place, giving rise to a great proliferation of theories, approaches and terminologies. However, according to Parker (2005), there is still room for theoretical and empirical research. The analysis of the case study of BCC addresses both a 'new' theoretical approach as well as empirical evidence, by showing how *Economia Aziendale* works in practice, and also that there are a number of essential insights from the focus on the Italian - Common Good-oriented tradition, which assume relevance not only for financial institutions, but for business in general.

Indeed, literature (Melé, 2009; Koslowski, 2006) argues that the Common Good of the entity, and indirectly, the Common Good of the society should be an essential orientation for corporate governance and management. A corporate mission consistent with the principle of the Common

Good represents a way towards the introduction and implementation of business ethics and CSR practices in an increasingly dynamic context. The Common Good approach pursued by *Economia Aziendale* is significant in economic contexts characterized by a large number of SMEs, public and non-profit organisations, and low economic growth, such as in Italy. It clearly relates also to countries affected by short-term speculation and immoderate utilisation of resources without any social or environmental protection, and offers foundations for triggering a process of change.

9. CONCLUSIONS

The aim of this paper was to expand theoretically and empirically the current knowledge on ethical banks, by understanding how these kinds of bank translate their principles into concrete action. In particular, the analysis focused on how *Economia Aziendale* principles are practically applied in a mutual credit cooperative bank to serve both economic and social purposes, towards the Common Good of local people and territories. In this regard, the research elucidates how an Italian mutual credit cooperative bank carries out its activities to reduce financial exclusion in an underdeveloped area of a developed country such as Italy, depicting what are the factors that render the bank successful in achieving its goals.

Our findings should be interpreted bearing in mind that Italian mutual credit cooperative banks due to their strong roots in local territories and strong fiduciary duty, during financial crisis have continuously contributed to the economic and sustainable development (i.e. social profitability) of their communities, and attained profits ensuring investments in project with social and environmental value (i.e. economic profitability). In this respect, the results are significant as they represent a contribution to filling the gap of empirical research on ethical banks that are becoming increasingly important thanks to their capacity of being a real alternative against financial exclusion (San Jose et al., 2011), also for developed countries.

Furthermore, in elucidating how the fulfilment of the *economicità* enables mutual credit cooperative banks to achieving their economic and social purposes, this study provides also a theoretical contribution. In fact, it enlightens new trends not only in ethical banks literature, but more generally, in CSR and Business Ethics literature, still characterized by a great proliferation of theories, approaches and terminologies, but for which there is still room for theoretical and empirical research (Parker, 2005). Indeed, on these bases we can conclude that the *Economia Aziendale* and its principles may well be exportable and applicable to other countries than Italy.

The research has also significant practical implications. Indeed, the results can represent a valid model that exemplifies how any interested entities could concretely operationalize principles at the service of goals other than the economic ones. From this perspective the *Economia Aziendale* theory offers not only a potentially valuable theoretical approach, but also a practical and useful vehicle for the concrete and effective application of the Common Good principles in business, with the aim of achieving socially and environmentally responsible management.

Before concluding, several caveats need to be still considered. The study was carried out in order to understand and communicate the real business context of ethical banks and uncover deeper understanding about the way through which they achieve social and environmental purposes. However, the paper focuses on an Italian mutual credit cooperative bank, which due to its peculiar nature is intrinsically ethical. Thus, an interesting future development for this research could be the examination of 'not intrinsically ethical entities' to verify how they conceives and implement the fulfilment of the Common Good principles. At the same time another notable approach might be the investigation of the applicability of the *Economia Aziendale* framework in a different country setting.

REFERENCES

Abela, A. V. (2001) "Profit and More: Catholic Social Teaching and the Purpose of the Firm", *Journal of Business Ethics*, Vol. 31 No. 2, pp. 107-116.

Ahrens, T. and Chapman, C. S. (2006) "Doing qualitative field research in management accounting: Positioning data to contribute to theory", *Accounting, Organizations and Society*, Vol. 31 No. 8, pp. 819-841.

