
CORPORATE SOCIAL RESPONSIBILITY IN ITALY: STATE OF THE ART

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Abstract

The Italian Corporate Panorama is permeated by various corporate social responsibilities initiatives, both at private and public level, that derive from different approaches and tools. The general framework for corporate social responsibility (CSR) behavior and strategies consists of the Green Paper presented by the European Commission in July 2001. Within this framework, the paper aims at analyzing three main issues: spontaneous experiences from companies and other players; the innovative project called Corporate Social Responsibility – Social Commitment, developed by the Ministry of Labour and Social Affairs, which aims at promoting the involvement of Italian enterprises in CSR activities, with particular regard to Small and Medium Sized Enterprises; and lastly the main and most interesting outcomes of a survey that is the starting point of an ongoing process of investigation regarding CSR attitudes in Italy.

Introduction

The paper presents the main results of a research project on Corporate Social Responsibility (CSR) issues developed by Bocconi University for the Italian Ministry of Labour and Social Affairs. By providing a summary picture of the CSR situation in Italy, it covers an introductory analysis of the CSR literature and public documents and reveals the existence of several initiatives on CSR, both at private and public level, involving companies and institutions. A specific part of the paper is dedicated to the examination of an innovative project developed by the Ministry of Labour and Social Affairs on CSR, called Corporate Social Responsibility – Social Commitment (CSR-SC). This initiative has the aim of promoting CSR culture among businesses and guaranteeing citizens that the reporting of companies on ethical and social issues is not misleading. Moreover the CSR-SC project has defined a simple, flexible and modular standard that firms can adopt on a voluntary basis in order to implement CSR policies and identify socially responsible companies. This standard is based on a list of key performance indicators to measure social performance. Hence, this initiative dedicates particular attention to Small and Medium-Sized Enterprises (SMEs). The last part of the paper is directed towards providing a first overview of CSR awareness in

Italian companies. An investigation based on an empirical survey began in 2002. The survey comprises 395 enterprises with the aim of gathering descriptive data and information on CSR attitudes. It is the starting point of an ongoing process of investigation regarding CSR approaches in Italy.

Thus, the purpose of this contribution is to give a description of the attitudes towards CSR in Italy, presenting the coexistence of different private and public approaches that actually reflect the complex nature of the Italian economic system. This goal seems particularly relevant for two main reasons. At a European level, the Sustainable Development Strategy for Europe, approved in June 2001, where "in the long term, economic growth, social cohesion and environmental protection must go hand in hand" (Commission of the European Communities, 2001a), opens up an interesting debate among different EU members on the development of national sustainability strategies. Moreover, the Green Paper "Promoting a European framework for CSR" (Commission of the European Communities, 2001b) presented by the European Commission in July 2001 states that Corporate Social Responsibility is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." So far, this document defines a general framework for CSR, influencing the behavior and strategies both in terms of public policies and private initiatives. Starting from this point, the ambitious project launched in June 2002 by the Italian Ministry of Labour and Social Affairs on social responsibility of enterprises aims at promoting CSR among companies within this general European framework. The idea of providing a picture of the ongoing activities on CSR in Italy represents a helpful contribution to the international, and especially European, debate.

Furthermore, the characteristics of the Italian economy in terms of SMEs and network organizations represent an unique background in which to explore the relationship between CSR strategies and these two industrial specificities. With regard to this point, it may be opportune to recall that a comparison with average sized European companies in the industry, services and infrastructure sectors shows that the Italian system has an average of 3.9 employees per company compared to an average of 6 overall for the 15 EU member states. In industrial spheres, enterprises with over 250 employees account for 19.7% of the total in Italy whereas 34% of the total for the EU. Another important feature is that the Italian industrial system is characterized geographically in that its activity is concentrated in industrial districts in Northern and Central Italy, along the Adriatic coast and in a few areas of the South (Becattini, 1987; Goodman, Bamford & Saynor, 1989). In some traditional and engineering industries, these districts have a leadership position in the global market and overall account for over two-thirds of total national exports.

Finally, Italian SMEs are an integral part of the local community and their success is often related to their capability to acquire legitimacy and consensus from local stakeholders such as employees, public authorities, financial organizations, banks, suppliers and citizens. These local networks are based on informal

and tacit relationships, whose results are often not communicated or simply not measured. With regard to this point, it is possible to introduce the notion of social capital: “Whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals — social networks and the norms of reciprocity and trustworthiness that arise from them” (Putnam, 2000, p. 19). Moreover, “stocks of social capital, such as trusts, norms, and networks, tend to be self-reinforcing and cumulative. Successful collaboration in one endeavor builds connections and trusts — social assets that facilitate future collaboration in other, unrelated tasks. As with conventional capital, those who have social capital tend to accumulate more...” (Putnam, 1993b). In this perspective, the intangible assets in terms of reputation, trust, legitimacy and consensus related to the concepts of social capital are at the basis of the long-term performance of Italian SMEs and their districts (Lipparini, 2002).

As shown and analyzed in a broad range of literature (Azzone, Bianchi & Noci, 1997; Gilardoni, 2000), the particular features highlighted above have historically influenced the diffusion of managerial tools and standards in Italy. A well-known example was the low diffusion rate in our country of the ISO standards on Total Quality Management (ISO 9001:1994). Despite the not always so broad diffusion of managerial tools, responsible business practices seem to be vital and hence an embedded element of the Italian model of capitalism centered on SMEs.

In light of the above, this study analyzes the different CSR spheres in Italy, the pros and cons as well as the ongoing debate Italian firms are having in coming to grips with what is becoming an ever increasing strategic and competitive corporate theme.

