

# THE ROLE OF ACTIVE RELATIONSHIP GOVERNANCE IN BUILDING SOCIAL CAPITAL, IMPROVING TRUST AND REINFORCING REPUTATION

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## 1 – INTRODUCTION *(Letizia Ciancio)*

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### THE CONTEXT

In this liquid society, the fuzziness of boundaries driven by globalization weakens 'identities' and, even more so, the very sense of 'limits'. We seem to dissipate the ability to 'wait'.

All needs to be 'now', 'readily available' and 'possible'. And, as we focus on efficiency, on the what and the how we do what we do...we appear to have lost sight of the why.

The web has expanded our vision of the world and technologies accelerate processes, yet individuals and organizations confront disorientation, inadequacy and 'groom' extreme worldviews: either pessimistic or blindly optimistic.

Trust and reputation have therefore come to assume a new and expanded role: trust allows a better/faster creation of relationship systems and, by accelerating processes, allows a rapid construction of reputation.

In this sense, relationships move at the speed of trust and reputations move at the speed of relationships (and behaviors....) and it has now become imperative to be fully aware of the limits of the traditional 20th century management model of total control of processes.

Particularly for those professionals (public relators) who invest time and efforts in improving the quality of stakeholder relationships of private, public and social organizations, it is essential to master a more effective approach by capitalising on the creation of stakeholder relationship systems, with a level of control of the processes which is "good enough" rather than "perfectly compliant", allowing thus to manage the unexpected in an agile, flexible and creative way.

Trust is now the fundamental ingredient for individuals and organizations to accelerate processes, develop resilience and build reputation.

But what do we mean by trust, by reputation and how are they correlated?

### THE PAPER

The questions are:

- How may relationship professionals (public relators) raise the relevance of their role in an era where the interaction between trust and reputation has become the material-yet-intangible value of every organization?
- And, more importantly, how can they measure the dynamics of this intangible-yet-material value created that we commonly define as 'social capital'?

We address these questions in order to:

- a) demonstrate how effective stakeholder relationships governance creates measurable social capital within-and-amongst organizations and with their respective territories;
- b) begin to identify an effective, replicable and scalable approach to local integration by social, public and private organizations to create measurable and material-yet-intangible social capital, in compliance with the principle of subsidiarity (Article 118 of the Italian Constitution and Article 5(3) of the Treaty on the European Union). According to this core principle, if a lower body is able to perform a task well, the higher authority does not intervene, but may, where appropriate, support its action.

## AGENDA

- We analyse available Italian **related data** on trust from the Edelman Barometer and on reputation via the Reputation Institute.
- We dissect the current **interpretations of social capital** and its values for territories and organizations as well as suggest indicators and approaches to its creation and evaluation, via the integration of relationship systems amongst-and-within private, social and public organizations.
- We offer a detailed **analysis of one specific case** related to the recent creation of social capital via an intense effort of relationship governance amongst-and-between local private, social and public organizations. The case relates to the recent 'resurrection' of the medical instruments social and economic manufacturing pole of Medolla and Mirandola in the Emilia Romagna region, following the devastating earthquake of 2012.
- We also indicate a few **other recent cases** undertaken in other areas of the country and sectors of the economy that we believe would provide interesting findings following indepth analysis.
- We suggest ongoing and constant analysis to **fine tune and test** the effectiveness of this approach as well as cultural and territorial extension
- We conclude with a **bibliography**.

## TRUST, REPUTATION and SOCIAL INFLUENCE

The individual is a complex **motivational-emotional-cognitive system**, whose decisions are affected by multiple factors: arguments, emotions, beliefs, desires, need, personality and temporary contingencies. An open system, self regulated by feedback, whose cause-effect relations are not linear and only in part predictable and controllable.

The human brain, rather than algorithmic, is symbolic and creative: we are capable of abstract thought and we create abstract communication codes with specific meanings within our community, in order to reinforce **relationships** with the group. Decision making amongst humans needs efficiency and is therefore a highly approximative process, regularly using cognitive short cuts (*heuristics*) and consistently affected by evaluative distortions (*bias*). First of all the *confirmation bias*: we tend to select information confirming our mental representation of reality, that is to say we interpret events in a way that confirms the ideas we already have in mind.

