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Driver for Local Sustainable
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Summary

The increased interconnection among local and global players induced by globalization, as well as the need for a complete application of the “subsidiarity principle”, calls for a re-thinking of the “corporate social responsibility” concept. This new concept broadens the perspective of the single company interacting with its own stakeholders in relation to specific social and environmental impacts, to a network of organizations, with different aims and natures, collaborating on relevant sustainability issues. In this paper, the authors will provide a definition of “*Territorial Social Responsibility*”, sustaining the multi-stakeholder approach as a driver toward local sustainable development. Firstly, theoretical approaches to sustainable development at the territorial level will be examined, identifying the most innovative ideas about governance, network relation and development theories. The idea of development focuses not only on the economic aspects, but on the structural and institutional factors. The existence of cooperative territorial networks is essential to fulfil the creation of tangible and intangible assets at the local level. At the same time, the effectiveness of the decision-making and rules’ system can stimulate and empower territorial networks to tackle sustainable development. An analytical framework, scheme-shaped, will be set in order to identify the main aspects, indicators and practices characterizing the territorial social responsibility concept. It will represent a first attempt to create a feasible instrument aimed at understanding how cooperative social responsible actors, operating in the same territory, could direct the path toward sustainable development.

Keywords: Local Sustainable Development, Territorial Social Responsibility, Participation, Local Governance, Accountability, Sustainability Reporting, Multi-Stakeholder Approach, Networks

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Social Responsibility as a Driver for Local Sustainable Development

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Abstract: The increased interconnection among local and global players induced by globalization, as well as the need for a complete application of the “subsidiarity principle”, calls for a re-thinking of the “corporate social responsibility” concept. This new concept broadens the perspective of the single company interacting with its own stakeholders in relation to specific social and environmental impacts, to a network of organizations, with different aims and natures, collaborating on relevant sustainability issues.

In this paper, the authors will provide a definition of “*Territorial Social Responsibility*”, sustaining the multi-stakeholder approach as a driver toward local sustainable development.

Firstly, theoretical approaches to sustainable development at the territorial level will be examined, identifying the most innovative ideas about governance, network relation and development theories. The idea of development focuses not only on the economic aspects, but on the structural and institutional factors. The existence of cooperative territorial networks is essential to fulfill the creation of tangible and intangible assets at the local level. At the same time, the effectiveness of the decision-making and rules’ system can stimulate and empower territorial networks to tackle sustainable development.

An analytical framework, scheme-shaped, will be set in order to identify the main aspects, indicators and practices characterizing the territorial social responsibility concept. It will represent a first attempt to create a feasible instrument aimed at understanding how cooperative social responsible actors, operating in the same territory, could direct the path toward sustainable development.

Keywords: local sustainable development, territorial social responsibility, participation, local governance, accountability, sustainability reporting, multi-stakeholder approach, networks

1. Introduction

The idea that local sustainable development can be better achieved with a governance solution based on “network coordination” as well as the progressive involvement of stakeholders in sustainable development strategies of organizations, calls for a re-thinking of the “corporate social responsibility” concept. This new concept broadens the perspective of the single company interacting with its own stakeholders in relation to specific social and environmental impacts, to a network of organizations, with different aims and natures, collaborating on relevant sustainability issues.

In this paper, a definition of local sustainable development is firstly provided, focusing on the territorial component of sustainable development and multi-level governance solutions. The then paper presents the changing paradigm from Corporate Social Responsibility to Territorial Social Responsibility, reflecting the acknowledgment of the multi-stakeholder approach. Finally a set of indicators is presented, with the aim of evaluating the capability of a territory to be “socially responsible” in a multi-stakeholder perspective.

2. Local Sustainable Development

Sustainable development is a dynamic concept, “dealing with different temporal and spatial scales and with multiple stakeholders” (Van Zeijl Rozema et al. 2008). The intergenerational dimension, focusing on the temporal scale and explicitly recognized within the definition of sustainable development, is accompanied by an intragenerational dimension, characterized by the spatial interaction of different individuals at the same specific time. Such a spatial dimension introduces the idea of territorial equity as “the equity that is internal to a given territory, but also and in particular equity among diverse territories” (Zuindeau 2006).

