A Critical Analysis of the Intellectual Capital Measuring, Managing, and Reporting Practices in the Non-profit Sector: Lessons Learnt from a Case Study

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Abstract In management literature, intellectual capital (IC) is considered the key driver of the competitive advantage of the third millennium enterprise firm; consequently, measuring, managing and reporting IC has become a critical issue. Frameworks addressed to measure and report IC have proliferated, nevertheless the adoption of these frameworks is not so widespread in practice. The strong call for critically investigating IC practices has been raised by several leading authors in the area. Doing a critical and performative IC research means empirically researching IC organisational practices in specific contexts, in order to increase the understanding of the IC dynamics. By critically analysing the IC practices of ANPAS Piemonte, an Italian non-profit organisation chosen for its long-standing experience in issuing audited IC reports (from 2003 to 2011), the article contributes to the knowledge of how and why IC is measured and reported in a specific, outstanding NPO disclosing IC. Moreover, the case study analysis contributes to shed lights on the levers and barriers that should be faced by other managers intending to implement and effectively use an IC measurement, management and reporting system within organisation.

Keywords Intellectual capital (IC) · Measuring, management and Reporting Intellectual capital reporting · IC practices · Case study · Critical research · Non-profit organisations (NPOs) · Italy

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Introductory Remarks

The advent of the knowledge economy has increased the strategic relevance of intellectual capital (IC), definable as the dynamic and firm-specific system of knowledge-based resources and activities (Kianto 2007; Giuliani 2009; Meritum 2002; Veltri 2011). In management literature, IC is considered the key driver of the competitive advantage of the third millennium enterprise firm (Reed et al. 2006; Martín-de-Castro et al. 2011; Marzo 2014). Consequently, measuring, managing and reporting IC has become a critical issue.

During the last 20 years, frameworks addressed to measure and report IC have proliferated (Sveiby 2010; Dumay 2009). Nevertheless, despite the interest shown by researchers, practitioners and political institutions, the adoption of these frameworks is not so widespread in practice (Lönnqvist et al. 2009a; Sillanpää et al. 2010).

IC research is at a crossroad (Chatzel 2004): Two decades of academic research surrounding IC focused mainly on establishing IC foundations, i.e. what IC is and how to measure it (Chatzkel 2004). IC researchers and policy makers tried to promote more IC disclosure but their effort focused on building new and improved IC causal frameworks or models, without investigating why managers and other stakeholders are not interested in what is reported in the IC report (ICR). As in practice, relatively few organisations measure and disclose their IC. Some pioneering companies, like Skandia, have abandoned it (Dumay 2009, 2012). IC scholars press researchers to investigate IC critically (i.e. to question the IC "grand theories" behind IC research) and to centre their attention on the IC implementation processes within organisations and on actual practices referring to IC, thus adopting a performative, bottom-up approach instead of an ostensive theoretical

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top-down approach, and changing their main research question from "What IC is?" to "How IC works in organizations?" (Dumay and Garanina 2013; Alcaniz et al. 2011; Guthrie et al. 2012; Mouritsen and Roslender 2009; Roslender and Fincham 2001).

There is, therefore, an identified gap in IC literature between research and practice and, even though the papers focused on IC practices at organisational level are increasing (Demartini and Paoloni 2013; Dumay and Rooney 2011; Chiucchi 2013), there is still little reported evidence of the companies' benefits related to IC measurement, management and reporting.

This paper aims to contribute to filling this void by proposing the analysis of IC measuring, managing and reporting practices in a non-profit organisation (NPO) operating within the Italian context, namely ANPAS Piemonte. This is an area that has attracted few empirical studies (Guthrie et al. 2009; Sillanpää et al. 2010) and, to the best of our knowledge, this is the first study analysing the role played by the ICR within a real NPO.

The choice to focus on the non-profit (NP) sector finds its justification considering that there is a paucity of articles focused on IC practices of public and NPOs. Although typically IC has been analysed through the lens of publicly listed and private sector organisations, IC framework may be considered even more fundamental to NPOs, because of the high intangibility component of the input, production process and output. NPOs' outputs (services) are intangible in nature and their production processes are heavily based on inputs such as skilled personnel and other intangible factors (Kong 2007a, b; Guthrie et al. 2009; Sillanpää et al. 2010). Moreover, many NPOs depend on a network of relationships, whose contributions are not captured by financial measures, yet are fundamental to their operation, and they heavily rely on trust and reputation (Adams and Simnett 2011).

The choice of ANPAS Piemonte, a regional division of ANPAS (*Associazione Nazionale Pubbliche Assistenze*), the largest volunteer federation of associations providing public interest services in Italy, was made since it is the only NPO in Italy with long-standing experience in issuing audited IC reports (from 2003 up to date). Italy is considered an attractive context to investigate the research theme, because the Italian NP sector has profoundly changed its role in recent years, moving from a marginal one to becoming a key player in supplying social services (Borzaga and Fazzi 2011).

The paper contributes in several ways to the IC literature. The main contribution is to address the call for doing IC research in a specific organisational context, contributing to narrowing the gap between theory and practice in IC literature (Chiucchi 2013).

More generally, the paper addresses a shared conviction in management and accounting research that greater

attention should be directed to the practice (Inanga and Schneider 2005; Scapens 2006; Parker et al. 2011; Malmi and Granlund 2009; Scapens and Bromwich 2010; Tucker and Lowe 2014).

The paper contributes also to shifting the attention of IC research from "What is IC?" to "How is IC?" in order not to take for granted the role of IC at organisational level, but instead to unveil its role in a specific firm context.

Furthermore, the paper adds knowledge to the NP literature, and specifically knowledge regarding the role of IC in the voluntary sector (Guthrie et al. 2009; Sillanpää et al. 2010), as it focuses on the exploitation of IC practices in an outstanding NPO disclosing IC, being the existing research on IC characterized by the generic nature of the studies and models (Kong 2008; Kong and Prior 2008).