**Trust** is an innate attitude creating a basic feeling of confidence and comfort, essential for day-to-day decisions and social exchanges. Experience, personality and other contextual aspects regularly change levels of trust, balancing them with inevitable amounts of (learned) skepticism-for-survival. To constantly recreate an adequate level of trust, we tend to select not necessarily objective information, elaborating rough arguments spoiled by consistently distorted evaluations, however useful, to reinforce deep values, identity and memberships, activating only those changes useful for acceptance and recognition by the group. This constitutes our reputation. In other words what others think about us. On the one hand, reputation protect us from unsuitable individuals, on the other, it fosters ones control to avoid losing face; in these terms reputation ensures thus social control towards cooperation.

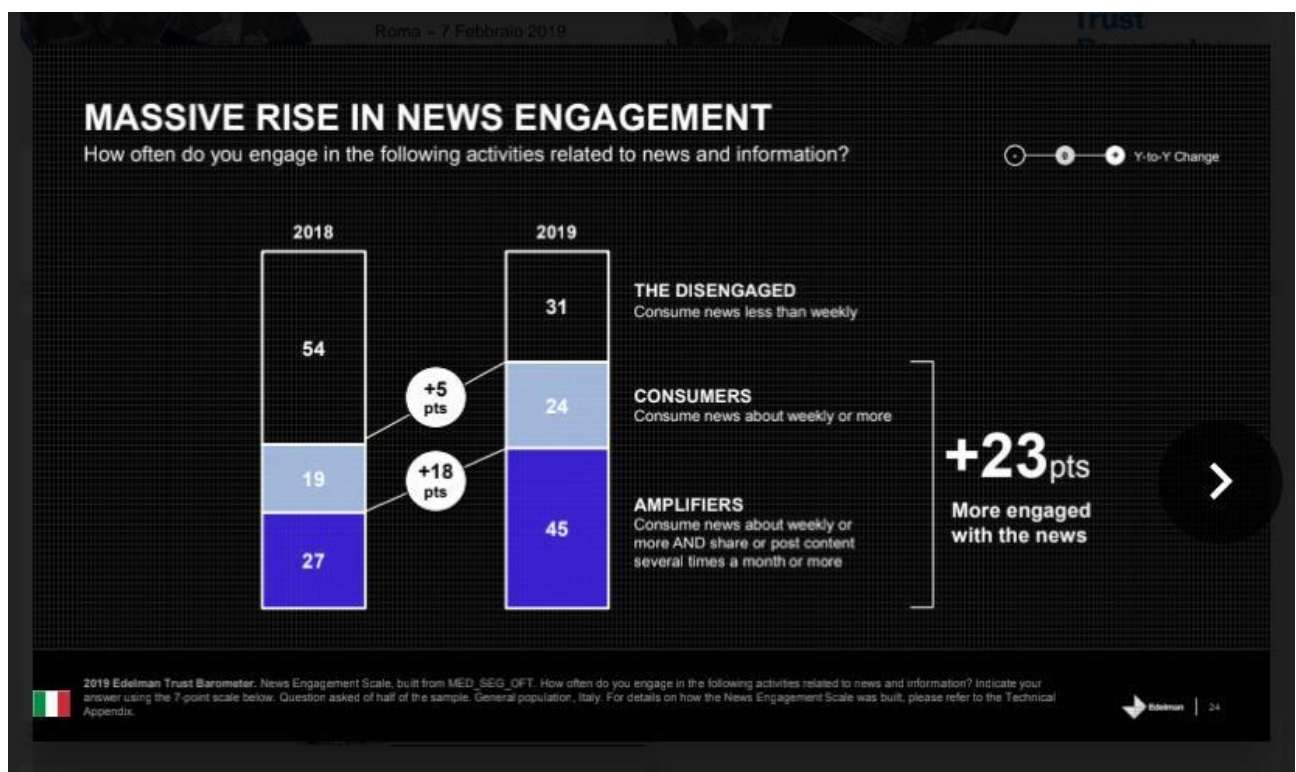
The levels of trust and reputation, as complex and highly specific as they are, can be intentionally influenced accepting the idea that **bottom-up** influence activates persuasion based divergent cognitive processes and that, on the other hand, **top-down** influence activates convergent cognitive processes and generates a fast but short lasting influence.