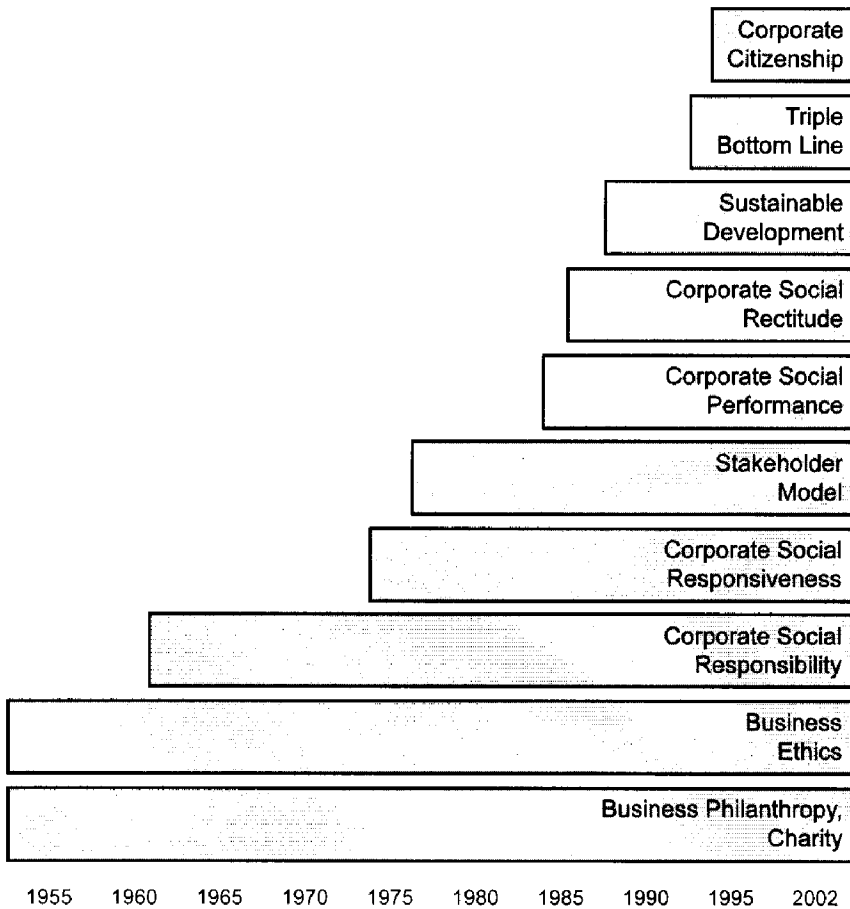
Developing a Definition of CSR

Some Relevant Theoretical Contributions

There are many words connected to the CSR concept (see Figure 1) and consequently many definitions that permeate the literature. Bowen (1953) provided the first modern contribution to this topic. He pointed out that corporate decision making processes have to consider not only the economic dimension, but the social consequences deriving from their business behavior as well. More specifically, Bowen (1953, p. 6) proposed a definition of the social responsibilities of the businessman: “It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.” In Bowen’s opinion, businessmen are responsible for the consequences of their actions in a sphere somewhat wider than that covered by their profit-and-loss statements (Carroll, 1999, p. 270).

The CSR concept also evolved in the following years despite some skepticism (Friedman, 1962, 1970) and many authors, especially Drucker (1984) as well as Porter and Kramer (2002), have underlined the positive relationships between social responsibility and business opportunities in terms of market opportunities,

Figure 1
The “Words” Connected to CSR Concept



(De Bettignies, 2002)

productivity, human competence and improvement of the competitive context, i.e., “the quality of the business environment in the location or locations where companies operate” (Porter & Kramer, 2002, p. 58). However, in the field of business ethics many authors are against a shared conception that CSR is only an instrument “for improving business functioning” (Zsolnai, 2002a, p. 1). We adopt a *resource-based view* (Peteraf, 1993) and a *stakeholder-based view* (Freeman, 1984, 2001; Carroll, 1979; Clarkson, 1995; Donaldson & Dunfee, 1999; McWilliams & Siegel, 2001) to define CSR (De Bettignies, 2002). Managers of firms have obligations to a broader group of stakeholders than the simple shareholders; a stakeholder is “any group or individual who can affect or is affected by the achievement of the firm’s objectives” (Freeman, 1984, p. 46). Stakeholder approach has many different interpretations, but stakeholder thinking means “both to explain and to guide the structure and operation of the established cor-

poration" (Donaldson & Preston, 1995, p.70). Corporate Social Responsibility "encompasses the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time" (Carroll, 1991; Carroll & Buchholtz, 2002). Therefore, by pursuing economic, social and environmental objectives (Carroll, 1979) the CSR-oriented company increases its intangible assets of knowledge and trust, which support the processes of value creation (Wood, 1991; Joyner & Paine, 2002). The *stakeholder value* (Figge and Schaltegger, 2000) created makes it possible to reward, in specific and appropriate ways, the different social stakeholders who contribute resources. Sustainability therefore becomes the strategic objective of socio-economic systems and responsible companies (Tencati, 2002b; Perrini and Tencati, 2003), which aim to pursue long-term economic development, consistent with promoting social needs and protecting the environment (Margolis & Walsh, 2003; Walsh, Weber and Margolis, 2003). Business activities and business operations need an ethical foundation, as the colossal downfall of major corporations has recently demonstrated both in the USA and in Europe (Zsolnai, 2002b).