Territorial equity, compared to intergenerational equity, has been considered a marginal aspect in the literature on sustainability. As outlined by Zuindeau (2006), some important attempts have been realized by Camagni et al. (1998), who sought to establish efficacy at a local (or regional) level in the implementation of sustainable development, focusing on the concept of ‘locality theorem’.

Local sustainable development emphasizes the territorial component of sustainable development.

The definition of “territory” can differ depending on a traditional or progressive view. According to the traditional view, territory corresponds to the whole of natural resources and changes men-driven; according to the progressive view, territory reflects its related uses, in time and space (Peraro & Vecchiato 2007). In this study, territory is conceived as the geographical place with its natural resources endowment, urban transformations, public and private organizations, acting there; in local sustainable development, local community assumes an increasing relevance.

Local development, in neoclassical theories, has been typically linked to economic variables such as capital, labour and technological progress; whereas acknowledged, the idea of sustainability plays an instrumental role: environmental and social assets are measured in monetary value in the market system. Marginal monetary changes are the typical measures and the “rational agent” is the main assumption acknowledged by such theories.

Within the humanitarian paradigm (Pearce & Turner 2000) the idea of perfect rationality has to be integrated with that of global justice, where the preferences are determined by individual as well as altruistic interests, changing over time, due to appraisal processes, and in space, due to their mutual influence. According to a progressive idea of sustainable development, the acknowledgement of values of justice, fairness, equality, equity, cohesion, democracy, unity, cohesion, solidarity and internationalism (Pike et al. 2007) as determinants of the behaviour of microeconomic actors, characterize the holistic view of local sustainable development.

“The holistic approach sees development as necessarily broader than just the economy and encourages wider and more rounded conceptions of well being and quality of life” (Pike et al. 2007).

The role of the State and of civil institutions and the inclusion of social actors, such as trade unions and community associations is emphasized, within the holistic approach. At the same time, the

debate about the feasibility of decision making processes, integrating economic, social, cultural and environmental concerns, remains active.

In such uncertainty, some aspects seem to encounter an extensive agreement. Governance is recognized as a means of fostering the process of sustainable development. Sustainable development cannot be achieved without governance (Zeijl Rozema et al. 2008) whether in a hierarchical, market-based or coordinated approach. From a territorial perspective, governance is defined as the way to solve coordination problems among the economic actors of a system, finding a common definition of the socio-economic objectives (Fadda 2003). Following the classification proposed by Fadda (2003), among the wide variety of governance models, hierarchical and market-based categories represent, respectively, a top-down and laissez-faire approach. Within the hierarchical approach, individual choices are determined by a recognized leader, while in the laissez-faire approach the coordination results from the spontaneous behaviour of each independent agent. The network coordination category (Fadda 2003) surpasses such a dichotomy, proposing a dynamic interaction involving, vertically or horizontally, the companies or all the actors within the economic system.

Nowadays, “network coordination” is the governance solution that better satisfies the holistic approach to sustainable development. The establishment of local partnerships between public authorities, business companies and the third sector, as well as representatives of the community, arises in response to the perceived inadequacies of an excessive market-based and state-dependent policy measures (Chatterton & Style 2001).

Finally, the implementation of a governance model of sustainable development and its effectiveness in local development depends on a variety of aspects. A unique formula doesn't exist: it must be calibrated to the cultural, socio-economic characteristics of a territory and to the idea of sustainable development.

Decentralization and local governance are nowadays identified as necessary precursors towards an effective territorial development. The introduction of the principle of subsidiarity in sustainable development is linked to the spatial policy approach as a means of achieving cohesion and integration (Roberts 2003).

Subsidiarity, emphasising the role of local communities, represents a key issue of the sustainability movement in Europe (Pallemaerts & Azmanova 2006). At a European level, the principle of subsidiarity is defined in Article 5 of the Treaty establishing the European Community; it is intended to ensure that decisions are taken as close as possible to the citizens.

3. Multi-stakeholder approach in Social Responsibility

“Corporate Social Responsibility” theories and approaches have grown significantly in the past decades and a new trend is emerging on the horizon.

Since the second half of the 20th century, when the debate on Corporate Social Responsibility took place, different theories have been developed. They could be summarized according to the classification given by Garriga et al. (2004).