**It is commonly understood that the more efficient and durable social influence, is generated by alternated exchanges in both directions.**

Therefore **Public Relators**, exercise their role of 'social weavers' by creating, developing and ensuring the governance of relationship systems, and succeed in activating those transactions, thus creating trust, developing resilience within territories and reinforcing the reputation of the actors as well as of the territory in full application of the above mentioned subsidiarity principle.

## 2 – TRUST AND REPUTATION DATA ANALYSIS (Felicia Pelagalli)

Trust moves in line with the speed of relationships and, in tandem with reputation, represents a key asset of any economy or territory, as well as a major indicator of the quality of its social texture. Edelman's Trust Barometer includes 27 countries and analyses 33 thousand interviews. In its most recent (2019) report citizens increased their level of voice and participation and have also become direct sources and disseminators of news and information. This amplification feature increased in 2018 by 14 points worldwide and 18 points in Italy (from 27 to 45).



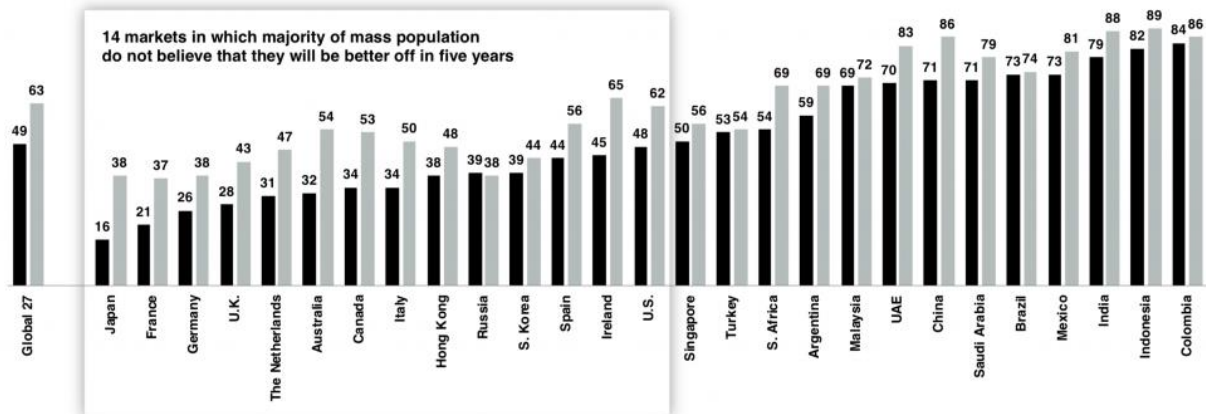
Citizens also don't think the 'system' is working for them and feel a strong sentiment of injustice, induced by an elite perceived as indifferent and self-enriching, well beyond its merits. The lack of trust in the abilities of institutional leaders to address a country's problems fuels a strong desire for change.

Citizens are pessimistic about economic perspectives (in Italy only 34% expect any improvement in the next five years and fear losing their jobs due to lack of training and specific competencies related to processes of automation and innovation. Alongside this, they have little hope their children will have a better future.

## DEVELOPED WORLD PESSIMISTIC ABOUT FUTURE

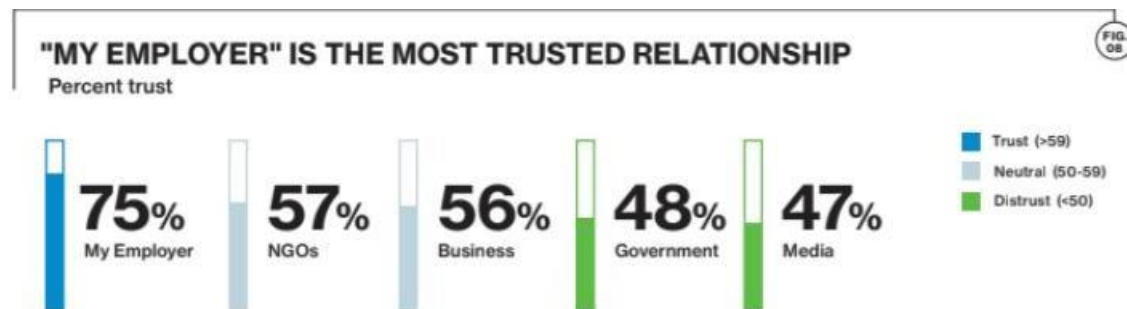
Percent who believe they and their families will be better off in five years' time

■ Mass population ■ Informed public



2019 Edelman Trust Barometer. CNG\_FUT. Thinking about the economic prospects for yourself and your family, how do you think you and your family will be doing in five years' time? 5-point scale; top 2 box, better off. Informed public and mass population. 27-market average.

