

Encouraging CSI in Italy: The Enabling Role of Government in Mandating, Motivating, and Supporting Responsible Business Practices



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INTRODUCTION

Corporate Social Responsibility (CSR), a concept whereby companies integrate social and environmental concerns into their business operations and interactions with their stakeholders on a voluntary basis (CEC, 2001), has clearly attained a high degree of relevance for a large number of companies of all sizes.

Moving from an initial, vague awareness of the necessity to actively contribute to the development of society as a whole, CSR is now increasingly associated with a new managerial model centered on the voluntary integration of economic, social and environmental responsibilities into the entire value chain and all company functions, and on the relationships with the stakeholder network. CSR is a discipline that progressively aligns shareholder and stakeholder interests, able to shift between short- to long-term objectives.

Although the evolution of CSR theory and practice is the product of different complementary forces (that is, for example, from market and consumer pressures to the activities of nonprofit organizations), the importance of governments in fostering the debate over the role and responsibilities of business in society is also of vital importance.

Increasingly public authorities, at different levels, play a key role in setting a reference framework and establishing conditions that guarantee a common ground, mediating among different perspectives. Over the last few decades, CSR has become an unprecedented global movement, progressing from a niche issue to a mainstream approach to better business management. This is good news: more and more companies are acknowledging and internalizing the importance of CSR. But CSR has now become “an eclectic field with loose boundaries, multiple memberships, and differing training/perspectives” (Carroll, 1994, p. 14). As a result, there is confusion about what it really means. How, then, can stakeholders – from investors to customers – discern which companies are truly “walking the walk” of CSR as opposed to simply “talking the talk?”

Here the role of governments and public actors becomes relevant: responding to the need for clear rules of the game, which entails greater transparency and convergence of CSR practices and tools.

In this context, the three roles of government in CSR, as claimed by the European Commission in the 2002 Communication, include (1) the promotion of CSR, of dialogue

between the various actors, and of the exchange of relevant experience and good practices; (2) transparency regarding responsible practices and specific management tools; and (3) the integration of CSR into national strategies and the consequent development of specific supporting policies.

Based on these general indications, the member states have implemented CSR initiatives with a variety of solutions and approaches; for example, embracing the liberal tradition and minimizing public intervention, with the public sector playing the role of change promoter and dialogue facilitator, as is being done in the UK; taking a more regulatory approach, such as in France; fostering a partnership-oriented strategy, which is typical of the Nordic nations; or focusing on a multi-stakeholder model, especially in the Mediterranean countries, including Italy.

In other words, individual member states have specific policy priorities, reflecting the different contexts and cultures (see Figure I). But they address their effort toward similar objectives: enhancing the credibility of CSR practices and instruments; raising awareness, increasing knowledge, disseminating and awarding best practices; and working toward a more solid and consistent link between public policies and the movement toward sustainable development.

Recognizing the importance of government intervention in the promotion and diffusion of CSR, this paper focuses on Italy, exploring the most relevant Italian CSR-related initiatives. In so doing, it analyzes the government policies that promote the analysis, verification and validation of CSR practices. Based on an in-depth study of the Italian government/public/private initiatives, the major goal of this paper is to explore the ways in which public policies help to integrate companies' societal expectations with their business management. The study draws on literature and recent empirical evidence on CSR practices in Italy.

Various structural and historical considerations have shaped the Italian economic system and its attention to social relationships. The predominance of small and medium-sized enterprises (SMEs), the role of local industrial district and the importance of cooperation together provide a unique perspective from which to explore the Italian CSR profile.

To focus in more closely, a comparison among 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 6 per company overall for the 15 EU member states. Industrial enterprises with over 250 employees account for 19.7% of the total in Italy compared with 34% of the total for the EU.

Figure 1 – CSR origins and convergence in Europe



The predominance of SMEs poses important challenges for the diffusion and implementation of CSR--challenges different from those that confront large corporations and that can of course vary across different countries and cultures. SMEs are generally independent, multi-tasking, cash-limited and based on personal relationships and informality (for a deep understanding of these peculiarities, see Spence, 1999), as well as actively managed by the owners, highly personalized, largely local in their area of operation and largely dependent on internal sources to finance growth (Vyakarnam et al., 1997).

Moreover, the Italian industrial districts are geographically concentrated 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 (for example, manufacturing and textile industries) and engineering industries, these districts lead the global market

and account for over two-thirds of total national exports. All this has favored the integration of SMEs within the local community (Corbetta, 2000; Minoja, 2002; Perrini et al., 2005), linking their long-term success to the ability to acquire legitimacy and consensus from local stakeholders such as employees, public authorities, financial organizations, banks, suppliers and citizens.

The success of such local networks is based on informal and tacit relationships and in general more on the accumulation of social capital. According to Putnam (2000, p. 19), “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.” Moreover, “stocks of social capital, such as trust, norms, and networks, tend to be self-reinforcing and cumulative. Successful collaboration in one endeavor builds connections and trust – 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).

From this perspective, the intangible assets gained in the areas of reputation, trust, legitimacy and consensus related to the concepts of social capital form the basis of the long-term performance of Italian SMEs and the districts in which they are located (Lipparini, 2002), even though results are often not communicated or simply not measured.

As shown and analyzed in a broad range of literature (Azzone, Bianchi & Noci, 1997; Gilardoni, 2000), the embeddedness of Italian SMEs in their social contexts, and the related importance of social capital accumulated are essential considerations, in that they have shaped the Italian government’s relational approach to CSR and historically influenced the diffusion of CSR managerial tools and standards.