Alford, H. and Naugthon, M. (2002) "Beyond the Shareholder Model of the Firm: Working Toward the Common Good of a Business", in Cortright, S. A. and Naugthon, M. (Ed.), *Rethinking the Purpose of Business. Interdisciplinary Essays from the Catholic social Tradition*, Notre Dame University Press, Notre Dame, pp. 27-47.

Alford, H. and Shcherbinina, Y. (2008) "Corporate social responsibility and common good", in Bettini, E. and Moscarini, F. (Ed.), *Responsabilità Sociale di Impresa e nuovo umanesimo*, Sangiorgio editrice, Genova, pp.14-30.

Alsina, O. (2002) *La banca etica. Mucho mas que dinero*, Icaria Milenrama, Barcelona.

Amaduzzi, A. (1963) *L'azienda nel suo sistema e nell'ordine delle sue rilevazioni*, 2nd Edition, Unione Tipografica Editrice Torinese, Torino.

Argandoña, A. (1998) "The Stakeholder Theory and the Common Good." *Journal of Business Ethics*, Vol. 17 No. 9, pp. 1093-1102.

Argandoña, A. (2008) "Ethical foundations of corporate social responsibility", in Bettini, E. and Moscarini, F. (Ed.), *Responsabilità Sociale di Impresa e nuovo umanesimo*, Sangiorgio editrice, Genova, pp. 31-56.

Argandoña, A. and von Weltzien Hoivik, H. (2009) "Corporate social responsibility: One size does not fit all. Collecting evidence from Europe", *Journal of Business Ethics*, Vol. 89, pp. 221-234.

Baranes, A. (2009) "Towards Sustainable and Ethical Finance", *Development*, Vol. 52 No. 3, pp. 416-420.

Barbu, T. and Vintilã, G. (2007) "The Emergence of Ethic Banks and Social Responsibility in Financing Local Development", *Theoretical and Applied Economics*, pp. 20-34.

Benedetto XVI, (2009) *Caritas in Veritate*, Libreria Editrice Vaticana, Citta` del Vaticano.

Blumer, H. (1969) *Symbolic Interactionism: Perspective and Method*, Prentice-Hall, Englewood Cliffs, NJ.

Boatright, J. R. (2008) *Ethics in Finance*, 2nd Edition, Blackwell, Malden.

Bowen, H. R. (1953) *Social responsibilities of the businessman*, Harper & Row, New York.

Bryson, J.R. and Buttle, M. (2005) "Enabling inclusion through alternative discursive formations: the regional development of community development loan funds in the United Kingdom", *The Service Industries Journal*, Vol. 25 No. 2, pp. 273-288.

Buttle, M. (2007) " 'I'm not in it for the money': Constructing and mediating ethical reconnections in UK social banking", *Geoforum*, Vol. 38, pp. 1076-1088.

Buttle, M. (2008) "Diverse Economies and the Negotiations and Practices of Ethical Finance: The Case of Charity Bank', *Environment and Planning*, Vol. 40, pp. 2097-2113.

Cafferata, R. (2005) *Organizzazione e direzione aziendale*, Aracne Editrice, Roma.

Caldarelli, A., Fiondella, C., Maffei, M., Spanò R., and Zagaria, C. (2011) "The Common Good and *Economia Aziendale* theory: insights for corporate social responsibility from the italian perspective", *Journal of the Asia-Pacific Centre for Environmental Accountability*, Vol. 17 No. 4, pp. 197-216.

Carroll, A. B. (1999) "Corporate Social Responsibility: Evolution of a Definitional Construct", *Business and Society* Vol. 38 No. 3, pp. 5268-295.

Catturi, G. (2003) "Valori Etici e Principi Economici: Equilibrio Possibile". *Studi e Note di Economia Aziendale*, Vol. 3, pp. 7-37.

Cavalieri, E. (2010) *Le nuove dimensioni dell'equilibrio aziendale. Contributo alla rivisitazione della teoria*, Giappichelli, Torino.

Cavalieri, E. and Ferraris Franceschi, R. (2010) *Economia Aziendale, Vol. I, Attività aziendale e processi produttivi*, Giappichelli, Torino.

