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CSR disclosure in SMEs: a case study

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INTRODUCTION

Corporate social responsibility (CSR) has become a strategic agenda for business in many countries. In recent times, businesses in developed countries have started disclosing their social, environmental, community involvement, professional development of employees and other CSR-related information in annual financial reports. There is a considerable growth in the number of firms, which have disclosed social responsibility activities (Gray et al 1995). For example, KPMG (2011) reveals that 62 % of 378 global companies surveyed in October 2010 have corporate social responsibility strategy and claim this is an increase of over 50% since 2008. In addition KMPG (2011) also suggests that firm that have engaged in CSR will gain an opportunity to obtain competitive benefits , drive innovation , improve financial performance and create genuine bottom line outcomes. Lindblom (1994) stated that a company is judged by how well its operations meet external expectations, which goes far beyond by respecting the legal requirements. Hence, the company should take responsibility for its economic and financial performance, but to date it is expected to go further, and take responsibility for social and environmental performances. Beside Law enforcement and regulations pressures, there are external factors, such as Non-governmental organizations (NGOs hereafter) and media, which try to hold companies responsible for their operations (Porter, Kramer 2006). Companies, disclosing information, can influence the external perception of their image, enhancing stakeholder's trust and company reputation (Williams, Barrett 2000). Carrol (1991) writes that a company is exposed to three different levels of pressure. First company has to follow the law. Second, if it is profit organizations should be profitable. Third, it should act matching what is perceived as appropriate behavior. Society has a myriad of expectations, which are different from each other. Each of this expectation is based on how the company should conduct its business and what is believed should be given back to the society (Deegan, Rankin et al. 2002). Therefore, companies should gain legitimacy to operate in a specific community and should always make disclosure to show that they are keeping the pace, following the path of the community expectations. Legitimation is achieved when practices, outcome and methods of operation are congruent with the expectation of those who confer legitimacy. A number of CSR disclosure studies have used legitimacy theory as their conceptual framework. Some studies have investigated the relationship between stakeholder theory, and CSR disclosures, since the stakeholder can be affected by the firm objectives, and they are interested by the achievement of the company, disclosing information is determinant to manage stakeholder relationship (Clarkson 1995; Freeman 1999; Chan, Watson et al. 2014).

However most of studies, have taken as object of their survey large companies, and little attention had been focused on Small and medium enterprises herein after (SMEs). Their importance is crucial for the European economy, and they contributed in massive part to the value added. The Italian System is composed by 4.3 million of SMEs and they represent the backbone of the Italian economy, representing the 95 % of the active company in Italy. SMEs and large companies cannot be treated in the same way (Storey , 1996) that is why in the literature has been used a different approach to study CSR. Beside the infrastructural differences (such as size, lack of expertise and lean organizational structure), the relationship with stakeholder, and with the community at large is completely different. Where a large companies, exert influence and can force market suppliers and sometimes politics (Porter 1980), small businesses endure all this external forces, which have a major impact on their behavior (Dawson et al. 2002). In addition, it is important as well considering that the impact of their activity has different range, therefore the target of SMEs Social responsibility is limited to the local community to whom it is very dependent for its survival.

Due to the dependency of SMEs on the network, they are particularly inclined to the concept of social capital (Russo and Perrini 2010). Small and medium enterprises in order to gain legitimacy within specific local area have to build a transparency and trustworthiness within the local area, which turn to be all properties of Social capital theory (Russo and Temati 2009).

Moreover, companies are typically motivated to make CSR disclosure because, such reporting helps to manage reputation (Williams, Barrett 2000, Deephouse, Carter 2005). Research shows that companies that communicate their social and environmental involvement recover faster from crisis , since customer tend to hold as liable a company which held a good reputation . Therefore, companies can present just certain aspect of their operations to create and establish a favorable picture of their operations (Morgan, 1988).

Robert (1998) indicates that the activities of CSR and disclosure of information are part of the strategic initiatives of companies. Literature indicates that the purposes of seeking legitimation are often strong motivation for internal and external communication about the goals achieved, especially to who can be considered agents of interest, as called by Deegan (2002) , those who has the right to know.

This work focuses on Corporate Social Responsibility activities and on how companies disclose that information. It tries to investigate the main differences between large and small and medium enterprises, focusing on how CSR and its relative disclosure are perceived by the latest.

The analysis was conducted studying a company situated in the south of Italy, interviewing the owner. The company object of the study is a small winery company, which in the latest year it is expanding beyond its domestic market. A qualitative method was used and it deemed appropriate to collect required information. As Mertens (2005) explain, the constructive paradigm of the qualitative approach allows the analysis of a subjective reality in which multiple realities exist. The complexity of this phenomenon requires that the researcher understands the viewpoint of those who experience it, for example, in the context of the heterogeneity development of Social Responsibility in Small and Medium Enterprises. The literature verifies the increasing use of qualitative analysis for analyzing SR in Small and medium enterprises. The reason for this increase is that SR in SMEs is a difficult reality that includes multiple and heterogeneous dimensions, which therefore requires exploratory research to collect detailed experiences, and interpret information with depth (Yin 1989).