Some Relevant Institutional and Public Contributions

In any case, policy makers, citizens and companies are paying increasing attention to CSR. According to the U.S.-based global business organization Business for Social Responsibility (BSR), corporate responsibility (or corporate citizenship) means "...operating a business enterprise in a manner that consistently meets or exceeds the ethical, legal, commercial, and public expectations society has of business." The World Business Council for Sustainable Development (WBCSD, 1999) proposed another definition of CSR: "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." Another interesting definition of CSR comes from the Prince of Wales International Business Leaders Forum: "CSR means open and transparent business practices that are based on ethical values and respect for employees, communities, and the environment. It is designed to deliver sustainable value to society at large, as well as to shareholders."

In order to promote the idea of corporate citizenship and socially responsible behavior, at the World Economic Forum in Davos on January 31, 1999, United Nations Secretary-General Kofi Annan challenged world business leaders to embrace and enact a Global Compact of shared values and principles in the areas of human rights, labor and the environment. From an operational point of view, the initiative was launched on July 26, 2000 during a meeting at the UN headquarters in New York with the participation of leaders from business, labor organizations and civil groups. The Global Compact is a voluntary initiative, open to the participation of companies and to the involvement of labor, human rights, environmental and development organizations (Global Reporting Initiative, 2002). It encompasses nine principles, drawn from the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the Rio

Declaration on Environment and Development. If companies decide to participate in this initiative, the Global Compact asks them to act on these principles in their own corporate domains. Thus the Compact promotes good practices by corporations; it does not, however, endorse companies. The Global Compact asks business to support and respect the nine principles in the fields of Human Rights, Labor Standards and the Environment. Some of the most important firms in the world are among the participating companies, all of whom have sent a letter of intent from the company CEO to the UN Secretary-General and who yearly submit evidence of efforts undertaken to advance the Compact's nine principles.

The European Union is also dealing with the issues related to CSR. On July 18, 2001 the EU presented the Green Paper "Promoting a European Framework for CSR" (Commission of the European Communities, 2001b). The European Union is concerned with CSR because it can be a positive contribution to the strategic goal adopted in March, 2000, during the European Council in Lisbon: "to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion" (Commission of the European Communities, 2001b, p. 3). The document suggests an approach based on the strengthening of partnerships among all interested parties (for example, companies, NGOs, social partners and local authorities). After the consultation process on the Green Paper closed on December 31, 2001, the EU began work on a new document. The new Official Communication entitled "CSR: A Business Contribution to Sustainable Development" was released on July 2, 2002 (Commission of the European Communities, 2002b). These two documents are the final outcomes of a long discussion, carried on for years in Europe at both theoretical and institutional level, about the social implications of business activities and the social role of companies in supporting the local and national community development (Bonal et al., 1981; Petrella, 1995; The Copenhagen Centre, 1998; Hutton, 2002).

According to the Green Paper, "CSR is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment" (Commission of the European Communities, 2001b, p. 4) and "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Commission of the European Communities, 2001b, p. 6). An increasing number of companies recognize social responsibility as part of their identity. This responsibility affects employees and more generally all stakeholders (amongst others shareholders, customers, suppliers, banks and insurance companies, retailers, competitors, State and local authorities, civil society at large and the media) and this in turn can influence corporate success. The Green Paper identifies four factors, which lie behind the growing success of the CSR concept:

1. the new concerns and expectations of citizens, consumers, public authorities and investors in the context of globalization and large scale industrial change;
2. social criteria, which are increasingly influencing the investment decisions of individuals and institutions both as consumers and as investors;

3. increased concern about the damage caused by economic activity to the environment;
4. transparency of business activities brought about by media and modern information and communication technologies.

The EU proposes a framework to better understand the different elements of CSR: according to this approach, CSR has an internal and an external dimension. The CSR internal dimension encompasses the following: human resources management; occupational health and safety management; business restructuring; management of environmental impact and natural resources. The CSR external dimension, which goes beyond the doors of the firm and involves many stakeholders, affects: local communities; business partners, suppliers, customers and consumers; protection of the human rights along the whole supply chain and global environmental concerns. Therefore, in order to respond in an adequate way to the pressures coming from the society of which companies form integral part, firms should pursue economic, social and environmental goals on the basis of a co-ordinate approach. Companies should integrate social and environmental concerns into their business strategies, their management tools and their activities. That means going beyond compliance and investing more in human, social and environmental capital. Finally, the EU underlines the need for a holistic approach towards CSR integrated management in order to include social and environmental aspects into corporate planning, measuring and controlling of processes and to define a long-term strategy which minimizes the risks linked to uncertainty.

Another interesting contribution to the international debate on CSR came from the G8 Evian Summit 2003, where for the first time, a G8 Summit Document focused on CSR. According to the G8 Declaration "Fostering Growth and Promoting a Responsible Market Economy," "corporate integrity, strengthened market discipline, increased transparency through improved disclosure, effective regulation and corporate social responsibility are common principles that are the foundations for sound macro-economic growth." In the second paragraph headed "Corporate Social Responsibility" the G8 representatives stated: "Consistent with the outcomes of the World Summit on Sustainable Development, we support voluntary efforts to enhance corporate social and environmental responsibility. We will work with all interested countries on initiatives that support sustainable economic growth, including the creation of an environment in which business can act responsibly. We also welcome voluntary initiatives by companies that promote corporate social and environmental responsibility, such as the OECD Guidelines for Multinational Enterprises and the UN Global Compact principles consistent with their economic interest. We encourage companies to work with other parties to complement and foster the implementation of existing instruments, such as the OECD Guidelines and the ILO 1998 Declaration on Fundamental Principles and Rights at Work" (G8 Declaration, 2003).

