



WP-EMS
*Working Papers Series in
Economics, Mathematics and Statistics*

**“BOTTOM-UP OR TOP-DOWN: WHICH IS THE BEST
APPROACH TO IMPROVE CSR AND
SUSTAINABILITY IN LOCAL CONTEXTS?
REFLECTIONS FROM ITALIAN EXPERIENCES”**

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CSR AND SUSTAINABILITY IN LOCAL CONTEXTS?
REFLECTIONS FROM ITALIAN EXPERIENCES**

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Abstract

This paper reflects on the theme of sustainability and territorial social responsibility, which, in this context, is defined as a pathway promoted by a plurality of public and private actors, for-profit and non-profit, who find that social cohesion and the relationships that are cultivated in the place from which these diverse “protagonists” come, are the drivers in the construction of shared territorial governance.

The efficacy of such processes in the local context (communal, provincial and regional) is predicated on the culture and on the values that the diverse, networked stakeholders-actors accumulate in their territory (meso level).

In developing this theme, the paper is divided into several parts. The first part describes the theoretical context, which is illustrated by an enumeration of experiences realized at the local level in Italy. We then focus our analysis on the experience of territorial governance promoted in the Marche Region. This project was selected as a case study because it is emblematic of the Italian context; the territory is characterized by the diffuse presence of small businesses in the socio-economic fabric and by the proactive role of the local government. The case allows us to evaluate this paper’s fundamental proposition, that the policies of the European

Commission and the Government of Italy for promoting Corporate Social Responsibility and sustainability are not concretely effective when they are not fostered by regional authorities together with local private actors. Furthermore, public initiatives, to be effective, should take into consideration the influence of local culture, the social *milieu*, and economic factors shaping the environment in which public-private networks arise.

Keywords: regional CSR and sustainability oriented network, territorial responsibility, territorial governance.

Jel: M14, G34

1. Introduction

The theme of regional public-private networks for sustainable development was a topic scarcely addressed by academic literature until the last decade. For several years now, however, there have been diverse turns of thought re-evaluating the local dimension in terms of sustainability and social responsibility.

On the one hand, changes in the concept of “public governance” (Jessop, 1995; Kooiman, 1999) has helped distinguish the diverse levels in which such a concept can be applied: macro (state or society); meso (networks) and micro (single organizations). New arrangements in public services provisions have emerged from the shift away from a unitary state to a more fragmented system of government where a range of non-governmental bodies participate in the delivery of public services (Rhodes, 1997).

Particularly, in the last few decades, both practitioners and scholars have become increasingly interested in the shift from new public management to public value - an emerging approach that represents a paradigmatic break from the traditional model of public administration (Hood, 1991) with different managerial implications (O’Flynn, 2007).

At the same time, more relevance has been attributed to the “organizational” level, with particular reference to public governance systems, governance mechanisms and governance roles. In this context, “organizational governance” is defined as the system by which an organization is directed, controlled and made accountable. Accordingly, governance deals with the rights and responsibilities of an organization’s governing body, its management and stakeholders (Charkham and Simpson, 1999).

On the other hand, the debate on private corporate governance, nourished by the diffusion of an orientation towards corporate social responsibility and the sustainability of the firm, and of the

application of stakeholder theory (Freeman, 1984; Freeman, 2006; Freeman et al., 2010) in governing the business, has allowed analysts to redefine their roles in the socio-economic context, attributing a central relevance to the relationships with the particular environment, broadly conceived, of which the business is an integral part, and, therefore, with the diverse public and private actors/stakeholders presented here (Golinelli and Vagnani, 2002).

In light of these new areas of reflection, the international debate has been enriched by a new train of thought that focuses, both conceptually and empirically, on the ever-the-more frequent partnership between public and private (for and non profit) sectors (tri-sector partnerships). This way of thinking is moving towards a new mode of interpreting the roles and interactions of non-profit organizations, companies and public administrators (Toro, Mundet and Garriga, 2010; Goessling and Havelaar, 2010; Lombardo, 2010) who work together to construct a responsible, fair trade market.

Based on these considerations, our research focuses on local governmental initiatives to promote Corporate Social Responsibility through public-private networks.

The research question is the following: “Why is there a significant number of CSR and sustainability-oriented projects that involve local, public and private (for- and non-profit) actors at the meso level in certain regional areas such as the Marches, Italy (but not only there)?”

Our main proposition is that the international and national guidelines in CSR and sustainability are often both too “far” from the specific culture, needs and expectations of the numerous diverse local environments, as well as characterized by a lack of efficiency at the local area -and therefore there is a need for “contingent” and “situational” approaches in terms of instruments and actions. Thus territorial responsibility and the forms of local governance in which it is realized represent an effective response. Though developed at the meso levels, it is

initiated by individual businesses (for and/or non-profit) and public institutions capable of creating CSR networks, departing from a strong social cohesion and common values.

In our research we founded that these values, shared by the protagonists of the territory (institutions such as municipal, provincial and regional authorities; enterprises; trade, consumer and non-profit associations; universities; etc.), translate into a particular activism and sensitivity towards CSR that operates at the local level and assumes the contents of social responsibility and territorial sustainability. “Territorial social responsibility” is founded 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 (cultural, ethical, visionary and responsible networks - Niccolini, 2008). Of course SMEs play a primary role in this context, thanks to their rootedness in, and their strong relationships with, the local community.

Local governance based on subsidiarity and the shared values of a spatial and socio-economic community is focused on creating values and following the public interest by creating public-private partnerships, and operates through their motivations and values. This triggers a path of human governance in which participation, co-planning, and dialogue are not merely slogans but the *modus operandi* in actors’ processes of creating value. At the same time, this approach is based on a symmetrical, bi-directional model (Grunig and Hunt, 1984; Grunig 1992, 2002; Grunig and Grunig, 1996) of governing relationships among participants, and aims to foster cohesion by rendering all the actors active parts of the decision-making process, putting listening and the shared values at the center.

In developing this theme, the paper is divided into several parts: in par. 2 the theoretical framework is illustrated; in par. 3 the case study of the Marche Region (Italy) is presented; discussion will follows in par. 4. Finally conclusions and further research are included in par. 5.