For this reason and given the peculiarity of Social Responsibility in Small and Medium sized companies, a case study approach has been used, analyzing socially responsible behavior in its real context.

Research for this thesis project will be carried out in several ways. First, research will be accumulated by reviewing past research on CSR, including scholarly articles, journal articles and other findings on CSR. Articles concerned with CSR’s effect on a company’s reputation, competitiveness and disclosures, and views both in favor and in opposition of CSR will be used. Research on industry standards, minimum governmental requirements, and local and international requirements will also be considered. In the second part, company reports and websites information will be used to create an accurate understanding of the company’s approach to CSR. Third, a semi-structured interview was developed with the owner-manager of the company. Using an interview with an appropriate individual within the company will give the reader a deeper knowledge about the company itself and their CSR approach. Using a quantitative approach on the other hand, would have been not appropriate, especially considering that Small businesses seldom report such activities.

Together with the realization, little research has been done on small businesses CSR practices, and with the awareness of the limit given by the fact that a single company cannot allow a statistic generalization of the findings. The aim of this thesis is to help researcher to find a links over time (Yin 2003)

CHAPTER1: CORPORATE SOCIAL RESPONSIBILITY

1.1 The paths through which CSR definitions has been developed

In the June 2001, the European Union has published the Green Paper “Promoting a European framework to CSR”. This document suggested the adoption of an approach based on the collaboration between the companies, stakeholders, NGOs and local authorities. CSR is described as a concept with which the company voluntarily contribute to a better society and a cleaner environment. Moreover, this paper articulates CSR in intern and extern. Intern CSR is related to the workforce and the work environment, its resource management and its effect on the environment. The extern CSR on the other hand, comprises all with which the company enter in contact like the local communities, suppliers, customers, taking care also of the human rights in all the supply chain development.

By the way, in the literature, the development of this concept is still ongoing and the definition is far from a wide spread approval. In the 1953 p.6) Bowen stated the first definition of CSR: “*It refers to the obligations of Businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”* . He can be called the father of corporate social responsibility, because of its early seminal work. However, the definition of CSR encountered since then a multitude of critics, and several definition has tried to fit with the definition given by Bowen, until when in the (1970)*“the business of business is business”.* In this way, he wanted to remark how the resolution of social problem should not be on the work schedule of the companies, rather should be the only govern concern. should not be on the work schedule of the companies, rather should be the only govern concern.

Most of the causes related to the misuse of the CSR concept are due the variety of meaning that the terms social and responsibility trigger. Indeed according to Garriga and Melé(2004) the different theories surrounding these concepts have been developed focusing on four aspects of social reality. Following this approach, the theories were gathered in four different groups: instrumental, political, integrative and ethical theories.

Instrumental theories (Windsor 2001; Mitchell et al 1997 ;Odgen and Watson 1999)look at CSR as a tool necessary to achieve a wealth creation. In spite of the concern focusing on profit, whoever have a stake in the firm is not excluded. Indeed taking into account a reasonable amount of investment in philanthropy is not detrimental, but beneficial for profits (McWilliams, Siegel 2001a).in other words, sometimes a positive correlation has been observed between corporate financial performance and corporate social responsibility, though this correlation is difficult to measure (Griffin 2000).

Political theories approach CSR looking at the power and position of the business respect to society, focusing on how they interact and are connected. For example, corporate constitutionalism and corporate citizenship.

Integrative theories are based on how business integrates social demands, because is through social demands that society communicates with business. Therefore, corporate management has to be able to integrate in order to let the business run in accordance to social values (O'Riordan, Fairbrass 2008).

Ethical theories are based on the principle "the right thing to do" in order to reach a better society.

Each of these groups of theories actually has fundamental principles which are claimed as universal, but finding and accepting one of them seems to be superficial because neglect the others.

The definition is complex and complicated, because it might be possible to describe CSR either following the nature and the context of the problem or trying to assess which degree of abuse should be addressed, but in both cases the main problem of legitimacy is unsolved (Sheehy 2015). A lack of regulation in this sense is remarkable, since most of the social issues addressed by the companies are tied to financial performance (Osuji 2011). This does not allow an independent development of CSR practices, but still in an indirect way create tight involvement with shareholders' interests. In fact, CSR was defined by the economic science as solution to market failure (Heal 2005) , used to address social cost. Seeing the firm as nexus of contract, economist point of view claims that the solution to the market failure is in the creation of more private property rights, which can be bought and sold. While in the business discipline, at the contrary of economics, the firm has an important role for addressing social costs. Even though, firm is not focused on society, financial performance and social performance are linked (Margolis, Elfenbein et al. 2009, Smith, Smith et al. 2010). In fact one of the perhaps most popular and long standing definition of CSR comes from Archie Carrol that describe the four responsibilities: economic, legal, ethical and philanthropic (Carroll 1991). Still exploring the business discipline McWilliams and Siegel (2001b) define CSR as “beyond compliance”, but this definition seems to be problematic seen the change of the regulatory environment which can make the company lose the legitimacy status as a socially responsible (Sheehy 2015). The main problem related to the business scholarship in studying and trying to define CSR is that the research has been focusing on previous researches in business field, as it was a silos. Furthermore, what arise from business scholarship research is the relationship between sustainability and CSR, where sustainability in a political sense equate CSR with environmental issues which is an error because allows business to neglect all the harms which are not environmental focused such as poor working conditions(BALLINGER 2011) ,without focusing on all the practices financially oriented.