In this scenario, people have lost trust in traditional public figures and institutions and shifted their confidence to relationships which are closer and which can be influenced. They do not think institutions will help them navigate this turbulent world and prefer to rely on a closer and more approachable relationship: their employer. In 2019 'the boss' appears as the most reliable, both at a global as well as at a specific country level.



In Italy 'my employer' is significantly more reliable (71%) than the media (45%), the European Union (45%), the NGOs (44%) and the Government (43%). What is striking is the gap between the 2010 and 2019 results. Nine years ago 70% trusted NGOs and only 27% trusted chief executive officers (CEOs).

Today, 78% in Italy believe that 'a company can take specific actions to increase profits while at the same time improving economic and social conditions in the local communities'. It is also up to CEO to guide 'change' towards a new employee 'contract', a new 'relationship' that sees organizations define objectives designed to attract socially driven employees and assume local initiatives to produce positive impacts in the communities where they operate.

This allows us to think of a different social texture expressing vitality and passion for a better society with continued relationships integrated with civil engagement and contributing to the reconstruction of social capital.

The data from the Reputation Institute indicates Italy as a privileged host to important resources and relational qualities. Besides being 'a beautiful (86%) and enjoyable (85%) country, with friendly and welcoming people' (80%), the country is seen as 'an important contributor to global culture' (70%), 'has many well known brands (77%), 'produces high quality products and services (76%) and 'is a safe place' (71%).

All these features suggest that an effective governance of relationship systems between people and organisations of all types - private, institutional and social - constitutes the essential energy to fuel the creation and territorial increase of social capital.

### 3 – SOCIAL CAPITAL (*Biagio Carrano*)

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The declining trust in Italian institutions and the strong parallel growth of 'employers' as the most trusted source poses a major challenge to public relations professionals.

While it does not seem realistic to imagine a quick recovery of trust in national institutions nor in the equally declining non profit sector, it does instead make sense to imagine relationship professionals as startup-entrepreneurs in promoting and developing territorial relationships amongst private, public and social organizations at a territorial level, with the aim of create and develop in all parties social capital in all parties involved.

Embracing this role also requires a shift from traditional short-term fixes to medium/long-term outcomes.

It's no longer sufficient for the PR professional to engage in creating an inside-out mutual trust with and amongst stakeholders. In a phase where the external environment is reshaped by a multidimensional polarization that endangers social cohesion, the relationship professionals need to embrace a new mandate to protect and grow local social capital, intended as a competitive asset for each organization. This because one can not imagine flourishing in a territory increasingly impoverished of its human, social or environmental resources.

If we assume the soundness of the most recent approach of the International Integrated Reporting Council ([www.theiirc.org](http://www.theiirc.org)), these activities should be considered as part of the enlarged material value of the organization (capitals) and quantifies it. The International Integrated Reporting Council (formed in 2010 by the major global accounting firms also with the support of the Global Alliance of Public Relations and Communication Management) indicated 'social capital' as one of the six diverse stocks of value on which an organization's performing model depends as inputs, and which increase, decrease or transform through its activities and outputs. The term value implies how the model transforms resources and relationships into measurable assets where the organization and its internal/external networks and partners act as joint carriers. The other considered capitals are financial, manufactured, intellectual. human and natural.

Scientific literature provides us with guidelines to define approaches, activities and key indicators, useful to develop and grow measurable social capital.

The following overview is not exhaustive, but offers a starting point.

To map features of social organizations, such as **networks**, **norms**, and **trust** which facilitate action and cooperation for mutual benefit" (Putnam, 1990) is the way to start any strategy in this field. The collective character of this concept is evident here: "Working together is easier in a community blessed with a substantial stock of social capital" (Putnam 1993, pp. 35 and 36).