In light of these premises, the remainder of this paper is structured as follows: first, the Italian CSR profile is analyzed in more detail. Second, specific initiatives on CSR are presented, distinguishing between private- and public-sector experiences. Finally, there is an in-depth analysis of the Italian government’s intervention, with a specific focus on the most important project initiated by the Italian Ministry of Labour and Social Affairs, that is, the Corporate Social Responsibility – Social Commitment (CSR-SC) project.

THE ITALIAN CSR PROFILE

The Italian CSR profile has to be analyzed in the context of a more general movement that has swept through Europe since 2001, when the European Union (EU) published the Green Paper “Promoting a European framework for CSR”. This paper was the EU’s response 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” (CEC, 2001, p. 3).

The Green Paper was followed in 2002 by an official communication entitled “CSR: A business contribution to Sustainable Development” (CEC, 2002) that, together with it, represents the final outcome of many years of discussion in Europe, at both the academic and institutional levels, about the social implications of business activities and the role of companies in supporting local and national community development. More specifically, the EU has contributed to the global debate on CSR by providing a supportive environment for it through the development of dynamic frameworks based on a European interpretation of the meaning of CSR.

In the Green Paper, CSR was defined as a concept whereby companies “decide voluntarily to contribute to a better society and a cleaner environment” and “integrate social and environmental concerns in their business operations and in their interaction with their stakeholders” (CEC, 2001, p. 4-6). The goal of this framework, in brief, was to provide guidance and “reference points” on key issues of the CSR agenda, and thus contribute to enhancing the transparency and credibility of CSR practices and tools.

Since then, European countries, their institutions and companies have been actively contributing to the global debate on CSR, promoting initiatives and formal definitions, proposing approaches and management tools, supporting rules of conduct and promotional campaigns (Zadek, 2002; Tencati, Perrini and Pogutz, 2004). Despite the variety of different approaches and the lack of a unique definition of socially responsible behavior, the link between perspectives lies at the nexus of responsibility and accountability, which implies social responsibility in the sense that a company is held accountable for its actions. Therefore, a sustainable and responsible company is one that identifies, measures, monitors and reports all the social, environmental and economic

effects of its operations on society at large, in order to both increase internal and external dialogue with its constituency and improve managerial awareness of and control over the social, economic and environmental impact of corporate activity.

Consistent with the general excitement over the potential of CSR to foster overall competitiveness, Italy leads Europe in the dissemination of environmental and social management systems. For example, in recent years, there has been a remarkable increase in ISO 14001 certifications, OSHAS 18001 certifications, EMAS registrations, quality certifications and environmental certifications – Eco-Label, biological certifications, social labels, and other environmental labels; the number of companies with a Social Accountability 8000 certification has also increased steadily.

Two recent studies illustrate the specifically Italian formulation of CSR development.

The first study was carried out by Bocconi University with Confindustria for the Italian Ministry of Labour and Social Affairs (Bocconi, 2002). It was conducted on a sample of almost 400 companies and showed the CSR-relevant initiatives most frequently undertaken in Italy. These included training activities (89 percent); safeguarding employees' health (82 percent); initiatives to benefit the local community (72 percent); support of cultural activities (70 percent) and control of product safety and environmental impact (around 62 percent). On the other hand, these companies are not heavily engaged in the following activities: on-site child care facilities (only 2 percent); participation in fair trade (4 percent); equal-opportunity policies (13 percent); programs for protected categories (15 percent) and disadvantaged persons (27 percent) and control of the ethical and social implications of manufacturing and distributing their products (17 percent).

With regard to the nuts and bolts of CSR promotion, respondents are involved in either internal or external programs. Programs to benefit employees (83 percent) and regular sponsorship activities (75 percent) are the instruments used by the majority of the firms involved in the study.

The second study, entitled 'Models of corporate social responsibility in Italy', was carried out by Unioncamere (The Italian Union of Chambers of Commerce) throughout Italy. Its aim was to provide a reference framework on CSR and is, by now, the most extensive study on the topic in Italy. It was conducted in July 2003 by means of

telephone interviews (carried out with the CATI - Computer Aided Telephone Interviews - method) on a sample composed of 3,663 companies, which considered three variables: business size, economic macro-sector and geographical area. From a statistical viewpoint, this sample represents the whole range of Italian companies with at least one employee.

The main conclusion was that medium- and large-sized enterprises were highly receptive to CSR policies; and enterprises with 20-49 employees implemented many practices that benefit employees, including flexible hours, meetings on a regular basis to present strategies and results and training for more than 20 percent of the staff.

This survey must be considered unique both in terms of scale (3663 firms interviewed) and scope (the questionnaire explores several CSR dimensions). It confirmed the hypothesis that a strong relationship exists between business size and companies' stance toward social responsibility. Among very small and small-sized enterprises, the commitment to CSR issues appeared to be limited; these organizations showed some interest in managerial tools such as ISO 14001 environmental certification and EMAS registration as well as in guiding principles. Moreover, a large number of enterprises belonging to the middle-sized and large group were, at the time of interview, involved in donations and sponsorships on a regular basis. Finally, around half of small and medium-sized enterprises required from their suppliers a quality certification of the product/service or adopted it directly.

A second relevant pattern that emerged in the first explorative study was confirmed in the second survey: a variation in firms' attitude toward CSR between geographical areas. This variation can be attributed to two factors: the socio-cultural and the legal-institutional contexts. In the realm of socio-cultural factors, a greater attentiveness to CSR was noticed where there is a concentration of services-sector concerns and the most advanced industry and where companies with foreign capital and those that are generally more open to foreign markets are based. In the legal-institutional realm, certain regions in Tuscany have launched SA 8000 to increase the spread of different management systems related to CSR.

In conclusion, these studies initiated the process of defining the government policy on CSR diffusion, highlighting those areas that, in line with global movement and local specificities, deserved more attention from companies.