On the basis of this preliminary review the CSR definition and approach proposed by the EU appear to be the most comprehensive and up-to-date: CSR is

“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (Commission of the European Communities, 2001b, p. 6). Furthermore, they will continue to be a reference point for future decisions in the field of European public and private policies promoting corporate socially responsible behavior. Thus we have decided to adopt the European CSR framework as the theoretical basis for our research.

Analysis of the CSR Situation in Italy

A variety of structural (the predominance of SMEs and the role of local districts) and historical (e.g., importance of the cooperative movement) reasons have remarkably characterized the Italian national economic system and its attentiveness to social relationships as a whole. In this context, several initiatives on CSR have been promoted to face the rising attention paid by public opinion to environmental protection, product safety and the respect of human and workers' rights. These spontaneous experiences from companies and institutions have been reviewed and classified into three main groups: private, public and corporative association. The data for this investigation were collected through website analysis and interviews with specific organizations and institutions. More precisely, according to a descriptive approach we intend to give a representation of the present situation in Italy in order to understand and define the reference framework into which Italian efforts will then be measured up against.

Private Sector Experience

With regard to the private sector, different ambits show a considerable interest in CSR issues from companies and other players. Depending on the tool adopted and its impact on corporate strategy and processes, we can divide the various initiatives into four main groups: reports/statements and other reporting activities; managing and certification systems; financial experience (ethical investment funds, rating); other initiatives (see Table 1 for a representation of these experiences).

Public Sector Experience

So far, many initiatives have been promoted within the public sector both at the regional and provincial level (Table 2).

Entrepreneurial Associations

Finally, the National System of Chambers of Commerce is particularly sensitive and attentive to promoting CSR among companies working in Italy. On the matter, the main initiatives are described in Table 3.

In the light of the above-mentioned initiatives, we can assert that the Italian approach to CSR implies a nationally widespread network of private and public interventions that are highly innovative. It is indeed true that many of the vol-

Table 1
Private Sector Experience

Initiative	Content	Findings
<i>Statements/reports and other reporting activities</i>	Voluntary reporting initiatives on the CSR activities by using manifold reference standards and methods [e.g., GBS model (GBS, 2001), Q-RES Project (CELE, 2002), ABI model (ABI, 2001)]	<ul style="list-style-type: none"> • More than one hundred social reports • More than one hundred environmental reports • Almost thirty sustainability/social-environmental reports
<i>Managing and certification systems</i>	<ul style="list-style-type: none"> • CSR managing system on all its components: environment, human resources, suppliers, safety, etc. • Certification systems by third parties • Environmental labels and quality labels 	<ul style="list-style-type: none"> • 76 companies with a SA 8000 certification, out of 353 global certifications • More than 3,000 companies with an ISO14001 certification • 172 registrations for EMAS • Eco-Label issued for more than 219 products
<i>Financial experience</i>	Initiatives and projects related to the corporate financial area and evaluation processes	<ul style="list-style-type: none"> • A category called "Ethical Fund" introduced by Assogestioni among its classes • Ethical choice combined with traditional portfolio management systems in trading pension funds (Previambiente, Eurofer, etc.) • Forum for the Sustainable Finance (FFS) founded to promote sustainable development among representatives of the financial community • Two Stock Indexes – Ethical Index Euro@ ed Ethical Index Global@ - launched by E. Capital Partners Spa • Banca Etica, founded in 1998, specialized in non-profit financing, solidarity economics, supporting civil society, etc.
<i>Other initiatives</i>	<ul style="list-style-type: none"> • Organizations, working groups and research centers for CSR issues, promoted by companies and entrepreneurial associations • Increasing cause-related marketing activities • Creation of specific awards • The role of banking foundations to promote and support non-profit organizations and local communities 	<ul style="list-style-type: none"> • Gruppo di Frascati/ Cittadinanzattiva, Sodalitas, Impronta Etica, Anima, etc. • Cause-related marketing activities, in 2003, amounting to more than 45,500,000 euros, placed by almost 110 different companies • CSR awards, i.e. <i>Oscar di Bilancio</i>, <i>Oscar di Bilancio di Sostenibilità</i>, <i>Sodalitas Social Awards</i>, <i>Best Workplaces Italia</i> • Bank foundations in 2002 disbursed 1.043 billion euros for social-related initiatives: cultural and artistic activities, training, assistance, philanthropy and charitable activities, health, research, promotion, local communities, the environment, sports, international as well as religious ones

Table 2
Public Sector Experience

Initiative	Content
<i>Initiatives promoted at the regional level</i>	<ul style="list-style-type: none"> • Fabrica Ethica project activated by the Tuscan Region to promote SA 8000 certifications among SMEs (starting from June 2000). The certification envisages the activation of supporting training and information services and the allocation of funds to companies • Regional Act n. 20 of 2002, approved by Umbria Region, for the creation of the regional Register of SA 8000-certified companies • "Chiaro, Sicuro, Regolare" program about occupational safety and quality promoted by Emilia Romagna Region • The partnership between Marche Region and the CFM (Centro Formazione Marche, Center for education and training of Marche Region) aimed to establish an informative system on CSR • The support of the Sicilian Region to the Etiquitaltas Project and the involvement in the CSR-Vaderegio Project funded by the EU. The CSR-Vaderegio Project involves four organizations: Agenda-Social Responsibility in Scotland of Edinburgh (Scotland), the Flemish Ministry of Labor (Belgium, Flanders), the Novia Salcedo Foundation of Bilbao (Spain, Basque Region) and the Euro Association of Palermo (Sicily)
<i>Initiatives promoted at the provincial level</i>	<ul style="list-style-type: none"> • The involvement of the Province of Chieti in encouraging companies to adopt more advanced managing tools on CSR • The partnership between the Province of Lecce, their University and Assindustria to promote a system of ethical-social certification for the companies of the province • The Sonar Project promoted by the Province of Novara aimed at constructing a management system for the inclusion of the weak/disadvantaged into the labor market