The paper is organised as follows: after a review of the IC literature, from which research questions of the paper are driven ("Literature Review" section), attention turns to the method chosen to address the issues at stake ("Research Methodology" section); after a brief description of the contextual and firm-specific factors ("Analysing the Firm-Specific Factors of ANPAS Piemonte" section), the empirical evidence of the IC measurement and management practices ("Analysing the IC Measurement and Management Practices of ANPAS Piemonte" section), reporting practices of the selected NPO ("Analysing the IC Reporting Practices of ANPAS Piemonte" section), and the analysis on how the NPO works with IC is presented ("Analysing the IC Reporting Practices of ANPAS Piemonte" section). Finally, the case findings are discussed ("Main Findings" section) and the conclusions are drawn ("Conclusion" section).

Literature Review

IC research is a relatively new management discipline, which evolved over the past two decades in three distinct stages (Guthrie et al. 2012).

Originally, Petty and Guthrie (2000) outlined two stages associated with developing IC as a research field. In the first stage (from the late 1980s to the early 1990s), efforts focused on raising awareness of IC and understanding its potential for creating and managing a sustainable competitive advantage. The output of this research was the creation of the pioneering frameworks and guidelines to report IC such as the Skandia framework and Intangible Asset Monitor (Sveiby 1997; Edvinsson and Malone 1997). The second stage of IC research (from the late 1990s to the early 2000s) dealt mainly with the process of measuring and managing IC from a top-down perspective (Guthrie et al. 2012). During this stage different classifications were created, aimed to define and group different methods of IC

evaluation (Sveiby 2010). More advanced IC report guidelines belong to this period, such as the Meritum (2002) and Danish guidelines (DATI 2000; DMSTI, 2003). In the second stage of IC, several studies investigated the impact of IC on financial performance and value creation; however, empirical and case evidence was inconclusive (Dumay and Garanina 2013).

The first and second stages contributed to a commonly accepted terminology of IC. Several classifications of IC have been provided, resulting in the identification of three main IC components and related elements. While these components may have different names, they basically refer to human capital (the knowledge embedded in people); structural capital (the knowledge embedded in the organization and its systems) and relational capital (the knowledge embedded in customers and other relationships external to the organization).

Guthrie et al. (2012) extended Petty and Guthrie's study to introduce a third stage in IC research (from 2004 until now), focused on a critical examination of IC in practice (Alvesson and Deetz 2000); it is a research that can be classified as bottom-up research, as opposed to the top-down research of the second stage, and as performative research as opposed to the ostensive research (Mouritsen 2006).

Mouritsen (2006) recognized two basic research streams: IC-ostensive vs IC-performative and, consequently, two related but different roles of measurement. According to the IC-ostensive research stream, IC has a set of fundamental properties that exist prior to any interactions carried out by organizational actors. IC researchers, therefore, aim to uncover the descriptive qualities of IC and the formula through which IC is connected to value creation. IC is a value per se, and measurement is essential to discover value-generating assets not visible in the firm's balance sheet. IC researchers search for general IC measurement, management and reporting models.

On the other hand, the IC-performative research stream recognizes that IC is part of a configuration of knowledge management and, consequently, it is firm and context specific and it is dynamic by nature. The effect of IC on performance is achieved by interpreting its role within organizations, and researchers look at how organizational actors mobilize IC elements. In this perspective, IC is not a value per se, instead Valuing is concerned with the value developed for somebody and measurement is "convention", useful to understand the IC firm-specific qualities and to interpret its role within a specific organizational context. Therefore, under IC-performative approach, researchers do not rely on ostensive models to measure, manage and report IC, instead they create models specific to the organizations' studies to show how IC is mobilized

via praxis in a specific situation (Dumay and Garanina 2013).

Furthermore, third stage IC research claims that IC has the potential to be transformational (i.e. to promote change within organizations), but that its capability to unsettle organizational practices is only "potential" (Mouritsen and Roslender 2009; Chiucchi 2013) and it depends on the entrance point of the IC projects within organizations. Chaminade and Roberts (2003), in particular, highlight that when IC enters in an organization from an accounting point (that is to say for measurement aims), a "lock-in" to the accounting domain takes place, meaning that the focus will be on measuring IC in order to manage organizations. Conversely, if IC is introduced with a strategic managerial intent, for example to develop new practices for creating value through the exploitation of knowledge, then IC could be used as a means of transforming IC resources, favoring change (Chiucchi and Dumay 2012; Lönnqvist et al. 2009b).

The paper being embedded within the third-stage IC research, we bring forth four research questions (RQs) from the main claims of the third-stage IC literature. The RQs are addressed through a qualitative case study methodology based on the IC practices of a large Italian NPO, ANPAS Piemonte.

Table 1 summarizes the integrated framework of the research.

The first RQ (RQ1) we would like to analyse, starting from the claim according to which IC has a context-specific and firm-specific dimension, is which factors most affected the ANPAS Piemonte decision to start the process of implementing IC measurement management and reporting within the organization.

The second research question (RQ2) we would like to analyse deals with the long-standing experience of ANPAS Piemonte in measuring, managing and disclosing IC, especially when other pioneering firms abandoned IC. ANPAS Piemonte is one of the long-standing NPO that never interrupted the IC experience started in 2003 and this makes its experience unique and worthy of analysis. In other words, IC third stage research claims that IC is not a value per se, but something that concerns about developing value fo its users. Starting from this, we would like to investigate: Why Anpas Piemonte continue to disclose IS? What is its gain? What really is the benefit that the manager recognizes to the IC report?