Although Italian companies, mostly SMEs, emerge as highly engaged in CSR practices with a strong relationship with local communities, activities appear to be scarcely systematic; that is, they are not structured into formalized strategic processes, and they have low visibility outside the company. This common approach to CSR, which can be defined as a sort of ‘sunk CSR’ (Perrini et al., 2006), cannot easily be appreciated and enhanced for use by conventionally competitive multinational corporations. For these reasons, government can play a facilitating role, to help companies to recognize the benefits and limitations of the relationships within their stakeholder network.

CSR INITIATIVES IN ITALY

Several CSR –related initiatives have been promoted in response to the rising level of public attention to environmental protection, product safety and respect for workers’ rights and human rights in general. To systematize these developments, the most relevant and visible company and institutional experiences are classified in terms of: private- and public-sector experiences, as well as that of entrepreneurial associations.

This section is based on website analysis and interviews with specific organizations and institutions.

Private-Sector Experience

Private-sector companies and other players show a considerable interest in CSR issues. Depending on the tool adopted and its impact on corporate strategies, we can divide the various initiatives into four main groups: adoption of reports/statements and other reporting activities; adoption of management and certification systems; financial experience (ethical investment funds, rating); and other initiatives.

The first group includes reports on environmental, social and sustainability issues. These initiatives share the same underlying assumption: if companies want to obtain their stakeholders’ trust, they must not only communicate, but also provide concrete evidence that they are committed to continual, long-term improvement. A sustainable and responsible company must identify, measure, monitor and report all social, environmental and economic effects of its operations on society at large (Epstein et al., 1976), in order to increase both external and internal dialogue with constituencies and improve

“managerial awareness of and control over the social impact of corporate activity” (Preston, 1981, p. 257).

To date, more than one hundred social reports, more than one hundred environmental reports and about thirty sustainability reports have been adopted by Italian companies. Reporting on CSR activities is voluntary and based on numerous reference standards and methods. Some examples of the commonest standards follow:

- *GBS model*: promoted by The Gruppo di studio per il Bilancio Sociale (the Study Group for Social Reporting), also called GBS, this social-reporting standard (GBS, 2001) identifies the following objectives: to provide all stakeholders with a comprehensive picture of the company’s performance, establishing an interactive social communication process; to provide relevant information on the company’s operations in order to broaden and improve stakeholders’ awareness and ability to evaluate and make choices, also from an ethical-social standpoint. According to the GBS, the social report is composed of three sections: the corporate identity (this section summarizes corporate structure, its ethical values, mission, strategies and policies); the creation and allocation of value-added; and the social account (this section presents the outcomes achieved by the company and the impacts of its activities on the different stakeholder groups)
- *Q-RES Project*: conceived in September 1999 and launched in 2000 by CELE (CELE, 2002), the Centre for Ethics, Law and Economics of the Libero Istituto Universitario Carlo Cattaneo (LIUC University), its goal is to develop a management framework for the social and ethical responsibility of corporations, based on the idea of the social contract between the firm and its stakeholders, by developing a new type of externally certifiable quality standard. The Q-RES model consists of an integrated and complete set of tools to introduce ethics into companies. It also defines criteria for excellence in the management of social and ethical responsibility, taking into consideration emerging international standards and current best practices.
- *ABI Model*: Another initiative in this area has been developed by the Italian Banking Association (Associazione Bancaria Italiana – ABI). ABI has an operative working group that promotes specific guidelines for social reporting in the banking sector.

The second group of initiatives concern the implementation of management and certification systems. They range from CSR management systems focused on various components (for example, environment, human resources, suppliers, employees' safety, and so on) to third-party certification systems, including, environmental labels and quality labels. More specifically:

- Out of 763 global certifications, more than 260 Italian facilities are certified with the Social Accountability 8000 standard (as of September 2005). Promoted by the Council on Economic Priorities Accreditation Agency (CEPAA), Social Accountability 8000 (SA 8000) is a system that protects workers' rights, along the entire supply chain, by defining a set of auditable standards for third-party verification. Italy now has the highest number of certified organizations in the world (34.1 percent of the total).
- With regard to environmental, health, and safety-management systems, more than 5300 companies have adopted an ISO 14001 (as of December 2005), an environmental management standard targeted toward supporting companies in minimizing the negative impacts of their operations on the environment. In addition, there are now more than 400 EMAS registrations (413 as of December 2005, including both facilities and organizations registered) and an increasing number of OSHAS 18001 certifications.
- Italy now leads Europe in its number of firms with an EU Ecolabel. Moreover, 1490 products, representing 12 product groups, are now certified (as of December 2005). Finally, other types of labels are spreading, focused more on social issues, such as biological certifications, social labels (for example, Transfair), and other environmental labels, including the Forest Stewardship Council (FSC).

The third group of initiatives refer to financial experiences, that is, those related to corporate finance and evaluation processes. Some examples follow:

- Given the increasing number of ethical mutual funds, Assogestioni (the Italian Association of Investment Funds) introduced an Ethical Fund among its categories of financing;
- Previambiente and Eurofer are examples of trading-pension funds beginning to combine ethical choice with traditional portfolio-management systems;

- The Forum for Sustainable Finance (FFS) was established in 2001 to promote the diffusion of socially responsible investment concepts and tools among representatives of the financial community. The FFS now includes ABI (Italian Banking Association), ANIA (the Italian Association of Insurance Companies) and other banking, financial and insurance institutions.
- E.Capital Partners SpA, one of the biggest international companies in Italy that rates ethics, has launched, since 2000, two stock indexes – Ethical Index Euro® and Ethical Index Global®, and four bond indexes.
- Founded in 1998 and fully operational since March 1999, Banca Etica specializes in non-profit financing, solidarity economics, social and international cooperation, and civil society.

