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CSR and Sustainability: Mission, Governance and Accountability in Italian SMEs. The Experience of BoxMarche, a “Convivial” and “Territorial” Enterprise: Toward a “Territorial Model of Sustainability”?

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Introduction

Businesses are increasingly finding themselves reflecting on the possibility of embracing corporate social responsibility (CSR) as an opportunity and a challenge around which they can transform their governance. If it is true that the consideration of ethical principles in a business’ choices and policies is particularly important for large businesses that are organized and run as public companies, then it is likewise true that in small and medium-sized businesses (SMEs), the dedication to, and articulation of, socially responsible management philosophies must reverberate directly across a plurality of “intangible” components.

Among these intangibles are the company’s strategic profile (in terms of integrating practices in a system of initiatives and behaviors integrated with the overall business strategy), the culture of the enterprise, the processes of accountability (improving systems of collecting and diffusing information, of disclosure and of informational transparency, as well as introducing procedures and forms of control), and systems of corporate governance (systems of decision-making processes and of internal control, configuration of assets and related matters). It is this totality of factors that reflects the specific nature of the SME: the convergence around the mission and value-set, facilitated by the proximity and by the direct involve-

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ment of the owner and/or the entrepreneurial family in managing the business; the simplicity of its organizational structure, which allows direct and frequent rapport between the corporate actors; and its rooting in the surrounding territory and socio-economic context. This last factor assumes particular importance in driving the business toward forms of CSR (Corporate Social Responsibility) and sustainability management that share a common thread—namely, they all possess values that typically express a particular socio-cultural and economic tradition of the territory in which they are embedded (Ringov and Zollo 2007; Fuà and Zacchia 1983).

A necessary condition is the involvement of the top management: the top managers and/or the entrepreneur serve as the impetus for the reorientation of the firm’s mission, from its maximization of profits to gaining value that comes from economic performance and finds a source in the modification of the business direction and the rules that govern it.

Where an adhesion to multiple declensions of CSR is present, corporate governance positions itself at the center of relations among stakeholders, strategic profile and internal processes, and human capital (Gazzola and Mella 2006) and is experienced as enlarged governance (Sacconi 2008).

In this context, is it possible to affirm that SMEs present attributes (respective to large-scale firms) that facilitate the adoption of CSR and sustainability strategies? Does a positive relationship between the adhesion to a culture of social responsibility and evolved systems of governance exist? And on which specificities of SMEs is the evolution of socially-oriented and sustainability management philosophy based? Does the entrepreneur’s orientation depend on contextual factors, such as the socio-economic and cultural environment in which the firm exists?

To answer these questions, the present study utilizes deductive and inductive analytical perspectives. The former is based on a review of the contributions present in the literature concerning business ethics, entrepreneurship, CSR and sustainability among SMEs. The latter is developed through an approach of qualitative research focused on a case study, which has the intent of verifying the field of theoretical findings. The empirical analysis is a part of a more robust research project based on the qualitative and quantitative study of a sample of Italian SMEs, located in the Marches Region.

The central hypothesis is that in the presence of a solid ethical framework, which is promoted and shared by the entrepreneurs and managers who guide the business in carrying out socially responsible and sustainability practices and in adopting methods communicating them (such as a charter of values; a code of ethics; social, sustainability and environmental report, etc.), the arrangement and quality of governance can mitigate tensions and dedicate more energy toward the good of the business, of its workers, and of the society and environment in which it operates. This ethical framework depends both on entrepreneurs’ personal values as well as on a synthesis of socio-cultural and anthropological, environmental
factors. This so-called *genius loci* characterizes a given territorial area, such as the Marches, which in Italy is marked by a proliferation of local systems of production formed predominantly by small businesses.

The empirical analysis of such a case also permits one to verify a second hypothesis: SMEs’ orientation toward CSR and the coherence between mission-governance-accountability that follows are facilitated by environmental factors—that is, factors of an anthropological and socio-cultural nature—present in the territory from which the entrepreneurs and the SMEs come. This makes it possible to trace the features of a Marchegian model of socially responsible orientation centered on the best practices of SMEs that are excellent examples of “spirited businesses.”

The paper is divided into three main sections. The first section presents the theoretical framework and synthesizes the existent contributions in the literature and of the research conducted on the theme of social responsibility, business ethics and sustainability in SMEs, attempting a comparative reading with respect to large firms. The second part describes and interprets the principle findings that emerged from a qualitative study of an Italian “cohesive” SME in which the tie between mission, corporate governance and socially responsible management practices was examined. The last section closes the paper with concluding remarks providing some preliminary considerations on the issue from a specific small-enterprise perspective that can be taken into consideration for future research.

### The Lines of Study

The recognition of an ethical and social dimension of business activity is founded on a vast corpus of theory. The earliest contributions (Bowen 1953) have been progressively enriched in the last twenty years, producing a vast and complex frame of normative references that has fed lively and rich debates involving academics from diverse disciplines: business-economics, management, sociology, anthropology, philosophy.

Four groups of theories form the core of this literature; they likewise correspond to four different approaches, focused on one of the following aspects of social reality: economics, politics, social integration and ethics (Garriga and Melé.

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2“Corporate social responsibility means something, but not always the same thing, to everybody” (Votaw 1972: 25). Moreover it has been described as “an eclectic field with loose boundaries, multiple memberships, and differing training/perspectives; broadly rather than focused, multidisciplinary; wide breadth; brings in a wider range of literature; and interdisciplinary” (Carroll 1994: 14).

3One model of the development of the study of CSR divides the research into four historical, evolutionary periods. This was also proposed by Chirieleison 2004.
The first (instrumental theories) has Friedman (1962) as its most notable exponent, and is founded on the principle of the instrumentality of the business with respect to the creation of wealth, a goal that is often glossed as the firm’s only responsibility (maximization of shareholder value; reaching the competitive advantage). “This group of theories understands CSR as a mere means to the end of profits” (Garriga and Melé 2004: 52).

The second (political theories) is focused on the role of business and of the rights/needs that connect them, and on the responsible use of power in political and social arenas (Davis 1960, 1973; Donaldson and Dunfee 1994, 1999). This group of theories can be divided into three principle theoretical strands (corporate constitutionalism; integrative social contract, corporate citizenship).

The third body of studies (integrative theories) includes theories that contend that businesses ought to integrate social demands. “Social demands are generally considered to be the way in which society interacts with business and gives it a certain legitimacy and prestige. As a consequence, corporate management should take into account social demands, and integrate them in such a way that the business operates in accordance with social values” (Garriga and Melé 2004: 57). The approaches of issues management, public responsibility, stakeholder management and corporate social performance coexist in this line of thought.

The fourth group of theories understands that the relationships between business and society is embedded with ethical values, leading to a vision of CSR from an ethical perspective. The ethical theories, focused “on the right thing to achieve a good society” (ibid.: 64), includes the approach of stakeholder normative theory (Freeman 1984; Donaldson, Preston 1995), which is based on the premise of universal rights (UN Global Compact 1999) and of sustainable development (World Commission on Environment and Development, Brundtland Report 1987). It also includes the approach of the common good of society, in which space is made for theories concerning the “common good” (Maritain 1966; Melé 2002; Sacconi 2003, 2004, 2008; Catturi 2003) and the Civil Economy (Zamagni 2003a, 2003b; Bruni and Zamagni 2004).

Together, this corpus of theories primarily referred to, and continues to refer to, large-scale businesses. Despite this interest, which has been stimulated by international entities and undertaken by diverse research centers, it has recently turned its attention to smaller-scaled firms. But today references remain in the context of the general theories cited above and, in particular, in ethical theories.

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4“...The inspiration for this hypothesis is rooted in four aspects that can be observed in any social system: adaptation to the environment (related to resources and economics), goal attainment (related to politics), social integration and pattern maintenance or latency (related to culture and values),” ibid.: 52.

5One can cite the Copenhagen Business School (CBS), Denmark.
For this reason, the following presents a reading of some aspects that more closely pertain to the specificities of small businesses.

**Corporate Social Responsibility, Ethics and Corporate Governance.**

**An Analysis of the Theoretical Framework**

From the liberal model based on shareholders and on the instrumental use of CSR, popular in the 1980s (“good ethics is good business”),⁶ in recent decades the theme has moved to the forefront and has fully merged into the ethics of responsibility theory: the duty of management is to actualize a balance of interests among all stakeholders, and social responsibility can (and must) be redirected toward the emersion of moral preferences and their connection with particular types of businesses (civil and social businesses) or, in lucrative firms, toward particular mechanisms of governance in which a relational perspective prevails (Zamagni 2006a, 2006b).

The problems of business government⁷ touch on both the firm’s structural profile as well as its processual profile. In the latter decades the two-part question “who effectively governs” and “for whom” was enriched with the addition of a third question: “which interests should be favored” rendering insufficient, from a normative point of view, the responses that come from the agency theory (Williamson 1975; Jensen and Meckling 1976).

Such conceptual limitations were in part overcome by the stakeholder theory,⁸ which adheres more closely to the role of companies in the socio-economic context. The critical junction of governance no longer becomes the only one to ensure that the interests of the agent and principal coincide; rather, it assures that management can take place with respect to the interests of the more diversified stakeholders, as well as with those subjects connected to the enterprise it-

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⁶For a precise elaboration and a historical analysis of the concept of social responsibility in lucrative enterprises, see Matacena 2005a, 2005b.

⁷Specifically, the aspects that lead corporate governance are: the proprietary order and the composition of the firm’s organs of government, relations and interactions among these organs (ownership, board of directors and management), the distribution of power and responsibility to the highest levels of the organization, the selection and remuneration of the upper and middle management, transparency of the acts of government and internal control, the economic and financial information system, the modes and the instruments with which the decision-making processes and behaviors conform to the principles that inspire the functioning of the business. See Molteni 2004.

⁸The cardinal rule of stakeholder theory is that “he who governs the firm must consider the rights, the interests and the expectations of all those who may be influenced by managerial decisions and who, conversely, may exercise their influence on the results of such decisions” (Freeman 1984: 46).
self. This requires compatibility between the maximization of economic returns on investments for shareholders and the satisfaction of aspirations—economic and non—of all the participants in the life of the company. One can consider a company as a sort of “independent stakeholder-subject system.” All stakeholders tend to pursue a dynamic equilibrium between themselves based on “minimum mutual acknowledgement” (MMA). Each stakeholder “draws up” his own specific “map of the stakeholders” and, while respecting the MMA, tries in any case to negotiate in order to achieve a situation of strategic equilibrium that is most favorable to his/her interests. These principles of general stakeholder theory consider the business as one element within a broader network and confirm the importance of relationships and trust between diverse interlocutors (Rusconi 2006).

Stakeholder theory, which introduced the concept of equity (fairness) and of the just treatment of diverse interlocutors “also becomes an ethical theory, in which values and principles of moral nature are recalled” (Sciarelli 2007: 13). The concept of fairness recalls principles and values of a moral nature, which are necessary to supplement or integrate scarcity in a form of governance that is not effectively disciplined toward a juridical orientation and toward prominent market forces, so as to balance the conflicting interests of diverse participants. These last factors have and “have to do” with altruism, moral gratification, the “logic of happiness” (Baldairelli 2005), satisfaction, gratuity and gifts (Gui and Sudgen 2005; Bruni 2003; Bruni and Porta 2004) and the honor of such behaviors (Brennan 1994). According to such notions, CSR is an instrument of governance that facilitates the compliance of a possible “encounter” among actors inside/outside the firm, and governance become simplified when trust in the management and/or the entrepreneur increases and even more so when the same trust is repaid by the right results, equitable and gratifiable for all (Jones and Thomas 1995). Ethics among strong and weak interests, inasmuch as the doctrine and practice is oriented toward the decision between right and wrong, complete stakeholder analysis and represent an effective and necessary response to real demands of present and future corporate governance.

Such a perspective signals the passage from a governance centered on managerial and entrepreneurial aims to a multi-polar or holistic model (Sciarelli 2007) that considers all who “matter” to the company and provide the foundation to a responsibility composed of economic, social and environmental demands. This approach flows into an enlightened stakeholder theory (Jensen 2002) and opens the way toward an application of ethical values in corporate choices. This is translated into the model of CSR-social-responsiveness-issues management in which the principles of solidarity and trustworthiness are reconciled and enmesh them---

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9 Issues management as an instrument for improving the capacity of the firm by discovering the emergent social problems and responding to them with specific programs of activity.
selves in diverse levels of commitment correlated with the typologies of relations with stakeholders.

Stakeholder theory attributes importance to aspects such as faith and relationship, central in small businesses, but sets these aspects in an interpretive scheme that responds above all to the problems of governing large-scale businesses. Such a framework rests on the dissociation between ownership and governance of the company, which is typical in the United States but rare in other contexts—especially in Italy.