2. Public-private partnerships and networks for promoting sustainable development and CSR

2.1. The macro and meso levels

The networks among public and private actors that spread corporate social responsibility can be analyzed on two diverse levels (Table 1):

Insert here Table 1 - Public and private partnerships/networks

- Analyses of the macro level, which pay particular attention to large systems, have, since the 1990s, underscored the importance of collaborations/partnerships between businesses, governments, super-national organisms and non-profit organizations for promoting the sustainable growth of worldwide economic markets.
- Analyses of the meso levels, which refer to individual zones or regional areas, have provided the earliest descriptions of local public administrations, businesses that operate within the territory, and social actors, who work together in projects aimed at promoting the philosophy and practices of responsible action.

With the process of globalization during the 1980s and 1990s, and the adoption of neo-liberal theories, nation-states have lost part of their role in promoting the conditions of development, while the liberalization of markets have helped large multinational corporations to assert an increasingly larger influence in determining the “quality” of countries’ economic growth.

Responding to demands for protecting the environment, respecting human rights, and closing the gap between wealthy countries and developing ones (UN 1987), at the end of 1999, the United Nations and the World Bank (Fox et al., 2002), began a program to promote partnerships between businesses and non-profit organizations, to foster social responsibility and to include the private sector in public policy regarding development (Zammit, 2003; Richter, 2004; UNGC, 2007).

Researchers (mainly sociologists and political scientists) have sought to understand the role that such partnerships will have in the process of economic globalization and how their diverse configurations can promote sustainable development (Reed and Reed, 2009).

From our point of view, such initiatives are interesting because they promote social responsibility in developing countries (Tsoi, 2010), but they have little impact on the conditions across which public and private actors interact to spread CSR - particularly in Europe, where companies included are small- and medium-sized enterprises (SMEs). They are embedded in their territory, regardless of how globalization amplifies their supply or production.

The European Union has, since 2000, formally recognized the role that governments can play in promoting social responsibility among businesses because “in the long term, economic growth, social cohesion and environmental protection must go hand in hand” (EC, 2001 a-b).

In particular, in 2002 the European Commission published *A Business Contribution to Sustainable Development* (EC, 2/7/2002), a document directed towards the EU member-states, industrial associations and their consumers, to the third sector, as well as to the individual companies and social actors, so that they could coordinate common initiatives for promoting best practices of social responsibility.

It also helped foster a growing interest among governments to institute multi-stakeholder forums and to create initiatives with the private sector, associations and socially interested actors. However, it is important to note that individual EU member-states have developed diverse “CSR-oriented governance” strategies, since they come from different political perspectives and different organizational structures (Albareda et al., 2007; Gribben et al., 2001; Midttun, 2004, 2005, see par. 2.2.).

Take, for example, differences between the UK and Italy. Albareda et al. (2008) show how the British central government exercised a strong role in coordinating various CSR initiatives,

even though many are between institutions of “local strategic partnerships”. In Italy, however, local and regional governments played the largest role in promoting CSR; these actions gave birth to significant initiatives that include territorial small- and medium-sized firms.

However literature on local CSR-oriented public-private networks is very rare.

The creation of informal networks centered on relationships of trust and shared values among diverse carriers of interest constitutes a fundamental element for the development of corporate citizenship, and for the construction of the common good (Maaß, 2006; Spence, Schmidpeter and Habisch, 2003; Spence and Schmidpeter, 2003; EC, Round Table, 2004; Gui and Sugden, 2005; Perrini, 2006; Peredo and Chrisman, 2006). The paths based on networking and on collaboration among SMEs, and local institutional actors appear fundamental “for effectively executing CSR strategies” (Lepoutre, 2006; Ørskov, 2006; Kromminga and Dresewski, 2006), such as sharing best practices of firms designated “individual champions”¹.

The participation of networked SMEs characterized by a plurality of carriers of interests, both public (local organizations, chambers of commerce, universities and research centers, associations and unions), and also private (trade unions, non-profits, credit institutions, professional orders), facilitate the implementation of activities and projects of socially oriented development on the part of both SMEs and the local region in which they are inserted, and in which they cultivate social capital (Von Malmborg, 2003; Fisher et al., 2009).

Beyond those cited, other contributions have analyzed, on both deductive and inductive levels, approaches to CSR centered on a systemic logic and of including SMEs in networks

¹ “Among the activities which the organisations could develop, the Round Table stress the importance of peer group networking opportunities whereby individual champions can help colleagues from other SMEs better understand the “how to do” of leading CSR initiatives with ultimately can make SMEs more performing and attractive” “Participants agree that the need for building the capacity of multiplier organisations applies to a wide range of actors, which might positively influence SMEs on CSR: small business representative organisations; small business banking and insurers; accountants, lawyers, consultants serving the SME market; small business development agencies; local and regional public authorities; young entrepreneurs associations; schools (centres for entrepreneurship & for family-owned business); trade associations; trade unions; employers organisations; social partner (regional and/or sector collective agreements, training funds etc can make specific provisions for SMEs).” (EC, Round Table, 2004, p. 15-16).

with other territorial actors, or based on membership in a specific district. The “cluster approach” (Battaglia et al., 2006) considers the local dimension, where relationships are direct and immediate, and the activities of the industries are homogeneous.

Cluster reports are also found in this context; they aim to report the environmental, social and economic performances of these businesses, considered as a system (or “as a group”) (Plugge, 2006); such analyses aimed to identify instruments of ethical and social certification whose objectives are districts and territories with a high density of SMEs (Fugazza et al., 2006; GBS, 2009).

Finally some seminal case studies, whose documentation is only in Italian language and which we will detail in the following paragraph 2.3, have been conducted by Italian researchers and professionals.