- 1) *Instrumental theories*, in which CSR is seen as a strategic tool to achieve wealth creation, in accordance with the well-known statement of Friedman (1970) “*the only responsibility of business towards society is the maximization of profits to the shareholders*”.
- 2) *Political theories*, in which corporations agree to accept social rights and duties.
- 3) *Integrative theories*, developed from the idea that business has to integrate social demands.
- 4) *Ethical theories*, where the main idea is that the relationship between business and society is embedded with ethical values.

The European Union, by itself, defines CSR as the “*voluntary integration of social and ecological concerns*” (European Commission, 2001), recommending companies to assume a socially responsible behaviour.

Today, CSR represents not only a practice, but a necessity for an enterprise's development and competitiveness. CSR could become a powerful instrument for sustainable development, focusing on employment, social cohesion and environmental protection. Even if the majority of CSR theories have been developed in the business field, nowadays the concept of "Social Responsibility" seems to better represent the variety of organizations which contribute to local development. Private companies, public agencies and the third sector are engaged in sustainability issues with different purposes and approaches.

Urged by pressures from the stakeholders and concerned for the environmental and social impacts related to business, the private sector – multi-national companies as well as small and medium enterprises – is adopting *ad hoc* management and communication measures. CSR requires companies not only to consider the impacts of business activities but also to work with communities to ameliorate those impacts (Garvin et al. 2009). The approaches to corporate sustainability may differ depending on the context and the dominant values within the organization; according to this view, Van Marrewijk and Werre (2003) highlights a set of multiple levels of corporate sustainability (CS): pre-CS, Compliance Driven CS, Profit-driven CS, Caring CS, Synergistic CS, Holistic CS.

Public agencies, pursuing the 'common good', started thinking about their role in the field of social responsibility, having been asked to be more accountable for their actions and for the use of public resources (Tanese 2004). The adoption of reporting tools, such as the social report, is a way of using communication to fill information gaps between citizens and local governments. Since the degree of consensus on stakeholders' involvement in sustainable development processes is increasing (OECD & UNDP 2002), public agencies should open their decision making processes to related stakeholders (Marconi 2006). Moreover, with the acknowledgment of the subsidiarity concept, public agencies operating at a local level face new commitments.

Ethical and socio-environmental concerns represent the core business of the organizations operating within the third sector. Accounting for a proper use of financial, social, environmental and cultural resources, for the decision making process and its outputs, is a moral imperative for these organizations (Pucci & Vergani 2002).

The crisis of public government and its inability to ensure a sustainable development without the cooperation of 'non-state actors', such as companies or entities of the third sector, have led to the formulation of new strategies at a local and international level. In order to carry out an effective local sustainable development, the socio-economic actors are asked to work together, sharing common values of social welfare, thus fulfilling the Lisbon Agenda and the European principle of subsidiarity. Since the concept of governance is more and more about "*balancing the roles, responsibilities, accountabilities and capabilities of different levels of government and different actors in society*" (Nelson & Zadek 2003), partnerships could represent a good way of reaching new sustainable development goals, in a multi-stakeholder approach. Various public and private actors progressively assume common responsibilities for the development and growth of the territories in which they operate (Donolo 2007). In this perspective, business, public agencies and third sector - constituting a "*sustainable development triad*" as OECD & UNDP (2002) call it - create partnerships as a way of bringing into collaboration different, but potentially complementary, skills and experiences, with the aim of realizing joint projects able to establish positive externalities on the communities (Bottani 2009).

Through analysis of the evolution of the CSR concept, the importance of multi-sector and multi-stakeholder based partnerships or 'new social partnerships' emerges, defined by Nelson and Zadek (2003) as "*people and organisations from some combination of public, business and civil*

constituencies who engage in voluntary, mutually beneficial, innovative relationships to address common societal aims through combining their resources and competencies". The joined action of these multiple actors is supposed theoretically to be able to create an added value or 'alchemic effect', strengthening the partnership and, consequently, producing a substantive push to sustainable development.

When multiple actors involved in social partnerships adopt a common 'social responsible path' toward sustainable development, then a 'social responsible network' is established (Citterio & Lenzi 2005). Among these actors there is an overlap of responsibilities and stakeholders: to manage this complexity the social responsible network adopts a multi-stakeholder approach.