Other important contributions that help explain the relationship between CSR and governance and offer an interpretative key regarding SMEs come from stewardship theory. “Founded on psychological and sociological traditions, stewardship theory represents an alternative model of motivations and managerial behaviors” (Davis, Schoorman and Donaldson 1997: 43), based on a concept of man that is different from the theory of rational choice. Here, man is moved by a complex of motivations that are at once economic (extrinsic and tangible), social, and emotive (intrinsic and more difficult to quantify). This theory is based on a notion of cooperative and non-conflictual governance, founded on trust and oriented toward the long term. Attention shifts to motivational and relational aspects, which fact is well suited to the vision at the core of a firm’s mission and of the system of governance typical for small businesses that are socially oriented. In this context, the vision of the problems of corporate governance is strongly linked to human nature or, rather, to how s/he who governs reads the values of the human beings who are committed to the business. “To evaluate the conditions on which the firm can cultivate an ethical and collective conscience, one must start from the motivations that inspire entrepreneurial or managerial behavior” (Sciarelli 2007: 110). It therefore becomes essential to pay attention to the goals of the entrepreneurial subject and the distinctions between the diverse characterizations of those who govern large companies and SMEs (Chirieleison 2002).

Values and Attitudes of the Small Entrepreneur: The Theory of Social Success

Although the ethics literature has paid less attention to small firms (Spence 1999; Tilley 2000; Spence and Schmidpeter 2003), it is shaped by the very specificity of the motives and the values that guide the policies and the actions of the

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10The introduction of business ethics involves several factors, listed here in order of importance: the ethical values of the entrepreneur or the top person in the firm; the history of the firm, from which a different ethical platform is derived; the ethical values of those who operate in positions of responsibility; the external context and its impact on the ethical platform; the ethical values of those who are connected to the organization at the level of employment (Sciarelli 2007: 123).
small-scale entrepreneur. There are three essential motives: the influence of the subjective sphere, which in the small firm is maximized, the importance of relating to the internal and the external, established by its limited dimension, and the social rooting of the small business and of its creator (Del Baldo 2006a).

The entrepreneur (with respect to the manager) is rarely motivated by purely economic factors. More often, s/he experiences ample stimuli under the social profile, is characterized by a strong identification with the organization (organizational commitment) and is given personal power linked to authority, as is typical in stewardship relationships. Subjective variables lie at the core of entrepreneurship, which serve to explain behaviors, returns to personal characteristics and motivations of a psychological (McClelland 1965) and sociological (Stanworth and Curran 1973) nature. In the sphere of typology matrix studies on entrepreneurship, several different investigations have identified the drivers of strategic choices to be the values and the attitudes of small entrepreneurs; they utilize social scientific concepts to explain the behavior of individuals and of social systems. Numerous classifications of entrepreneurs have been drawn up on the basis of the types of objectives and personal characteristics they possess. This has been done to obtain typologies of small-scale firms utilized in economic-business analyses. In the context of strategic studies on these businesses, strategic models have been proposed (Julien and Grepme 1994) that place the objectives of the entrepreneur (which are identified with that of the firm) among the key variables that influence strategy, next to organizational factors, the environment (intended as global society and as sectors of activity) and production activities. Values and attitudes toward the social context are central factors in the strategic system, which is guided by the entrepreneurs’ goals; they are expressed by the vision, the “entrepreneurial formula” (Coda 1989). “Values nourish the organization and enhance the spirit of entrepreneurialism” (Lamont 2002). They are like roots, which inspire the strategic orientation of responsibility and constitute the most important source of identification inside the firm and the primary basis of external legitimization (Cerana 2004).

Values recognizable to human nature (“the system of perennial values,” Cavalli 2003) forge the “ethical constant of the business management.” They also

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11 For a broader analysis of the principal lines of study on entrepreneurship and on the types of entrepreneurs see Marchini 2000; for a review of the theories on the goals of entrepreneurs see Chevalier 1983.

12 “Values are abstract ideals that are considered ‘good,’ desirable, preferable; they do not have a specific object or situation and constitute models that guide and determine action, purpose, attitude, ideology or representation of the self in terms of others. Even attitudes are beliefs possessed by people, but are less stable and always refer to a specific object or situation. Values and attitudes influence individual and collective behavior in many ways in the field of strategic management; those possessed by the entrepreneur or by the management are considered among the principle factors that determine the strategic decisions of enterprises” (Marchini 2000: 92).
contribute to the idea of the firm’s development, understood as the synthesis of multiple functions around which the entrepreneur and the manager orient themselves (Coda 1992). The presence of universal ethical values (honesty, loyalty, justice, respect for human life) to which every other value of the business should refer, the implications of such rapport between groups in control, and on the management of relationships with diverse stakeholders, represent the premise for “entrepreneurial success.” Competitive positioning of the firm springs not only from adapting to the binomial trade/mission but also “from the business’ capacity to open itself up to ethical values dominant in society, to the resulting roles and responsibilities, and thus to the necessity of a legitimacy in which factors such as the valorization of its image figure: the strategic importance of such factors, even in small firms, renders the abovementioned capacity a component of the strategic orientation of its subject” (Marchini 1995: 114). Among the motivations of small business owners, profit is often not the exclusive goal, but rather a constraint to respect in order to achieve one’s objectives.

In light of these presuppositions, the path of reflection extends to consider why the spread of the philosophy and practice of socially responsible management and the reconciliation between the economic functions and the human reality of the firm can be considered more “natural.” On one hand, the “personal” element in small businesses is more contiguous (“closed”), because of the tight framework of interpersonal relations that is held together by the entrepreneur and/or the family-owner, which stratifies itself inside and outside the firm. The relationality that stands out is, in fact, the distinctive aspect of the small business owner and of the small-sized business (Birley 1985), and it is the driver of specific business strategies. These same strategies of the small firm are not always, or necessarily, aimed at quantitative development. They diverge from the “biological” models of life cycles of the firm (Churchill and Lewis 1983; Del Baldo 1997; Marchini 2000), and focus instead on the forms of particular developments in an environment in which those centered on an orientation toward CSR and sustainability merge. Indeed, one can talk of strategies of qualitative development (Marchini 1995)13. Such strategies are based on the capacity to weave systems of informal, familial and social relationships that constitute the framework on which inter-organizational relationships (agreements, internal and external networks) are overlaid. The simplicity and the centrality of the SME’s organizational and directorial structures are based on direct verbal interactions; the owner-entrepreneur and members of the administration are seen as actors in these networks. This relationship inside the firm contributes to the formulation tied to strategic and operational decisions.

13“...This, greatly simplified, attempts to take from evolutionary phenomena that are no longer able to be described by the noted models of the firm’s life cycle, to concentrate, rather, on the level in which the business is stabilized in the small dimension and to identify processes of assiduous transformations of various aspects of its governance” (Marchini 1995: 200).
Toward the external facilitates the creation of personal relationships with diverse stakeholders is based on reciprocity. This mode of interpreting and of living the role of a small-scale entrepreneur is centered on the value attributed to interpersonal relationships. These relationships are at the base of the concept of “relational goods” (Gui 1987) or, rather, of immaterial goods, as well as at the base of the dimension of reciprocity, which considers them as goods that the traditional economy does not acknowledge (Bruni 2007).

On the other hand, this is also because, in small-scale firms, the institution of the business is nearly always linked to the institution of the family, which is essentially composed of a human reality, a civil cell, over the socio-economic entity. Where the family is virtuous and cohesive and places itself at the service of the firm, family ties become the firm’s resources and contribute to the growth of both its credibility and its reputation in the eyes of the stakeholder.

Finally, small entrepreneurs are active members of a territorial activity, which represents the “creative soul” to which they are intimately linked and in which they often reinvest part of their economic wealth generated and of their energies. The small-scale business owner, the context of whose values assumes a primary role in all decisions related to the business, can become a privileged “witness” of CSR thanks to a strong rooting in the socio-economic environment that shaped his/her behavior and, after molding it, serves in a reciprocal relationship.

Entrepreneurial motivations and aims are central in the theory of the social success of the entrepreneur (Sciarelli 2007). Success is measured not only by the results achieved by the enterprise, but also, and perhaps more, by the achievement of respect in the surrounding community. Social leadership represents an endpoint of entrepreneurial activity, and social power finds its counterbalance in social responsibility attributed to, and embraced by, the entrepreneur. His/her understanding that the solidity of the firm’s success and the consequent relapse in terms of social power is also founded on respect for both economic balances and on moral values (Quinn 1997).

Profit falls at the bottom of the ladder of entrepreneurial goals, followed by market power. Prestige, rather than profit and competitive leadership (economic and competitive success) is in an instrumental position. In other words, the economic ends can and will transform themselves into a means of reaching moral and...

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14 “It is legitimate to hypothesize that the entrepreneur transfers a large part of himself into the firm, and that his fundamental objective is to produce a strong firm, one that is able to develop and to ensure the respect and admiration in competitive circles around which it operates, as well as in the larger socio-economic context in which the business plays a part” (Sciarelli 2007: 117). The author distinguishes between three types of entrepreneurs, which correspond to the three types of entrepreneurial goals: the entrepreneur who is ‘visible’ and integrated in the firm, and oriented toward social success; the entrepreneur who is not visible and is less integrated into the workings of the firm, who aims to maximize long-term economic value; the delegate entrepreneur (manager), who is oriented toward short-term revenue production, on behalf of the mobility of the firm.
social goals. “One can argue, in fact, that behavior oriented toward power (of both the economic and the market variety) does not maximize ethics over profits (or the creation of economic value over the long-term), whereas behavior that translates into social prestige places the greatest emphasis on ethical value. This is because prestige derives from recognition that comes from the core of the collectivity and not from the environment of the business and of the market it serves” (Sciarelli 2007: 123).

Such a basis, which reinforces the convergence of SMEs toward CSR and sustainability on the theoretical level, is confirmed empirically by the fact that in the majority of cases what pushes the firm to become socially responsible is the ethical ideal of the entrepreneur. For the owner-manager, the link between the company’s success and his/her own is personal and more closely visible with respect to that which occurs in the contexts of proxy entrepreneurship and of public ownership.

Large corporations usually separate ownership and control, and dissociate the figure of the business owner and the entrepreneur, replacing him or her with a delegated manager. The different interests of the owner and the management can lead to problems of practice and control of the proxy, within which the system of shared values is central and, as well as to opportunities to balance or reconcile the interests and powers of the diverse protagonists in the life of the firm.

The owner-entrepreneur, inasmuch as s/he is a functioning subject inside the firm who works on governance, represents the stakeholders’ principle interlocutor and is involved directly, without intermediary delegates, in the search for a just equilibrium between personal interest and the interest of the other interlocutors. Regarding ethical principles, the manager may not have much discretion or may encounter limits. Even SMEs experience “pathological” situations (subordination of personal and/or family interests to the interest of the company, limited moral and ethical depth of the firm’s manager). Nevertheless, for the entrepreneur, the pervasiveness of ethical values in the company’s decisions is maximized.

15“When reasoning about the social responsibility and ethics of the firm, it is opportune to keep different cases separate. On one hand, there is the world of large, multinational companies who have a presence in many parts of the world, with their own gigantic organizations and with problems of insertion into cultures that are profoundly dissimilar. On the other hand, there is, instead, a system of small-sized companies, more strongly rooted in their place of origin, with quite simplified capitalistic structures and organizations. Thus it is possible to refer to different sides under the profile of the rapport between ownership and government of the enterprise, separating the context of the ‘public company,’ prevalently North American, from that of the ‘family business’ that is very diffuse in Europe. One can easily imagine that in these two cases, different levels of difficulty are assumed with respect to social responsibility and the introduction of ethical principles in corporate management” (Sciarelli 2007: viii).

16“To summarize, one must note a substantial difference between a strategy of adoption or of observance (compliance strategy) and a strategy of ethical probity (integrity strategy). . . . Concluding, therefore, one must observe that in the firm with respect to the ethical aspects of the manager one
“In SMEs the owner-manager is both the driver and the implementer of values. Managers exhibit their personal values through the exercise of managerial discretion and SMEs’ owner-managers have the autonomy to exercise such discretion” (Hemingway and Maclagan 2004).

Rootedness, identity and sense of belonging to a precise cultural and ethical context are thus also the pivots around which entrepreneurial action turns. SMEs are typically family-owned enterprises, normally legally and economically independent. They are characterized by a strong integration of enterprise and owner-manager, whose objectives are not inevitably growth-oriented. SMEs tend to pursue narrow-scope strategies, based on specialization (of products and processes) and on intensive, personal customer contacts. Independence, polyvalence, prevalence of personal and informal relationships (Spence 1999), prevalence of simple organizational structures make SMEs especially “rooted” in their respective regions and characterized by long-term established mechanisms and rules such as management traditions and working routines. Trust is built on geographical closeness, common history and joint activities (Peredo and Chrisman 2006). Those aspects, together with other factors typical of SMEs, make the path from the ethics in the firm to the ethics of the firm (Sciarelli 2007) more arduous for large-sized companies. This also stems from the fact that examples of top managers capable of sparking emulative behavior and of transmitting to the whole organizational body values coherent with social and ethical profiles are less visible. Even in those cases where there is a lack of will at the top of the enterprise, small-sized firms typically tend to measure long-term benefits (Zamagni 2007).

In small businesses, the transmission of values is simplified by the flexibility and thinness of the organizational structure. Ethical principles are disseminated through the decisions of people who are influenced by strong moral values (trust, loyalty, equity), and who often have an innate aptitude for perceiving the ethical dilemmas inherent in such decisions and evaluating the sustainability of their ethical choices with respect to the firm’s equilibrium.