Coda, V. (2010) "La responsabilità imprenditoriale per il Bene Comune nella prospettiva dell'enciclica Caritas in Veritate" in Ferro, A. and Sassi, P. (Ed.), *Cultura d'impresa e costruzione del bene comune. L'enciclica Caritas in Veritate per un mondo migliore*, UCID, Roma.

Coda, V. (1988) *L'orientamento strategico dell'impresa*, Unione Tipografica Editrice Torinese, Torino.

Conferenza Episcopale Italiana (2010) *Per un Paese solidale. Chiesa italiana e mezzogiorno*.

Costa, E. and Ramus, T. (2012) '"The Italian Economia Aziendale and Catholic Social Teaching: How to Apply the Common Good Principle at the Managerial Level", *Journal of Business Ethics* Vol. 106 No. 1, pp. 103-116.

Cowton, C.J. (2002) "Integrity, responsibility and affinity: three aspects of ethics in banking'", *Business Ethics: A European Review*, Vol. 11, pp. 393-400.

Cowton, C.J. (2010) "Banking", in Boatright, J. (Ed.) *Finance Ethics: Critical Issues in Financial Theory and Practice*, Kolb Series in Finance, Wiley, NJ.

Cowton, C.J. and Thompson, P. (1999) *Ethical Bank: Progress and Prospects* , Financial Times Business, London.

Crivelli, G. (2001) "Global Compact. La responsabilità sociale delle imprese secondo l'ONU", *Etica ed Economia*, Nemetria, Vol. 2.

Davis, K. (1973) "The case for and against business assumption of social responsibilities", *Academy of Management Journal*, Vol.16, pp. 312-322.