In this paper, the expression 'multi-stakeholder approach' replaces the classical idea of a single organization as the focal point of a stakeholders network (Rowley 1997). Social responsible networks always encompass multiple focal points. In fact, in a social responsible network, the different organizations composing it represent the various focal points of several stakeholder networks. Stakeholders within a multi-stakeholder network are assumed to represent the integration of every organization's stakeholders' network or, to use the definition given by Roloff (2008), "*any group or individual who can affect or is affected by the solution of the problem addressed by the network*". In addition, network actors – such as companies, public agencies, third sector organizations – are mutual stakeholders.

4. Territorial Social Responsibility

The changing paradigm, from Corporate Social Responsibility to Social Responsibility in the Territory (TSR), reflects the acknowledgment of the multi-stakeholder approach. As outlined by Peraro and Vecchiato (2007), in a social responsible territory, actors share values and the idea of sustainability. The network of socially responsible actors is directed to reach a mutual engagement and common decisions with respect to a common issue. Such decisions could be strategic-based or field-based, being related to, for example, plans, programs or projects.

Such an innovative concept is built on three pillars: local community, sustainability, deliberative democracy. Within the local community, actors – as representatives of the business, the public authorities, the third sector and citizens – are knots of a network directly or indirectly related to a same territory. Sustainability and related values of equity, justice, altruism is the lifeblood that feeds and strengthens the network; in a sustainability perspective, local community is composed of social responsible actors. Finally, deliberative democracy highlights the decision making power, equally assigned to the social responsible local networks.

The co-existence of the three pillars is essential for realizing an effective Territorial Social Responsibility. The borders of TSR can differ within a same or among distinct contexts, because of the features characterizing the networks of social responsible actors and the issue at the stake. The network' features essentially depend on the quantity and quality of the actors involved and the strength of the relations existing among them. The issue is the specific objective pursued by the network, deriving from the needs of the territory.

Following a holistic approach, the existence of a social responsible territory – based on the aspects outlined – represents an essential condition to the effectiveness of local sustainable development. TSR could be implemented in a territory where a social responsible network operates in a framework of multi-level and multi-stakeholder governance influencing in a positive way the path towards sustainable development.

5. The analytical framework

The concrete implementation of the TSR concept changes according to the diversity of needs and features of each local context. The paper doesn't focus on the steps characterizing a TSR process, but suggests a specific indicator set, in order to provide a useful tool of evaluation and monitoring of such a process.

5.1 Aim

The aim of the indicator set presented is to evaluate the capability of a territory to be “socially responsible” in a multi-stakeholder perspective.

Every indicator can provide a static or dynamic view; in the static view, a state of the art of the territory’s sustainable development capacity is provided; in the dynamic view, its trend toward social responsibility is highlighted over the years.

Therefore, this indicator set could be a useful instrument for a general analysis of the sensitiveness of a territory toward social responsibility and, afterwards, for assessing the improvements achieved by local multi-stakeholders networks engaged in a sustainable development process.

5.2 Methodology

The indicators are based on a conceptual framework, which is composed of different levels of analysis.

Governance, economy, social capital, human capital, natural environment, artificial environment and cultural environment are assumed to be the main issues characterizing the Territorial Social Responsibility concept. Those issues represent the first level of analysis; at the second level, the themes composing every issue have been identified; on the third level, all the relevant indicators within each theme have been collected together.

Table 1: issues related to Territorial Social Responsibility concept

Issues (first level)
Governance
Economy
Social capital
Human capital
Natural environment
Artificial environment
Cultural environment

‘Governance’, ‘Social Capital’ and ‘Economy’ are the key issues to be analysed in order to assess the multi-stakeholder and cooperative dynamics of Territorial Social Responsibility. While ‘Human Capital’, ‘Natural’, ‘Artificial’ and ‘Cultural Environment’ represent the set of dynamic resources characterizing each territory, ‘Governance’, ‘Social Capital’ and ‘Economy’ issues are the driving forces through which a social responsible network expresses its mutual commitment toward sustainable development.

The indicators have been identified by analysing the literature. At this stage, the study is focused more on the theoretical conceptualization than on the effective measurement; that is why the relative set of indicators does not provide an articulated standardized formula, but focuses on the aspects considered as relevant for a comprehensive representation of each theme.

5.3 The set of indicators

6.3.1 Governance

Within a local sustainable process driven by a multi-stakeholder approach, governance can be defined as the shared modalities to realize a common goal. In such a perspective, governance allows for the solving of problems of coordination among actors, through the implementation of rules and processes based on the concept of “network”.