The last group of private-sector initiatives includes projects and activities in the following areas:

- Organizations, working groups and research centers for CSR issues, promoted by companies and entrepreneurial associations: Gruppo di Frascati/Cittadinanza Attiva, Impronta Etica and Anima all exemplify organizations working within the framework of CSR with cultural promotion, best-practice diffusion, stakeholders' engagement programs and so on.
- Cause-related marketing activities: an example of the possible dimensions of such activities is Nielsen Italia Observatory. In 2004 corporate investment in communications included an investment in CRM initiatives of € 82,325,000 (over 8,000 ads), that is, 0.34 percent of the advertising market. In the same year, more than 200 firms invested in CRM initiatives. These data, consistent with the 2003 results (€ 85,747,000 invested, 10.612 ads and 190 companies involved), reflect an upward trend when compared with previous annual results (in 2002, the CRM expenditures were around € 78,000,000, or 0.3 percent of the market, with 7800 ads. produced by 120 companies).
- CSR-based awards: specific awards have been created to increase attention to CSR-related issues. An example is the initiative 'Oscar di Bilancio', established by the Federation of Italian Public Relations, which identified some specific categories for social and environmental reports and then, consistent with the

above-mentioned triple-bottom-line approach, created the ‘Oscar di Bilancio di Sostenibilità’ to conform with this new trend. Another example is the ‘Sodalitas Social Award’, granted to Italian companies that best implement socially responsible programs. Moreover, further initiatives on specific CSR-related issues exist, including the Best Workplaces Italia organized by Great Places to Work.

- Banking foundations to promote and support non-profit organizations and local communities: In 2004, they disbursed 1267 million euros for social-related actions with over 23,000 initiatives directed toward cultural and artistic activities, training, assistance, philanthropy and charity activities, health, research, promotion, local communities, the environment, sports, and international and religious activities.

The Public-Sector Experience

Many initiatives have been promoted within the public sector (public administrations), both at the regional and provincial level and among non-profit organizations (NPOs), with the goal of boosting both the awareness and culture of CSR and the adoption of specific managerial practices and tools.

Among the initiatives promoted at the regional level, leading examples are:

- **Fabrica Ethica**: activated by the region of Tuscany, this project aims to promote SA 8000 certifications among SMEs (starting in June 2000). The certification involves supportive training and information services and the allocation of funds to companies;
- **Regional Act n. 20 of 2002**: approved by the region of Umbria, this act provides for the creation of the regional Register of SA 8000-certified companies. In addition, Umbria has already approved the Regional Act n. 21 of 12 November 2002, titled ‘Measures for the certification of quality, environmental, safety and ethical systems of Umbrian firms’;
- **“Chiaro, Sicuro, Regolare”**: this program, promoted by the Emilia Romagna region, focuses on occupational safety and quality. Furthermore, in July 2005 the Emilia-Romagna region adopted the Regional Law n. 4 in order to promote employment and quality, as well as compliance with regulations concerning workplace conditions. In

this area, CSR is considered to be a critical tool for improving work conditions, fostering a competitive attitude, and promoting sustainable development and social cohesion at the local level

- The partnership between the Marche region and the CFM (Centro Formazione Marche, the Center for the education and training of the Marche region): this partnership aimed at establishing a central source of information on CSR. Moreover, in February 2005, the Marche region adopted Regional Law n. 11 to promote initiatives, managerial tools and schemes all relevant to socially responsible practices. Finally, in 2005 the SIRM project (Sistema Impresa Responsabile Regione Marche – Responsible Business System of the Marche region) was launched.
- CSR-Vaderegio Project: carried out by Sicily and funded by the European Commission, this project involves four organizations: Agenda-Social Responsibility in Scotland of Edinburgh (Scotland), the Flemish Ministry of Labour (Belgium, Flanders), the Novia Salcedo Fundación di Bilbao (Spain, Basque region) and the Euro Association of Palermo (Sicily). By involving local institutions, the project aims to understand and promote CSR at local levels. Furthermore, the region of Sicily supports the Etiquitalitas Project, which involves the Regional Observatory for the Environment (ORSA), the Euro Association and various local bodies and cooperatives.

Along with the increasing interest in the diffusion of CSR at the national and regional levels, some Italian provinces are becoming actively involved in supporting the adoption of socially responsible behavior. The province of Chieti, for example, is encouraging companies to adopt more advanced management tools to promote CSR. The province of Lecce established a partnership with its university and Assindustria to promote a system of ethical-social certification for the companies of the province. The province of Novara has promoted the Sonar project, aimed at constructing a management system that hires disabled/disadvantaged people.

Public – Private partnership in CSR

Increasingly, the promotion of CSR passes through different levels of cooperation between the private and public sectors. Table I offers some examples of the way public-private (profit and nonprofit) partnerships have been carried out in the Italian context.

Table I –Public-Private CSR partnerships (Some examples)