2.2. Governmental incentives for developing CSR in Europe

According to the study carried out on the incentives implemented by some European States in order to spread CSR practices (Aaronson, 2002; Albareda et al., 2007, 2008; Midttun, 2005), with some exceptions; there is a general gap of organized governmental schemes aiming at fostering CSR in companies. Businesses are often left to voluntarily adopt CSR practices. However, CSR multi-dimensionality should imply an organized involvement of different governmental segments, on the basis of the different competences put into play. There is a high presence of sectoral CSR promotional interventions, and a low diffusion of organized interventions. Within the EU, governmental actions of a different nature are used as policy instruments:

- Regulatory instruments (“soft law” and rarely mandatory law): directives, rules, decrees, laws;
- Economic and financial instruments: tax relief or differentiated tax regimes, bonuses;

- partnership-creating instruments: building formal and informal networks with other persons belonging to the public apparatus; creating public-private-partnership; concluding voluntary agreements between stakeholders; multistakeholder forums; knowledge platforms and centers (public or mixed) for spreading CSR;
- Information instruments: guidelines, conferences, websites creation, promotion of eco-social-label certification systems.

There are different approaches to CSR according to the different models of public action in the European context. According to the Albareda et al classification model (2007) the policies enforced by different European States to promote CSR can be divided into four ideal models, which tend to reflect their respective Welfare conceptions.

The first approach, which can be termed the “Nordic Model” or “partnership model” is used in Denmark, Sweden and Norway, where we can find rules and instruments of soft regulations aimed at helping primarily companies (but also other players) adhere to principles and values such as transparency and accountability.

The second model, which could be termed the “business in the community” model, is used in the United Kingdom where there is a tendency to increase the value of companies playing a role in socio-economic development within an organized community. This approach has been historically adopted to solve problems such as social exclusion and poverty and has become part of a public strategy where CSR practices’ promotion means a fundamental contribution to the sustainable development of the Country. In this model, governmental action promotes CSR.

In a third model, termed the “sustainability and citizenship model,” companies are considered as political players and citizens. Used in Germany and France, this approach requires that companies behave in compliance with existing rules and maintain virtuous relationships with their local communities and with the environment in order to take an active part in social

development. Accordingly, the governmental action promotes CSR in the framework of a strategy aiming at enhancing companies' involvement. Participating countries prefer an approach for promoting and enhancing CSR, based on the use of instruments allowing the increase in consensus, such as the inclusion of CSR related issues in the political debate. CSR initiatives are seen as strategic for the effectiveness of the governmental action in the field of sustainable development.

Finally, in a fourth model used primarily in Spain, termed the "Agorà model", CSR promotion is mainly carried out through spreading CSR values and principles in political debate, involving as many social players as possible. Since this multi-stakeholder approach was created more recently than the others - in a response to the CSR movement that has arisen in the European Union—governmental action in promoting CSR is less developed and less innovating.

With respect to such models, the Italian case stands apart, although it shares elements with the Spanish and "Renano" (Franco-German) models. On one hand, the development of actions on the part of the central government is relatively recent and was spurred by the communitarian context, as in Spain. On the other hand, Italy is characterized by numerous excellent cases relative to small and medium sized firms who have, for years, been voluntarily committed to processes of excellence in the implementation of CSR and sustainability projects, thanks to entrepreneurial values that characterize their mission, governance and accountability (Del Baldo, 2010). Such businesses play a primary role in socio-economic development, which renders the Italian case similar to the German context. What differs in our country is that the central government does not play a central role, and thus it often falls to the local government, interlocutors and partners of the firm, their associations, and civic institutions. The model of territorial social responsibility can therefore be interpreted as a fifth approach.

2.3. The “territorial social responsibility” approach: an Italian model

Territorial social responsibility is founded on the rediscovery of the values shared by economic, social and institutional actors within a territory. Thanks to a solid network of relationships, they know how to reinforce these values, transforming conflicts and attritions into opportunities and growth.

A relational vision of the territorial system can be applied along two fundamental axes: the long-term construction of relations, and the development of forms of interactive communication that favor dialogue with and among all stakeholders.

Public relations assume the objective of helping organizations, and therefore also the territories of the government planned by internal and external relations. They favor collaboration, participation and communication. In the same way, advanced relations of a firm that contains carriers of multiple interests - beginning with those “closest” to the local context - serve as valuable drivers for the diffusion of sustainability and CSR pathways, which translate into concrete benefits for the local community.

At the anthropological and social level, possible pathways that take the form of “territorial social responsibility” are shared and diffused in diverse local contexts where constitutive elements of a logic of social responsibility and sustainability are “genetically” present. These include safeguarding the environment; educational and cultural improvement; valorizing people in their complex human profiles, not only as a source of work; fostering transparency in every organization towards carriers of interest; the availability of every actor, single or associated, to consider themselves a part of this social group and not only part of the economic, productive, or financial environment.

Such pathways can be triggered by private actors (individual firms, networks and business systems), public actors, or elements of the “third sector” (non-profit organizations), in accordance with their particular local contexts. In all, their efficacy seems to depend on the

presence of a solid network with clear values, and on sharing ethical principles already embedded in the territory, which facilitate the convergence of diverse protagonists' expectations, forces, advantages and objectives. The approach of territorial social responsibility facilitates CSR since it allows one to identify the social interlocutors and the best elements to support, to meet the needs of the community, to plan initiatives and programs of investment aimed at favoring long-term socio-economic development, to construct partnerships with other local actors (public, financial and research institutions, as well as associations) and to evaluate concrete results. Such an aspect has social effects on the firm's activities, and impacts the role of support to sustainable development by the local communities and the whole country (Hutton, 2002).

Among the ways the firm's social role has been successfully defined is through the concept of the firm's "citizenship." This concept emphasizes the complex of rights-needs and the interdependence of the business and its surrounding actors-citizens, and places the accent on responsibility when specific communities' interactions are dislocated (Carrol, 1993).

2.4. A "picture" of Italian territorial governance experiences in CSR and sustainability

At the national level, diverse contributors who drew on the experiences of Italian districts (Peraro and Vecchiato, 2007; Monaci, 2007; Demartini, 2009) were aware of the role a local entrepreneur's socially responsible orientation can play in valorizing this fusion of cultural, moral and proximal elements - which fostered Italy's post-war development - by utilizing intangible resources such as trust, reputation, and commitment. These factors are the fundamental elements of the social or relational capital of "territorial businesses" (Matacena and Del Baldo, 2009); they are the source of competitive advantage not only among individual businesses, but also of our country's economic system (Becattini, 1987).