Indicators related to territorial governance are, in the literature, predominantly formulated on a government perspective. Despite the increasing acknowledgement of concepts such as

decentralization, multi-level governance, cooperation and participation, national and local governments seem to be considered as the main actors of a good territorial governance.

Table 2: list of references examined within the “Governance” issue

Bottani (2009)
U.S. Agency for International Development (2000)
Fadda (2003)
Kaufmann (1999)
Marconi (2006)
Nelson and Zadek (2003)
OECD (2005)
Transparency International (2009)
Van Zeijl Rozema et al. (2008)

The list of indicators presented is built upon a set of themes focusing on the aspects considered as relevant for a complete analysis of the governance system characterizing a territory.

Accountability

The degree of accountability measures the responsiveness of the network toward their stakeholders. Together with transparency, accountability implies the evaluation of the quantity and quality of the information transmitted to stakeholders. The existence of a sustainability reporting process is considered as a step forward to systematically communicating and managing the information.

Voice

This is aimed at monitoring the progress of a local context with respect to freedom of speech and expression. The recognition of civil liberties and political rights, the freedom of press, the independence of media, the chance to express concerns over changes in law and policies, the characteristics of the political system, are all considered.

Political instability and violence

As with the theme “Voice”, this area is aimed at delineating the ‘state of the art’ of a territory in relation to political instability and violence. The existence of the military in politics and/or wrenching changes in government provides useful suggestions concerning the ease of implementing a network coordination governance.

Government effectiveness

Indicators in this section are designed to ‘take a picture’ of the quality of the civil service system in its different elements – processes, products and human resources – through the measure of the efficiency of bureaucracy, the independence from political pressures, the existence of complaints mechanisms, the perception of the quality of public services, the competence and training of civil servants, the existence of a performance system, the efficacy of internal and external audits.

Regulatory burden

In our study, the existence of market unfriendly policies and the perception of the burden of excessive regulation have been considered as indicators of the predominance of government intervention over network coordination initiatives realized on a voluntary basis.

Corruption

Corruption is defined as “*the abuse of entrusted power for private gain*” (Transparency International 2009). The existence of corruption among public and private bodies doesn’t encourage the creation of effective multi-stakeholder networks oriented to sustainable development, the latter being focused on the idea of “common good”. In this sense, analysing a territory’s capability to be

“Socially Responsible” it is relevant to consider the perception of corruption, the government efforts and all the measures undertaken for tackling corruption.

Multi-level governance

The monitoring of ‘Multi-level governance’ theme, together with ‘Participation’ and ‘Partnerships’, is aimed at defining the existence of some form of network coordination. Firstly, the degree of decentralization and the main characteristics of the local governance system are examined. Moreover, the definition of the modes of governance – hierarchical/market-based/network-based – and the modes of coordination – among a same or different typology of actors – is essential to delineate the type of multi-level governance.

Policies

This section is aimed at identifying the strength and the predominant approaches of policies: the political will (strong/moderate/weak), the perspectives on sustainable development (ecological sustainability/well-being), the policy’s approach in local and regional development (participatory/mandatory) and the existence of policies promoting participation and social cohesion.

Participation

Participative processes within a region can be realized through different conditions depending on the nature of the process – voluntary/mandatory, formal/informal -, of the typology of stakeholders involved, the depth and width of stakeholder participation, the effectiveness of the process. These are some of the aspects outlined in the section.

Partnerships

Partnerships express the degree of cooperation among the actors operating in a same territory. Such cooperation can be assessed either quantitatively, through the number of active partnerships, or qualitatively, through their wideness and complexity (different typology of organizations). While a public-private partnership focuses on a ‘one to one’ relation, the cross-sector partnership highlights multi-sector and multi-stakeholder based relations.