De Giorgi, S.(2010) “Introduzione”, in Ferro, A. and Sassi, P. (Ed.), *Cultura d’impresa e costruzione del bene comune. L’enciclica Caritas in Veritate per un mondo migliore*, UCID, Roma.
De la Cuesta-González, M., Munõz-Torres, M. J. and Fernández-Izquierdo, M. A. (2006) “Analysis of Social Performance in the Spanish Financial Industry Through Public Data. A Proposal”, *Journal of Business Ethics* Vol. 69 No. 3, pp. 289-304.
Dembinski, P. H. (2009) *Finance: Servant or Deceiver? Financialization at the Crossroad*, Observatoire de la Finance/ Palgrave Macmillan, New York.
Ferrero, G. (1980) *Impresa e Management*, Giuffre, Milano.
Galassi, F. L. (2001) “Measuring social capital: Culture as an explanation of Italy’s economic dualism”, *European Review of Economic History*, Vol. 5 No. 1, pp. 29-59.
Garriga, E. and Mele`, D. N. (2004) “Corporate Social Responsibility Theories: Mapping the Territory”, *Journal of Business Ethics* Vol. 53 No. 1, pp. 51-71.
Gazzola, P. (2006) “CSR e reputazione nella creazione di valore sostenibile”, *Economia Aziendale Web 2000*, Vol. 1 No. 2, pp. 27-45.
Giannessi, E. (1960) *Le Aziende di Produzione Originaria*, Colombo Corsi, Pisa.
Green, C. F. (1989) “Business Ethics in Banking”, *Journal of Business Ethics* Vol. 8, No. 8, pp. 631-634.
Greenbaum, S. I. and Thakor, A. V. (2007) *Contemporary Financial Intermediation*, 2nd Edition, Elsevier, Amsterdam.
Jones, T. M. (1980) “Corporate social responsibility revisited, redefined”, *California Management Review*, pp. 59-67.
Kendric, F. (2004) “Ethical Bank”, *ABA Banking Journal* Vol. 96 No. 6 p. 14.
Koslowski, P. (2006) “The Common Good of the Firm as the Fiduciary Duty of the Manager”, in Rossuw, G. J. and Sison, A. J. (Ed.), *Global Perspectives on the Ethics of Corporate Governance*, Palgrave-MacMillan, New York, pp. 67-76.
Leone XIII (1891) *Rerum novarum. Lettera enciclica sulla condizione degli operai*, Edizioni Dehoniane, Bologna.
Levine, R. (2004) “Finance and Growth, Theory and Evidence”, NBER Working Paper 10766, Cambridge, Mass., NBER.
Lukka, K. and Kasanen, E. (1995) “The problem of generalizability: anecdotes and evidence in accounting research”, *Accounting, Auditing & Accountability Journal*, Vol. 8 No. 5, pp. 71-90.
Lynch, J. J. (1991) *Ethical Bank: Surviving in an Age of Default*, Macmillan, London.
Maffei, M. (2011) “*Bene comune e Economia Aziendale: primi spunti di riflessione*”. in 3rd Seminar *I giovani protagonisti del riscatto del Sud?* Pontificia Facoltà Teologica dell’Italia Meridionale, 10 maggio 2011.
Maffei, M.(2010) *La disclosure sui rischi*, Giappichelli, Torino.
Mahon, J. F. and McGowan, R.A. (1991) “Searching for the Common Good: A Process-Oriented Approach”, *Business Horizons*, Vol. 34 No. 4, pp. 79-87.
Marginson D.E.W. (2004) The Case Study, The Interview and The Issues: A Personal Reflection, in Humphrey, C. and Lee, B. (Eds.)The Real Life Guide to Accounting Research: a Behind-the-Scenes view of using Qualitative Research Methods.
Masini, C. (1976) *Lavoro e Risparmio*, Utet, Torino.
Mele`, D. (2002) “Not Only Stakeholders interests: The Firm Oriented towards the Common Good”, in Cortright, S. A. and Naugthon, M. (Ed.), *Rethinking the Purpose of Business. Interdisciplinary Essays from the Catholic social Tradition*, Notre Dame University Press, Notre Dame, pp. 190-214.
Mele`, D. (2009) “Integrating Personalism into Virtue-Based Business Ethics: The Personalist and the Common Good Principles”, *Journal of Business Ethics*, Vol. 88 No. 1, pp. 227-244.
Onida, P. (1971) *Economia d’azienda*, Utet, Torino.
Onida, P. (1961) “Economicità, socialità ed efficienza nell’amministrazione d’impresa”, *Rivista dei Dottori Commercialisti*, Vol. 1, pp. 1-22.
Palazzo, G. and Rethel, L. (2008) “Conflicts of Interest in Financial Intermediation”, *Journal of Business Ethics*, Vol. 81 No. 1, pp. 193-207.
Papal Council for the Justice and the Peace (2010) *Compendio della Dottrina Sociale della Chiesa*, Libreria Editrice Vaticana, Citta` del Vaticano.
Parker, L. D. (2005) “Social and environmental accountability research: A view from the commentary box”, *Accounting, Auditing & Accountability Journal*, Vol. 18 No. 6, pp. 842-860.
Potito, L. (2012) *Manuale di Economia Aziendale*, Giappichelli, Torino.
Prior, F. and Argandoña, A. (2009) “Best Practices in Credit Accessibility and Corporate Social Responsibility in Financial Institutions”, *Journal of Business Ethics*, Vol. 87 No. 1, pp. 251-265.
Rodrìguez, S. M. and Cabaleiro, M. J. (2007) “El comportamiento social de la banca alternativa”, *Ekonomiaz*, Vol. 52, pp. 228-259.
Rusconi, G., and Dorigatti, M. (2005) *Etica d’impresa*, Franco Angeli, Milano.
Sandelands, L. (2009) “The business of business is the human person: Lessons from the catholic social tradition”, *Journal of Business Ethics*, Vol. 85 No. 1, pp. 93-101.
San-Jose, L., Retolaza, J.L., and Gutierrez-Goiria, J. (2011) “Are Ethical Banks Different? A Comparative Analysis Using the Radical Affinity Index”, *Journal of Business Ethics*, Vol. 100 No. 1, pp. 121-173.