The third research question (RQ3) deals with the IC framework used by ANPAS Piemonte to disclose IC information. IC thurd stage researh claims that, in order to be usefyl to managers, IC frameworks should be specific to the organization analyzed. Starting from this claim, we investigate which framework ANPAS Piemonte uses and

Table 1 The integrated framework of the research

Third-stage research claims	Research hypotheses	Research questions
IC is context-specific and firm-specific	Context-specific and firm-specific factors affect the managers' decision to measure, manage and report organizational IC	Which factors affect the managers' decision to measure, manage and report organizational IC? (RQ1)
IC does not have a per se value, instead IC value is concerned with the developing value to somebody	The representation of IC in the IC report is interesting as long as it is useful for the IC users	Which are the reasons why organizations continue to measure, manage and report organizational IC? (RQ2)
IC measurement, management and reporting systems within organizations do not follow a predefined model, instead managers bend them to their needs	The representation of IC in the IC report does not follow a predefined model, and IC elements are summarized in a way specific to the organizational context	Do manager's needs affect the way in which IC is understood, represented and reported to organizational stakeholders? (RQ3)
The capability of IC to be transformational, i.e. to unsettling organizational practices, depends by the point of entrance of an IC project in a company	A "lock-in" to the accounting domain takes place when IC enters in an organization from an accounting point of view (measurement aims)	Does the entrance point of IC in an organization impact on the way in which IC is understood, represented and used within organizations? (RQ4)

whether managers' needs affect the way in which IC is understood, measured, managed and reported.

IC third stage research claims that the entrance point of the IC framework is likely to affect the way in which IC is understood by an organization. Starting from this, the fourth RQ (RQ4) is addressed to investigate which was the entrance point of IC in ANPAS Piemonte and if this entrance point affected the way in which IC is measured, managed, and reported by ANPAS Piemonte.

Research Methodology

The RQs have been addressed using a case study approach, appropriate when a researcher needs to conduct a holistic and in-depth analysis of a complex phenomenon in its real-life context (Yin, 2003; Berry and Otley 2004). As such, this method is particularly suitable for exploring IC, which

is complex and context-dependent by nature (Mouritsen 2006).

The choice to focus on a single case study responds to several reasons. Firstly, a single case enhances the in-depth nature of the analysis because it allows the researchers to get a richer and deeper understanding of the phenomenon and the context in which it takes place (Montemari and Chiucchi 2013). "Richer" is intended in terms of quality and quantity of information on the phenomenon under analysis (Ferreira and Merchant 1992) as well as on the reasons that lead actors to perform certain actions (Ahrens and Dent 1998). "Deeper" is intended in terms of opportunities to generate theoretical reflections on the phenomenon itself (Baxter and Chua 1998). The focus on a single case study research fits very well with the purpose of this paper, i.e. understanding the IC management and reporting practices at organizational level.

Secondly, the choice to focus on a single case study responds to a particular circumstance and contingency, as the NPO selected for the case study, ANPAS Piemonte, is barely comparable with other NPOs. It is a particular organization, being a large NPO coordinating 81 regional NPOs, in turn providing public interest services. NP sector is diverse (Kong 2010) and, coherent with Sillanpää et al. (2010), we believe that, from the IC management point of view, the distinction between different industries within NP sector may in some cases be as important as the profit orientation and that a focused research helps to understand the specific role of IC in different sectors of the NP sector. Moreover, ANPAS Piemonte has been measuring its IC for several years and this gives us the possibility of using a longitudinal case study that is considered appropriate, since IC as a social object needs to be "contextualized", that is, put into the specific time, space and minds in which it develops (Jørgensen 2006; Lamberti and Lettieri 2009; Dhanda 2013). Furthermore, it should be underlined that some companies, like Skandia, which had been pioneers in IC measuring and reporting abandoned it. The analysis of the measurement, management and reporting practices of ANPAS Piemonte, thus, give us the opportunity to investigate why ANPAS Piemonte's managers still continue to measure and report IC, which benefits for the organization the manager recognizes to IC.

Moreover, to the best of our knowledge, ANPAS Piemonte is the only Italian NPO reporting IC to date, and we decided to limit our investigation to Italy to overcome problems associated with comparing across countries with different environments. In addition, Italy is particularly well suited for our empirical investigation because of its recently changed role, becoming from 2000 onwards a key player in supplying social services; we would like to investigate whether the contextual factors had a role in the ANPAS Piemonte manager's decision to measure, manage and disclose organizational IC.

From an IC perspective, ANPAS Piemonte is an interesting organization because of its early adoption, since 2003, of a measurement system of IC, reported to the stakeholders on the organizational website and for its long-standing experience in ICRs. A long-lasting case of implementation of an IC measurement and reporting system is seldom used as an empirical starting point and, as such, the company under consideration is an extremely interesting case.

The research has been carried out under a qualitative approach (Moll et al. 2006; Parker 2012) under the theoretical paradigm of the interpretivist model. In the light of interpretivism, sociological phenomena cannot simply be observed but must also be interpreted by the researcher. This means that there is not one absolute reality, but rather different possibilities are generated by the perspective adopted to interpret the facts (Crotty 1998; Ryan et al. 2002; Demartini and Paoloni 2013).

The four RQs that have been addressed employed conjointly two qualitative tools (documental analysis and semi-structured interviews). The documental analysis has been carried out through an in-depth analysis of IC reports (ICRs) of ANPAS Piemonte, with the aim to identify the framework followed and IC indicators used (Mouritsen and Larsen 2005). The semi-structured interviews took place with the GD of ANPAS Piemonte, together with an employee, responsible with him for reporting IC. Anyway, the main interlocutor of the interviews was the GD, as he is definitely the man responsible for introducing and continuing to use the IC measurement and reporting system within the organization.