Table 3
Initiatives of the National System of Chambers of Commerce

Initiative	Content
<i>Initiatives promoted by the National System of Chambers of Commerce</i>	<ul style="list-style-type: none"> • The REBUS Project, shared by ISTUD (Istituto Studi Direzionali Spa – Milan), SFERA (Servizi Formativi Emiliano Romagnoli Associati, a consortium whose partners are the training bodies of entrepreneurial associations of Emilia Romagna) and FORMAPER (Special Agency of the Chamber of Commerce of Milan), aimed at investigating the attention levels paid by SMEs managers to CSR • The Lavoro Etico Network, established by CISE (Special Agency of the Chamber of Commerce of Forli-Cesena), to communicate and disseminate the principles and management tools for SA 8000 certifications

untary activities carried out by companies, mostly SMEs, despite a strong relationship with the local community, are scarcely systematic; that is, they are not structured into formalized strategic processes, and they have low visibility outside the company. This approach to CSR that can be defined as a sort of sunken CSR is a frequent phenomenon, but cannot be appreciated and deeply enhanced from the competitive point of view, with traditional interpretation patterns suitable for multinational corporations.

The Ministry of Labour and Social Affairs' Project on CSR

One of the most important initiatives carried on during the last years has been the project called Corporate Social Responsibility-Social Commitment (CSR-SC), launched by the Italian Ministry of Labour and Social Affairs in June 2002. Bocconi University was involved by the Italian Government as a technical partner to support the Ministry' team in the definition of the CSR-SC project. The main aims that the CSR-SC Project pursues are as follows:

- promoting CSR culture among companies;
- defining a simple and modular standard that firms can adopt on voluntary basis in order to identify socially responsible behavior;
- proposing a list of relevant performance indicators to measure the social performance of companies;
- guaranteeing citizens that the reporting of corporate social commitment by companies is true and not misleading.

During the Third European Conference on Corporate Social Responsibility held in Venice on November 14, 2003 and after eighteen months of work, the Ministry of Labour and Social Affairs proposed a two-level standard framework. Common elements of the proposal are the following:

- voluntary approach;
- corporate self-assessment;
- no traditional certification mechanisms;
- a set of performance indicators.

The first stage (CSR Level) is based on the set of performance indicators and on a system of guidelines in order to support companies in the self-assessment of their own social performance and in its reporting through a Social Statement. The main steps of this level are as follows:

- a company decides, on a voluntary basis, to participate in the CSR-SC project and present the Social Statement according to the set of indicators;
- an independent Authority, proposed by the Ministry of Labour and Social Affairs, is expected to be the party responsible for the final evaluation of Social Statements sent by participating companies;
- a comprehensive database will be organized to collect and make available the relevant information on the initiative.

The second stage of the project (SC Level) is based upon companies undertaking a proactive role in supporting the welfare policies promoted by the Government and local authorities. If a company, on a voluntary basis, decides to go beyond the CSR Level (presentation of the Social Statement and review carried out by the independent Authority), it participates, through its own resources, in the projects of social intervention proposed by policy makers. The underlying perspective is to integrate private and public resources according to a modern welfare mix approach and the subsidiary principle.

This CSR-SC system has the aim of promoting socially responsible behavior among companies. In order to guarantee standardization in data presentation and comparability between the results obtained by different companies, the set of performance indicators will serve as an optimal point of reference in preparing the Social Statement. This set is projected according to a flexible and modular approach. In general, it is possible to identify at least three categories of companies that can use these indicators:

- publicly traded companies;
- large private companies;
- small and medium-sized private companies.

Listed companies should implement the most exhaustive reporting process according to a principle of broad disclosure (adopting the complete set of indicators).

With regard to private companies, the purpose is to identify, within the framework, those measures which best meet information needs without requiring processing efforts which are beyond corporate capacity and resources:

- SMEs should use a set of common indicators (at least 20 specific indicators covering the most important stakeholder categories);
- large companies should also adopt some additional indicators.

Moreover, sector characteristics will require in-depth analysis in addition to the set of selected indicators. The possibility of adapting the information requirements of the Social Statement to the specific financial, size and industry characteristics of the companies reflects the flexible and modular approach that is a fundamental feature of the project.

On the basis of the results of more than twenty pilot tests carried out in collaboration with pioneering companies of every size, the Ministry of Labour and Social Affairs proposal organizes the indicators according to a three-level framework (Global Reporting Initiative, 2002):

- Categories: Stakeholder groups which are specifically affected by clusters of indicators;
- Aspects: Thematic areas monitored by groups of performance indicators related to a given category of stakeholders;
- Indicators: Measurements that supply information related to a given aspect. They can be used to check and demonstrate organizational performance. The information can be qualitative, quantitative (physical and technical) or economic-monetary.

The stakeholder categories identified are as follows:

1. Human Resources;
2. Members/Shareholders, Financial Community;
3. Clients;
4. Suppliers;

5. Financial Partners;
6. Government, Local Authorities and Public Administration;
7. Community;
8. Environment.

The structure based on stakeholder categories focuses on the relationships and the related performance which companies, and especially SMEs, develop through their activities and behavior. In particular, as previously mentioned, in the Italian context networks between companies and local stakeholders (community, environment, financial partners, etc.) affect in a direct way the overall corporate performance (Zaheer, McEvily & Perrone, 1998).