**CSR, Sustainability and Accountability**

The dissemination of ethical principles is further reinforced by SMEs’ adoption of practices that include formalized instruments for spreading CSR (codes of conduct, ethical codes, social, environmental, sustainability reports, etc.). These instruments perform a plurality of functions (Matacena 1984; Rusconi 1988; Viviani 1999; Vermiglio 2000; Hinna 2002): communication, organizational and managerial hiring, and identity formation (reinforcement of the organizational culture),

must have one of the following: no discretion, limited discretion, full discretion” (Sciarelli 2007: 152).
institutional audit (measurement of the coherence between mission and management), accountability (Rusconi 1988 2006), and are applied as relational and strategic tools (among the organization and interlocutors, which enable forms of listening and feedback) and as vehicles for reciprocity (reciprocally declaring their tasks and how they are going to fulfill them). In this sense social accountability is conceptualized as an informational and informative system to “give and request accounts,” which in lucrative firms facilitates dialogue and coordination between management/entrepreneur and the principle internal/external interlocutors.

Ethical correctness toward stakeholders on the part of the top management/entrepreneur also implies accountability and transparency as essential prerequisites for the proper working of the economic systems (Rusconi 2006). Accountability documents serve to orient the plurality of stakeholders toward improvement in their decisions:

- illustrating about the firm’s vision of itself and of the world in which it operates and exists (for example, across codes of conduct and regulation);
- explaining the characteristics of its own governance and its measurements, so as to reduce or mitigate conflicts of interest between shareholders and managers who are co-present in the strategic management (for example, providing information on the remuneration of top management, on the presence of effective independent administrators, on the organs and instruments of internal audit, and on the movements of stocks owned by administrators);
- providing information on the processes of coordination with stakeholders and their economic successes (production and distribution of added value statement), on private social costs, on the social costs assumed, on the internalized social proceeds and on the externalized private ones, as well as trying to explain this information in economic terms to make the costs that the firm is bearing understood, so as to effect the assumption of a specific line of social responsibility.
- valorizing and monitoring intangible resources (relational, human and organizational capital).

The introduction of instruments of this sort is more frequent among large firms than among SMEs, which still must bridge a “communication gap.” Nevertheless, their strength and their ability to become real tools to govern relationships depend on the spirit in which they are used, how they are morally sustained, and how they are codified. In large businesses these instruments, together with the institution of specific figures (ethics committees, sustainability controllers, ethics officers, CSR officers) often represent the only means of creating consent around the correct delegation of powers, of developing an ethical method of training employees, of creating a space for dialogue and comparison and of establishing emulative processes, overcoming bureaucratic obstacles and the logic of the budget. On the other hand, the convergence of mission-governance and its reflection on
accountability (Gray, Adams and Owen 1996) appears to be simplified in small and medium-sized firms, ensuring that the principle source of value is no longer invisible.

Sustainability and SMEs: Toward a New Conceptual Framework?

Sustainable management refers to the ability of an enterprise to meet economic, environmental and social requirements over the long term. The debate on sustainability as an evolution of social responsibility was developed by for-profit companies as a response to the need for global growth of social responsibility. This helped develop other dimensions of sustainability in business responsibility from diverse points of view, which are linked together. The first is political-economic (which considers economic, social and environmental behaviors of diverse components of the system); the second is corporate, which considers the behaviors of the firm in such contexts, again in terms of development integral to the business, in which sustainability assumes connotations linked to anthropological culture (Sorci 2006). For the latter, with respect to the intensity with which sustainability has fit into the business, and in terms of eco-justice and eco-efficiency, it is possible to identify levels of sustainability as either strong or weak (Baldarelli 2009). This can concretely qualitatively and quantitatively measure its impact on the environment.

The increased attention toward CSR and SMEs is attributed to a more generalized interest in sustainability that promulgates socially responsible management at the global level. This interest was heightened in Europe after the Council of Lisbon in 2000, which specifically addressed SMEs.

Until a few years ago, the necessity for sustainability in strategic decisions had for the most part been accepted only in major enterprises (Hopwood et al. 2005, tead and Stead 2008) with a high public profile, which drives the interest in the enterprise’s sustainability activities. Compared to these firms, SMEs have received only passing mention in the current discussion and their importance is not valued highly enough. SME-compatible sustainability strategies and practices have so far remained widely unknown (Revell and Blackburn 2007) and SMEs in most cases underestimate their own influence on social responsibility, whereas they have to consider sustainability as a new and matching management system (Rutherfoord, Blackburn and Spence 2000).

The public and research focus is on big business, even though SMEs represent the sector of real economic power and are the largest employers in Europe, where more than 99 percent of all businesses are small or medium-sized. Therefore, the significance of SMEs as an active part in the process of a sustainable development is indisputable. Although usually not given a great deal of attention,
the role of small firms and the entrepreneurs who operate them is a key part of the sustainability debate.

In the literature, researchers who have analyzed the extent of SMEs’ sustainability management are not in complete agreement; sometimes they emphasize the forces, sometimes on the weaknesses, of small businesses. On one hand, the heterogeneity of SMEs is regarded as a positive assumption for the development of different approaches on implementation of sustainable strategies. SMEs possess a good starting position for a sustainability strategy as a result of their structure and regional embeddedness (Leborgne and Lipietz 1991; Storper 1995). Less formal and bureaucratic than large companies, SMEs are often compared to an agile speedboat; thus sustainable management is considered an innovative and feasible approach to strategies in SMEs. Sustainable strategies in SMEs are particularly influenced by the person and personality of the entrepreneur. Liability, closeness to internal and external networks, flexibility, innovative drive, personal as well as regional responsibility and adaptive competences are attributes of SMEs, and they are also mentioned in the concept of sustainable management. Due to these qualifications, SMEs are able to act sustainably and appropriately toward the assumptions of their particular sector. The typical responsibility of SMEs for their staff as well as for their local environment, based on a high level of moral standards, form a solid basis for special SME solutions regarding sustainability and sustainable SME management. Many SMEs regard sustainability as “just a new way to describe something they already do”: investing in broader social values whose benefits go beyond profit. In this context, sustainable management is about building upon existing good practices, maximizing their impacts. Some studies analyze specific procedures and instruments suitable to sustainable strategies in SMEs (Borga, Citterio and Noci 2004) and suggest that SMEs need appropriate systems to manage, measure, control and to communicate the results achieved.

The benefits deriving from the adoption of CSR practices have been investigated in diverse studies (Lepoutre and Heene 2006, Jenkins 2006; Masurel 2007; Morsing and Perrini 2009). The European Commission distinguishes internal from external advantages. Internal advantages by sustainable SME management can be categorized into three sub-categories: (internal) organizational\(^{17}\) and financial\(^{18}\) advantages, as well as advantages concerning employees (via increased motivation, skills and qualifications, and improved corporate identity); (external) advantages result from new business opportunities, increased energy and material

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\(^{17}\)Primarily caused by enhancements of quality and professionalism in SME management and implemented by an increasing quality of environmental information, anticipation of political changes and legal regulations, recognition of capabilities of rationalization and improvement as well as the initiation of operational innovations.

\(^{18}\)Such as cost savings by reduction of material and energy consumption, waste reduction or an increase in efficiency.
efficiency, reduction of pollution, etc. and from communication (emerging from a positive corporate identity, enhanced customer relationships and advanced access to the capital of environmentally conscious investors).

In contrast, the literature pinpoints the neglect of social aspects in sustainability by SMEs and stresses that most SMEs are unable to communicate CSR-related activities to external stakeholders (Murillo and Lozano 2006); responsible behaviors of SMEs are focused especially on internal stakeholders (Perrini 2006). The limited resources and the lack of aptitude for mapping out a long-term strategy constrain the implementation of a sustainable management of SMEs and are considered to be at the basis of the awareness problem. Hence the environment–SME paradox or the so-called SME problem in environmental management: the lack of a holistic understanding of sustainability and the incapacity to implement extensive concepts (for instance, SMEs focus on a few topics like decreasing waste accumulation or recycling).

To summarize, in the complex of studies conducted, there is a lack of precise and established theoretically-based concepts of sustainable management that are specific to SMEs, which needs to be dealt with. This raises questions. Are the concept of CSR and sustainability compatible with SME specifications? Are the prevalent concepts and approaches to sustainable development transferable to SMEs? Future research on CSR at both the national and the international level must aim to better understand small businesses’ commitment to CSR and to provide guidelines and instruments that induce SMEs to adopt and communicate of socially orientated policies (Castka et al. 2004). “There are basic CSR issues that all SMEs have a responsibility for, among them the creation of a good working environment where diversity is encouraged, the fair distribution of wealth in a community, and the protection of the environment. SMEs are often portrayed badly in relation to such basic responsibility and are frequently seen as a problem within the CSR debate” (Jenkins 2006: 3). “One improvement in the observation of phenomena increasingly more intent on capturing the virtuous behaviors carried out by small businesses will be to provide a reason for the existence of ‘submerged’ CSR” (Molteni 2004b: 123).

Research must consequently disengage itself from the perspective of big business and instead center its attention on SMEs, with their own specific concerns and solutions, in order to identify the specific sustainability patterns of SMEs. In this way, the discussion on sustainability can display and open up new opportunities particularly for SMEs and for the national and international socio-economic environment.
CSR, Sustainable Management, Governance and SMEs: the Empirical Framework

Comparative analyses confirm the greater dissemination of CSR among large firms and the existence of a knowledge gap in SMEs. Most of SMEs’ external socially responsible activities are merely occasional and unrelated to the firms’ business strategy. These activities are not conceptualized and described as CSR or framed in the precise context of CSR (Grayson 2005). At the same time SMEs’ predominantly informal approach (“sunken or silent CSR”) does not have to lead to considering CSR a prerogative of large firms (Russo and Tencati 2006; Perrini, Pogutz and Tencati 2006); the proactive orientation of SMEs is thus relevant (Luetkenhorst 2004), even if it is not explicit (Matten and Moon 2004; Pence and Rutherford 2003; Ong, Mura and Bonoli 2005; andl 2006), and it attests to a sustained socio-competitive creativity.

On both the national and the international levels, the need emerges to deepen the understanding of the motivations of small firms’ commitment to CSR (Morsing 2006; Nielsen and Thomsen 2006). At the same time, the need to adopt a different perspective with respect to conventional theories and the necessity to bring to light specifics of SMEs (Jenkins 2004) are confirmed.

One relevant aspect that emerges from the studies conducted on the dissemination of CSR in SMEs (Mori 2000; Joseph 2000; European Commission 2001; European Union 2004; Molteni et al. 2006) is that the pursuit of CSR normally is promoted by the top members of corporate government and, in particular, by the owner-entrepreneur and depends on his or her ethical orientation and values (Vyakarnam et al. 1997; Pence et al. 2000; Jenkins 2006). The primary reasons for SMEs to adopt CSR practices are ethical values. Better relations with the community and public authorities are also considered (EU Commission 2002a 2002b). Most common SME-sustainable measures are manifested in the firm’s home region. SMEs support schools, sports clubs, cultural institutions, fairs and local monument protection, as well as social services like nursing homes, sheltered workshops, hospitals, charitable institutions, children’s funds, socially committed clubs and citizen’s groups, museums, theatres, sport activities through donations, sponsoring, advertisement, resources, technical and organizational support, as well as volunteer work. The commitment also includes active membership in trade associations, examination boards or parish councils. However, SMEs act only implicitly, rather than explicitly, with a sustainable strategy when they get involved in their local area.\(^9\)

Also important are peculiar approaches to CSR centered on a logic of SMEs’ involvement in networks or based on membership in specific districts (Molteni,

Antoldi and Todisco 2006; Battaglia et al. 2006; Ørskov 2006; Kromminga and Dresewski 2006; Baldarelli 2007). The participation of SMEs in networks characterized by the presence of a plurality of interests, both public (local organizations, chambers of commerce, universities and research centers) and private (trade associations, non-profit organizations, credit institutions, professional orders), facilitates the implementation of actions and programs for the socially oriented development of SMEs and of the local reality of which they are a part (Fugazza et al. 2006; Lepoutre 2006).

Some particular aspects emerge from the research conducted in this regard. The first concerns the importance of an entrepreneur’s sense of belonging and membership in the community, which behaves like a launch pad for the experimentation of policies imprinted by CSR. The second concerns the importance of support by institutions, local authorities and trade associations of a platform for the sustainable development of the local community. These networks appear to be fundamental for the realization of policies and strategies tailored to CSR (Pulci and Valentini 2003; Maaß 2006). The majority of SMEs give “improvement of relations to community/public authorities” or “enhancement of customer loyalty” as their reasons. They also state an improvement in relations to business associates and investors, enhancement of employee satisfaction, increasing economic success, pressure by third parties, as well as the exploitation of public promotions as additional reasons. SMEs are aware of the advantages associated with a commitment to the external community. The third concerns the contribution of CSR in terms of increasing the social capital of the SMEs (Spence, Schmidpeter and Habisch 2003), of participating in the construction of the common good (Thompson and Smith 1991; Spence and Schmidpeter 2003; Errini 2006), of contributing to the sustainability of specific territories (Del Baldo 2006b, Catacena and Del Baldo 2009).

Regarding the performance indicators expressed through international and national standards (GRI 2002 2008; GBS 2001 2007; Italian Ministry of Labor and Social Policy, CSR-SC Project 2003) and concerning the effects of CSR on corporate governance, positive signs emerge, especially in terms of the space given to the representation of minority shareholders and to independent directors, frequency of meetings of the board of directors, renewal of organs of government, exceeding the level of compliance and protection of the petitions of stakeholders.