The semi-structured interview was chosen as a method for collecting qualitative data because of its high degree of flexibility and because it offers the opportunity to address themes that come to light during the interviews, allowing the enhancement of the understanding of the motivations that drove the interviewee's actions as well as his/her interpretation of the reality (Qu and Dumay 2011). A qualitative data analysis was applied to the interview data. This allowed researchers to focus on the answers delivered by the respondents in terms of their meaning, also maintaining sensitivity to the context (Denzin and Lincoln 2000).

Analysing the Italian Non-profit Sector

NPOs are facing worldwide several performance challenges, namely the shortage of financial resources, the subsequent increased demand for the control and rationalization of the services supplied or financed by the public authorities, and the growing competition with the public and for-profit sectors (Eisenberg 2000; OECD 2003; Salamon 2010; Helmig et al. 2004). In order to cope with these challenges, NPOs not only should use the "traditional"

tangible resources responsibly, but they also should be able to generate and effectively manage the "new" intangible resources (Kong 2010; Bagnoli and Megali 2011).

The Italian third sector is an interesting context in which to investigate IC management and reporting practices at organizational level, because the evolution of NPOs and of the relationships between them and the public authorities sector has had conflicting results. On the positive side, it has contributed to increasing public spending on services, which in turn has mainly resulted in growth in the number and economic importance of NPOs (Borzaga and Fazzi 2011). Over the past 20 years, the Italian third sector profoundly changed from being a marginal to becoming a key player in supplying social services. In 2005, almost half of social services spending by medium and large Italian towns were managed by NPOs (Borzaga and Fazzi 2011). Table 2 highlights the key points of the evolution of Italian NP sector.

The recent national census (ISTAT 2013) shows an even growing sector, both in terms of number of NPOs (more than 300.000 NPOs, +28 % respect to the 2001 datum) and in terms of volunteers (almost 5 millions, +43.5 %) and employees (almost 700.000; +39.3 %). The census shows that Italian NP sector substitutes the public sector in many services provided and it is the main productive situation for the sector of "social assistance" (361 NPOs every 100 firms) and "culture and recreation" (239 NPOs every 100 firms). During the ten year period 2000–2001, the NP sector has been the most dynamic in the Italian productive system.[1]

On the negative side, the evolution of the Italian NP sector caused a marked dependence of the majority of NPOs on public resources. Moreover, the economic pressures derived from the shortage of financial resources have increased demand for the control and rationalization of the services supplied or financed by the public authorities (Borzaga and Fazzi 2011). As a consequence, there has been a switch from the "protected market", characteristic of the 1980s and 1990s, to a highly competitive environment (Benevene and Cortini 2010). The sector is characterized by the presence of many small-sized NPOs struggling to survive because of limited human and financial resources: the average NPO has 16 volunteers, 2 employees and 1 external worker and 54.9 % of Italian NPOs have a budget that does not exceed 15,000 euros per year (CNEL-ISTAT 2008).

A recent research provides evidence that in the same context, important factors affecting the attitude to IC are geographical location, type of industry, type of operation and the size of the organization (Axtle-Ortiz 2013).

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[1] The NP sector recorded +28 % (number of NPOs) and +39.3 % (number of employees). The corresponding number of private firms are +8.4 and +4.5 %; the percentages relative to the public sector are −21.8 and −11.5 % (Istat 2013).

Analysing the Firm-Specific Factors of ANPAS Piemonte

How does ANPAS Piemonte position itself in the Italian NP context? As regards its relationship with local authorities, we must underline that, providing social services of public interest, mainly health services, it is dependent on public (regional) funding. Anyway, it has a privileged position with respect to other NPOs, as it is a regional division (*comitato regionale*) of ANPAS (*Associazione Nazionale Pubbliche Assistenze*), the Italian volunteer federation of public assistance groups, and it has a recognized aim to coordinate all the 81 public assistance groups in the Piemonte Region, acting as trait-de-union between these associations and the regional health system (ANPAS Piemonte IC Report 2012).

ANPAS Piemonte shows features different from those of the average Italian NPO. It is a legally recognized (then more structured) association located in northern Italy, in which is situated more than half of NPOs. It operates in multiple areas of social services, mainly in health services, while the majority of Italian NPOs assume the form of non-legally recognized association (66.7 %) and focus on a single social service, mainly in the area of culture and sport (65.0 %) (ISTAT 2013). Moreover, ANPAS Piemonte is one of the oldest Italian NPOs, having been founded in 1974, in the first (pioneering phase) of third sector in Italy, in which NPOs were limited in number. ANPAS Piemonte characterizes itself as a big, strong and wealthy NPO, with a budget almost equals to 1,400.00 Euros (ANPAS Piemonte Annual Report 2012). The majority of Italian NPOs, on the other hand, was founded after 1980 (78.5 %) and is small-sized, with a budget that, for 54.9 % of Italian NPOs, does not exceed 15,000 Euros per year (CNEL-ISTAT 2008). The average NPO has 16 volunteers, 2 employees and 1 external worker; conversely, ANPAS Piemonte has 350 employees, distributed in its 81 associates, and 9,140 volunteers supporting the provision of social services. If we consider just the organization of ANPAS Piemonte (without including its associates), it includes five employees, of which one is the GD, who developed his skills in the NP sector.

Have these different features had an impact of the ANPAS Piemonte's attitude towards IC? A recent IC survey provides evidence that typically Italian NPOs are not knowledge-oriented, they neither use structured procedures to select the best people, nor consider training as a tool for strategic management of human resources (Benevene and Cortini 2010).