In his study Jenson (2010) indicates five components for measuring social cohesion: a) the **legitimacy of public and private institutions**; b) **inclusion in the economic sphere**; c) **involvement in political and civic spheres**; d) **tolerance of diversity**; and e) the feeling of **belonging to the same community**.

Since the social capital grows slowly in time, **previous trustful behaviours** (Glaeser et al., 2000) are also a relevant factor to evaluate.

Promoting **cooperative behaviours** (Sapienza et al. 2013), through the **continuous cooperation with local associations** (Putnam, 1993) to strenghten **mutual cooperation** (Fukuyama, 1995) are a must for all these scholars. Also, public meetings, debates, seminars are some of the ways to consolidate **information sharing** (Putnam, 1990).

The Italian experience of territorial clusters of economic development is actually based on this mix of local social capital and specific industrial related skills and competencies. (Putnam, 1995)

Also (Ricci, 2003) remarks the importance of activities to improve exchange of ideas and best practices among companies. While in their recent book, (Haskel and Westlake 2018) have shown **spillovers** (in the meaning of sharability of knowledge and resources) to be one of the characteristics of intangible goods.

Finally, the current political debate in Italy is polluted by an assumption that infers a causal link between growing ethnic diversity and growing insecurity. Following Putnam's conclusions in 2007, many scholars have asserted that "**increasing diversity** caused by immigration reduces the conditions necessary for "social cohesion" (Holtug and Mason 2010). On the other hand, it has been demonstrated that there are "conceptual and methodological gaps in the ways social cohesion is defined and measured" (Portes e Vickstrom 2011). Others (Abascal, Baldassarri, 2015) show no significant correlations between levels of trust and cooperation and ethnic diversity. With (Uslaner 2012) "we can affirm that "it is not diversity per se which reduces social capital but rather **segregation**". Dan Ariely (Ariely, 2013) points out that social cohesion is a multidimensional concept with a strong **sense of belonging to a community or a territory**" that is transversal through ethnic differences.

Finally, in the specific case of disasters (Dynes, 2005) proposes various actions, including, but not limited to:

1. to build in **disaster responsibility**, reminding that the community will have to depend on its own resources
2. Utilize **existing habits and communication patterns** as the basis for emergency action
3. Utilize **existing social units**, rather than create new ad hoc ones
4. **supplement local leadership** rather than delegitimize it



## 4 – THE MEDOLLA CASE (*Biagio Oppi*)

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An example of how social capital can be activated, governed and stimulated ad hoc by an organization and integrated into a Public Relations program, reinforcing trust and improving reputation, can be represented by the following case, the 2012 Emilia-Romagna Earthquake and the reaction of a multinational company, Gambro, that was located in Medolla with a relevant manufacturing and R&D site.

### CONTEXT

On May 21 2012 a major earthquake of 5.9 magnitude hit the Modena Northern area, in Emilia-Romagna, Italy. Gambro - at that time the biggest company in the hemodialysis industry in Italy, the second in the world after Fresenius [source: Gambro Intelligence 2012] – located there one of the most important Logistic, Production and Research & Development site.

The entire area is known for its med-tech cluster, that was severely hit by the earthquake. Within the med-tech industry, Modena area is specialized on dialysis serving great part of the Italian market and several other foreign markets. To gain an understanding of the severity of the impact, is sufficient to consider these numbers: over 65% of Italy's dialysis patients are treated by consumables produced in the region; 50% of Italy's 50,000 kidney disease patients are treated by Gambro products made in Medolla. Remaining 15% by Bellco, BBraun and others in the area [source: Gambro Intelligence 2012].

Gambro's monitor and bloodline production buildings, research and development departments, and distribution center in Medolla (Modena) were damaged in the first quake (May 20, 2012) and unable to be accessed. It was fortunate that as it was a Sunday there were limited staff on the premises. The plant was able to recover partially and *monitor production commenced planning and deliveries from distribution center were able to be commenced less than 5 working days after earthquake*. As Gambro Medolla and its **Crisis Task Force Team (CTFT)** were coming to terms with the devastation, and handling the situation as laid down in procedures, a second earthquake (5.8 magnitude) hit on May 29, 2012. This time the epicentre was in Medolla, 500 meters from the factory itself. This second quake was far more devastating and also resulted in several hundred aftershocks over the following weeks. It resulted in further damage to buildings and the distribution center and meant that the planned start-up was not possible. As the factory was in a shutdown mode due to the damage from the first earthquake there were very few staff apart for the CTFT present at the time and none were in the buildings.