One relevant aspect is that the process of orientation toward CSR normally is promoted by the top organs/members of corporate government: entrepreneur, governing director, board of directors, president, managing director, general director; less frequently is it started by those responsible for the functions and organizational divisions who are directly impacted by the themes of CSR. A second
element of interest is the influence of the practices of CSR on the strategic profile, which is manifested overall in terms of the development of a culture of responsibility in and of the firm. Direct involvement in such problematics helps to elaborate the mission, or to rethink its tangible aspects, to formulate new strategies toward certain categories of stakeholders, to stimulate the introduction or the revision of the ethical code, to increase the attention paid by the board of directors toward the themes of CSR, to promote modifications to the internal audit system or to introduce new organs of control. A third trait is the capacity of the instruments of CSR (and above all the social balance and the global report) to act as a driver for sharpening certain aspects of the system of corporate governance, for responding to the demand for accountability, and for developing a strategic information system.

These traits make the divide between large and small businesses’ involvement in CSR less profound and significant. At the same time, it underscores the successful trend that the typical culture of patronage based on the centralization of responsibility and the traditional closed nature of family-owned SMEs is moving toward incorporating the participation of external subjects.

Although the path toward an emersion in best practices must be intensified, most small firms already “do the right thing” or, at least, “do many good things,” adopting mild instruments and instituting simple rules that establish the beliefs of the firm, predispose reports on best practices or articulate a code of responsibility and principles of governance. And where the communication of CSR is more structured (in terms of the aforementioned accountability), as in the actual experiences of BoxMarche, the Italian firm analyzed below, they help to overcome the limits of financial and economic budgetary information and the fragility of traditional accounting and informative systems, and open new paths of growth.

**BoxMarche Spa: A “Territorial” and “Convivial” Enterprise. When the Mission-Governance-Accountability Connection is Made**

**Research objectives**

The research issue posed here (Ryan et al. 2002) can be summarized as an exploration of the factors that facilitate the coherence between social engagement, social commitment and governance of SMEs. The key attributes referred to in this case were analyzed by adopting an interpretative plan that focused on the vision, values and commitment of management (Grayson and Hodges 2004),

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21"How can a corporate social opportunity mentality be achieved and what are its characteristics? The answer lies in achieving alignment of business values, purpose and strategy with the social and
a theoretical diagram was employed to identify the most relevant aspects of a “spirited business” (Lamont 2002). The typology elaborated by Molteni and Lucchini (2004) was utilized to place the behaviors of the firm in a grid of codified readings.

The study first attempted to identify the central value present in the company, its translation into a mission and, consequently, its impact on relationships with stakeholders, its reflections on the structure of governance, and the presence of instruments of accountability. This approach required attention to be focused on the elements of the trinomial, mission-governance-accountability, and on their reciprocal relations, setting out from the assumption that “in every enterprise there exists an explicit and coherent coordination between mission, governance and accountability” (Matacena 2005a 2005b). Mission is used here to mean an explanation and a synthesis of the company aims; corporate governance is understood as the command structure and of the government present in the company; accountability is the informative responsibility of the company. The approach also implied the need to identify those aspects of the system of governance in SMEs that draw on the positive actions comprising the behavioral models of firms that achieve a socio-competitive synthesis—a stable and structured approach to CSR and sustainability incorporated in the firm’s own strategic orientation, in its underlying mode of governance and in its system of internal and external reporting (strong sustainability). Secondly, the analysis set out to trace the specific factors that interacted with the territorial context of the chosen firm.

The hypotheses posited by the study were: **Hypothesis one**: CSR reinforces and facilitates the convergence between mission, governance, and accountability; the orientation toward CSR is therefore reflected positively on the governance of SMEs. **Hypothesis two**: Among SMEs, the orientation toward CSR begins with the entrepreneur and is a manifestation of both the values tied to the entrepreneur’s personal goals as well as the values tied to cultural and social variables in the territory from which s/he comes.

**Methodology**

The study was developed using a qualitative approach and a methodology based on field case studies. The fieldwork approach, as suggested in the literature (Adams 2002) facilitates the involvement of the researchers of business economics in the actual activities of the companies with a view to studying the processes and the organizational practices of social accounting. This methodology consists of identifying the internal factors (organizational structures, internal micro-processes, attitudes, points of view and perceptions) that, together with the corporate characteristics (size, sector, age of the business, etc.) and the general economic needs of customers and consumers, while embedding responsible and ethical business policies and practices throughout the company” (Grayson and Hodges 2004: 13).
contextual factors (economic, political, cultural, etc.), explain the complexity of
the social statement and, in addition to influencing the nature and the extent of the
corporate social reporting and of the social engagement profile, impact the system
of governance.

In general terms, the case method (Yin 1994 2003) has the double aim of
detailing the principle characteristics of given phenomena and understanding and
analyzing the dynamics of given processes. Under the methodological profile, the
development of a case study represents a “strategy of research that is concentrated
on the comprehension of the dynamics that characterize specific contexts” (Eise-
nhardt 1989: 532). The qualitative approaches and the forms of research under-
taken (Fayolle 2004) enable one to describe, explain and understand entrepreneurial
situations in their dynamics and in their evolution.22

Specifically, the case method constitutes a valuable instrument for “captu-
ning” the diverse manifestations of socially responsible government and of stake-
holder relationships, and for utilizing the results to attain cognitive aims and
normative substance; such “cases for CSR, or normative cases” can indicate be-
st practices and suggest criteria for further action (Craig 2003), as motivations
tied to the will to reinforce a firm’s reputation and the consensus of stakeholders
(local community, employees, etc.), as well as to the intrinsic and extrinsic mo-
tivations related to ethical principles of the entrepreneur and diffused throughout
the organization, are present in them.

Indeed, it is our opinion that the usefulness of cases also resides in the possi-
bility of valorizing the experiences of entrepreneurs who are “champions of cor-
porate social responsibility” (Jenkins 2006) and of recognizing the merit of people
and businesses who teach them, while not undervaluing the possibility of a path
toward CSR that starts “at the base” and is connected to the territory, favoring the
application of best practices and raising awareness of those who work in small
businesses.

This study is centered on the analysis of an Italian SME,²³ BoxMarche Spa,
which is an exemplary case of best practices and of CSR. A clarification is ne-
necessary regarding the firm selected and the geographic area in which it is found.
BoxMarche (as the company’s title suggests) comes from a region in Italy, the
Marches, which is characterized by a dense fabric of entrepreneurship and by
the development of local systems and districts. The area represents the so-called
Third Italy model, in which the development of SMEs is established in small cen-

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²²On specificities of research on small businesses see Silvestrelli 1986, Ferraris Franceschi 1993.
²³In the definition of an SME, along with the attributes defined by the Recommendation of the
Commission of the European Community on 6 May 2003; 2003/361/CE, the qualitative para-
ters were considered (independence of the economic subject, connection between ownership and
control), following a setting diffusely adopted in the studies and in the research on small-sized
businesses.
ters without upsetting pre-existent agricultural and artisan traditions and preserving the territory’s socio-economic fabric of relationships (Fuà and Zacchia 1983; Becattini 1987 2000; Garofoli 2006). This region hosts numerous cases of entrepreneurial excellence—socially oriented SMEs (some of whom have been objects of previous and current studies—Del Baldo 2008a 2008b 2009) tied to a specific genius loci—and on this basis it is possible to sketch out a model of “territorial CSR.”

The study was based on information acquired between April and September 2008 from different-depth semi-structured interviews with top entrepreneurs/managers; on direct observation during visits to the selected enterprise; and on the analysis of available documentary sources (content analysis). The deep sense of collaboration that developed led the interlocutors (and in particular, the managing director) to take advantage of numerous opportunities for study and exchange (laboratories, conferences, seminars on the theme of CSR) in the academic and institutional environment; exemplifying the company’s pursuit of best practices.

The research was conducted at the micro-level, i.e., it was grounded in the perspective of owner-manager/managing directors whose personal values influence the strategic direction a company takes (Burns 2001), and it was gauged to show how CSR is balanced with the company’s daily activities. The phases in which the study was implemented and the decisions formulated are represented in the table below (Table 1).

### Tabella 5.1 Phases and the Choices of the Empirical Study.

<table>
<thead>
<tr>
<th>Phases</th>
<th>Object of the Choices</th>
<th>Motivations of the Choices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specifics of industrial sectors referenced</td>
<td>paper industry</td>
<td>Traditional and mature sector, representative of the entrepreneurial fabric of the Marches Region (Italy)</td>
</tr>
<tr>
<td>Choice of the enterprises</td>
<td>Small/medium firm registered in the industrial association of the Marches Region (Confindustria)</td>
<td>Cohesive/multi-certified firm</td>
</tr>
<tr>
<td>Selection of areas and organs on which attention was focused</td>
<td>Top level of the company (entrepreneur-founder/successor, managing director, general manager)</td>
<td>Entrepreneurial/managerial team directly involved in corporate governance</td>
</tr>
<tr>
<td>Structuring of the research instruments</td>
<td>Administration of a semi-structured questionnaire (paper-and-pencil interview method), prepared interviews, note-taking, tabulation, transcription, validation and correction, telephone conversations and contact by e-mail</td>
<td>Qualitative/quantitative analysis and triangulation of methods</td>
</tr>
</tbody>
</table>
The principle attributes of the enterprise are synthesized in the table below (Table 2).

**Tabella 5.2 Characteristics of the Firm.**

<table>
<thead>
<tr>
<th>Company title - Registered office - Year of constitution - Sector - Corporate purpose – Employees - Total Sales (2007) - Economic subject</th>
<th>Instruments for implementing and communicating CSR, Year Introduced</th>
</tr>
</thead>
<tbody>
<tr>
<td>BoxMarche Spa, Corinaldo (AN); 1969 Paper industry: design and production of packaging in food and houseware sectors 50 employees; Eur. 11,154,104; open family-owned business&lt;sup&gt;24&lt;/sup&gt;</td>
<td>ISO 9001, 2001; OHSAS 18000-SA 8000, 2003; Social report, 2003; Global report&lt;sup&gt;25&lt;/sup&gt;, 2006</td>
</tr>
</tbody>
</table>

BoxMarche was selected for its excellent sensibility and its dedication to CSR and sustainability. The firm is characterized by the following specific attributes:

- presence of a framework of ethically connoted values shared by the company’s leaders (entrepreneurial proprietor/family, managing director) and spread throughout the organization;
- adoption of strategies of social responsibility with an adhesion to CSR codes;
- adoption of processes of social and environmental certification;
- regular publication of social and environmental reports;
- undertaking of ample and significant initiatives of social responsibility on the local, national and international level;
- recognitions/awards received for social responsibility activities;
- sensibility to the dissemination of best practices of CSR in the local and extra-local context in which they are found.

These aspects reflect the following declinations of sustainable management:

- presence of a philosophy of governance and of socially oriented management, which is mirrored in its mission and its governance;
- production of initiatives and strategies of CSR and sustainability;
- communication of CSR and development of systems of accountability.

<sup>24</sup>The open family-owned economic subject can be defined as the economic subject characterized by the presence of a social team that is not formed exclusively by members of the entrepreneurial family (closed family-owned economic subject), but also extends to external subjects without kinship bonds.

<sup>25</sup>The Global Report contains an asset and liability statement, a social and environmental report, and an analysis of intellectual capital.
Presentation of the Firm

BoxMarche Spa is based in the small Marchegian town of Corinaldo and works in the graphics and paper industry. It is the regional leader in the design and execution of packaging for the food-service and houseware sectors. Its clients are mainly Italian and range from other businesses to organizations, most of which are located in the Marches; the amount of international business is limited.

BoxMarche is a high-profile firm in the “valley of packaging.” It was a leading player at the European trade fair for deluxe packaging (Luxe Pack 2006, Principality of Montecarlo); it has exhibited not only its own products, but those of its territory, to allow the visitor to understand “that a box of perfume or a bottle’s packaging is as they see it—elegant, colored, fascinating—because it is born from an idea germinated in an environment that looks and cares for beauty, for the capacity to bring together particularities, that has a taste for things and that searches for quality. We also want to make our own territory visible, with its traditions, with its culture, with the beauty of its places and with the values of our people. Corinaldo and its people are recognized by BoxMarche as company wealth” (T. Dominici, Managing Director).

The firm was born in 1969 at the initiative of a group of partners who were members of the Baldassarri family, a family predominantly given to agriculture and to small commercial and industrial activities. Even today the notary who registered the firm’s charter remembers the family’s prudence, humility and determination. People who came from the land, from solid principles—workers of few words, who are used to looking someone in the eye and holding an outstretched hand in a sign of respect. “One’s word is one’s bond” is a recurrent expression in the farmer’s world, where behaving with integrity and virtue means adhering to principles of decorum and respecting the obligations one assumes.

In its first 10 years, BoxMarche was linked to the footwear sector, which flourished in the area. The firm was busy producing boxes for shoes; it utilized little technology and a lot of manual labor, with modest added value. By 1982 it began to abandon the “footwear packaging” vocation, which led to a modification of its production and commercial structure. Technologies for innovative production were introduced, the gamut of products was amplified, and its commercial presence addressed multiple and diverse sectors: food-service, houseware, small electronics, general market, and cosmetics and pharmaceuticals.