Typology and objective of the partnership	Public Actor	Private Actor	Partnership Management and accountability
<p>Ethical certification for SMEs</p> <p>Promotion of SA 8000 ethical certification among SMEs in Tuscany</p>	<p>Tuscany Regional Government (Regione Toscana)</p> <p>Role in the partnership</p> <ul style="list-style-type: none"> - evaluate child labor exploitation and general working conditions (health, safety) across SMEs in Tuscany - define financial instruments in regional plans <p>Benefits from partnership</p> <ul style="list-style-type: none"> - first European regional government to promote ethical standards - increased accountability to regional private and public stakeholders 	<p>Tuscany Industrial Association</p> <p>Role in the partnership</p> <ul style="list-style-type: none"> - evaluate potential of increased competitiveness in international competition - identify and guide SMEs in the process of accessing regional funding <p>Benefits from partnership</p> <ul style="list-style-type: none"> - Free SA 8000 consulting and certification process 	<p>Creation of a regional Ethical Commission to supervise the certification process</p> <p>Creation of a dedicated website: www.fabricaethica.it</p> <p>Financing included in regional planning systems</p>
<p>Bancoalimentare – food for the poor</p> <p>It takes excess stocks of food and provides them to non-profit associations throughout Italy for distribution.</p> <p>Over a period of three days supermarkets promote the initiative to the public.</p>	<p>AGEA – Ministry of Agriculture</p> <p>Role in the partnership</p> <ul style="list-style-type: none"> - Plan food distribution from supermarkets based on excess quotas <p>Benefits from partnership</p> <ul style="list-style-type: none"> - Better allocation of resources in the over-the-food production cycle 	<p>Supermarkets in Milan</p> <p>Role in the partnership</p> <ul style="list-style-type: none"> - initiative promoted and revenues allocated to the purpose - Better stock management <p>Benefits from partnership</p> <ul style="list-style-type: none"> Increased customer loyalty 	<p>Creation of a dedicated website: www.bancoalimentare.it</p> <p>Involvement of private sponsors</p>

In general, public-sector actors are principally involved in evaluating the social and environmental needs that form the basis for planning CSR strategy and interventions, while private-sector actors are principally involved in financing CSR intervention as well as carrying them out, in an attempt to achieve a greater efficiency in the allocation and use of resources. The definition of a CSR strategy, the planning phase and the reporting of results are tasks generally shared by both private- and public-sector actors.

Entrepreneurial associations

Finally, if we turn to entrepreneurial associations, it is so far difficult to summarize the number of projects promoted at various levels among the different industrial sectors. The National System of Chambers of Commerce – Unioncamere – is especially attentive

and sensitive to CSR issues. This association led the way in promoting CSR among companies working in Italy. Under its coordination, regional and provincial chambers of commerce are progressively activating CSR front offices to promote CSR, collecting and spreading best practices and providing consulting services.

Other relevant initiatives are presented in table II.

Table II – 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), and 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 SA8000 certifications

In conclusion, a sensibility to CSR and the promotion/consolidation of socially responsible behaviors, mostly among SMEs, are fundamental goals shared by all private and public initiatives all over Italy. The need for improvement among local public authorities, chambers of commerce and the other organizations, and to converge them into an overall reference framework, has pushed the Italian government into a more active involvement in defining CSR policies and developing the relevant policies and goals.

THE ITALIAN GOVERNMENT’S CSR –RELATED PROJECT LAUNCHED BY THE MINISTRY OF LABOUR AND SOCIAL AFFAIRS

The proposal regarding CSR represents the first organic and extensive policy developed in this area by Italy’s public authority. As highlighted in the previous pages, several initiatives relevant to corporate responsibility are ongoing in Italy, spontaneously promoted by local institutions and private parties (industrial associations, non-profit organizations and firms). However, while the European Commission was fostering a new global CSR framework, integrating different perspectives including sustainability, economic competitiveness, environmental protection and social cohesion, the central government in Italy was operating on a fragmented agenda, without a coherent CSR strategy.

The Italian government, along with governments in the other Mediterranean countries, became involved in CSR-related actions after the publication of the Green Paper. More to the point, the Ministry of Labour and Social Affairs is to be directly involved in the development of an Italian perspective on CSR, as a means of increasing companies' awareness of social, environmental and sustainability issues by promoting the spread of a culture of responsibility within the industrial system (Italian Ministry of Labour and Social Affairs, [2003], p. 22).

Before we focus on the main features of the project, it is worth emphasizing how the Italian government has interpreted CSR.

First of all, the Italian government supports a voluntary involvement of firms in CSR practices and tools. In fact, social and environmental reporting and disclosure, as well as the adoption of management systems and certifications, are not mandatory; for example, firms can decide whether or not to disclose nonfinancial information, as well as adopt a reporting standard.

Second, public policies in Italy support a multi-stakeholder approach to CSR, believing strongly that policies and practices, both at the public and private levels, should result from an exchange relationship between all the stakeholder categories. Such an emphasis on the relational dimensions of corporate activities is the main consequence of the structural factors that distinguish the Italian industrial system, as highlighted above: the predominance of SMEs and the focal role of local districts, together with the importance of the cooperative movement and the role of the state in defining the guidelines for economic actors. All these traits have distinguished the Italian national economic system, shaping a more focused attention on social relationships and relevant contributions to the social, local contexts in which companies operate.

Finally, the Italian political view of CSR is based on the belief that responsible practices represent a viable competitive opportunity for the whole economic system. CSR is seen as a strategic tool to achieve better performance and economic sustainability in the long run. In other words, conforming to the CSR paradigm is not viewed as a way to increase economic and financial performance, but rather as an inevitable consequence of the critical interdependencies that exist among the firm, its employees, customers, investors, communities and constituencies in general.

In a context in which the boundaries between market and non-market become increasingly blurred, consideration of CSR from solely a profitability-based perspective would neglect all the other benefits that might derive from interaction with the firm's social context of reference and its constituencies. It is in this sense that protection of the environment, respect for social conditions and awareness of the needs of the various stakeholders (human resources, members/shareholders and the financial community, clients/customers, suppliers, financial partners, the state, local authorities and public administrations, the community) are considered to comprise the broad concept of CSR. It represents the ability of the firm to deal with stakeholders, integrating social and environmental concerns into business operations

Starting from these key principles, in 2002 the Ministry of Labour and Social Affairs launched an ambitious CSR –related project, identifying the following goals:

- promoting a CSR culture and best-practices exchange among businesses through communication, dissemination of information and training;
- guaranteeing to citizens and consumers that reporting and communications on corporate social commitment by firms are true and not misleading;
- defining a simple and modular standard – based on a list of key performance indicators – that firms can adopt on a voluntary basis in order to identify socially responsible behavior;
- supporting companies, especially SMEs, in developing CSR strategies and policies;
- fostering experience exchanges among countries in order to identify and trade information on the best practices at the international level.