A senior manager and member of the CTFT had remarked that *before May 20 Gambro was crisis ready for situations that included restructure, takeover and earthquake but after the quake felt that no amount planning can prepare an organisation for the total dislocation caused by such a disaster (Sheehan, 2016)*

### STAKEHOLDER RELATIONSHIP MANAGEMENT IN GAMBRO 2011-2012 AND LATER

Emilia-Romagna area is recognized as one of the most valuable regions in Italy, in regard to social capital (Cartocci 2012) and human capital (Regioss, 2011).

In particular, we can observe how the politics, trade unions, profit and non profit organizations, tend to take an active role in public activities in a collaborative and mutually beneficial approach. As an example of this, it is not a surprise that a restructuring announcement, made by Gambro company in January 2011, triggered a strong reaction from all societal actors of the area with a following process of reciprocal engagement.

The restructuring aimed to make half of the plant workforce (400 of 800) redundant and move less

valuable production (such as compounding and bloodlines) to other plants, leaving in Modena only the added value departments (such as distribution, monitor manufacturing and R&D). The process ended with an agreement (June 2011), called the industrial plan, partially in line with the initial objectives and setting up this institutional working group.

Starting from this agreement, an institutional working group was set up including local institutions (9 Municipalities, Emilia-Romagna Region, Modena Province) Confindustria, Trade Unions and company representatives, the Gambro Site Leadership Team (SLT). The working group used to meet every two months publicly with all the delegates and more frequently with sub-groups focused on specific issues. This was done in order to regularly discuss and manage the ongoing restructuring process announced by Gambro at the beginning of 2011.

In parallel, a proactive public relations plan for the company was launched:

- from March 2011 an up/down internal communication to inform corporate and to engage the local workforce;
- starting from June 2011 a strong and continued media relations activity, in order to inform the local community of the advancement of the restructuring process and the industrial plan on one hand, on the other to tell the positive side of the story (investments, welfare initiatives, other)
- local community engagement starting from June 2011

As soon as the earthquake happened in May 2012, the institutional working group was immediately reunited and set up in order to manage the natural disaster impact on the social side; another working group, focused on the shortage of life-saving treatment, was established in order to manage the dialysis crisis, including Ministry of Health, AIFA (regulatory authority), Region, Hospital, NHS, the Italian Society of Nephrologists (SIN), the National Associations of Dialyzed Patients, Assobiomedica and the other Med-Tech companies.

The entire process was then driven by these two working groups, based on the company intent of shared public interests: manage the contingency, restart the production, rebuild the plant.

During the earthquake, externally Gambro was active on two major working groups (the institutional local one to manage the social crisis and the industry working group) with the same logic:

- Inform stakeholders on the ongoing issues;
- Listen and understand stakeholder expectations;
- Propose and engage the stakeholders to find common solutions;
- Communicate externally an aligned position;
- Undertake a number of initiatives to raise workforce engagement.

Before the earthquake, after 2011 industrial plan agreement, a major program of change management was launched with three main pilot plans, in order to recover trust among employees, activate a strong engagement and support reputation management. This led communication, HR, departments leaders, to massively improve the internal and external communication processes.

As recalled by Sheehan in his work on Gambro reputation (Sheehan 2015) there were a number of questions arising among the workforce and the institutions:

*“If production had already been removed to other sites could this occur again? Would Gambro consider it easier to close the damaged Medolla plant and relocate to other factories? Would it be too expensive to repair the damaged plant and cheaper to relocate to overseas to in Mexico? Was the region now considered earthquake prone and not suitable for production of such life-saving materials?”*

Nevertheless, the company showed a number of efforts to manage relationship in a structured and thoughtful manner:

- the local public relations function was set up in March 2011.
- This function [held by the author] was focused on building trust and recovering internal and external reputation among stakeholders;
- the PR manager was always involved in the different working groups and workstream regarding internal and external engagement
- a quantifiable amount of time was dedicated to meeting with stakeholders in order to listen, understand and manage expectations, inform on decisions, engage on win-win solutions.