A first systemic description of a “network” experience relative to the private and public sector in Italy was drawn by Perrini, Pogutz and Tencati (2006). In the private sector, they found a system of rewards, accountability, reporting and certification (i.e., Impronta etica, Anima, Sodalitas, Gruppo Frascati/Cittadinanzattiva, Sodalitas Social Awards; Best Workplace Italia), and financial experiences (investment in ethical funds, systems of ethical rating, i.e., Banca Etica, 1998; Forum for Sustainable Finance; Ethical Index in Euro and Ethical Index Global promoted by E. Capital Partners Spa). For the public sector, they found experiences that were promoted at the regional level (i.e. in Tuscany – Fabrica Ethica, Umbria – Law and regional registry number SA8000; Sicily - Etiqua Project and CSR-Vaderegio Project; Emilia Romagna, “Chiaro, Sicuro Regolare” Project for employment and work) and the provincial level (i.e. those promoted by the Provinces of Chieti, Lecce or Novara), which aimed to encourage ethical-social certification or to sustain working categories and projects of the national system of chambers of commerce (i.e. the REBUS Project, and the experiences of the system of national chambers of commerce such as the REBUS project, aimed at evaluating entrepreneurs’ and managers’ attention to CSR in SMEs, or the Lavoro Etico Network, promoted by CISE - the Special Agency of Chambers of Commerce of Forlì-Cesena - for the diffusion of principles and instruments for SA8000 certification).

In the following, we will try to enumerate the earliest Italian experiences that have promoted concrete CSR and sustainability practices in their respective local contexts (regions, provinces, towns) based on the construction of mixed networks in which private firms (mainly of the small sizes), flank the organs of local government and the institutions of civil society. Those seminal experiences concentrate in the following Italian territories: Tuscany, Emilia Romagna, Lombardy, Veneto and Trentino. The principle profiles and paths promoted at the local level are synthesized below.

The experience of the Province of Lucca (Tuscany territory)

An example of territorial “operationalization” of CSR centered on cooperation around environmental sustainability was experienced in Lucca through two projects (*LIFE-funded PIONEER² Project and COOPERATE³ Project*), wherein members of district systems acted as a fulcrum in promoting CSR (Molteni, Antoldi and Todisco, 2006).

Fabrica Ethica project–Tuscany for social responsibility in businesses and in its territories

The region of Tuscany (department of Productive Activities) has “spoken to the micro-businesses,” inducing them to make competitive by engaging themselves in the highest values of their society, staying in the markets, “equipping themselves” with social and environmental responsibility, and quality control (Paloscia, 2007). The instruments were described in the ethical certification SA8000, a management system and instrument for communication of CSR, promoted through the supply of a contribution to a fund and tax breaks.

The experience of Modena’s districts (Emilia Romagna territory)

Local sustainable development - centered on improving the quality of the environment, economic well-being, social cohesion, and innovation - is the objective of the project begun in Modena’s districts (Sancassiani and Frascaroli, 2009). This pathway strengthened the role of local entities while also emphasizing the necessity of reinforcing the role of the local public administration in coordinating and promoting integrated plans for social, environmental and economic sustainability.

Rimini City’s proposal (Emilia Romagna territory)

A concrete translation of such new approaches can be found in the “Strategic Plan of Rimini⁴”, which uses territorial governance as its model. Governance is intended as a process across which citizens collectively resolve their problems and address the needs of their

² Paper Industry Operating in Network: an Experiment for EMAS Revision.

³ Corporations Operating in a Responsible and Transparent Environment.

⁴ See [www:impresacondivisa.it/index.htm?70.aY.A.A.A.A.](http://www.impresacondivisa.it/index.htm?70.aY.A.A.A.A)

societies using the government as an instrument. New tasks of the structures of governance are therefore those that ensure economic prosperity, social cohesion, environmental sustainability, and the participation of its citizens. (Baldarelli and Parma, 2007).

The responsible economic district in the Province of Rimini (Emilia Romagna territory)

In 2004 the non-profit association Figli del Mondo (“Children of the World”) and the Rimini Chamber of Commerce signed a formal agreement that would begin a series of projects whose goal was to spread a culture of corporate social responsibility. Through continual networking with local institutions, trade associations and professional orders (Confindustria, CNA, Confartigianato, Associazione Albergatori, API, Legacoop, Confcooperative, Confagricoltura, Consorzio Piccoli Alberghi di qualità, Consorzio Sociale Romagnolo), the project Percorsi (“CSR Pathways”) has laid the foundation for the development of an economically responsible district in Rimini. (Sbraccia, 2010).

The consolidated territorial budget for the province promoted by Confindustria Rimini (Emilia Romagna territory)

On the 60th anniversary of Confindustria Rimini, the province of Rimini issued a challenge to spread the social role of its businesses for the decade 2022-2015. In response, Confindustria Rimini has created its first social budget in 2007 and implemented a project of drafting an aggregate social balance sheets of their associated agencies. With this, it assumed the role of a promoter aimed at supporting and addressing local industrial realities that adhere to a virtuous pathway of social responsibility (Guerzoni, Bargioni and Focchi, 2010).

Brianza development (Lombardy territory)

A similar path, founded on sharing the immaterial capital of a community - characterized by interdependency, typical of the local context in which actors are members - is that which Brianza Development started (Sviluppo Brianza, 2009), a consortium for productive and social quality in the territory formed by some Municipalities, the Province of Milan, Milan’s

Chamber of Commerce, business associations, trade unions, the third sector, multi-utility firms and the credit system.

Piacenza's experience (Lombardy territory)

The provincial administration (Regional law 17/2005: “Norms for the promotion of employment, quality, security and legality of labor”) has implemented the theme of CSR and sustainable development, and supported the program, “The Regional Mark of Social Quality” (Monaci, 2007).

The collaborative project was the object of a protocol undersigned by the Province, Prefecture, the provincial director of labor, INPS, INAIL, the local branch of the State healthcare system), and the Chamber of Commerce. It focused on understanding and monitoring emergent CSR practices in provincial environments (through public and private organizations) and the role of actors in the territory.