Despite moments of difficulty, its constant reference to the experience of the past, and a positive attitude, together with curiosity and ambition, has afforded the firm the ability to achieve important goals with the conviction that “the dream’s intensity depends on the greatness of the dreamer.” BoxMarche understands that its newest competition “is that of ideas, of relationships, of strategies”; it is based on innovations in “technology, processes, products, relationships, and strategies,” and necessitates an understanding of when attention must be shifted from material
goods to immaterial ideas *dai beni pesanti ai beni pensanti* (from weighty goods to good thinking)—as its vision statement avows.

There is hardly a dull moment in a reality that is in constant evolution: the social framework of the company, and the founders’ successors, are at once open to the outside and heedful of the values of the firm and of its people.

**Mission**

The mission of BoxMarche is a call to reach the summit in all fields: to be an excellent company, based on solid principles, that works to enrich all interested parties: clients, suppliers, employees, partners, the territory and the outside community. The company’s vision statement defines its goal as shared and achievable, an objective toward which the firm’s system orients all of its activities and assumes the charge of “becoming the specialist leader in the design and production of packaging offering unified solutions through ideas, innovation and understanding.” This concept is born from the necessity of turning attention from the product and ensuring its quality, to service and to adopting ideas to offer a consistent range of solutions. Such a vision was realized principally through the dissemination and sharing of nine values applicable at all levels of the firm and inspired by the “healthy obsession of doing what is best” (Table 3). “Values that constitute the firm’s culture, and, therefore, have their own value, their own richness, are their own intangible goods, which strengthen faith and certainty in the business” (S. Pierfederici, President). So, BoxMarche works to give expression to the emotions of stakeholders (or, better, of the people connected to the firm) and to view innovation as a dynamo that powers positive movement and allows talent and know-how to flourish through relationships founded on respect, friendship, and frankness.

These guidelines are reflected in BoxMarche’s strategies and in policies that aim to improve the quality of life of its employees, its community, and its territory. These policies include basing actions on the centrality of the client; cultivating interpersonal connections and developing competency across the full range of skills and responsibilities of personnel; delivering products and services swiftly; enhancing the value chain (by adding suppliers and clients; processes of co-design, co-marketing and co-planning; institutions and specialized schools) and thereby reinforcing the ethics of the firm, which is committed to promoting sustainable development on the environmental and social fronts.

A true art thrives in BoxMarche—the art of running a harmonious business by reconciling economic objects and human interests on a day-to-day basis. It is its particular style in conducting its activities that, over time, has led the firm to assume distinctive behaviors. This “way of doing things” has created and reinforced the reputation of a firm to which the market ascribes a singular, intangible value. “At this point, we have huge client satisfaction. We want more: we want enthusiastic clients, human resources that are ethical, satisfied and proud to work
Table 5.3 Cardinal Rules for BoxMarche’s Ethics of Living.

<table>
<thead>
<tr>
<th>The client comes first</th>
<th>Foster collaboration with clients, offering high-value products and services through innovation and excellence.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership</td>
<td>Develop technical and productive collaboration with clients and suppliers with a view to technological and material innovation.</td>
</tr>
<tr>
<td>Centrality of the Firm</td>
<td>Overcome individual interests for the success and the longevity of the firm; this is the only way to ensure a peaceful future for employees. The firm as an instrument to overcome individual interests.</td>
</tr>
<tr>
<td>Organization</td>
<td>Research best practices for the organization of labor; emphasize flexibility and professionalism of personnel.</td>
</tr>
<tr>
<td>Respect for the Individual</td>
<td>Valorize the dignity of employees, encourage personal growth through continual training, believe in the capacity of others and respect their work; manage conflicts.</td>
</tr>
<tr>
<td>Environment and Territory</td>
<td>Become a reference point for all businesses in the region with respect to the environment by committing to sustainable development, conforming to laws and going beyond the standards, orienting, raising awareness and including clients, employees, suppliers, and seeking out new opportunities with respect to the environment, instilling a relationship of trust and transparency concerning the firm’s activities among the local community and local government.</td>
</tr>
<tr>
<td>Quality</td>
<td>Operate with excellence, choose among infinite possibilities the key of the process, exceeding the client’s expectations.</td>
</tr>
<tr>
<td>Value of Capital</td>
<td>Optimize and improve economic-financial results to continue to invest in technological and human resources; raise the principal value of the firm.</td>
</tr>
<tr>
<td>Constant Improvement</td>
<td>Practice and disseminate a culture of constant improvement at all levels and in all contexts of the organization.</td>
</tr>
</tbody>
</table>


with us, and business margins that are always growing. We believe strongly in quality and in the need of every firm to plan, to create an efficient organization, but the most important thing is to put soul into one’s business.” (T. Dominici, Managing Director).

BoxMarche has a soul, and never forgets its origins. It has character, its own personality, which is the fruit of individuals who interact with each other, but above all, of values and principles ingrained in its mission and translated into its governance. The firm is conceptualized as a “narrative identity,” an entity that tells a story every day that traces its origins to the traditions of the entrepreneur and to the history of the territory, and thereby constructs its own self. Social responsibility is not considered as a mere opportunity for improving the firm’s visibility and reputation; it is above all a means of actively contributing to the construction of a socio-economic environment, with a powerful return of effects on its tangible (economic-financial) and intangible profile.
The Forms of BoxMarche’s Social Engagement

A first level of analysis is focused on identifying the principle aspects of BoxMarche (Table 4) relative to the core values and behaviors of the entrepreneurs and top-level managers, and to their reflections on the firm’s mission.

BoxMarche exemplifies a strategic and structured approach to CSR and aligning business values, purpose and strategy with the social and economic needs of stakeholders, while embedding responsible and ethical business policies and practices throughout the company. CSR is experienced as a “way of doing business”; it is about operating and managing the business in a way that is sensitive to the external and internal environment. Everyone in the company is aware of the company’s commitment to CSR. The company has an internal change-agent, a “champion” on its owner-management team, whose own values influence the strategy. The top management is directly responsible for directing the CSR principles and activities of the company and molding the company culture in their personal values and beliefs. All interviewed felt that their values were essential and a powerful driver of ethics and standard in the company. The entrepreneurs are also strongly involved in the well-being of the local community where they live and where the company is placed.

A second level of analysis is relative to the definition of the positioning of BoxMarche with respect to the map of orientations toward CSR (Molteni and Lucchini 2004)26.

BoxMarche is without doubt a “cohesive firm”: CSR is strongly translated into business principles. CSR is the practical implementation of a company’s ethos. The fronts of engagement and the forms of communication of CSR are systematic and creative and manifest themselves in a variety of forms:

- involvement, valorization and training of employees (for example, the principle of “respecting and valuing our colleagues” in CSR translates into improving the work-life balance of employees or providing excellent training and development opportunities—Lamont 2002);
- transparency in processes and in the modes of governance, presence of formal and informal instruments and procedures for internal and external informative disclosure;
- manufacture of products of social and environmental merit;
- vast range of operations with the local community (donations, sponsorships, promotion and production directed to projects of social, cultural, environmental, etc. merit);

26Molteni and Lucchini identify a typology of orientations among Italian firms, based on two coordinates (intensity of the phenomenon—that is, the socially responsible behavior—and qualitative aspects linked to the practice and to corporate behavior): cohesive firms, multi-certified, aware, able to be mobilized, skeptical.
### Tabella 5.4 Key Attributes of Social Commitment & Engagement.

<table>
<thead>
<tr>
<th><strong>Key characteristics</strong></th>
<th><strong>Links</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong system of values</td>
<td><em>“Values</em> diligence, labor, equity, trust, honesty, simplicity, integrity, parsimony, sense of family, team spirit, enthusiasm, energy, responsibility, communicative nature. Leadership fully believes in and lives out these values and purposes.*</td>
</tr>
<tr>
<td>Presence of a cohesive economic subject around basic values.</td>
<td></td>
</tr>
<tr>
<td><strong>Orientation toward CSR</strong> strongly desired by the entrepreneur, visible and integrated in the enterprise, tendency toward social success.</td>
<td>Top-level entrepreneurial/management commitment &amp; engagement represented in “the first best practices.”</td>
</tr>
<tr>
<td><strong>Purpose, vision and values</strong> are constantly reinforced through culture and processes and continuously communicated throughout the organization and beyond.</td>
<td>Organization aligns and articulates explicitly its purpose, vision and values consistent with responsible business practices. Effective stakeholder engagement processes.</td>
</tr>
<tr>
<td>Affiliation in geographical zones historically characterized by a solid rural tradition, typical expression of Marchegian culture.</td>
<td>Rooted and engaged in spreading well-being in the local community in which the firm is located.</td>
</tr>
<tr>
<td>Decision-making process based on collaboration, sharing and transparency. Relational approach centered on trust value.</td>
<td>Organizational strength: participation. Climate is social and organizationally spread. Values, mission, objectives constantly reinforced across the culture and processes, articulated in a flexible and organic structure.</td>
</tr>
<tr>
<td>Instruments of accountability and communication of socially oriented commitment.</td>
<td>Values and mission explicaded and communicated that ensure consistency in decision-making and avoid value-gaps.</td>
</tr>
<tr>
<td>Cohesion to stakeholders as a source of mobilizing resources with far-reaching consequences.</td>
<td>Growth of intangible capital.</td>
</tr>
<tr>
<td>Affiliation in local, national, international networks of CSR.</td>
<td>Desire to testify to and understand best practices via multiple occasions of exchange and comparison (workshops, forums, meetings, testimonies, etc.).</td>
</tr>
</tbody>
</table>

Source: our adaptation of Grayson and Hodges 2004.
• relationships with non-profit organizations and associations;
• stable and durable collaboration with clients, suppliers, and financial partners;
• attention to the global environment, across the activation of procedures and programs of environmental protection and of quality of life (recycling trash, reduction of emissions, saving energy, etc.).

On the whole, such behaviors increase the level of reputation and of consensus, and augment quali-quantitative development that, at the same time, “depends on” and “returns to” the territorial context in which the businesses are found. The understanding of benefits extracted distinguish the Corporate Social Opportunity mentality (Grayson and Hodges 2004), which characterizes BoxMarche. The first step toward developing a CSO mentality is to set values and principles for the company; it is usually the role of the business owner to align the company understanding of CSR to this. This model allows companies to build a CSR strategy from simple beginnings through a process of learning and networking, to start at different levels depending on their size and experience of CSR (Jenkins 2006).

BoxMarche did not undertake CSR because of business concerns; rather it is motivated by moral reasons and the values of the owner-manager. Though it is aware of the competitive advantage to be gained from CSR, this is not the first and principal reason to align CSR and business strategies more closely. Possible forms of financial or institutional incentives are not important: BoxMarche “runs by itself,” it follows a path, it understands the fact that “things can be seen with different eyes to obtain great outcomes” (P. Picasso).

A third level of the analysis offers a concrete example of such forms of stakeholders engagement. Thus, the following provides a brief synthesis of several projects produced by BoxMarche and a list of some of the awards obtained by this company for its excellence in CSR (Table 5).

BoxMarche’s first project carried the title “The passion for improving activities for a responsible business model.” With this project, the firm participated in the third edition of the “Sodalitas Social Award”27 and in 2005 came in first place in the SME category. The second concrete example is the Italian Prize for the Social Responsibility of Businesses given to 24 Italian companies in 2005, and awarded to BoxMarche for being “a solid reality that donates 15% of its earnings in corporate giving, and pays close attention to the environment, research and development, and society.”

The third relates to the Balance Oscar 2007 (Milan, “Piazza Affari”), in which BoxMarche won the first prize for the category of Medium and Small Enterprises, thanks to the 2006 Global Report, centered on the innovation of the “3Ps”: Products, Processes and People.

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27 The Sodalitas Social Award honors businesses in Italy that are distinguished for the production of projects with high value and social content.
The fourth is the Confindustria Award for Excellence, given to BoxMarche in 2006, for being a “business champion for the valorization of the territory.” This initiative was promoted by Confindustria with the objective of identifying and recognizing the capacity of businesses to be important actors in their territories, not only in the economic-productive reality, but also as subjects attentive to social, environmental and cultural needs of institutions, to the needs of its workers and to the ecosystem in which they play a part. Thus, in 2007, the business obtained the “Work Value” Prize for the Marches Region, assigned to the 10 best Marchegian firms, distinguished for their contribution to best practices in the quality of work.

**Governance**

The words of BoxMarche’s Managing Director and General Manager (Tonino Dominici) reveal his high esteem for profound values, a product of the founding family’s culture and tradition. The conviction that permeates the business is that entrepreneurial and managerial leadership based not on command and strategies of conquest, but founded solidly on ethics, has greater probability of emerging in a system open to competition, in which the way is led by acquiring merit in the view of all stakeholders. “Management means doing things the right way; leadership means doing the right thing” (P.F. Drucker).

The institutional and proprietary order of the firm signals its openness to subjects outside of the founding family and the firm’s evolution from a family business to managerial solutions. For twenty years the shareholders were 10 partners with 10% of the shares; 70% of the capital was retained by the Baldassarri family, 10% was held by the managing director, and 20% was held by two other personal associates. By 1991 the stocks held by the family were reduced to 50%, another firm in the Marches Region held 25%, and the managing director held the last 25%. The group is administered by a board of directors formed by three members; control is given to a committee of three auditors.