Table 4: “Governance” indicators

Themes (second level)	Indicators (third level)
Social Responsibility	<ul style="list-style-type: none"> - Degree of accountability - Actors adopting social responsibility initiatives
Voice	<ul style="list-style-type: none"> - Civil liberties - Independent media - Organizations have a voice to express their concerns over changes in laws or policies
Rule of law	<ul style="list-style-type: none"> - Political rights - Political process - Lobbying - Political instability - Military in politics
Government effectiveness	<ul style="list-style-type: none"> - Perception of the quality of public services provisions - Efficiency of bureaucracy - Competence of civil servants - Independence of the civil services from political pressures - Citizen complaint mechanism - Documented performance standards and internal information systems - Auditing processes - Efficiency of the economic management system
Regulatory burden	<ul style="list-style-type: none"> - Market unfriendly policies - Perception of the burden of excessive regulation
Corruption	<ul style="list-style-type: none"> - Perception of corruption - Degree of transparency - Measures for tackling corruption

Multi-level governance	<ul style="list-style-type: none"> - Degree of decentralization - Local governance tradition - Modes of governance (for sustainable development) - Modes of coordination
Policies & Tools	<ul style="list-style-type: none"> - Shared sustainability management system - Policies' approach on sustainable development - Policies' approach in local and regional development - Policies promoting participation - Policies promoting social cohesion
Participation	<ul style="list-style-type: none"> - Inclusive decision making processes/Stakeholder consultation (or engagement) processes - Innovative approaches and technologies to participation - Stakeholder consultation approaches - Depth and width of stakeholder participation - Effectiveness of participatory initiatives - Mutual perception of participation effectiveness
Partnerships	<ul style="list-style-type: none"> - Public-private partnerships - Cross-sector partnerships

6.3.2 Social Capital

The origins of social capital rest upon an idea of development as a "qualitatively qualified" growth: it is the glue that holds societies together and without which there can be no economic growth or human well-being (The World Bank 1999). Within this perspective, social capital, together with the economic and financial capital, plays an important role in providing the best conditions for development.

It is possible to identify a link between territorial social responsibility and social capital in the ways the different actors interact within a given territory. Moreover, the concept of social capital is multidimensional and allows to grasp the dynamics of change of an area; it embraces institutions, relationships and customs which found the quality and quantity of social interactions.

In order to highlight the contribution of social capital to sustainable development, it has been broken down into three themes: networks, trust, civic sense; the related set of indicators is built upon structural/tangible and cognitive/intangible aspects (Coleman 1988).

Table 4: list of references examined within the “Social Capital” issue

Callosi and Aubert (2005)
Coleman (1990, 1998)
Fukuyama (1995)
Granovetter (1973)
Putnam (1993)
Trigilia (2001)
World Bank (1999, 2009)

Table 5: “Social Capital” indicators

Themes (<i>second level</i>)	Indicators (<i>third level</i>)
Networks	<ul style="list-style-type: none"> - Family bonds - Informal relations among friends and acquaintances - Cooperation degree among different type of organizations - Strength of the relationship among networks
Trust	<ul style="list-style-type: none"> - Trust in other people - Confidence in institutions and public service - Perception of safety - Fear of crime
Civic Sense	<ul style="list-style-type: none"> - Shared norms and values

- | |
|--|
| <ul style="list-style-type: none"> - Civic participation - Active political participation - Diffusion of voluntary associations |
|--|

Networks

A network represents a social structure made of individuals and/or organizations, linked by relationships of multiple levels, of different nature and aims, such as family ties, informal relations among friends and acquaintances, intercultural relations, etc. The definition of networks within a territory and the analysis of relationships' nature and ways are key steps toward the measurement of social capital. Finally the strength of a network expresses the ability of a community to work together toward common goals (Trigilia 2001, Granovetter 1973).

Trust

Trust, according to Fukuyama (1995) is 'the expectation that arises within a community of regular, honest and cooperative behaviour, based on commonly shared norms, on the part of other members of that community'. Trust is at the foundation of relationships and represents an essential component of the social cohesion. Although it represents an intangible issue, it may be possible to detect some indicators able to measure the level of trust within a territory: trust in other people, confidence in institutions or in public services, perception of safety and fear of crime.

Measuring trust allows to understand how people feel integrated into a community, the quality of the welfare system and the degree of wellbeing.

Civic Sense

Social capital and the ethical and political background within a territory are related in a mutual way. Shared norms and values, deriving from the ethical and political framework and being part of the social capital, are relevant drivers to stimulate collective action, social cohesion and inclusion towards the "common good".

The level of civic participation and active political participation, the existence of voluntary organizations and the cooperation degree among different type of organizations depict at different grounds the civic sense within a territory.

6.3.3 Economy

Typically, the economy represents the whole range of activities put in place by people, organizations and institutions within a territory in order to satisfy individual and collective needs with limited resources.