The experience of the Milanese area (Lombardy territory)

An open model, centered on participation, that confronts the local aspect of the theme of the Milanese area, the attention of the social context and on its specificity, in relationship with a path towards CSR (Colombo, Landini and Paolini, 2006) was proposed by the trade unions CGIL, CISL, and UIL in Milano. The instrument in this pathway is an accord between the Province of Milan and trade unions that engage labor and entrepreneurs, chambers of commerce, the third sector, universities, and trade associations.

The Venetian “Laboratory”: “Veneto Responsabile”, a regional network for CSR

“Responsible Veneto” was born in 2002 as a non-profit association based in Padua, whose aim was to promote a business culture oriented towards CSR and therefore to facilitate the diffusion of best practices through the construction of a network among diverse subjects in the economic-social and institutional context. The promotional organizations of the project, presented by the Veneto Region, are associations and local institutions (i.e. popular banks, foundations, cooperatives, forum for the third sector).

The Shoemaking District in the Brenta Riviera (Veneto territory)

In the Provinces of Padua and Venice, the history of the shoemaking district has always been marked by industrial relationships and union accords characterized by the socially responsible structuring among actors called to govern the territory. Businesses, trade associations and unions are all social agents moving from step to step together across this pathway; such steps include agreements of intent (1995), territorial pacts (2000), a territory-wide council of shoemakers (2001); territorial brand (2002).

The Trentino Experience

The necessity of starting from local needs in creating an approach towards CSR and sustainability - rather than imposing it “from above” - is at the foundation of Interregional Project 3A (Fugazza et al., 2006). This project’s protagonists were South Tyrolean SMEs in the Province of Bolzano and Carinzia, in partnership with Bolzano’s Chamber of Commerce and the Centre for Corporate Citizenship of Ingolstadt.

3. Case study: the experience of “Marches Region”

3.1 Methodology

The case of the Marches is of particular interest for two main reasons:

- 1) the presence of numerous SMEs who present excellent examples of providing economic and social well-being of their community. One study by Unioncamere⁵ reveals that 18.3% of the businesses regarded for their best practices come from the Marches region.
- 2) a local (regional) Public Administration⁶ which is particularly sensitive to its citizens’ quality of life and to the themes of CSR and sustainability, and since 2005 have begun paths of territorial social responsibility through the projects Sirm and I.Re.m, which will be analyzed below.

⁵ www.csr.unioncamere.it, la “vetrina della trasparenza” the showcase of transparency.

⁶ One also can consider the role of the local Chambers of Commerce that have activated CSR offices, in particular those in the province of Ancona, which in 2003 opened the first EMAS school in Italy.

The empirical study was developed according to a qualitative approach and a case study methodology (Yin, 1994) for the dual objectives of detailing the principle characteristics of the phenomena, and to both understand and analyze the dynamics of a given process. Methodologically, the development of a case study (interpretative case study) represents a “strategy of research that is concentrated on the comprehension of the dynamics that characterize specific contexts” (Eisenhardt, 1989, p. 532).

The analysis was based on information collected in the period between October 2009-November 2010 through in-depth semi-structured interviews as well as informal conversations with officials, regional experts, and public administrators from the Marches Region (public sector and labor market - the Work Group for Sustainable Development) who are involved in the projects presented below. In addition to regional public representatives, interviews were conducted with diverse actors within the regional network: public officials from the Provinces, representatives of associations and trade unions in the Marche region, entrepreneurs, managers of KPMG Advisory Spa (technical partners and coordinator of the I.Re.M project).

Relating to this paper’s research question, the theoretical paradigm underlying this study is the interpretivist model (Crotty, 1998; Corbetta, 1999), in light of which sociological phenomena cannot simply be observed but must also be interpreted by the researcher and the process of understanding derives from deductive-inductive development (Ryan, Scapens and Theobald, 2002).

Consequently, the study was also based on participant observation, since the researchers are actively engaged through the University, which is one of the network actors. The researchers thus took part in the multistakeholder forum and in the informative and formative/training encounters at the provincial and regional levels (seminars, workshops, technical roundtables),

where it was possible to directly access the documents related to the project (normative accounts - regional, national, provincial -, briefs, relations, and disciplinary reports).

What follows is an analysis of the roles and forms of diverse actors in experimental projects promoted by the Marche Region, defined as “territorial ethical networks”. This term is intended as a form of coalition between local institutions, businesses and civic organizations that commit themselves to voluntary, reciprocally advantageous relationships, and follow a common social objective: to improve the quality of life and the quality of work in the Marchegian territory (Regione Marche, 2006, p. 6).

3.2 The Project’s analysis

3.2.1 The first Marchegian territorial network: The SIRM project (The Marches Region’s Responsible Business System)

The SIRM project⁷ - the Marche Region’s Responsible Business System - was created in 2005 by the Centro Formazione Marche, a consortium of 120 Marchegian businesses, assisted by institutional partners (among them, the Marche Region’s social service ministry) and by diverse civic and institutional organizations (trade unions, non-profits, consumer associations). Its scope was to foster synergy among territories, institutions, businesses, entrepreneurial associations, social actors and informal networks in civic society, which encourage firms to adopt best practices of social responsibility. In particular, the project had two principle goals: to institute a regional registry for SMEs, agricultural businesses, non-profits, and public administration organizations that adopt and promote socially responsible

⁷ POR Marche FSE 2007/2013 – Asse I – DLgs 163/2006.

practices; and to supply contributions to local public administrators, non-profits, agricultural businesses and SMEs in the Marche Region for implementing socially responsible systems.

The initiative involved a pilot sample of small and medium-sized Marchegian businesses (19 companies).

The project's agenda even foreshadowed the feasibility study of an informational system in more channels (Internet, publishing, information booths run by organizations in the territory) as areas of interaction capable of inducing local businesses to adopt socially responsible practices in the relationships they cultivate with their domestic and foreign partners, especially those in Central and Eastern Europe.