During the current year, the Ministry of Labour and Social Affairs is implementing the project through the involvement of many stakeholders (business associations, trade unions, universities, NGOs) and the network of Unioncamere (the Italian Association of Chambers of Commerce).

Survey of CSR: The Research Model

The next part of the paper is directed towards providing an overview of CSR in Italy through an investigation based on an empirical survey. The survey, based on a sample of 395 enterprises, was started in 2002 and had the aim of gathering descriptive data and information on the perceptions that Italian entrepreneurs and managers had of corporate responsibility and their interpretations of it. In Italy, in fact, little was known about the involvement of the industrial and economic world in managing these issues with the different categories of stakeholders (such as employees, shareholders, customers, suppliers, community and financial partners). Although there has been much discussion on the topic among firms, industrial organizations, institutions and NGOs no empirical evidence was found, despite a detailed analysis of the literature.

Therefore, before developing the proposal for a standard to foster socially responsible behavior in Italian firms (the CSR-SC project developed by the Italian Ministry of Labour and Social Affairs with the technical support of Bocconi University), it seemed opportune to conduct a first survey on the CSR awareness and the attitude to it shown by Italian companies. More specifically, the work aimed to focus on the following topics:

1. the attention paid by companies to CSR issues;
2. the social activity promoted by companies within CSR;
3. difficulties and obstacles in implementing CSR;
4. perceived advantages related to the enforcement of CSR;
5. factors that could lead to greater attention to the issue.

Methodology

The approach taken to investigate these aspects was to select a sample of what might be thought of as “leading companies on CSR” or “companies sensitive

to CSR.” This assumption is related to the general goal of the research project developed for the Ministry of Labour and Social Affairs, which aimed to define a new standard of social responsibility, devoted at first to CSR “best in class” firms. The sample was chosen with the support of “Confindustria,” the leading Italian organization for manufacturing and service industries, and comprises 395 enterprises selected on the basis of the parameters of Confindustria’s Associating System.

Moreover, the sample has been defined considering the distribution of the Italian companies in terms of size (number of employees), sector of activity and geographical criteria. Corrections were introduced to weight the relevance of SMEs in the sample.

The questionnaire was formulated, based on current European and Italian literature (Commission of the European Communities, 2002a; Unioncamere and ISVI, 2003), and was made up of two parts: a group of questions on company data (e.g., number of employees, turnover, sector, adoption of specific management programs and tools); 11 close-ended questions on CSR. The questionnaires were sent to Board Chairmen, Managing Directors, Chief Executive Officers and Top Managers of the sample companies.

In a first phase, all the information collected was organized using simple statistical tools (e.g., weighted averages, percentile ranking and frequency distributions). 91 questionnaires were received, representing a response rate of approximately 25%. Table 4 gives an overview of the distribution of the questionnaires received with regard to the size of the firms. Although the sample was chosen among “best in class” companies according to the Confindustria’s parameters, the response rate of SMEs (< 50 employees) was in any case lower than response of large companies.

In a second step, data collected in this way was used to carry on a more in depth statistical analysis in order to define a more complete picture of the relationships and antecedents at the basis of corporate behavior in the CSR field. The statistical tools adopted were linear and logistic regression: the choice was related to the type of dependent variables considered, i.e., activities on CSR in which companies are involved, tools implemented to promote CSR and companies’ opinions on the dimensions of CSR. These dependent variables were correlated with size and geographical location. The size of companies was measured as the number of employees; the geographical location was measured looking at the area where companies operate. In particular, North-East of Italy has been coded as 1, North-West as 2, Centre as 3 and South as 4.

Key Findings of the First Survey

All the companies interviewed were somehow proactive in terms of their attentiveness to new managerial tools such as ISO 9000:1994, Vision 2000, ISO 14001, EMAS, SA 8000, Responsible Care, Ethical Codes, Environmental Reports, and Social Reports. Generally speaking, companies’ attention to CSR issues and adoption of CSR behavior seem quite high. The majority of the inter-

Table 4
Sample's Distribution by Number of Employees (%)

No. of Employees	Sample	Complete Questionnaires Received
More than 500	19.5	35.6
250-499	6.6	12.2
50-249	24.8	22.2
20-49	21.8	17.8
0-19	27.3	12.2
	100	100

viewees (84%) declared that they were involved and active in the area of CSR. In addition, for 62% of the firms the involvement in socially responsible activities is regular and related to business strategy.

In detail, the initiatives most frequently realized in the sphere of CSR are: training activities (89%); safeguarding employees' health (82%); initiatives in favor of the local community (72%); support of cultural activities (70%) and control of product safety and environmental impact (62%). On the other hand, these companies are not heavily engaged in the following activities: on-site child care facilities (only 2%); participation in fair trade (4%); equal opportunities policies (13%); programs for protected categories (15%) and disadvantaged persons (27%) and control of the ethical and social aspects of products (17%) (Table 5).

Table 5
Activities on CSR in Which the Company is Involved

Activity	Percentage
Training Activities	89
Safeguarding Employee Health	82
Local Community Involvement	72
Support of Cultural Activities	70
Product Safety	67
Controlling Environmental Impacts of Products	62
Support of Sports Activities	57
Employee Services	55
Environmental Protection Activities	39
Customer Satisfaction	34
Sourcing Policies	29
Initiatives for Disadvantaged Persons	27
Controlling of Ethical and Social Aspects of Products	17
Initiatives for Protected Categories	15
Initiatives for Equal Opportunities	13
Fair Trade Initiatives	4
On Site Child-Care Facilities	2
No Answer	1

With regard to the concrete tools and activities implemented by companies to promote CSR, respondents are involved either in internal programs or in external ones (Table 6).