Bocconi University was retained by the Italian Government, as a technical partner, to support the ministry team in defining the CSR-SC project.

The first step was dedicated to an in-depth analysis of literature on CSR. The second consisted of a detailed and extended benchmark study of the main Italian, European and international standards and initiatives on CSR. The third part of the research project surveyed firms' CSR awareness and behavior.

On the basis of these three research activities, a first proposal for a CSR-SC standard was presented on 13 December 2002. This draft was improved during the following months through a process of stakeholder engagement, which involved academics from

other Italian universities, members of NGOs and entrepreneurial associations and experts from consulting companies and certification bodies.

During the Third European Conference on Corporate Social Responsibility held in Venice on 14 November 2003 and after eighteen months of work, the Ministry of Welfare proposed a bi-level standard framework (see Figure II) based on Bocconi University's research activity, a pilot testing phase and an articulated debate with different stakeholders. The main features of the CSR-SC project are listed below:

- a voluntary approach to CSR practices;
- corporate self-assessment;
- integration with traditional certification mechanisms;
- a set of performance indicators, to support and orient firms.

The first stage (the CSR level) is based on the set of performance indicators and on a system of guidelines to support companies in assessing their own social performance and to report through an innovative tool called Social Statement. The main steps follow:

- 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 and called CSR Forum, 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 (the SC level) requires that companies take a proactive role in supporting the welfare policies promoted by 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 socially responsible projects proposed by policy makers. The goal is to integrate private and public resources according to a modern welfare mix approach.

Public administrations and non-profit organizations should mobilize their resources to create and regularly update a “map of needs,” which would provide the foundation for jointly planning CSR interventions with the private sector (where the public sector is

incapable of providing direct services in response to social and environmental needs, or the private sector can provide them more efficiently); and their associated bodies and effectively report to citizens and the public the results achieved. Between private- and public-sector organizations, measurement can assess the effectiveness of partnerships in meeting both corporate strategic goals and government objectives.

So far, the goal of the CSR-SC system is to promote socially responsible behavior among firms. In order to guarantee standardization in data presentation and comparable results from different enterprises, the Social Statement, based on a set of performance indicators, will serve as an optimal point of reference in the reporting activity. The set of indicators is designed according to a flexible and modular approach designed to respond to the specific needs of the firms (size, industrial sector, and so on).

The CSR-SC Project represents a concrete attempt to activate those indications highlighted in the Green Paper on CSR implementation and companies' involvement, in order to contribute productively to the strategic goal adopted in March 2000 during the European Council in Lisbon.

The Social Statement is a document, a map of stakeholder-based CSR performance indicators, through which enterprises' evaluations of social, environmental and economic performance can be voluntarily supported and enhanced. The tool specifically aims at supporting systematic social and environmental data collection and self-evaluation. It is not meant to replace public or private "acknowledged" initiatives on CSR, but rather to supplement these projects. That is, the set of indicators aims at monitoring the commitment and the CSR-related activities carried out by enterprises, helping them to communicate with their stakeholders regularly and accurately.

In general, it is possible to identify at least three categories of companies that can use these indicators:

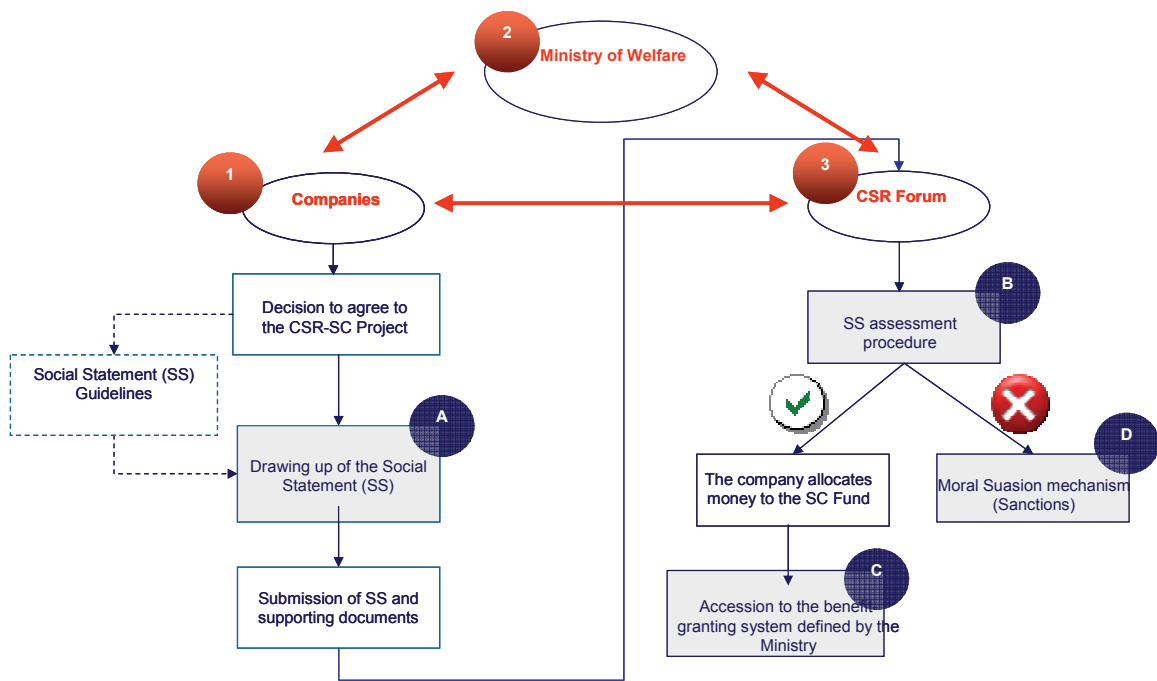
- publicly traded companies;
- large private companies;
- small and medium-sized private companies.