The result has been to plan and experiment with a system of indicators specific to SMEs, so as to codify the firms' assumption of socially responsible behaviors.

3.2.2 The second phase: the I.Re.M. project - Responsible Businesses of the Marche Region

The Marche Region's I.Re.M. (2009-2010) looks at completing and improving the inroads already made with SIRM (2005) by inaugurating a second phase of the model of Marchegian social responsibility. Specifically the objectives of the project are: creating a regional CSR system; developing regional CSR guidelines; implementing a CSR code of conduct; extending the test to 50 firms in all sectors, with a particular focus on the footwear and furniture industries; developing and applying the Mark of Socially Responsible Business; creating a database of socially responsible enterprises, organized by the level of responsibility they have achieved, which can be accessed from the Marche Region's website.

The regional system I.Re.M. is therefore envisioned as a coherent and organized melding of businesses, organizations, and local public institutions, all occupied in reciprocally voluntary and advantageous relationships, which ultimately aims at improving the quality of life inside the territory. To such an end, it is a model of responsible business management that is credible

and transparent, whose objective is to create an enlarged relational system that involves the complexity of stakeholders in the strategic decisions of entrepreneurial development and of the territory itself.

Two important innovations in the project are: the extension of the network and the operational instrument represented by the multistakeholders forum. On the one hand, in fact, it added a larger number of Marchegian SMEs from all sectors (starting with those most representative of the economic fabric of the Marche such as footwear and furniture). On the other hand, the project has enjoyed a capillary diffusion, involving representatives from the social, institutional, economic, civic and organizational world at the provincial level through multistakeholders open forums.

The project⁸, which concluded in December 2010, was articulated in four principle phases: the consolidating preceding experiences, outlining areas for development, constructing a regional system of socially responsible businesses, and communicating and diffusing CSR.

An analysis of the context and a review of how the technical regulation can be adapted to new sectors occurred in the first phase; it followed an experimental phase which was marked by active participation and awareness-raising initiatives among participating businesses and of the principle trade associations in the territory. The advantages for the participating actors and their respective roles were clearly identified through a network instrument and through reciprocal comparisons. (Tab. 2).

Insert here Table 2 - The roles and advantages of network actors

Regional guidelines were developed in the second phase, and thirty businesses were involved. They were provided with support and consultancy to develop best practices, and were trained in the certification of management systems ISO 9001, OHSAS 18001, ISO 14001 e SA 8000,

⁸ The system is based on the development of three principle elements: regional guidelines for CSR in Marchegian SMEs; a CSR code of conduct; technical regulation.

which helped them to develop self-evaluative indicators of their systems of social responsibility management, to enlarge and improve their systems of socio-environmental reporting, and to conduct gap analyses.

Indicators were then developed, and a “sustainability scorecard ” was made available to each business according to the level of social responsibility they reached. The “dashboard” functions as an internal reporting function to monitor the agency’s performances of sustainability.

The third phase formalized the process of adhering to the system and outlined the process of recognition and rewarding (awards, incentives and fiscal relief, tax breaks).

In the last phase, a technical document was written that synthesized the main results of the project and the experiences of the participating businesses. It was distributed throughout the territory in the hopes that others would emulate these best practices, as well as to reinforce the visibility of the businesses adhering to the system, and to raise awareness of CSR throughout the territory.

3.3.3 An up-to- date assessment of the Marchegian approach of the territorial social responsibility

The experimental phase produced a number of positive results in terms of perfecting the pillars of the regional system I.ReM. and of raising business’ awareness of the advantages linked to the adoption of socially responsible.

In particular, it allows for the analysis of the state of CSR within the participating businesses, to define the values contained in the code of conduct through the reception of the territorial experiences, and for appreciating the importance of Marchegian culture and traditions, in addition to helping businesses to more clearly define their sustainability profile. It also helped every firm identify aspects for improvement, so that they could embark on a pathway of social

responsibility; of increasing an understanding of the importance of the adoption of socially responsible practices by learning about other national and international experiences; and of developing instruments to monitor and manage CSR.

The project was translated to the provincial level through the multistakeholders forums; it has been particularly effective because it helped participants more productively share their different methodologies and constructive experiences, and has helped more incisively sensitize the territory to socially responsible behavior.

The interaction among network actors has also helped redefine base indicators of the territory, of the operative sectors and of the different business typologies; it also improved the process of defining the minimum level of social responsibility, paying particular attention to the most diffuse management models. Finally, it helped develop instruments of external communication through the “sustainability scorecard”

Nevertheless, we should not consider the project as finished, but rather that a future phase has just begun. Stemming from participants’ evaluations of the multistakeholder forum and from the needs expressed by the territory’s businesses and stakeholders, this future phase should accomplish the following objectives: introduce criteria to distinguish evaluation levels and the development of adhesion to a regional system; instrumentalize a rewards system; institute as permanent, independent supervisory organism to check the regional system; and organize communication and promotion activities for other firms.

On the other hand, there also emerged obstacles that prevented broader participation in the initiative: the project’s timetable was inadequate with respect to the current difficult socio-economic conditions; participation was extremely time-consuming from the organizational and bureaucratic points of view (especially for the smallest companies); many businesses were already committed to other projects dealing with specific aspects of CSR, which were

organized by other public administration offices in the region; finally businesses were often reluctant to externally disclose their initiatives.

4. Case study discussion: insights on value-based public-private networks at the base of territorial social responsibility

The following primary reflections are articulated around four points that focus on the most relevant aspects from an analysis of the pathways of socially oriented local development on public-private networks. Representing the earliest results of our on-going research on the Italian experiences, these reflections support our main proposition, and can be built upon in future research, which may involve a comparison with similar experiences at the international levels.

1) Embeddedness and social cohesion: the “force” of local socially oriented networks

The theme of CSR in small and medium enterprises has been developed recently in the literature, and only in the past few years has it begun to reach public administrators, opening innovative pathways in governance in which the solution depends on the capacity to mobilize the “diverse publics” across government decisions that are substantial and shared (Borgonovi, 2004). CSR-oriented development projects, sustained by networks of actors within a territory, translate into actions and instruments of local “good governance”. Its efficacy thus seems to depend on the sharing of a common, ethical vision.