Table 6
Tools Implemented to Promote CSR

Activity	Percentage
Employees Involvement Programs	83
Sponsorship (Regular and Continuous)	75
Donation (Ad hoc in Cash or Kind)	51
Direct Investment	47
Adoption of Management Systems	42
Adoption of Code of Conduct	34
Corporate Campaigning	21
Participation in CSR Programs	16
No Answer	0

As a wide range of definitions have been given to CSR, one survey question was structured in order to discover top managers' perception of the CSR concept: "In your opinion, which dimensions does CRS include?" In this case a 5-point Likert scale was used. The results are reported in Table 7.

Table 7
Dimensions of CSR: Companies' Opinions (%)

	Strongly Agree With	Somewhat Agree With	Neutral	Somewhat Disagree With	Strongly Disagree With	NA/ Do Not Know
Respect of Ethical Principles	55	40	1	1	0	3
Codes of Conduct	36	50	7	1	0	6
Quality of Life	34	57	8	0	0	1
Transparency	36	48	10	2	0	3
Marketing	13	40	26	9	3	9
Clients and Suppliers Selection	23	45	17	7	1	7
Company Reputation	42	43	9	1	0	4
Local Community Initiatives	28	57	6	5	1	3
Philanthropy and Donations	7	26	31	15	5	17
Human Rights	43	41	9	1	2	3
Equal Opportunity	27	45	23	0	0	5
Employee Safety	74	24	1	1	0	0
Environmental Protection	60	39	0	0	0	1

Evidence indicates that CSR is considered a very broad concept, encompassing many different dimensions (no one answer was completely excluded by respon-

dents). However, some aspects seem to be more linked to corporate responsibility than others: employee safety, environmental protection, respect of ethical principles and human rights, company reputation, adoption of conduct codes, transparency, attention to the quality of life and promotion of local community initiatives. Out of the remaining choices, philanthropy, donations and marketing were those perceived as least relevant to the subject of the survey. Interestingly, although the sample was selected among “sensitive to CSR companies,” chosen for their leading role inside Confindustria’s network, only 45% were familiar with the “Green Paper” on CSR promoted by the EU.

As for the reasons that encouraged a company to adopt socially responsible behavior, the most frequent advantages indicated are: benefits to company image (90%), opportunity to improve relations with the local community (76%) and specific motivations of Top Management (56%). Meanwhile surprisingly only 1 company (1%) indicated pressures from clients and suppliers and from NGOs as a relevant reason to promote socially responsible initiatives. Seventy-four questionnaires were analyzed, because not all firms involved answered this specific question.

Table 8
Reasons that Encouraged a Company to
Adopt Socially Responsible Behavior

Activity	Percentage
Company Image	90
Relation with Local Community	76
Ethical Motivation of Top Management	56
Employees Satisfaction	49
Business Partner Relations	43
Relation with Public Authorities	25
Customer Satisfaction and Loyalty	22
Ability to Attract New Employees	21
Legal Obligations	15
Investor Relations	13
Market Share	10
Pressure from Local Community	9
Public Incentives	6
Ability to Attract Financial Resources	6
Pressure from Headquarters	4
Pressure from Public Authorities	4
Fiscal Incentives	3
Pressure from Clients and Suppliers	1
Pressure from NGOs	1

In addition, the companies were asked to identify obstacles in implementing CSR. The lack of time and severe time pressure (61%) and lack of human resources to address CSR issues were the two principal barriers that emerged

from the survey. Other difficulties in involvement in social responsible activities were lack of financial resources and cost constraints (38 %) and little awareness of the topic (31%).

Finally, we asked which factors could bring more attention to CSR in the future. The main expectations of respondents were fiscal incentives (48%) followed by the spread of information on CSR (47%) and benefits for company image (47%). In contrast, companies did not consider the possibility of obtaining greater access to financial resources (7%) and better relations with Public Authorities (17%) as factors likely to increase the involvement in CSR in the future. Moreover, 43% of the sample declared their intention to increase their involvement in CSR over the next three years, while 58% declared that they would keep it at its current level.

If we consider the more in depth statistical analysis, some interesting findings can be presented. Here we describe the most significant results related to some of the categories we used to measure the dependent variables. In order to test the correlation between CSR activities and firms' size and geographical location, a logistic regression has been implemented. Results described in Table 9 show some findings regarding activities on CSR, in which companies are involved. In particular, geographical location is statistically significant ($p < 0.01$) and negatively correlated to the environmental protection activities ($r = -0.493$). Environmental protection activities are also statistically significant ($p < 0.05$) and negatively correlated to firm size ($r = -0.289$). Geographical location is statistically significant ($p < 0.01$) and negatively correlated to initiatives for equal opportunities ($r = -0.647$). Local community involvement is statistically significant ($p < 0.01$) and negatively correlated to firm size ($r = -0.338$). Finally, support of sports activities and cultural activities are statistically significant ($p < 0.01$) and negatively correlated to firm size (respectively $r = -0.288$ and $r = -0.313$).

Table 9
Coefficient for the Dependent Variables: Activities on CSR

	Environ- mental Protection Activities	Initiatives for Equal Oppor- tunities	Local Community Involvement	Support of Sports Activities	Support of Cultural Activities
Geographic Location	-0.493**	-0.647**	0.013	0.173	0.129
Firm Size	-0.289*	-0.285	-0.338**	-0.288**	-0.313**
$p <$	0.000	0.001	0.018	0.036	0.031

Note: ** $p < .01$; * $p < .05$

In general, data suggest that activities which have a direct impact on the welfare of the local community (environmental protection, local community involvement, support of specific activities such as sports and cultural programs) are based on a stronger involvement of the SMEs. This is coherent with a view focused on the concept of social capital as a fundamental asset for the success

of the Italian companies: SMEs are crucial parts of the community where they are located and they maintain and strengthen their local trust relationships over time through a significative social commitment. Furthermore, according to the negative correlation between environmental protection/equal opportunities and geographical location the social and environmental consciousness and awareness seem to be higher in Northern Italy. Many data, with particular regard to environmental policies, confirm these results (APAT, 2003).