Instead, ANPAS Piemonte is different in its (communication) attitude towards IC, having issued ten audited IC reports, but it remains to investigate whether contextual factors and firm-specific factors had an impact on the

Table 2 The evolution of NP sector in Italy

Phases and period	Legal context	Main features of the NP sector
Pioneering (1980–1990)	No Italian law regulating different typologies of NPOs	Autonomy in providing services and satisfying needs, mainly targeted to low-income social categories
		Strong volunteers' support
		Limited financial requirements
		Availability of public resources at local level
Expansion (1991–2000)	Law 381/1991 on social cooperatives	Impressive growth in the number of NPOs
	Law 266/91 on voluntary associations	The cost of services provided, as well as the professionalization in providing them, increases
		Public financing became the principal source of funding for NPOs
		The local authorities start to use competitive procedures to outsource local services
		Switching from cooperation between Public and NP sector to negotiation
Institutionalization (2000–onwards)	Law 328/00 assigned to local public authorities a pivotal role in local social planning	Dependence of NPOS both from the funding and the choices of public authorities
		Financial resources transferred from central government to local authorities reduced
		Pressures to curb spending that increased NPOs' productivity but reduced their margins as well
		Growing heterogeneity of NPOs in terms of objectives

Source Adapted from Borzaga and Fazzi (2011)

manager's decision to implement (and maintain over time) an IC measurement, management and reporting system. The next section addresses RQs 1 and 2 using the tool of semi-structured interviews.

Analysing the IC Measurement and Management Practices of ANPAS Piemonte

Firstly, we need to contextualize the organizational environment in which we conducted the interviews. ANPAS Piemonte is an NPO in which only five employees work. Among these, the only person who makes IC happen and who is responsible for producing and disclosing ICRs is the GD, supported mainly by one, occasionally by two employees; the IC is the right person to interview, as he started the IC project at ANPAS Piemonte and ICR is for his benefit.

The project for measuring and reporting IC in ANPAS Piemonte started in 2003 and it is still ongoing. The sponsor of the project is the GD, who was involved with the project from its beginning. When asked to explain why ANPAS Piemonte started to implement an IC measurement and reporting system, the GD highlighted two relevant levers: the external input provided by a consultant organization, Intellectual Capital Certification (ICC), which included ANPAS Piemonte in a sample of Piedmontese organizations to involve in a project of measurement and reporting of IC and, above all, the availability of the (regional) funds needed to implement (and sustain) the IC project. Moreover, the GD underlined the need for a structured organization to manage an IC measurement and reporting system.

From 1997 we succeeded in signing an agreement with the (Piedmont) Region that recognizes to ANPAS Piemonte 4 % on the conventions against several consultant certification activities. This agreement allowed us to grow up and the stability of in-flows allowed us to plan several activities and innovative projects, such as IC. The quality certification system, the implementation and certification of IC are costly, and small NPOs are unlikely to be able to carry out these activities, which need a structured organization.

When asked to explain the reasons why ANPAS Piemonte continued to measure IC and to disclose it to the organizational stakeholders, the GD affirms his confidence in this tool:

We continued the experience because we saw that this tool can well adapt to the reality of an NPO. I believe that the ICR, despite being a complex tool requiring heavy investment in human resources, gives good answers and allows us to make evaluations.

When ANPAS Piemonte started with IC measurement and disclosure, the GD was new to this theme, but he was ready to foresee the potentialities of the tool to coordinate the 81 associations under the ANPAS Piemonte domain, his main concern:

We coordinate 81 volunteering associations located in the Piedmont Region, from the small association located up the mountain with 30 volunteers to the big association with 60 employees and 1.100 volunteers. These associations are really different both from a territorial and structural point of view. For this reason we need a tool that allows us to understand, evaluate and control both internal factors (the satisfaction of our customers, the supplying during the years of the external services provided and the human resources of our associations in terms of number and training) and external environment (in terms of how the critical points of the environment impact on the associations and if they are able to cope with these criticalities).

The interview data also reveal that the GD recognizes the IC information as an input to manage the organization effectively, and this main advantage overcomes the disadvantages mainly in terms of time employed and the costs sustained for collecting and processing data needed to calculate IC indicators.

Analysing the IC Reporting Practices of ANPAS Piemonte

There is no universally accepted IC measurement method. Sveiby (2010) identified four categories, in relation to the different IC measurement purposes: direct IC measurement methods, market capitalization methods, Return on Assets methods and Scorecard methods.[2]

The first three categories of method focus on the financial side of measurement and the monetary value of intangible assets, whereas scorecard approaches look for indicators able to measure intangible resources and activities. The section will focus solely on the IC scorecard methods, our perspective being an internal, managerial perspective. Monetary methods, owing to their general and summary nature, do not allow management to govern and manage the individual intangible assets on the basis of the

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[2] Direct IC measurement methods estimate the monetary value of what a company may consider as individual components of its IC, identified by audit questionnaires. The IC measures can take the form of a dollar value or be aggregated as coefficients (DIC); Market capitalization methods calculate IC as the difference between a company's market value and its net asset value (MCM); Return on Assets method calculates IC as a ratio between average annual earnings from intangibles (derived by multiplying the difference between the ROA of a company—the ROA of the industry for the company's average tangible assets) and the company's average cost of capital or an interest rate (ROA); finally scorecard methods measure IC by identifying its components and expressing them through IC indicators, above all non-monetary, assembled in a company's scorecard (SC).

creation of that value, while non-monetary (scorecard) methods, as they do not measure intangible assets in financial terms, can be usefully applied to NPOs.