With the attempt to represent the economy on a sustainable development perspective, a set of well-being indicators are presented, together with the 'mainstreaming' economic indicators.

With respect to the issue "Economy", main statistical and economic indicators have been outlined, specifically related to:

- economic development and competitiveness;
- employment;
- innovation;
- well-being.

Table 6: list of references examined within the "Economy" issue

Eurostat (2007)
ESPON (2007)
Guenno and Tiezzi (1997)
ISTAT (2008)
OECD (2009)

Economic development and competitiveness

This section analyses the economic growth of a region as a whole (GDP) and its main variables. The added value produced by every economic sector is monitored. The private/public investments are measured also in percentage of the GDP. Households' savings are considered, in absolute and relative terms (with respect to the households' incomes). Poverty rate, the education level the dependence of the workforce by elderly population are relevant variables which complete the analysis of the economic development and competitiveness of an area. Moreover information technology capacity is an interesting additional variable.

Employment

The rate of employment and unemployment, as a whole or by sex, age and education, are typical measures of the wellness and peculiarities of an economy.

Innovation

Innovation represents the degree of progress and 'forward looking' perspective of an economy. Some typical measures are presented: R&D activities, R&D expenditure, jobs in R&D, patent application, skilled labour force and higher education attainment.

Well-being

Well-being indicators proposed in our study, derive from the literature on well-being indexes, like the Index of Sustainable Economic Welfare (ISEW). They are aimed at monitoring the width and depth of health, education and safety services within a region, its wealth and the quality and protection of the environment.

Table 7: "Economy" indicators

Themes (<i>second level</i>)	Indicators (<i>third level</i>)
Economic development and competitiveness	<ul style="list-style-type: none">- Growth- Added value by economic sector- Investments- Households saving- Poverty- Distribution of population and area across predominantly urban, intermediate and predominantly rural regions- Elderly dependency rate- Education- Information Technology Capacity
Employment	<ul style="list-style-type: none">- Employment- Unemployment- Long-term unemployment
Innovation	<ul style="list-style-type: none">- R&D activities- R&D expenditure- Jobs in R&D- Patent application- Skilled labour force- Higher education attainment
Well-being	<ul style="list-style-type: none">- Access to health services- Public expenditure on health- Access to education services- Public expenditure on education- Access to safety services- Facilities in the area- Leisure- Consumption expenditure by private households- Income/Wealth distribution

	<ul style="list-style-type: none"> - Consumer durable services - Services of households' labour - Services of streets and highways - Change in net international position - Quality of the environment - Cost of urbanization - Cost of water pollution - Cost of noise pollution - Loss of wetlands - Loss of agricultural land - Long-term environmental damage - Exhaustible resources depreciation - Perception of well-being
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6. Conclusions

In this paper the multi-stakeholder network is considered an essential condition for realizing the idea of Social Responsibility as a driver for local sustainable development. The multi-stakeholder network is defined as a '*socially responsible network*' implemented through a multi-stakeholder approach. As outlined, the concept of Territorial Social Responsibility (TSR) reflects the acknowledgment of the multi-stakeholder approach and is built on three pillars: local community, sustainability, deliberative democracy.

Nowadays TSR is mainly a theoretical concept; whereas when really implemented, the effective coexistence of the three pillars is the first challenge to face. Specifically, the implementation of a deliberative democracy process within the social responsible network is difficult to realize: the actors with a stronger political and economic power could prevail over those in a weaker position. Therefore, some empirical analysis needs to be carried out in order to evaluate the feasibility of TSR as a way of effectively underpinning local sustainable development.

At the same time, the proposed indicator set can be considered both as a useful analytical tool of evaluation and a guideline for addressing local multi-stakeholders accountability processes; nevertheless, it still needs to be tested and improved, while enlarging the spectrum of issues considered besides 'Governance', 'Social Capital' and 'Economy'.

Finally, by recognizing that CSR still encounters difficulties to be strategically integrated into organizations' governance and production processes, some questions emerge about the effective implementation of such a challenging concept as TSR.

Does the effectiveness of 'Territorial Social Responsibility' rely on the degree of CSR implementation of the organizations within the multi-stakeholder network?

Or vice versa, can TSR stimulate or strengthen social responsible practices in the organizations within the multi-stakeholder network?

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