In particular, the experiences reveal the link between socio-cultural values, which are diffuse throughout the territory, and a shared vision of social responsibility.

Rootedness or embeddedness - intended as a sense of membership, identity, shared values, and membership in a territorial community - represents the “strongest” element of such network structures.

As far as our survey is concerned, if the heritage of values - of which many current Marchegian entrepreneurs are carriers - is rooted deep in the agricultural culture, one cannot neglect its role and influence in the urban world that emerged from it during the period of industrial development, in the “Third Italy” in general and the Marche region in particular.

One finds, in fact, urban centers that cultivate intense relations with the surrounding territory, because they concentrate inside themselves the most important political, economic and cultural functions. They help provide numerous services, such as schools and hospitals - a rich associative network of a social, recreational and cultural character that goes beyond providing economic services.

The influence of local communities on small Marchegian enterprises are expressed, therefore, at various levels, creating a cultural, institutional, political and social *milieu* that has helped reconcile new industrial activities with the identity and traditional values of local society in the years after economic development.

Diverse researchers, historians, sociologists and economists have expressed this sentiment, emphasizing the active role of the entire local society in favoring this type of development “without fractures” (Fuà and Zacchia, 1983), which has characterized the economic model of the Marche, and, more generally, of the “Third Italy” after the second world war.

Putnam (1993) underscored the importance of a diffuse associative social fabric in creating social cohesion and promoting political and administrative efficiency. Trigilia (1986) built on the role given to political subcultures (Catholic and social-communist) in promoting less conflicting relationships between labor and capital. Bagnasco (1988) revealed how the objective of reconciling competition and cooperation have safeguarded social cohesion, and, at the same time, guaranteed the growth of a diffuse economy.

It is therefore this synergy of immaterial socio-cultural factors which, in our opinion, create the conditions that determine collective and individual attitudes favoring diffuse social responsibility.

Thus, geographic and socio-cultural proximity, as well as social cohesion, are at the foundation of processes that form cultural, ethical, visionary and responsible networks (Niccolini, 2008), organizational forms that are systematic and flexible.

The networks that are based on a nucleus of common cultural characteristics and on a shared ethical orientation are often the translation of social forms based on interpersonal relationships linked in relational bonds wherein the logic of reciprocity lives - such as friendship, esteem and faith. Such social networks are rich in intangible resources, set into the relational fabric, and in this the exchange of “social goods” like prestige, reputation, friendship, and a sense of membership is achieved.

2) The role of public and non-profit organizations in mixed and synergistic networks

It is vital that a “CSR orientation” is guaranteed, maintained, stimulated, catalyzed, regulated - and often conceived, planned, and checked - by public and non-profit organizations. The presence of these organizations - whose goals are not linked to producing profit, but to CSR itself - is essential to systematically guarantee levels of social responsibility. The presence of stable and collaborative relations between these three types of organizations is at the base of the creation of mixed and synergistic networks, which is associated with the capacity to confront global problems (Gerencser et al., 2008), as much as they are mega-communities.

The diverse roles of actors can be categorized into four categories. The role of informer and educator as well as the role of the regulator, quality controller and supervisor of CSR is the realm of public organizations, which institutionally represent the interests of civil society. The role of the motivator and visionary is typical of the non-profit sector. Finally, that of

stimulating and catalyzing can be assumed by public organizations, non-profit or private companies acting in synergy.

If the primary role of public authorities (institutional and normative regulation) is the public organization, this is fundamental at the local, national and international levels. Yet it is always a type of “compliance”, which becomes proactive when the public works in synergy with the actors of the for-profit and non-profit world, without leaving only the latter the job of acting as engines of motivation towards CSR and sustainability. Thus, fragmented visions must be overcome, and a sort of systematic thinking that conceptualizes the role of organizations of diverse sectors in a synergistic role must be applied (Borgonovi, 2004). Integration fosters interesting convergences and pathways of multi-sector networks mixing public/private/non-profit organizations, in which CSR and performance grows if every actor plays his role correctly.

One important consideration from the Italian experiences presented here is that the long-term effectiveness of these strategic pathways is closely linked to the coherence of macro-culture at the territorial level. The “cultural framework of the territory” thus appears determinant.

3) Towards a proactive role of the Public Administration in pathways of territorial social responsibility

Generally speaking, the public administration’s active role in promoting CSR is not always recognized. A common perception is that the public administrators, if they wish to be truly incisive and intent, must first overcome a series of limits: excessive bureaucracy, scarce orientation to and evaluation of the impact of the results of public action, slowness, the risk of politicization, and distance from concrete problems.

Such a conviction changes and becomes more positive regarding the work of local governments, as revealed by the experiences reported herein, that testify to the capacity to sustain public projects that promote corporate citizenship.

The role that institutions, local organizations, and intermediary (i.e., regional) governments can play to promote and sustain CSR projects to benefit the collectivity appears central.

The public subject is predisposed by both mandate and competence to acting within the network, to both dialogue and establish “connections” both with the business world as well as with civil society. This mediatory role appears irreplaceable. To reinforce the local public institution’s contribution, a concrete “agenda” must articulate itself on several fronts: normative, cultural (by raising awareness of CSR pathways for skeptical businesses) and technical (educational services; incentives for certified businesses such as access to credit, marks of quality, added points in calls for bids, tax breaks, simplified paperwork, subsidies for projects). Local public governments can fine-tune such arrangements through network pathways and approaches that overcome the logic of “spot” interventions and of opportunistic behaviors, inserting itself in broader strategic programming.

4) Territorial CSR, local governance and subsidiarity

Last, it should be emphasized this model of territorial social responsibility, whose protagonists are members of a localized network, can be considered a new form of policy management. In the last twenty years, in fact, innovative ways of satisfying public functions have been progressively recognized. One of these changes rests in the fact that many public goods can no longer be produced without private funding, either at the local center or its periphery. Private actors and social forces are called upon to participate in the development and implementation of public plans. “The public interest is socialized in part - because it derives from the interaction between actors in processes of policy - (...) or vice-versa, it is reinforced by common interests (specifically, by a collectivity)” (Donolo, 2005, p. 36).