As regards scorecard methods, the IC literature (Chiucchi 2004; Veltri 2011) distinguishes between general scorecard measurement systems and *ad hoc* IC measurement, management and reporting (ICMMR) models.[3] Among ICMMR models, the IC literature distinguishes between the first-stage and second-stage models. In first-stage models, IC is identified as a sizeable part of the differential between market value and book value. The dominant vision is a typical accounting vision, according to which IC is an aggregate of intangible resources, conceptually similar to balance sheet assets. The mainstay of these models is IC value measurement and their principal aim is to explain the causes of the differential between accounting and market value, mainly attributed to IC. The categories of IC become the preferential object of analysis and measurement and guide the identification of IC indicators, mainly based on intangible resources. The Navigator proposed by Edvinsson and Malone (1997) and the Intangible Asset Monitor (IAM) proposed by Sveiby (1997) are typical examples of the first-stage models. The second-stage IC-MMR models adopt the evolved notion of IC as a dynamic system of intangible resources based on knowledge. In these kinds of model, attention is focused on the interactions between the IC items, at the basis of the organization's creation of value and on intangible activities essential for the production, preservation and development of intangible resources. The assumption behind these models is that knowledge can be managed when managing IC, and their main aim is to identify the paths of the organization's creation of value based on knowledge. In the second-stage ICMMR the ICR is the principal object of study and definition. It allows for improved communication with the stakeholders, for the management of IC but, mostly, it becomes a tool for knowledge creation and thus becomes part of the company's knowledge management. The ICMMR models proposed by the Danish guidelines (DATI 2000; DMSTI 2003) and by the EU-sponsored Meritum Project (2002) are typical examples of the second-stage models.

The analysis of ICMMR models in the NP sector is an area that has not attracted many studies on ICR practices,

and the few existing studies analyse the disclosure of IC in documents rather than in an ICR-like annual report with the content analysis tool (Guthrie et al. 2009) or investigate the IC management by interviewing managers of the case organizations (Sillanpää et al. 2010).

This paper employs both the qualitative tool of documents analysis, namely the ICRs, ad hoc documents employed by ANPAS Piemonte to disclose IC and the qualitative data emerged by the semi-structured interviews.

From the analysis of ANPAS Piemonte's ICRs, we can notice that the NPO declares to follow both Intangible Asset Monitor (IAM) (Sveiby 1997) than Danish Guidelines (DATI 2000; DMSTI 2003a) to report its intangible resources.

Anyway, if we analyse the ICRs, we can notice that ANPAS Piemonte does not follow the Danish framework, which would require the narration of the knowledge strategy and of the actions to be carried out to reach the strategic aims, to express IC indicators in terms of resources, activities and effects and to refer them to the knowledge resources of employees, customers, processes and technologies. On the other hand, the ANPAS Piemonte's IC framework does not follow correctly either the IAM model, which would require to analyse both tangible and intangible assets (external structure, internal structure and individual competence) under three kind of indicators: growth/renewal indicators (pointing out the meaningful increment of defined organizational phenomena), efficiency indicators (pointing out the achievement of a process by minimizing the cost) and stability indicators (allowing the state of organization, or process, or competences to be pointed out for a determined period). (Sveiby 1997).

If we analyse the ANPAS Piemonte's IC report we can notice that it validates the tripartition of IC into human, organizational and relational capital, disclosing IC indicators, at least formally, according the IAM model (Sveiby 1997) Table 3 illustrates the ANPAS Piemonte IC framework.

If we turn our attention to the human capital (HC) indicators, we have to underline that they are focused on training in terms of effect of training activities (certified and not certified volunteers) and number of training hours, and on the working climate. The first two elements highlight the critical relevance of this factor for ANPAS Piemonte. Training in fact is strictly linked to the capability of improving the employees' skills by favouring knowledge transfer, and in turn employees' skills are more relevant in an NPO, characterized by a direct relation between the operator and the end user.

From the semi-structured interviews, it emerged that the GD recognizes training as the competitive advantage of its organization.

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[3] General scorecard methods are models aimed to measure organizational performance; therefore, they focus not so much on measuring intangibles per se, but on evaluating company performance highlighting also "invisible factors" linked to non-financial dimensions, such as the Balanced Scorecard. Ad hoc ICMMR models, instead, focus on two issues: develop a IC measurement system which would facilitate its management so as to improve its performance and thus positively influence company performance and disclosing IC information through IC reports to improve communication with the organizational stakeholders (Veltri 2011).

Table 3 The ANPAS Piemonte IC framework

Indicators	Human capital	Organizational capital	Relational capital
Growth/renewal	Certified and not certified volunteers (SARA)	No. of "aid scenarios" manuals distributed	Degree of satisfaction of associates (from 1 to 10)
	No. of training hours for employees	No. of units of ANPAS Piemonte employees	Associative quotes cashed
	Average years of the members of the board of directors and employees	No. of hours of external consultancy to associations	First aid courses in firms
		No. web site contacts	Trained students in first aid courses
		No. telephone contacts	Number of associations
		No. email contacts	Investments in communication
		Documental project published	
		International project managed	
		Internal coordination meetings	
		External coordination meetings	
Efficiency	Certified and not certified volunteers (118)	No. of associations' employees	Degree of satisfaction of public and private organizations dealing with ANPAS (1–10)
	Certified and not certified volunteers (118; years 1997–2002)	No. of associations' ambulances	No. of articles/advertisements on media
		No. associations' other vehicles	No. of families participating in meetings on international adoptions
		No. of services offered by associations	No. of associates' volunteers
		No. of km covered by associations	No. of external associates' members
		No. of canine-unit associations	No. of volunteers in civil service
		% of associations with audited report	
		No. of associations certified on administrative and fiscal transparency	
		No. of 118 positions managed by certified associates	
		Refund conventions for health emergency 118 to associates	
		% of increment of 118 annual costs	
		Average refund for 118 position	
		Social value of 118 voluntary work	
Stability	Internal customer satisfaction	Turnover of service suppliers	Customer satisfaction on courses offered
		% of associates on the total number of institutions authorized to transport disabled peoples	

Source ANPAS Piemonte Intellectual Capital Reports 2003–2012

SARA non-emergency transportation with ambulances, *118* emergency transportation with ambulances

We are the only structure certified for the continuous training from the Piedmont Region. We were the first that started with training courses in the health sector. At this moment we are working on prevention and first aid in the secondary schools, and we are going to come out with some training projects on preventions and risks of volunteering works. Again, we are the first and I am proud of this. We always try to implement a training process in cascade, with the aim to convert training into competences and knowledge for our associations. To develop this system we made strong investments.