San-Jose L.(2009) “Ethical Cash Management? A Possible Solution”, *Finance & Common Good/Bien Commun (Financial Ethics Review – Revue d’ethique financiere)* Vol. 33, pp. 58-68.
Salvioni, D. M. (2003) “Corporate Governance e responsabilità d'impresa” *Symphonia Emerging Issues in management, ISTEI - Istituto di Economia d'Impresa, Università degli Studi di Milano – Bicocca*,Vol. 1.
Santos, N. and Laczniak, G. R. (2009) “Just markets from the perspective of catholic social teaching”, *Journal of Business Ethics*, Vol. 89, pp. 29-38.
Santesso, E. (2010) “Governare l’impresa per il bene comune”, in Santesso, E. *Lezioni di Economia Aziendale*, Giuffrè, Milano.
Schillaci, C. E. (1986) “La nozione di responsabilità sociale dell’impresa e sua evoluzione in relazione ai valori imprenditoriali”, in Bertini, U. Butta`, C., Sorci, C., Vergara, C., Bellante, F., Cricchio, S., Lipari, C., Miraglia, R., Scapens, R. (1990), “Researching management accounting practice: the role of case study methods”, British Accounting Review, Vol. 22 No. 3, pp. 259-81.
Schillaci, C. E., (Ed.) *Valori imprenditoriali e successo Aziendale*, Giuffre`, Milano.
Second Vatican Council (196) *Gaudium et spes*, Libreria Editrice Vaticana, Citta` del Vaticano.
Scholtens, B. (2006) “Finance as a Driver of Corporate Social Responsibility”, *Journal of Business Ethics* Vol. 68 No. 1, pp. 19-33.
Scholtens, B. (2009) “Corporate Social Responsibility in the International Banking Industry”, *Journal of Business Ethics*, Vol. 86 No. 2, pp. 159-175.
Sciarelli, S. (2007) *Etica e responsabilità Sociale nell’Impresa*, Giuffrè, Milano.
SIDREA (2009) *La ragioneria e l’Economia Aziendale: dinamiche evolutive e prospettive di cambiamento,* Franco Angeli, Milano.
Siggelkow, N. (2007) “Persuasion with case studies”, *Academy of Management Journal,* Vol. 58 No. 1, pp. 20-24.
Signori, S. and Rusconi, G. (2009) “Ethical thinking in traditional Italian Economia Aziendale and the stakeholder management theory: The search for possible interactions”, *Journal of Business Ethics*, Vol. 89, pp. 303-318.
Sison, A. J. G. (2007) “Toward a Common Good Theory of the Firm: The Tasubinsa Case”, *Journal of Business Ethics,* Vol. 74 No. 4, p. 471-480.
Smith, T. W. (1999) “Aristotle on the Conditions for and Limits of the Common Good”, *American Political Science Review*, Vol. 93 No. 3, pp. 625-637.
Steiner, G. A. (1971) *Business and society,* Random House, New York.
Vaccaro, A. and Sison, A. J. G. (2011) “Transparency in Business: The Perspective of Catholic Social Teaching and the Caritas in Veritate”, *Journal of Business Ethics*, Vol. 100 No. 1, pp.17-27.
Velasquez, M. (1992) “International Business, Morality, and the Common Good”, *Business Ethics Quarterly*, Vol. 2 No. 1, pp. 27-40.
Votaw, D. (1972) “Genius Becomes Rare: A Comment on the Doctrine of Social Responsibility Part 1”, *California Management Review*, Vol. 15 No. 2, pp. 25-31.
Yin, R. K. (2003) *Case Study Research: Design and Methods,* vol. 5 of Applied Social Research Methods Series Sage Publications, Thousand Oaks.
Zappa, G. (1956) *Le produzioni nell’economia delle imprese,* Giuffrè, Milano.
Zappa, G. (1927) *Tendenze evolutive negli studi di ragioneria*, Istituto Editoriale Scientifico, Milano.
Zamagni, S. (2011) “Caritas in veritate, market and firms. The Catholic church’s position on economy. An interview by Renato Mangano”, *European Company & Financial Law Review*, Vol. 8 No. 1, pp. 65-69.
Zamagni, S. (2010) “Caritas in Veritate: sviluppo economico e società civile”, *Incontri in cattedrale*, 8 mar 2010, Roma.
Zamagni, V. (2006) “L`impresa Cooperative Italiana: dalla Marginalità alla Fioritura”, XIV International Workshop of Economic History, Imprese cooperative e consorzi di cooperative: successi e fallimenti, Section 72, Helsinki. As at 19th January 2012.