The Global Report (“Identity and Sustainability” section) dedicates ample space to describing the structural composition of the shareholders, the roles of the partners in governing the company and caring for the minority, and to the activities of investor relations. “We provide constant updates on the management of the company to our shareholders, who are an important part of our company; we have therefore provided, in addition to the annual balance sheet and budget as required by law, the illustration and audit of the triennial plans and budgets, and monthly meetings with our associates to elaborate strategies and communicate how the company is going” (T. Dominici). Communicating and accounting extends to the vision and to the mission, to the request for consensus for investments taken, to the frequent events of aggregation, open also the other stakeholders. The diverse categories of stakeholders enjoy numerous collective initiatives, from the annual
**Tabella 5.5 A Long History of Events, Awards and Recognitions: Milestones of BoxMarche Spa.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>Award, Course of Managerial Education</td>
</tr>
<tr>
<td>1989</td>
<td>Adoption of “Quality Please” project (Assindustria Ancona)</td>
</tr>
<tr>
<td>1992</td>
<td>Club Quality (Assindustria Ancona)</td>
</tr>
<tr>
<td>1995</td>
<td>International Study Exchange in the United States; meeting with JURAN (seminar, “Making Quality Happen”)</td>
</tr>
<tr>
<td>1996</td>
<td>ISO Certification of Quality 9002</td>
</tr>
<tr>
<td>1999</td>
<td>Participation in the Quality Awards Italy</td>
</tr>
<tr>
<td>2001</td>
<td>ISO Certification of Quality 9001</td>
</tr>
<tr>
<td>2001</td>
<td>Honorable mention, regional Quality Awards Italy</td>
</tr>
<tr>
<td>2001</td>
<td>Quality Award San Marino</td>
</tr>
<tr>
<td>2001</td>
<td>Certification of the Production Site according to ISO norm 14000—environmental certification of the production site</td>
</tr>
<tr>
<td>2003</td>
<td>Special Mention, environmentally-friendly planning –Ecoprize</td>
</tr>
<tr>
<td>2003</td>
<td>Quality Award Italy for SME</td>
</tr>
<tr>
<td>2003/2004</td>
<td>OHSAS Certification 18000—management system of health and security in the workplace</td>
</tr>
<tr>
<td>2004</td>
<td>Publication of the Social Balance award 2003</td>
</tr>
<tr>
<td>2004</td>
<td>Riciclo Aperto Award—Comieco</td>
</tr>
<tr>
<td>2005</td>
<td>Winner, Sodalitas Social Award for the category “SMEs”</td>
</tr>
<tr>
<td>2005</td>
<td>CSR in Pole Position²⁸</td>
</tr>
<tr>
<td>2005</td>
<td>National Award for Social Responsibility in Business</td>
</tr>
<tr>
<td>2005</td>
<td>Recognition of benevolence, City of Corinaldo</td>
</tr>
<tr>
<td>2006</td>
<td>Official Selection at the Second European MarketPlace on CSR²⁹</td>
</tr>
<tr>
<td>2006</td>
<td>Compilation of the first Global Report</td>
</tr>
<tr>
<td>2006</td>
<td>Nomination, Oscar di Bilancio 2006 (Milan, FERPI)</td>
</tr>
<tr>
<td>2006</td>
<td>Registration according to Regulation CE 761/01 (EMAS)</td>
</tr>
<tr>
<td>2006</td>
<td>Adoption of the European Roadmap on CSR</td>
</tr>
<tr>
<td>2006</td>
<td>Confindustria Awards for Excellence, “Business champion of the valorization of the territory” section</td>
</tr>
<tr>
<td>2006</td>
<td>Multi-stakeholder Panel (multi-stakeholder counterpart for the Italian CSR Forum)</td>
</tr>
<tr>
<td>2006</td>
<td>Forum ”Intangible Capital”: a strategic factor for innovative businesses</td>
</tr>
<tr>
<td>2007</td>
<td>Winner, Oscar di Bilancio 2007 in the category of Small and Medium-size firms (Milan, FERPI)</td>
</tr>
<tr>
<td>2007</td>
<td>International Award ECMA, Pro Carton Award, Confectionery category</td>
</tr>
<tr>
<td>2007</td>
<td>“Valore Lavoro” (“Work Value”) Prize for the Marches Region</td>
</tr>
</tbody>
</table>

Source: our selections from BoxMarche’s *Global Report 2007*. 
presentation of the social balance/Global Report to the bimonthly report, to the creation of virtual communities (such as Internet forums).

**CSR’s Impact on Governance**

The fourth area of reflection more closely concerns the aspects connected to governance, which are presented below.

- Managers outside of the family are present (even in the position of sharehol-
ders): the figure of an authorized and “illuminated” general manager/managing
director performed with efficacy the role of the entrepreneur’s alter ego and participated in the definition of strategic plans in which CSR was a substantial element.
- Even though a family-based economic subject exists, everyone in BoxMar-
che shares moments of reflection concerning values, strategic orientation of
the firm and the rapport among members of the family-based government and
stakeholders.
- There is a strategic committee, in whose meetings those with distinctive com-
petences who are responsible for the firm’s functioning participated.
- The understanding of the necessity of separating house organs of governance
and ownership was maturing, which contributes to the structure’s managerial
evolution.
- The cohabitation and the generational passage were facilitated by a sharing of
personal and familial values, as well as values of the firm, which found their
synthesis in practice and in the instruments of social responsible management.
- The frequency of meetings of the board of directors is directed toward minimi-
zing clashes; meetings are held weekly.
- The board of directors looks to independent councilors and minority sharehol-
ders (including women) and is extended to representatives of employees.
- Even in the absence of a supervising organ on the governance (audit) commit-
tee there are forms of “social control.”
- Tax breaks and services for partners and shareholders (specific initiatives, pro-
motions, dedicated services and products, training projects, tutoring activities). The initiatives are many and varied; we report the most relevant. They are fi-
nanced to make the workings of in-house governance organs more transparent, beyond the abovementioned adoption of CSR instruments—sharing all manage-
ment data with associations/shareholders/financial partners ( BoxMarche presents an “enrichment” of the Global Report, addressed to banks, containing

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28 BoxMarche is among 30 Italian firms selected by the Italian Ministry of Labor and Social Policies, and by Confindustria to be honored for best practices of social responsibility—CSR.
29 BoxMarche was placed in the category, Skills and Competence Building; it won the title of best practice: People Care–Skills Passport Project.
the prospective triennial economic plan); open-house meetings during the year aimed at specific categories of stakeholders; regional and local meetings; stakeholders forums in which the results achieved in the past financial year are presented and objectives for the future are discussed.

- Value orientations and ethical principles that guide strategic decisions constitute the principle facets of the process of social accountability and reinforce the organizational culture. The flexibility and cohesion of the structure, together with the direct involvement of the entrepreneurs/managers—the first “managerial agent”—makes the process of corporate social reporting and the development of specific skills easier.

- Retribution and the compensation of business administrators, such as the distribution of profits, are illustrated in detail in the production statement and in the allocation of value added.

- The instruments of accountability facilitate the transition from a state of listening to a proactive state (entrepreneur/management guided by stakeholders).

**Accountability**

The idea of social reporting (2003) was born “from the need to show the population the values of a business and the necessity of transparency for the stakeholders” (T. Dominici). From the social report, BoxMarche went on to add an integrated sustainability report to the third edition of the Global Report in 2008. This comprises the asset and liability statement, the income statement, and the yearly report (or social report), which includes the sustainability report, flanked since 2006 by an analysis of intellectual capital (the new reporting statement for firm’s intangibles assets—the intellectual capital report). This more comprehensive approach to reporting creates an instrument of accountability or, rather, an integrated system of CSR and sustainability, which establishes an authentic dialogue between interlocutors because it is born from the desire to make business activities transparent. The document is a “constituent element” of the business philosophy and is part of a system of management called “quality-security-environment-social responsibility.” The Global Report is a concrete sign of a process of involvement and communication, of stakeholder relationships, engagement and reporting.

“We believe the Global Report is the best instrument for spreading the value of maintaining our ethos, which drives us forward with enthusiasm and love toward everything we do. It’s a form of communication that unites numbers, images and words, and that allows us to share our particular reality with every stakeholder” (S. Pierfederici, Letter from the President, Global Report 2007).

The Global Report is an expression of a precise communicative strategy. “We here at BoxMarche like to communicate. We see relationships everywhere, everywhere there’s the possibility to pick out, from another part of the line, someo-
ne who shares our respect and our recognition” (T. Dominici, Letter from the Managing Director, *Global Report 2007*).

BoxMarche’s Global Report is an amalgam of strong entrepreneurial passions, a sense of belonging and a sincere desire for self-representation. One notable aspect of the report is the excellence achieved in the communication of CSR and in actively incorporating interlocutors, sustained by the desire to provide tangible evidence of best practices and to spread the ethical principles of the firm into the surrounding territory through multiple channels: the website, periodicals (house organs and trade magazines), public events, and processes of social accounting and accountability. Thanks to its Global Report BoxMarche has gained a place among the best performing and most highly communicative Italian businesses in socio-economic and environmental terms, notwithstanding its small size.

The national and international standards used as references are the GBS and GRI principles of social assessment, the Q–RES project for the quality of corporate ethical-social responsibility, and the Italian Ministry’s CSR–SC Project. In addition, a panel was created at a multi-stakeholder forum to compare results achieved and proposed improvements. BoxMarche’s CSR-SC framework consequently rests upon the adoption of 98 qualitative-quantitative indicators, all developed over a three-year period along four principal directives: structural capital, human capital, relational capital, clients and market.

The process of accounting, reporting and accountability is dealt with by an internal coordinator and by a working team formed by the managers of the principal functions and areas of the company, which operates in close collaboration with external consultants from the professional and academic worlds. Currently this work group is in the midst of diverse initiatives aimed at improvement—forecasting further indicators, introducing the detailed budget, analyzing competitors’ assessments (sector benchmarking) and enhancing the solvency of clients and of suppliers. Another element of innovation is the Value Chain section introduced in the 2007 version of the Global Report, which (under the heading, Together with Us) gives visibility to BoxMarche’s suppliers and offers them the possibility to talk about their experiences with the firm and the outcomes.

BoxMarche’s Global Report is structured in three macro-sections reflecting the suggestions of external consultants, the relationship with the board of statutory auditors, and the minutes of the shareholders’ meeting. The first section describes the company’s identity and presents synthesized data concerning the principle results achieved (highlights). It contains references to the firm’s vision and values, to its mission, to governance, and to business strategies. Letters from the managing director and the chairman of the board are also featured.

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30 The Q-RES Project was created by the Centre for Ethics, Law & Economics (CELE) in collaboration with associations, businesses and non-profit organizations; http://nt-notes.liuc.it/ricerca/cele.msf.
The second part contains the asset and liability statement, the profit and loss account, and a supplementary note. The third outlines administrative relations (directors’ reports/annual statement, complete with financial accounting, cost analysis, research and development initiatives), including the sections concerned with sustainability and the analysis of intellectual capital and intangible assets\textsuperscript{31}.

The section on sustainability is broken down into the creation and distribution of added value (Table 6), social relations/social report (broken down, in its turn, into the categories of personnel, shareholders, financial community, clients, competitors, suppliers, financial partners, the State, local organizations and local government, community and territory, environment); research and development, events and awards, and proposals for improvement.

\textbf{Tabella 5.6 Added Value Distribution Statement.}

\begin{tabular}{lrrr}
 & 2007 & \% & Var \% \\
\hline
A) Human resources remuneration & 2,138,154 & 61,0 & 2,0 \\
Outsourced personnel & 418,847 & 12,0 & 4,1 \\
In-house personnel & 1,312,046 & 37,5 & 1,0 \\
a) Direct remuneration & 407,261 & 11,6 & 3,2 \\
b) indirect remuneration & & & \\
B) Remuneration to Institutions & 131,620 & 3,8 & -19,2 \\
Direct taxes & 179,586 & 5,1 & 1,6 \\
Indirect taxes & 1,541 & 0,0 & -57,9 \\
Subsidies and contributions (Revenue grants) in the fiscal year’s account & -49,507 & -1,4 & 181,7 \\
C) Remuneration to Financiers & 186,555 & 5,3 & 2,9 \\
Short-term capital burdens & 116,311 & 3,3 & 43,5 \\
Long-term capital burdens & 70,243 & 2,0 & -29,9 \\
D) Remuneration to Shareholders & 40,000 & 1,1 & -100,0 \\
Dividends & 40,000 & 1,1 & -100,0 \\
E) Remuneration to Enterprise System & 997,809 & 28,5 & -17,5 \\
+/− Undistributed income (reserves variations) & 50,212 & 1,4 & 38,5 \\
Depreciation of tangible assets & 870,244 & 24,8 & -17,5 \\
Depreciation of intangible assets & 77,353 & 2,2 & -34,2 \\
F) Social sponsorships and donations & 9,079 & 0,26 & 505,3 \\
GLOBAL GROSS ADDED VALUE & 3,503,217 & 100,00 & -4,0 \\
\hline
\end{tabular}


\textsuperscript{31}On systems of sustainability reporting and of intangible resources and, more generally, on integrated reporting, see for example Pedrini 2007. One should also consult the Special Issues of the journal \textit{Economia Aziendale 2000}web 1 (2007), http://www.ea2000.it, which collects the proceedings of the 1st Italian CSEAR Conference, Corporate Social and Environmental Accounting Research, Bergamo, 14–16 September 2006.
In the analysis of intellectual capital, BoxMarche groups indicators into homogeneous classes that reference three categories:

- **Structural capital**: the analysis proposes make indicators of the firm’s value drivers (Figure 1): the propensity toward innovation, the search for new solutions, problem-solving capacity, efficacy and efficiency of production processes, production flexibility, quality and efficacy of work done, focus on long-term growth over short-term profit, attention to security.