## RESULTS

Same model adopted in Gambro case, was then extended to other companies affected by the earthquake: institutional working groups – similarly constituted by a number of public, profit, non profit actors and companies – worked together to overcome the huge impact of the disaster.

As of today, data shows that the **entire earthquaked** area of Modena not only recovered from 2012 earthquake, but has improved its value of production ( <http://www.regione.emilia-romagna.it/notizie/primo-piano/7-anni-dopo-il-sisma-si-rafforza-leconomia-dellarea-colpita-i-numeri-della-ricostruzione> ): Seven years later, the numbers say that the crater area is moving even faster than before, with new, safer and more efficient factories, warehouses and facilities. The identity card of the area hit by the shocks speaks of 115 thousand active businesses, which employ over 450 thousand workers, creating value of over 38 billion euros. Not only that: since 2011, there are 22,000 more jobs, an increase of 5.1%, in line with the regional + 5.6%. And all this amounts to around 27% of the regional added value and represents 2.4% of the national GDP.

For what regards Gambro (now part of Baxter) in 2018 the company announced that all hemodialysis monitors manufacturing activities will be moved from Lund (Sweden) to Medolla, planning to be entirely produced in Italy by the end of 2021. Other multinational companies (such as Fresenius, Bellco now part of Medtronic) invested several millions of euros in the area: future of the entire industrial cluster is going to be more solid and sustainable than before the earthquake.

Data from Modena Chamber of Commerce ( Camera di Commercio of Modena <https://www.mo.camcom.it/statistica-studi-e-pubblicazioni/stampa-periodica/e-elle/capitolo9-biomedicale> ) in 2017 e from the Centro Studi Mirandola Terremoto in 2018 show that MedTech cluster has improved its economic performance both in production and export, and number of people employed.

Some significant results in the single case of Gambro and the value produced to its stakeholders:

- During the emergency phase, no **patients** were left without treatments thank to the effort of the working groups and the contingency management. The main stakeholder did not suffer any impact from the earthquake.
- Starting in June 2012 a temporary industrial footprint led to set-up 3 temporary plants, that employ the entire Gambro workforce till 2015, when the facilities come back to Medolla. A 300.000 euros donation was given to the 20 family of employees most impacted. The internal stakeholder **employees** was protected and supported.
- In December 2013 Medolla plant started to be rebuild and in May 2015 a Grand Opening ceremony celebrated the new plant, entirely rebuild after the earthquake, gathering in the plant Company top delegates from Baxter leadership (Baxter acquired Gambro in 2013), Regional Councillors, Mayors of the area, Carpi Bishop, Trade Unionists, Italian Nephrology Society. **Community and Institutions** were able to participate to the recovery.
- During 2016-2017 the industrial plan was terminated, with the final footprint of 600 unities, reducing the workforce. **Company** reached (partially) its initial restructuring objective.

- Gambro paid the temporary footprint and the new plant 90% with the **insurance reimbursement**, and 10% with some government fundings.

On a more qualitative level, regarding Gambro: a yearly survey demonstrated that from 2011 to 2013 there was a clear improvement in the perception of company among stakeholders in three dimensions: Understanding, Authenticity of communication, Trust [source: internal Communication surveys].

The same Mayor of Medolla, Filippo Molinari, is today able to say: *“Gambro reputation improved and a new trust was established from the institutions, after the working group set up.”*

Part of the results obtained were reached through-out a continued and structured governance of relationship systems amongst-and-with persons, private, institutional and social organizations. This case shows that governing this complex system is the essential fuel for the creation and increase of societal value.