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

With regard to private companies, the purpose is to identify, within the framework, the measures that best meet information needs without requiring processing efforts that 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 adopt some additional indicators according to the characteristics of the company itself, the industry to which it belongs and its relevant stakeholders.

Figure II – The CSR-SC Project: system architecture



Source: Italian Ministry of Labour and Social Affairs (2003)

In other words, the possibility of adapting the information requirements of the Social Statement to the specific characteristics of the companies, in terms of finance, size, and specific product, 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 size¹, the Ministry of Labour and Social Affairs' proposal organizes the indicators according to a three-level framework (Global Reporting Initiative², 2002):

- Categories: Stakeholder groups 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 on a given CSR-related issue. 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.

¹ Around 25 large, medium and small enterprises, multinational groups and banks voluntarily submitted their organization to test the draft standard. The companies participating in this phase of the project, representative of the Italian reality, have been selected on the basis of size criteria, sector of activity, geographical location and legal status (see table III). All the enterprises joined this initiative on a voluntary basis. The pilot test allowed the assessment of different types of information concerning the set of indicators, the Social Statement and the CSR-SC Project as a whole. Through a series of audits conducted on site by experts, general comments and specific observations were collected.

² For example, in Italy less than 30 percent of listed companies use a tool such as the social, environmental or sustainability report. For an overview of the Italian situation in this field, see Perrini et al., 2005. At a worldwide level, with regard to the GRI, as of 31 December 2004, 571 organizations in 45 countries follow the Sustainability Reporting Guidelines, while only 140 used the tool two years ago (SustainAbility, 2004).

Table III – Project CSR-SC: Pilot test, sample enterprises

	Size	Sector	Geographical location	Legal status
1	Small	Services	National	Consortium
2	Small	Banking	North	Cooperative
3	Small	Services/IT	North	Limited Liability Co.
4	Small	Services/Counselling	South	Limited Liability Co.
5	Small	Food	North	Limited Liability Co.
6	Small	Services	Centre	Limited Liability Co.
7	Medium	Banking	North	Joint stock company
8	Medium	Manufacturing/Motor	North/International	Joint stock company
9	Medium	Electro-mechanic	South	Limited Liability Co.
10	Medium	Building components	Isles	Limited Liability Co.
11	Medium	Chemical/Building/Paint	Centre/Global	Joint stock company
12	Large	Diversified /Electro-mechanic	Global	Public company
13	Large	Utility	North	Joint stock company
14	Large	Banking	National	Joint stock company
15	Large	Chemical	National	Joint stock company
16	Large	Distribution	Centro	Cooperative
17	Large	Services/Tourism	National	Joint stock company
18	Large	Services/Tourism	National	Joint stock company
19	Large	Furniture/Baby products	National	Joint stock company
20	Large	Insurance	National	Joint stock company
21	Large	Information Technology	Global	Public company
22	Large	Furniture	National/International	Joint stock company
23	Large	Diversified	Global	Public company
24	Large	Services/IT	National	Joint stock company

Table IV presents a brief example of SMEs that decided to adhere to the Social Statement, adapting it to its specific characteristics.

Table V compares the Social Statement with other CSR tools according to a number of specific dimensions³.

In order to support the implementation of the CSR-SC Project, the Ministry of Labour and Social Affairs, Unioncamere and the territorial Chambers of Commerce have agreed to open local offices that promote CSR culture among companies and support the participation of firms, especially SMEs.

³ See Zadek, (2002), “Mapping Instrument for Corporate Social Responsibility”, European Commission, Directorate General for Employment and Social Affairs, http://europa.eu.int/comm/employment_social/publications/2004/ke1103002_en.pdf; Tencati, Perrini and Pogutz, ‘New tools to foster corporate socially responsible behaviour’ Journal of Business Ethics, 53, (2004): 173-190.

Table IV - Using KPIs in a small company

Clan des Team Challenge (+39) is a service-sector company founded in 2004. Its mission is "to take the America's Cup challenge above and beyond the traditional rules, providing a model of ethical, responsible practice for all the actors involved. To respect and protect the environment, contributing to sustainable development, in all sporting, organizational, planning, and commercial activities, consistently adopting the good practices available and encouraging all partners and stakeholders - teams, partners, shareholders, and sponsors - to work for constant improvement". In 2004 the turnover was around 2.8 million euros and the company had 3 employees. To pursue its mission and realize its values, +39 adopted a basic set of indicators (around 15), selected among the measurements presented in Appendix A. These indicators, along with other specific ones (i.e., medical and scientific parameters for employees and co-workers), are used to monitor, assess and report social responsibility performance, in the following areas:

- Employees: hours of training by category; employees' benefits; injuries at work;
- Shareholders: communication and reporting activities;
- Suppliers: supplier management policy;
- Financial partners: relations with banks and insurance companies (promotion of socially responsible practices);
- Community: prevention of corruption (adoption of a code of conduct); corporate giving);
- Environment: environmental policies (e.g., material and energy consumption and emissions, environmental management system, training, reporting and so on).