In this, ANPAS Piemonte is different from the average Italian NPO that neither uses structured procedures to select the best people, nor considers training as a tool for strategic management of human resources (Benevene and Cortini 2010).

On the other hand, as the company's mission of an NPO is to create social value, one of the lever at disposal to the managers is to enhance the employees' satisfaction and let them feel an active part in achieving a social target (Borzaga and Tortia 2006; Bolton et al. 2011). ANPAS Piemonte, therefore, provides evidence of its attention towards employees' satisfaction.

The section of organizational capital (OC) contains the most indicators and is the one that better reflects the specificity of ANPAS Piemonte. The OC indicators, in fact, can be distinguished into indicators related to the ANPAS Piemonte's structure (in terms of number of manuals

distributed, projects published, international projects managed, internal and external meetings) and indicators related to the ANPAS Piemonte's associates (analysed in terms of number of employees, vehicles used, services provided, km covered, refunds for 118 positions by Piedmont Region, average cost for service and for km for 118 position and the cost of voluntary work for 118).

Finally, the section devoted to the relational capital (RC) identifies the relationships that ANPAS Piemonte entertains with its associates (customer satisfaction, use of training courses, associative quotes cashed and number of volunteers and external members), with other stakeholders (number of training courses offered to firms, customer satisfaction of the training courses offered, customer satisfaction on the cooperation with public and private institutions, number of families involved in international adoptions and number of volunteers of civil service) and investments related to the ANPAS Piemonte image, with the aim to monitor the capability of ANPAS Piemonte to become a reference point for its associates and the capacity of attraction of ANPAS Piemonte in relation to the overall voluntary sector.

Analysing how ANPAS Piemonte Works with IC

To answer to the fourth RQ, namely if the entrance point of the IC project in the organization condition the way in which IC is understood, used and reported, in the light of the interpretative approach (Crotty 1998), we interpreted the qualitative data derived from the ICRs' analysis and from the semi-structured interviews.

Chaminade and Roberts (2003) highlight that the point of entrance of an IC project has a strong influence on the development trajectories of the project, and that, if accounting is the entrance point, the focus will be on its measurement of IC, so causing a "lock-in" of IC as accounting phenomenon, instead of developing new practices for creating value through the exploitation of knowledge. Analysing our qualitative data, we believe that in ANPAS Piemonte the IC project has been introduced as a measurement project functional to the GD's managerial aims, that is coordinating a large amount of associates (81) really different one from another:

We coordinate 81 volunteering associations located in Piedmont Region, from the association located up the mountain with 30 volunteers to Croce Verde Torino, with 60 employees and 1.100 volunteers, associations really different both from territorial and structural point of view. For this reason we really need to understand, evaluate and control; we define all IC indicators together with ICC (*the consultant service company*) to understand which IC indicators could be useful.

The GD considers the IC information as an input essential to coordinate effectively the associates, and uses the ICR as a monitoring tool internally, and externally as a business card of the organization, able to highlight the value that ANPAS Piemonte is providing to its main stakeholders (Piedmont Region, Red Cross, Local Health Organizations)

The ICR is an instrument that we use every time we interact with public organizations, when they say "we have to diminish costs, we consume too much, we have to cut", we can say: "have a look to this indicator (*the reference is to the indicator "social value of voluntary work"*), do you know how should you pay this service if you have to manage it by yourself? Do you consider the value we are giving you?"

Main Findings

From the analysis of the measurement and reporting practices of IC in ANPAS Piemonte substantially some key elements emerge:

(1)   The introduction of an IC measurement, management and reporting system in ANPAS Piemonte has been fostered by two external context-specific factors.

The first one is the availability of the financial resources, as the circumstance that Piedmont Region recognized to ANPAS Piemonte 4 % of the conventions allows the organization to count on the stability of in-flows, opening for the GD the possibility of introducing innovative projects, such as the IC project, which are costly.

The second one was the input provided by the consultant company. In a context in which IC management is almost unknown, such as the Italian NP sector, probably it needed a push to persuade the GD to introduce an IC measurement, management and reporting system;

(2)   The long-lasting experience of ANPAS Piemonte in measuring and disclosing its IC finds its justification in some firm-specific factors.

If ANPAS Piemonte implemented IC, this is not also due to the availability of the financial resources, but above all it is due to the personality's traits of the GD, to its intuition of the potentialities of this tool and to its conviction that ICR was the right tool to monitor NPOs.

A report based on the balance sheet is less relevant for a non-profit organization, as we do not have an income or standardized parameters and structured reference indicators.

The GD continued its experience with IC simply because it recognizes the usefulness of the tool to coordinate effectively the ANPAS Piemonte's 81 associates.

(3) The manager's learning process on IC has been influenced by those (the consultant society) that guided the introduction of IC into the company through the design and implementation of an IC measurement system and filtered by the GD needs.

IC was introduced in ANPAS Piemonte as a measurement project, starting from the numbers (i.e. indicators). The GD and the consultant company focused their attention on fitting the organizational IC into a measurement framework instead of focusing on its practices, because the needs of the GD were to find a tool able to help him to manage the ANPAS Piemonte's associates.