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From Cartocci R. 2012

**Tabella 1** Le province con i valori massimi, minimi e mediani sull'indice di capitale sociale e sui singoli indicatori (Numeri indice: Italia=100). Tutti gli indicatori rilevati tra il 1999 e il 2001

	Diffusione dei giornali	Partecipazione e elettorale	Società sportive	Donazioni di sangue	Indice finale di capitale sociale
Massimo	Trieste 225 Bolzano 210 Parma 208 Genova 202 Piacenza 201	Bologna 127 Reggio Em. 126 Modena 125 Ferrara 124 Ravenna 121	Aosta 172 Cuneo 169 Pisa 164 Livorno 162 Pistoia 162	Ravenna 208 Ragusa 191 Siena 169 Mantova 166 Parma 165	Parma 151 Mantova 144 Piacenza 142 Trieste 142 Bologna 140
1° quartile	Cagliari 130	Ancona 109	Parma 119	Belluno 123	Trento 116
Mediana	Biella 99	Varese 102	Trento 102	Aosta 97	Pavia 104
3° quartile	Catania 60	Sondrio 91	Siracusa 82	Caltanissetta 74	Isernia 79
Minimo	Campobasso 33 Potenza 29 Agrigento 28 Foggia 25 Crotone 23	Crotone 75 Enna 73 Caltanissetta 72 Reggio Cal. 71 Agrigento 69	Taranto 47 Caserta 47 Bari 38 Vibo Valentia 34 Napoli 31	Benevento 45 Vibo Valentia 43 Caserta 42 Enna 35 Potenza 34	Crotone 55 Caserta 53 Napoli 53 Enna 51 Vibo Valentia 50
Campo di variazione	202	58	141	174	101

## 5 – REFERENCES TO OTHER CASE *(all)*

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While we focused our attention on the Medolla/Mirandola case as an excellent example of a detailed analysis on how intangible-yet-material value is created by integrating private, public and social organizations working together towards a common aim in a specific territory.

This, in application of the principle of subsidiarity, and through a planned and aware governance of relationship systems.... we also identified other more recent cases from other parts of the country, that if and when properly investigated, are likely to yield similar brilliant results in the creation of social capital.

We very quickly here describe these cases, confident that we will actually be investigating them in coming months, as we approach the idea of turning this paper into a published book.

1. The first case is that of CONAD, today's Italy's major corporate leader in large distribution. The specific program we found highly attractive and coherent with our objectives is named 'social textures' and involves a year long series of very local initiatives by Conad entrepreneurs in tandem with local institutions and associations to create value and social capital.
2. A second case is that of the Inward organization based at the outskirts of Naples where -in cooperation with local authorities, businesses and associations- succeeded in convincing high level innovative contemporary artists into contributing to one of the most interesting global level street-art permanent exhibits.
3. Another very interesting case involves the Alessandria area of Piedmont developed by PPG (Pittsburgh Plate Glass Company) together with a network of other local organizations in a joint action aimed at spreading sustainability issues, sharing best practices and producing joint initiatives towards a positive local impact on the territory.
4. A highly stimulating experience by IREN. One of Italy's principal power groups, who created a network of local territorial committees to develop solutions to improve services, transparency, environment and social impact by actively involving social groups, citizens and local authorities in advancing ideas and projects for sustainability. The committees examine the idea/projects and, where deemed feasible, enact them .

## 6 – SOME CONCLUSIONS *(Toni Muzi Falconi)*

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This paper raised questions of the relevance of public relations and has sought to answer these by demonstrating the value of long term stakeholder relationship systems as well as the contribution such an effort can make to the creation and enrichment of social capital – an essential material yet intangible asset for any organization, private, social or public.

The value of relationship systems is demonstrated by the earthquake recovery in Medolla. Long term relationship development, undertaken by the public relations team prior to the 2012 earthquake contributed not just to the social capital of Gambro and its territory but also to all the organisations working to deal with the critical situation.

It also demonstrated that the boundaries for organisational – stakeholder relationships are no longer confined to a single entity or organization – a construct of 20th century management thinking – but have extended because of the experienced ‘fuzziness and liquidity’. Indeed, the situation in Medolla demonstrates that while an organisation may take the lead initiating and building relationships, those same relationships will ultimately grow and develop across community boundaries, superseding concerns and bias that, on a day-to-day level, appear to constrict or nullify potential relationship development as the construct of subsidiarity, a shared common good at the most local of levels

Our intention is to continue research in this area, analysing more examples and other cases. We also intend to further investigate the quantitative evaluation and modes of social capital creation as well as the qualitative influence of on-the-ground stakeholder relationship systems.

Hopefully not only in Italy and with the support and collaboration of research teams, scholars, students and professionals from other cultures, countries and disciplines.

Partners, sponsors, supporters are more than welcome.

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