With the aim of testing the correlation between the tools implemented to promote CSR and firms' size and geographical location, a logistic regression has been run. Table 10 presents some results on the relationship between tools and the independent variables. Geographical location is statistically significant ($p < 0.01$) and negatively correlated to corporate campaigning ($r = -0.573$). Direct investments are statistically significant ($p < 0.01$) and negatively correlated to firm size ($r = -0.339$). Employee involvement programs are statistically significant ($p < 0.01$) and negatively correlated to firm size ($r = -0.389$). Adoption of codes of conduct is statistically significant ($p < 0.01$) and negatively correlated to firm size ($r = -0.390$). Moreover, it is marginally statistically significant ($p < 0.1$) and negatively correlated to geographical location ($r = -0.306$). These results suggest that companies located in Northern Italy are more interested in using advanced tools (corporate campaigning and codes of conduct) to foster socially responsible initiatives. SMEs seem to be more sensitive to actions (direct investments in the community, employee involvement programs and adoption of codes of conduct), which could directly affect in a positive way their relationships with the different stakeholder categories, especially at the local level.

Table 10
Coefficient for the Dependent Variables: Tools Promoting CSR

	Corporate Campaigning	Direct Investment	Employee Involvement Programs	Adoption of Code of Conduct
Geographic Location	-0.573**	0.135	-0.116	-0.306†
Firm Size	-0.177	-0.339**	-0.389**	-0.390**
$p <$	0.002	0.015	0.011	0.001

Note: ** $p < .01$; * $p < .05$; † $p < .10$

An OLS regression model has been used to study the correlation between the companies' opinions regarding the dimensions of CSR and firms' size and geographical location. Table 11 shows those results that are statistically significant. In particular, equal opportunity is statistically significant ($p < 0.01$) and negatively correlated to geographical location ($r = -0.182$). Even if the model is marginally statistically significant ($p < 0.1$), local community initiatives are statistically significant ($p < 0.05$) and negatively correlated to geographical location ($r = -0.133$).

Table 11
Coefficient for the Dependent Variables: Dimensions of CSR

	Equal Opportunity	Local Community Initiatives
Geographic Location	-0.182**	-0.133*
Firm Size	0.101	-0.054
$\rho <$	0.021	0.100

Note: ** $p < .01$; * $p < .05$

As we expected, the findings have generally demonstrated that the definition of the CSR concept (i.e., the different CSR dimensions) is independent from the geographical location or the size of the companies. In any case, companies located in Northern Italy show a greater attention to the issues related to the respect of equal opportunities and local community initiatives. As previously underlined, this result could be related to a higher social awareness and to the fact that industrial districts and networks are more developed in Northern and Central Italy.

Conclusions

It could be useful to underline the contribution delivered by this paper to the international debate on CSR. This is a first outline of the overall policies and initiatives carried on in Italy in the CSR field. Therefore, our work tries to define the most up-to-date picture of the Italian “state of the art” related to CSR issue. The study clearly demonstrates that Italy is at the forefront of CSR initiatives in Europe and despite the challenging global economic environment, the first signs of the kind of stable, economic growth that CSR promotes are beginning to take place. The research synthesizes some critical elements that deserve mention here:

- the existence of numerous spontaneous CSR initiatives;
- the relevance of European-wide guidelines;
- the Ministry of Labour and Social Affairs’s promotion towards a mature CSR approach within a common framework;
- the divide between SMEs and large companies (by size), but also interesting differences by geographical areas and industry.

According to the findings of the survey, Italian companies showed a positive attitude towards CSR. Despite an unclear definition of CSR, firms seem to be engaged in socially responsible activities using several tools: specific programs on social issues, sponsorships, donations, direct investments and adoption of codes of conduct. The main reasons at the basis of the CSR initiatives are related to company image and relations with local communities. In particular, the relationship between SMEs and local community seems to be fundamental in order to understand the choices carried out by the companies in this field. This

could be explained if we refer to the concept of social capital as key-driver for the long-term success of the firms in the Italian context. For this reason it is possible to talk about “sunk CSR” if we consider behavior (e.g., local community initiatives and involvement) which companies have traditionally carried on in their own environment.

The survey also identified internal and external barriers to the diffusion of CSR among firms and factors that could lead to a deeper engagement in the near future. From a policy perspective, the need for public support is clearly pointed out by respondents as a critical factor in fostering CSR behavior. More specifically, in addition to fiscal incentives, companies need information on corporate social issues (the lack of publicity on CSR is considered one of the main obstacles to CSR activities). Public Authorities have to develop and spread knowledge about CSR in the business community through promotion and communication. However, it is useful to underline that the findings of this survey should not be misunderstood. The survey gives a picture of a group of “selected companies” (best in class companies) defined in coherence with the goals of the research project CSR-SC that Bocconi University carried out for the Italian Ministry of Labour and Social Affairs. Although the sample represents the overall population of Italian enterprises in terms of size, sector and geographical distribution, it is not a random sample. Meanwhile, for several companies CSR is still an occasional topic, not closely related to the business strategy, as many business cases have demonstrated during the last years. In any case, the survey pointed out some specific spheres of interest that will be analyzed in depth through further research initiatives.

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