The socially responsible behavior developed by +39, also through the adoption of a specific set of KPIs, distinguished the company as one of the best Italian CSR practitioners. These cases of best practices were identified and selected by the working group put together by the Ministry of Labour and Social Affairs in spring 2005 and composed of experts from Adiconsum (an Italian consumers' association), Anima and Sodalitas (two organizations promoted by companies to support the collaboration between business and not-for-profit organizations) and Unioncamere (the Italian Union of chambers of commerce). The task of the working group was to produce a volume entitled *Corporate Social Responsibility – examples of best practices in Italy*, describing firms that have decided to support sustainability by adopting socially responsible practices. The volume was presented during a celebratory public event, hosted by Ferrari in Maranello on 14 July 2005, which was a first initiative to recognize and promote cases of excellence in the CSR field. The aim of the event was to stimulate the adoption of socially responsible practices and encourage participation in CSR activities, especially by SMEs.

Also owing to this kind of initiative, more than one hundred Italian companies, including many SMEs, use the indicators presented in Appendix A as a fundamental tool to integrate social and environmental concerns with activities and interactions with stakeholders.

See Italian Ministry of Labour and Social Affairs, *Corporate Social Responsibility – Examples of Best Practices in Italy*, Italian Ministry of Labour and Social Affairs, Rome (2005).

Furthermore, the Ministry of Labour and Social Affairs founded the Italian Multi-Stakeholder Forum on CSR, designed to be consistent with the European Multi Stakeholder Forum on CSR promoted by the European Commission. The purposes are to improve and spread knowledge about CSR among Italian companies and organizations, with a particular focus on SMEs, and to foster transparency and convergence of CSR practices and tools. The first meeting of the Multi-Stakeholder Forum was held on 12 May 2004 and the second on 10 December 2004 in Rome. Fifty organizations attended them as the representatives of industrial associations, unions, public institutions and civil society. The Multi-Stakeholder Forum has instituted four round tables to support its activities.

Among the other initiatives, a pilot project started at the end of 2004 engages leading companies in collecting, organizing and reporting data on their corporate social performance according to the set of indicators and the structure of the Social Statement. The set of indicators proposed by the Italian Ministry of Labour and Social Affairs is

already used by some Italian companies as a reference framework (e.g., Enel, Acea, Sabaf) for social accounting and reporting activities.

According to the Ministry of Labour and Social Affairs, the current year is devoted to implementing the CSR-SC 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).

CONCLUSIONS

The term *CSR* has undoubtedly entered our common language, evolving even more quickly than we expected. Along with an increase in the number of companies integrating CSR more or less strategically into their business operations, there is a greater diversity in the types of initiatives created, and in the way CSR itself is interpreted and defined.

In the current venue, what appears to be critical is the necessity for a shared, standard method useful both to support the measurement and evaluation process and to facilitate the consequent assurance process by all different categories of stakeholder.

In this context, national governments and public policy play a key role in fostering CSR. In Europe, member states are trying to adjust the commission's guidelines to the unique characteristics and aspects of each country that affect CSR; enterprises have different approaches to subjects in terms of:

- structural characteristics of the national economic and industrial system (for instance, the size of enterprises and the prevailing business model);
- distinctive cultural characteristics of governance and entrepreneurial values;
- influence and control of institutions;
- pressures of demand and, more generally, of markets;
- pressures of public opinion and society in general (mass media, NGOs, local community and so on);
- training and information activities carried out by trade and professional associations.

enterprises inform the stakeholders about their own social, environmental and sustainability-related performances. On the other hand, through the circulation of the Social Statement, the Ministry of Labour and Social Affairs aims to increase enterprises' awareness of social, environmental and sustainability issues, by promoting the spread of a culture of responsibility within the industrial system.

Table VI – The Italian government CSR policies: key features

Relationship	Key aspects of CR policy and programs
Government – Public Administration	<ul style="list-style-type: none"> • Central government regulation and initiatives to promote the accountability of public administration, anti-fraud and corruption policies, occupational health and safety policies, green purchasing practices • Regional and local authorities increasingly important in the CR field • Lack of a coordinating framework for the different initiatives promoted at different governmental levels
Government - Business	<ul style="list-style-type: none"> • Many policies and programs implemented by national, regional and local governments • Common objective of CR programs, to combine stronger competitiveness with enhanced social cohesion • Innovative and widespread approach to CR through a broad set of policies
Government – Civil Society	<ul style="list-style-type: none"> • Great attention paid by all levels of government to civil society • Increasing support for and focus on social enterprises, non-profit organizations that carry out economic activities benefiting society

Source: Lozano et al., 2006

Within this framework, the goal of the CSR-SC Project is to devote particular attention to SMEs, which represent the fundamental component of the Italian industrial system. The CSR-SC Project therefore represents an attempt to prepare a tool adaptable to the resources and the needs of various subjects, by offering at the same time new and stimulating management and competitive opportunities.

In fact, beyond the advantages of standardization, such as the reduction of selective disclosure by companies, comparability among different reports, reduction of the risk of misleading information, creation of a common, shared knowledge base and so on, the Social Statement offers additional benefits-- mainly, its flexible and modular approach, which makes it adaptable to the small and medium-sized private companies that are so representative in the European context (Tencati, Perrini & Pogutz, 2004).

As explained above in this article, those SMEs that decide to “enroll in the program” will be required to use at least a set of common indicators, whereas large companies,

publicly listed or not, can use the core indicators, along with some or all of the additional indicators, as well as adapting the reporting process to the characteristics of the sector in which they operate. In other words, while reducing the information asymmetry among stakeholders, the Social Statement, through its modular approach, avoids the hardening that standards inevitably trigger because of an intrinsic inability to emphasize corporate strengths and specificities.

In conclusion, the diffusion of such a reporting standard could make it possible to increase SMEs' willingness to disclose social information, by both reducing the ability of firms to selectively disclose and strengthening stakeholder knowledge about what information a corporation should be able to disclose. It is in this sense that the CSR-SC Italian Project could represent a real opportunity to track the prospective path toward the convergence, standardization and simplification of evaluation and reporting tools and processes, trying to adapt CSR to a specific context and define it in real and tangible terms.

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