- **Human and relational capital**: the analysis gives prominence to collaborators’ competences (in terms of potential and of results), and to the firm’s capacity to develop a legacy of relationships with external interlocutors, with particular attention to clients, for assessing the coherence of the company with respect to its vision statement and business strategy, and to minimize the risk of informational redundancy.

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**Figure 5.1** BoxMarche’s Model for the Creation of Economic Value


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There are three principle types of methods: those whose objectives are to describe the intangible resources/assets under a quali-quantitative profile, classified in homogenous groups/classes according to logical criteria; those aimed at explaining intangible resources through rating systems obtained by considering diverse aspects; those whose goals are to define the economic value of the resources through their monetary expression.
Mission, Governance and Accountability in a “Spirited Business”

At BoxMarche, the translation of sustainability values and goals is particularly fruitful and can be synthesized as follows:

- **Links Between the Organization and its Territory.** The initiatives undertaken by BoxMarche are numerous and widespread, and those currently in course, which range from corporate giving and social solidarity, to direct contributions in diverse fields of operation (artistic, social, cultural, etc.), to engaging the community. One can cite, in particular, numerous education and training initiatives, such as sponsoring conferences through the university, schools, research and educational institutions, trade associations, and local and national organizations (chambers of commerce; the national conference of industry, Confindustria) on the themes of respect for the environment, best practices; participation in fairs dedicated to the production of excellence on the Italian market; initiatives of solidarity and of environmental impact; the promotion of culture through numerous events organized in collaboration with the local community.

- **Internal CSR Processes.** Notable on this front is the Skill-Passport Project, which combines the reward of outcomes with a reward on the contribution margin, with the objective of stimulating motivation and measuring and valorizing the duties, capabilities and knowledge of personnel by monitoring multiple elements (presence, flexibility, punctuality, polyvalence, shared values, intentionality and new ideas, specific knowledge and competency). In the first year this was active (2004), it produced important results: a 17% sales growth and a 12% productivity growth, a recuperation of efficiency measured at about 2,600 hours. In addition the structural interventions aimed at innovation, numerous other actions were undertaken to create activities of formation and international communication. Among these: the firm’s bulletin *InBox*; the periodical *Next Ideas and Packaging*, open also personnel; an information letter to workers, which raised awareness concerning the results achieved and the objectives for the following year; the “philosophy of the smile,” which celebrates the value of cordiality as a fundamental part of every human relation; the Pleasure Graph, a sort of self-evaluation by the department heads; research on staff satisfaction; incentive trips and company dinners for workers and for charity; scholarships for workers’ children; inclusion in cultural and artistic events promoted in the territory. Finally, one can highlight the link with the territory, which is reflected in the provenance of the staff: 59% reside in the town in which BoxMarche is located.

- **Decisions Impacting the Environment.** In addition to following the rules for certification in environmental improvement policies, one can cite participation in diverse national initiatives (for example, the recycling program, RicicloA-perto) and the promotion of relationships with environmental agencies (with
their index of litigation equal to zero). Environmental policy is, in fact, aimed at following sustainable development “in the first person” with particular attention to the utilization of natural and energy-efficient resources, to recycling, to lowering emissions in the atmosphere, to dumping in waterways, to garbage, and to packing (by monitoring its relative environmental performance). Environmental policy is also focused on awareness, and proactively includes all stakeholders.

- **Development of Internal and External Relations.** Among the most significant one can cite relations with clients, managed in such a way as to reinforce customer loyalty: “open house” days; tournaments; company newsletters; monitoring the certifications obtained by clients (for quality, for the environment and CSR, EMAS), and of customer satisfaction; call centers; co-sponsoring and co-developing events; the “Planning Top 28” (a schedule of regular visits to the firm’s top clients); Customer Relationship Management (implemented in 2006), aimed at evaluating the gap between expectations and perceptions relative to tangible and intangible aspects (reliability, response, the capacity to reassure clients, empathy); the creation of environmentally friendly products and services. Lastly, among the proposals aimed at improvement one can cite the desire to further raise the company’s visibility in the territory and in the local community by distributing its Global Report, promoting partnerships with the local university, improving consumer relationships (trade and public) for a responsible usage of papers in the packaging supply chain, and including a greater number of territory-wide firms in plans for spreading CSR and in social accountability.

**A Marchegian “Champion” of CSR and Sustainability**

What follows (Table 7) are the most significant elements that pertain to the relationship between values, mission, social engagement and commitment, and qualification of governance, some examples are offered in the words of the corporate protagonists interviewed.

The centrality of CSR with respect to the development of BoxMarche allows one to define it as a “spirited business” (Lamont 2002) or as a “CSR enterprise” (Kvåle and Olsen 2006)³³—a high-performing company where competitive success grows out of its commitment to values and to the human spirit. A “spirited

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³³Based on empirical research conducted between 2005/2006 on a sample of 51 SMEs from different European countries the authors distinguished three categories of businesses: “business strategy enterprises,” which are making a conscious effort to implement CSR and have adopted CSR as a part of their business strategy; “intuitive enterprises,” which are practicing CSR without having made a conscious decision to do so; their normal business practices coincide with CSR indicators; “raison d’être enterprises,” which are practicing CSR because it coincides with their business concept, i.e. the actual business concept is philanthropic (Kvåle and Olsen 2006: 7).
businesses,” in other words, is a “company with a soul” (Catturi 2006), passionately committed to people and to wisdom. A “spirited business” like BoxMarche focuses on its vision and values, communication, top-level management commitment, effective tools and mechanism of stakeholder engagement. Important principles of a “spirited business” include trust, vision, courage, community, creativity, patience, humanity integrity, diligence, enthusiasm and openness (Lamont 2002). Everyone in the company espouses such principles and everything that entrepreneurs/managers make is marked against those touch-stones.

Frankness in conducting relationships and the wisdom of country life are the constituent principles of what today is a modern entrepreneurial reality. BoxMarche offers a coherent testimonial of this through the principles in which the company profoundly believes. It also serves as a good example of a firm’s rootedness in the local socio-economic context and of the transformation of a rural civilization into an industrial reality, which came about without upsetting the nature of the surroundings and of the territory in which it developed, and which grew up together with the people who worked it. The firm acts as an agent of civilization and in its actions lives on as a common good. The orientation to CSR and to sustainability enters into BoxMarche’s mission, as well as its governance, which explicates shared values of the owner, the management, the firm in its complexity and is reflected in its accountability, integral and coherent elements.

The case examined provides many causes for reflection, and two aspects in particular should be summed up. The first regards the happy marriage between socio-economic development inside the firm and extended to the surrounding environment; the second pertains to the efficacy of how the firm’s communicates its commitment to and orientation toward socially responsible management.

Regarding the first point, BoxMarche reveals how easy it is for small and medium-sized firms to be socially responsible, perhaps even more so in the context of large-scale firms, because such an orientation is frequently innate in entrepreneurs and shared by management. Regarding the second point, BoxMarche is without a shadow of a doubt a proactive business. It is decidedly “cohesive,” which denotes an evolved socio-economic commitment, and for years it has tried to raise awareness of the context in which it is found and to “convert all whom it meets” through multiple relationships that the course of activity brings with it.

Under the profile of communicating CSR, in order to confirm the priority of “making” compared with communicating, one can underscore the “discovery” of communication as an element that enriches the fundamental ethical energy. BoxMarche’s form of communication aims to be thick with coherent messages based on values, on human processes, on dynamism. BoxMarche’s Global Report signifies its capacity for disclosure, which is unique among small businesses, and notable for being based on innovative reporting that pivots on the integra-
<table>
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<th><strong>Play factors</strong></th>
<th><strong>Case study examples</strong></th>
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<td>Mission connoted by strong values (ethical, moral, social, as well as economic).</td>
<td>“Perhaps it’s a little presumptuous, but we love to define ourselves as the agents of civilization. The small entrepreneur is a builder (of systems, of men, of wealth); he relates himself to the world, to his clients, to his community; he lives out his passions, hopes, dreams, plans. The enterprise is a narrative identity, it tells a story, it constructs its own self. For this reason, it has a soul and it has those intangible assets linked to the spirit and to the dignity of the person. The soul represents shared values, the firm’s identity, climate, mission, our capacity to express equilibrium, beauty, ethics, efficiency, our capacity to dream and to live through our emotions above all else; everything that makes us individuals and human beings. Not an individual but “that individual,” not a person, but “that” person” (Tonino Dominici, Managing Director and shareholder of BoxMarche).</td>
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<td>Values guide the decision-making process in adherence to the socially oriented vision and create an entrepreneurial vocation that makes all the difference.</td>
<td>“Our Global Report is not only a report of numbers, but also of values. It permits our stakeholders to have a dependable idea of how the business fulfills that sort of delegation that civil society has conferred to produce a better world for all goods, services and human relationships . . . . First CSR, which is a fact of ‘faith,’ then good governance, which is its outcome” (T. Dominici).</td>
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<td>Inserting everyone into the center of the company and rendering it a protagonist of CSR.</td>
<td>“From the very beginning I have felt welcome, like a part of the family, and I’ve been given the trust necessary to grow. I’ve done, and I continued to do, my best to personally embrace those same values and to experience the company like a communal good, recognizing the entrepreneurial spirit that I’ve had the good fortune to know” (T. Dominici).</td>
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<td>The attention to people’s lives creates a supportive environment and renders possible the maximization of creativity.</td>
<td>“The technology we are most proud of is the one that comes home in the evening” “We are our own strength” (T. Dominici).</td>
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<td>Holistic approach to CSR.</td>
<td>“It is an important responsibility, what we call our business, inasmuch as we have inherited the land from our fathers, but we also have on loan from our children. We believe in sustainable development, which comes from an understanding of the environment, that is, clean water and air and a complete territory and social understanding that is conscience, solidarity, ethics, respect for humankind. The passion for doing things and the love of our land has pushed us to assume this important responsibility: bringing together all stakeholders to create true wealth through the lens of sustainable development, through human values and through our own work” (T. Dominici).</td>
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Tabela 5.7 Attributes of BoxMarché, a "Spirited Business" (continued).

| Development of intangible resources | "The value of BoxMarché’s products is measured by a profound harmony with all of our ‘traveling companions’ who smile, suffer, and live inside the company. It is thus important to grow relationships with the people behind and around our firm. We are strongly convinced by the concept of total partnership. With the passion that we put into this partnership, we will obtain significant results even in the global context, which doesn't mean only internationally, but also “in the family.” A friendship that is transformed into a partnership. And this is beautiful." (Letter from the Managing Director, Global Report 2007).

“...The firm is the carrier of responsibility that doesn’t get used up in the creation of projects, wealth and jobs, values that we must nevertheless keep in mind. The activities of the company extend also to the development of actions aimed above all at the territorial context in which it operates and to the ensemble of all of its interested parts” (T. Dominici).

The generation of profit is necessary to the success of CSR, but its maximization is not the raison d’être of the business. | "Making profit and distributing it equally is already an ethical action. Being in agreement means sharing objectives and goals, respecting all parts of the firm. And practicing social responsibility sets the owner and the firm apart from the rest, and gives them more opportunities" (T. Dominici).

The entrepreneur-proprietor is responsible for the principles and the actions of CSR. | "The entrepreneur determines the vision, and indicates the path to follow through his leadership. But if the vision isn’t shared by his collaborators, the leader will find no one behind him. So [there must be] a huge involvement of personnel in the mission, in the vision, training on the themes of environment and CSR but also in the organization, on the objectives of the firm, intellectual growth by offering courses, development of participation in the firm’s objectives through constant information on the outcomes achieved, giving merit to those who achieved them” (T. Dominici).

Source: our adoption of Lamont 2002.
tion of informative qualitative and quantitative content that includes sustainability assessments and intangible assets.

Nevertheless, one sees in BoxMarche a medium-sized firm “aiming to be small”; the goals that the company achieved distinguishes its excellence on the national level and the capacity to involve the best resources of its territory in its projects. It is equally an exemplary case from which emerges a proactive approach centered on enthusiasm as a driver of CSR and of sustainability, and which finds synthesis in this message: “Don’t follow the path well trodden; go instead where there are no paths and leave a trail of your own.”