The increase of public and private “mixtures” (comprising the social private) renders the boundaries between public and private more fluid, and the progressive construction of

networks creates a democratic and poly-corporate universe (Teubner, 2000) in which institutional configurations are not reducible to classical dichotomies.

It is therefore possible to create public goods from social practices instead of from policies, or from policies that assume the form of socio-institutional processes. This evolution solidifies the principle of subsidiarity, a guiding element that helps find public goods or services suitably competent and responsible for every function. The territorial dimension thus becomes important, together with the type of institution that can act responsibly and legitimately. The innovation of new policies rests, therefore, in the negotiation as well as in regulatory contexts in which it is placed.

And this is precisely what occurs in pathways of socially oriented territorial governance, implemented at the provincial or regional level, and centered on networks whose composition and whose actors depend on a specific level of articulation/context.

From the symbiosis of vertical and horizontal subsidiarity (integration of the two dimensions in terms of cooperation between levels of government - regional, provincial or city administration - and between political-administrative instruments and resources carried by other actors, such that businesses (for profit and social) produce a variety of institutional and organizational solutions, which together bring carriers of interest closer and spread a logic of reciprocal responsibility.

Finally, in pathways of territorial CSR, the passage from *government* to *governance* is expressed where trust, cooperation and accountability are the conditions for the success of “good governance” (Zamagni, 1995; 2007); they reveal the shift from the logic of a plan to interactive planning oriented to the integrated and sustainable development, from a political logic to multilevel forms of cooperation, from formal responsibility to responsiveness, from technical division of political-administrative labor to coordination among multiple actors, in which even private actors become active and responsible subjects.

5. Conclusions and further research

Territorial social responsibility has the scope of improving the quality of life of the community, and inserts itself in the broadest pathways of sustainability that considers the entire local context a primary actor. Participation, integration, dialogue, differentiated involvement, sharing, social legitimization, governance, and increased responsibility are key terms in this context.

In particular, in our opinion, three main points mark the concept and permeate the actual projects of territorial social responsibility: i) integrating social and environmental factors in economic decisions fosters innovative solutions to guarantee the sustainability of the territory's development; ii) actors share an evaluative model of an ethical theory of the territory, as well as a methodology for community participation in decision-making processes; iii) the incentivizing of good practices, and the continual interaction with and among the carriers of interest, become important fulcra to increase the competitiveness of the territorial cells.

To speak of territorial social responsibility means, therefore, to involve the territory's actors in a project that is characterized primarily by two aspects: the evaluation and the consequent adoption of a concept of sustainable development; and the methodological use of participatory instruments in decision-making processes.

The presence of an identifiable element of the socio-economic system, in the microcosm in which diverse actors operate, helps to put in place a system of diverse public, private and non-profit initiatives, and to preside the space near and far in the CSR and of sustainability through shared solutions. It also helps to rethink the culture of development, to make people the subjects of development, to improve social cohesion, and to launch new virtuous circuits in the territory's network.

The crisscrossing projects of territorial convergence help realize a model of local welfare across instruments of social cohesion (i.e., multistakeholders forum), and instruments of subsidiary local governance whose objective is to insert into a network subjects and publics associations on a territory united through its values.

Finally, from paths of territorial social responsibility emerge a model of shared governance. It originates from multiple and circulating visions predicated on subsidiarity, intended as an equal relationship among for-profit and non-profit institutions; it is therefore not an isolated vision, but one of synergy. Nurtured by processes of collaboration and participation among the territory's actors that elevate the level of individual and collective responsibility, it ensures that the decisions that come from the territory return to the territory, and are made more diffuse throughout it.

Experiences like those of the Marches region, as well as of other Italian territories, also refute the contention that only one model or concept of sustainable governance can exist, which is able to be imported to and from other realities. Rather, they support the hypothesis that every territory needs to find its own solution that responds to specific "linked" characteristics. These characteristics must first be understood and analyzed and then, later, evaluated by comparing it with other local, national and international contexts, so that in the end possible aspects for improvement can be identified.

The challenge, therefore, is in the research: to discover the new pathways that best reward them, diverse actors must understand the natural, cultural, social, and historical strengths, which they can "work on" with courage, creativity, passion, organization, and political intelligence. This concluding quote expresses this challenge well: "We need a new way of thinking to resolve the problems caused by the old way of thinking" (Albert Einstein).

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Table 1 – Public and private partnerships/networks

<i>Level</i>	<i>Institution</i>	<i>Association</i>	<i>Business</i>	<i>Objective of the Partnership / Network</i>	<i>Focus of researchers</i>
Macro	Super-national (i.e. United Nations)	Super-national (i.e. International Labor Organization - ILO)	Multinational corporations, large businesses	Predisposition to codes of conduct, ethical standards, certifications (i.e. Global Reporting Initiative - GRI; UNGC, 2007) Fundraising for ad hoc projects	- Welfare model - Globalization
Meso	Regional government	Local (i.e. trade unions, industrialists, third sector)	Small-scale businesses (SMEs)	- diffusion of socially responsible practices among enterprises in the territory; - development of guidelines/procedures for obtaining certifications (i.e. environmental, social, ethical)	- Analyses of the conditions in which networks function - role of diverse actors

Table 2 – The roles and advantages of network actors

<i>Role of actors</i>	<i>Advantages of participating actors</i>
<i>Associations and representative organizations</i> Raise awareness among associates to favor participation in the project, and to bring associations into project development initiatives.	<i>Associations and representative organizations</i> Create an opportunity for their associates and to promote the development of an entrepreneurial culture that is responsible and attentive to innovation.
<i>Large-scale businesses</i> Plan meetings between SME providers (i.e., workshops) to create a “responsible supply chain”	<i>Large-scale businesses</i> Utilize the IReM project to formalize the development of a responsible supply chain.
<i>Small businesses</i> Participate in the experimental phases of the project.	<i>Small businesses</i> Benefit from the support of a society of external consultancy to utilize guidelines and put in place pathways of social responsibility and to valorize intangible capital.