Conclusions

Over the last two decades, intellectual capital accounting (ICA) has become an important research area. A plethora of frameworks for measuring and reporting IC have been proposed in theory, in practice and by governmental institutions (Sveiby 2010) but, despite this, there is little evidence of organizations measuring and reporting their IC. As a consequence, the need to focus research on critically analysing IC measurement, management and reporting practices in action has gradually come to the forefront (Marr and Chatzkel 2004; O'Donnell et al. 2006; Guthrie et al. 2012).

This paper aims to answer the call for more critical and performative research on IC. Here critical is used, as in Dumay (2009), about presenting comments and opinions from the detailed analysis of IC in action, while performative approach recognizes "that there is no fundamental formula to understanding the role of IC in organizations and society" (Mouritsen 2006, p. 826). Doing a critical and performative IC research means empirically researching IC organizational practices in specific contexts, in order to increase the understanding of the IC dynamics (Lönnqvist et al. 2009; Mouritsen 2006).

Following this approach, the article analyses a single in-depth case study of an Italian NPO, ANPAS Piemonte, that has been measuring its IC for several years. In detail, the analysis focuses on investigating "which factors affect the managers' decision to measure, manage and report organizational IC" (RQ1); "which are the reasons why organizations continue to measure, manage and report organizational IC" (RQ2); "if manager's needs affect the way in which IC is understood, represented and reported to organizational stakeholders" (RQ3), and "if the entrance point of IC in an organization affects the way in which IC

is understood, represented and used within organizations" (RQ4). The RQs have been addressed through the analysis of the organizational ICRs and the use of semi-structured interviews to the ANPAS Piemonte's GD, the main person in charge of implementing IC measurement and reporting system.

As regards the first two RQs, concerning why ANPAS Piemonte is starting (and it is continuing to measure and report IC), we can notice that the findings provide evidence of our research hypotheses: relevant context-specific (the external input of the consultant society and the availability of public funds) and firm-specific factors (strongly related to the manager appointed in ANPAS Piemonte, to his culture and beliefs) are responsible for the introduction within the organization of an IC measurement, management and reporting system. The IC framework has been introduced because the GD was able to see the potentialities of IC as monitoring tool, and continued because he recognizes the usefulness of ICR for its managerial aims. Even the findings related to the third RQ (whether the IC report follows a predefined model or is bent to the manager's needs) provide evidence of the research hypothesis that IC elements are summarized within the ICR in a way specific to the organizational context. Instead of following a theoretical predefined format, the ICR is used to highlight the peculiar features of ANPAS Piemonte under an IC perspective. Finally, the findings related to the fourth RQ (if the entrance point of an IC project within organization conditions the way in which IC is perceived and used) underline that, from the beginning, IC entered in ANPAS Piemonte for measurement aims, and it has been used as a tool to address the GD's managerial aims (i.e. to effectively coordinate ANPAS Piemonte's associates).

Trying to generalize the findings of the case study, we can say that, in ANPAS Piemonte, the conditions existed that made the IC project successful and that should be, in our opinion, present when organisations consider implementing IC frameworks for managerial purposes. Firstly, the IC indicators, as happened in ANPAS Piemonte, should be built from the user's perspective rather than from a neutral standpoint. The "it's about me" viewpoint, in fact, increases the likelihood that the indicators are recognized as a relevant aspect of the company's working conditions (Catasús and Grojer 2006). Secondly, the implementation of IC measurement and reporting systems within organisations should have the aim to enhance learning, to help managers to become gradually engaged with IC and to learn about risks and opportunities related to it (Chiucchi 2013). This was the experience of the ANPAS Piemonte's GD, which was involved from the beginning in designing the IC measurement and reporting systems. Thirdly, the managers should not worry about following a predefined IC framework, instead preferring to bend existing frameworks to their needs; this way of thinking allowed the GD to interpret IC as a way to solve his practical issues

(Cuganesan et al. 2007). Fourthly, managers should always question the usefulness of IC indicators within organisation, analysing their ability to capture the performance dimensions deemed relevant (Jordan and Messner 2012); ANPAS Piemonte' GD did so and this is the main reason why IC experience continued within organisation.

This paper has shown how an NPO has been set up and an IC measuring and reporting system used, thus answering the call for more studies on IC in action. The case analysis contributes by shedding light on the levers and the barriers that have to face managers implementing an IC measurement, managing and reporting system and on the conditions that should be present in an organisation to make an IC project a successful project.

To conclude, the limitations of our study are also highlighted. Our study is limited to the one Italian NPO studied, in which the implementation of an IC measurement, management and reporting system has been affected by context- and firm-specific factors. Additionally, the results obtained are based on the authors' analysis and interpretation of organisational ICRs and qualitative data of the semi-structured interviews with a main interlocutor, the GD, who makes IC happen and is responsible for producing and disclosing ICRs. For these reasons, our results may not be generalized directly to other organisations.

As regards the paper's main practical implications, the NP sector, in Italy and in many western countries, is facing big challenges due to the pressures to produce cost-effective but still high-quality services. The findings of the paper stress that the IC approach seems well suited as a managerial framework in the third sector. The paper takes on the issue of using IC measures in managing organisations, providing viable measures that can be evaluated within the context they have been employed. Of course, more research and practical research experience are needed at this stage, but the ANPAS Piemonte's IC framework could serve as an example for other organisations to implement IC frameworks (Dumay 2014).

Furthermore, we can say that the key elements emerged from the case study provide readers with an insight into the levers and barriers encountered by the general director (GD) of ANPAS Piemonte that could be taken into consideration by other organisations planning to introduce an IC measurement, management and reporting system. These findings, thus, can help companies to make the IC implementation processes more effective and create conditions that can help to overcome the barriers to the use of IC information within organisations.

Finally, other organisations which implement IC practices could become aware of the possible lock-in phenomenon when IC is introduced with an accounting perspective, paying more attention to the process of managing IC.

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