Conclusions and Future Research

The benefits of CSR are not always easily quantifiable. For that reason, one can say that adhesion to a philosophy of socially oriented management is above all an “act of faith” (Jenkins 2006). These benefits closely touch on governance, however, and in small firms the link among philosophy centered on sharing CSR, strategy, governance and accountability is even more significant. First, because the process is desired by the entrepreneur and reverberates across his or her style of governing: each expresses a will and translates it into the operations of the business. This becomes an occasion to reinforce the mission and, often, to create that necessary convergence around personal, family and company values, which facilitate the succession process in many family businesses. Second, because the influx on the strategic profile is manifested above all in terms of development of the culture of CSR and sustainability: it is a process that seems to be the fruit of the entrepreneur’s intense and sincere involvement in the multiple manifestations of socially responsible actions. Thirdly, because the accountability and communication of the firms’ CSR engagement has effects on the organizational structure: it influences the micro-processes of the firm and produces consequence by way of its governance, in terms of transparency of the decision-making process, the sharing of corporate policies, the dissemination of the instrument of delegation, greater team participation by the top decision-makers in the firm, and the multiplication of formal and informal occasions for reflection and for comparison.

From the case considered here, a model characterized by forms of stakeholder relationships based on instruments that provide for transparency and representation of those qualities of the firm and its principle actors arises. This way, one can view the co-penetration of the two drivers of socially oriented governance: discipline and commitment. The first is formalized and codified, the second is informal, emergent and value-based.

34While the first one is a formal, codified, explicit approach aiming at fostering ethical and social behavior through a set of rules and tools, the second one is often a more emergent, value-
The social strategy of the enterprise observed in the empirical research is based on an effective government of systems of relations within the firm whose principle actor is the owner-entrepreneur/manager, confirming the first hypothesis set forth at the base of this study. Equally emergent is the value of trust and of true relationships, with respect to governance, nurtured by top executives who decide and act in accordance with a given platform of values. They weave the fabric of values that everyone involved in the enterprise shares—from those with management responsibility to those who work at various levels in the company—and that are innately linked to morality. The successful entrepreneur always appears to be the one who helps to rediscover values, and who is capable of creating solid rapport and “true” relationships with interlocutors. The focus is on his or her moral stature and on his/her capacity to create an ethical corporate culture, a unified cultural environment, a common language —in other words, a socially oriented governance.

In the SMEs where CSR is a characteristic trait of the corporate culture, the consensus of the owner-entrepreneur/top management and the focus on referents at the base of decisions characterize systems of corporate governance that are more transparent and “harmonized,” and that reinforce the organizational cohesion, the business climate, and the trust factor. In addition to applying formal methodologies, these businesses are able to devise effective ways of engaging and relating to stakeholders, “grasping their essence,” pinpointing expectations, offering solutions, and creating cohesion around projects and values of ample breadth. These are hallmarks of entrepreneurial passion; they are endowed with organizational strength and intangible wealth.

The “Convivial Enterprise”*: Taking Root in the Local Context

There are essentially three strong points of the Marchegian SMEs of which BoxMarche is representative: deep territorial roots, familial synergies, and tenacity. The first of these, which finds expression in the adhesion to, and social consensus of, the territory, is an emblematic aspect of the Marches, part of the region’s *genius loci*. The case considered presents clear signs of that genius, which is marked by a work ethic, a strong sense of being an active member of a community in which each person rediscovers the pleasure and the usefulness of working with trust. This confirms the second hypothesis at the base of our study.

This mode of operating and being characterizes the many enterprises that were born under intensely local conditions but that serve as carriers of Italian creativity and talent into the world at large. They sink their roots in a territorial

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*based, ‘strategy driver” approach that leads employees to a strong CSR commitment through a high level of identification in their company’s strategy, deeply embedded in a set of values and based on a non-hierarchical set of both economic and social goals” (Minoja and Romano 2006: 3).
model based on “holy agriculture” (Fuà and Zacchia 1983) that characterized the
Marches Region from the early 1800s to the post-WWII era. These “champions”
of CSR, working in a territory abounding in examples of socially responsible behaviors, many of which must yet emerge, have emerged thanks to their ability to communicate their engagement and their skill in managing relationships with multiple stakeholders. They have shown themselves to be capable of influencing and molding the socio-economic terrain from which they come, through leadership by example.

The idea was articulated particularly colorfully by one of the entrepreneurs interviewed: “We have an emotional tie with the territory. We want to use our abilities to sustain the local economy. Absolute priority is given to values, to human relations. Our activities are not only business choices. Our ability, though we are a small firm compared to other companies, is to card threads (through the determination to follow the “dream” of an enterprise and of the environment in which it is inserted), is to pull threads (through cohesion and collaboration inside and outside of the firm) and to stretch threads (through the motivation that feeds creativity, understanding, sensibility, the capacity to listen) of a network. A network made, in primis, by men.”

The profiles of “convivial enterprises” (Balloni and Trupia 2005) that emerge correspond not to a codified managerial model, but to a business “way of being.” Conviviality is not merely a feeling; it is an operative practice for organization and governance. In such contexts, in the absence of rigid forms of hierarchical coordination, the capacity of individual initiative remains vibrant. It is spurred on by the sense of belonging (the status of the collaborators prevails in the organizational arrangement) and on diffuse empowerment. What is given achieves higher goals with respect to the forms of government that privilege the achievement of objectives in the logic of “executiveness” based on a system of checks and balances. “Enlarged” governance and control is a sort of “effect” of a socially oriented philosophy and of the related instruments of accountability, which institutionalize and give representation and transparency to the qualities of the firm. These last elements signal the passage from one model of informal responsibility, still prevalent in the universe of small-sized firms, toward a new, proactive model: “from the concept of enlightened entrepreneur to CSR policy.” Regarding stakeholders, it is all about sociality and “is strongly inspired by a feeling of collaboration, of ‘conviviality’.” This is a manifestation of an attitude of learning by interacting, which translates into planning, innovation and, more generally, the capacity to improve relationships and the territory itself by tying multiple interlocutors together in a network that sees a good part of its actors coming from the same territory. For example, client relationships are characterized by an attention that goes beyond customer care; those with employees go beyond paternalism: the Marchegian entrepreneurs who have been able to create a community of people who work passionately, are also loved by those who have the fortune to work
with them. In dealings with citizen organizations and local government, also, the
search for collaboration sparks head-to-head dialectics.

These last aspects imply an active involvement of the enterprise in local de-
velopment, because the business’ success issues from the same steps as the success
of the territory. This translates into the creation of functional networks among busi-
nesses, chambers of commerce, trade associations, banks, non-profit and citizen
organizations—which all become nodes of a cooperative network whose end is to
develop the territory.

An examination of the economic realities of the Marchegian territory (formed
predominantly by SMEs) that attempts to understand the essence of the people and
their history, allows one to more closely view an entrepreneurial system construc-
ted on solid principles, capable of marrying ethics and business and of confronting
the challenge of globalization using the categories of “the good” and “the useful.”
And it allows one to discover evidence of a “soft capitalism,” which expresses it-
self in a development model founded on the synergy between recovery of the past
and defense of traditional understandings, local culture, the quality of the land-
scape, and its protection for the future through advanced research and care for the
environment. It also allows one to discover an indirect but important player: the
territory of the Marches.

Alongside the desire to invent new products and to make a profit, one of the
principle motivations of Marchegian entrepreneurs is the desire to do something
useful for their communities (Balloni and Trupia 2005). This is because the histo-
ries of their businesses have always been founded on “passion” rather than on me-
re calculation. Enterprises are considered spaces for consolidating and nurturing
a passion for quality, for understanding, for a form of development that engages
and respects the surrounding environment. The socially oriented entrepreneur is
moved by the reciprocity of the exchange, enriching the territory in the form of
jobs, business opportunities for other subjects, cultural initiatives, promotion and
development.

Several studies have analyzed the processes of industrialization in the area
of Central-Northeast Italy in which the Marches lie. Some have identified factors
such as the culture, history, institutions, beliefs and communal convictions, as a
sort of humus for the intangible assets of the context, difficult to define and to
quantify (Cipolla 1990). These intangibles or social capabilities correspond what
we have termed the genius loci, connected to a particular place and revealed in the
way of living and of forming community.

The socio-economic texture, defined in terms of “social capital,” social capa-
bilities or civic-ness, is enriched by values, cultures and traditions tied to a spe-
cific community-space. It is therefore important to look also at those intangible
factors that favor the development of CSR and to the sustainability of the SME.
The Marchegian model of sustainable development that appeals to the territory’s
businesses is premised on a challenge: the capacity of the whole productive, as-
sociative, unionized, entrepreneurial and institutional world to act and to be made
to act in socially responsible ways, and thus to be territorially characterized in a
unified sense.

In the face of large-scale corporations’ power and impact, however, one cannot but mention the new and important role of small and medium-sized businesses in providing examples of, and “driving,” real means of good governance—many of which truly spring from the family-based world of capitalism, which is often criticized but which hosts precious testimonies of integrity strategies (Paine 1994) capable of generating trust toward firms and their entrepreneurial conduct. This permits us to affirm that between CSR and corporate governance there exists a fertile bond. SMEs are especially revelatory of this bond, because it is not essential that extraordinary or eclectic actions be prominent, but rather that exemplary ones stand out, that they bear small things with great intentions. For all CSR requires passion and hope.

From CSR to TSR – Territorial Social Responsibility

Another development in the CSR debate can consider the following question: “Do best practices of CSR increase the social capital of the territory?” If so, then what role do SMEs play in constructing the structural components of the territory?

The concept of Territorial Social Responsibility has not been adequately studied. In principle, it is simple: from social responsibility of the business, the perspective shifts to a vision of the collectivity. No longer is responsibility solely the realm of the individual firm, which is called to put itself in relation to the collectivity; now it is the whole community, the territory, that comes to be conceptualized as an *unicum*. The application of social responsibility of a business to the territory finds force in the objective of improving the community’s quality of life and of viewing economic events on the same plane as social and environmental gains through the lens of sustainable development. Social responsibility of the territory is founded, therefore, on the rediscovery of shared values that the territory’s economic, social and institutional actors know how to reinforce, thanks to solid networks of relationships.

Today, the Marches—along with other Italian territories such as Tuscany and the Veneto—offers an interesting laboratory for studying the extent not only of CSR, but also of Territorial Social Responsibility. The initiatives of the Marches Region (for instance, the SIRM—System of Responsible Business for the Marches Region—created in 2005–2006 and constituting a primary “ethical territorial network”) and of the Italian Parliament advocate both paying close attention to civil society through corporate responsibility and favoring the adoption of best practices on the part of individual firms.

The best practices of socially oriented Marchegian SMEs contribute to a model of territorial development rooted in the region’s particular socio-economic
context. This approach to applying CSR to the territory revolves around the value of participation, respect, and the recognition of roles, starting with the SME and the socially oriented entrepreneur. The model’s leading player is an enlightened entrepreneur, who—in addition to generating opportunities for work and creating high-quality products—fosters the sustainability of a collectiveness in the territory in which his or her enterprise lies. Marchegian SMEs that create distinctive features of CSR in their own mission, governance and accountability release energies and are orientated toward sustainable development. They enter into relations with all of the realities that participate in the construction of welfare and in the production of wealth, following a paradigm of CRS focused on the broadest possible dissemination.

Recognizing the cultural dimension of CSR, its connection with anthropological and environmental factors present in a given territory (such as the Marches), thereforewidens the field to a dimension that is not only operative, but strategic when the relationships between actors in the territory’s network are oriented toward achieving responsible, equal and sustainable development that involves and benefits all the subjects who operate in a territory (and others as well). The territory thus becomes the place in which avenues of sustainable development can be concretely constructed. Together with the enterprises, network actors, the first of whom are active promoters of TSR, play a propulsive role. Tangible effects are produced at the local level, in terms of quality of life and of functions of welfare: jobs, homes, health and social services, training and other services for workers.

In this context one well understands the dimensions of freedom, solidarity and shared responsibilities created by a mechanism that mobilizes intellect and creativity, and that goes beyond the economic data and provisional budgets of firms. Too often the preoccupations of managers focus on satisfying majority shareholders. CSR of the territory’s SMEs is intended to articulate the participatory dimension better: not only the shareholders are to be satisfied; the citizens and the territory in which the business operates must be given their fair share of added value, as well.

The territory therefore becomes a terrain on which reciprocal approaches can be forged. It becomes a subject and a leading player. And the network developed activates new mechanisms of participation and planning and allows for the recovery of its territory’s identity. Territorial networks can become a true laboratory of CSR where mechanisms of pluri-lateral plans can be tested whose protagonists do not work against national and supra-national sustainable development programs, but integrate with (or sometimes even substitute) them. Finally, the breadth of CSR necessarily involves a spatial dimension. This also has a local aspect, which is crystallized in the theme of the territory, which serves as the main judge and, at the same time, the main beneficiary of socially responsible actions.

Socially oriented “country governance” or “local governance” (Balloni and Trupia 2005) is made possible by an integrated representation of social, economic
and institutional communal feeling—not a sectorial representation like that of a district, but a holistic one, like that of a territory. Throughout the years, in diverse districts, the deterioration of the socio-cultural (and not only industrial) atmosphere has made the relationship between the economy and society, and between the firm and the environment, more difficult. When small and medium centers search for rapid and extensive development, they change their nature and, at the same time, lose part of their social ties and their local identity because of a decline in social consensus with regard to industry and industrialization. Only in territories like the Marches, where networks are established between economic forces and forces from civil society and local government, territorial proximity is translated into a reciprocal exchange of traditions, trust, and identities, and creates a heritage of understanding, of relationships, of images and of values—“rare goods” in an era of globalization, to be nourished and protected, for their capability of halting injustice and insecurity in moments of difficulty like the present.

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