Another scholarship interested at the definition of CSR is the legal one, in which a general view is in line with the economics view, thus seeing corporate social responsibility as the use of corporate assets to benefit non-shareholder constituents (Sheehy 2006). Considering that, CSR has been recognized at international law level and legal scholars are calling for CSR to become a focus of legal scholarship (Horrigan 2007).

Turning to political scientists, the evolvement of CSR has follow two paths. The first is corporate citizen analysis and legitimacy of private power (Sheehy 2015). Intending corporation duty as the protection of citizens from government failure with the aim of behaving according to the principles of good citizenship (Matten, Crane et al. 2003).

Being all these diverse discipline concerning about CSR is detrimental for its efficacy, because not a clear definition can be claimed by any of them, leaving always space for accusation of greenwashing without possibility of defense (Eabrasu 2012). Although being studied from different perspective might give in the future a complete concept, now it contributes just to create confusion on what do and what not to do.

1.2 Dimensions of Corporate Social Responsibility

In 2001, the European Union wrote a document in which CSR was divided into two categories, Internal and external dimension (European Commission 2011). The internal dimension of CSR are:

- Human resources management,
- occupational health and safety management,
- management of environmental impact and natural resources.
- Adaptation to change

The external dimension of CSR, which involves a greater number of stakeholders, are:

- Communities,
- business partners and suppliers,
- customers ,
- protection of human rights ,
- supply chain and
- global environmental concerns.

In the following part, there will be more details on all the dimensions.

Human resource management

One of the greatest challenges today is to attract and retain the best skilled workers. In the context of human resources management, it is important to develop and implement in the company diverse strategies: empowerment of employees, better information throughout the company, a process of life-long learning, equal pay and career prospect for women, job security. In order to do that the responsible recruitment is a necessary condition; in fact, non-discriminatory practices are a first step towards the recruitment of skilled people. In the life-long learning, the enterprises have an essential role, because they can contribute at different levels:

- They establish training needs through partnership with local actors, who design education and training programs
- They support the transition from school to work (apprenticeship)
- They provide inside the company a life-long learning.

Health and safety at work

Health and safety at work has been manly approached by legislation and other means like enforcement measures. However, the recent and popular trend of outsourcing work to contractors and suppliers makes enterprises more dependent on the safety and health performance of their contractors, especially those who are working within their own premises. Today companies and governments are increasingly looking for additional ways to increase security and safety at work. They are using them as criteria in procuring products and services from other companies. Moreover, since the companies are always more dependent from the outsourcing, the health and safety criteria are used in order to choose the best contractors (European agency for safety and work 2007). Since the demand for safety performance and qualities of products and services is increasing, there is also an increasing demand for measuring documenting and communicating it in the marketing and promotional material.(Lammers, Barbour 2006). Occupational safety and health criteria have been included to varying degrees into existing certification schemes and labelling schemes for products and equipment .The Swedish TCO (confederation of professional office-workers) labelling scheme for office equipment is a voluntary label that intends to stimulate the manufacturers to develop more occupational and environmentally safe office equipment (European Commission 2011). The tendency of companies and organizations to include occupational safety and health criteria into their procurement schemes, has supported the development of generic procurement schemes based on uniform requirements for contractor occupational safety and health training or management systems (European Commission 2011).

Management of environmental impacts and Natural resources

In general, reducing the consumption of resources or reducing polluting emissions and waste can reduce environmental impact. It can also be good for the business by reducing energy and waste disposal bills and lowering input and de-pollution costs. Individual enterprises have found that less use can lead to increased profitability, competitiveness, and compliance with CSR practices. The environmental investments are labelled as "win-win" investments (good for the environment and good for business), and governments can fulfil their role to help business to identify market opportunities and take these kinds of investments. The EU set out a number of other measures aimed to help and assist business to understand the environmental requirements, how to harmonise company performance with them, developing a performance reward schemes that identify and reward good performers and encouraging voluntary commitments and agreements (THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION 2002). A good example of an approach that allows various stakeholders to work together with companies on reduction of environmental impacts is the European Union's Integrated Product Policy (hereinafter also IPP). IPP is founded on the consideration of products' impacts throughout their life cycle, and involves businesses and other stakeholders in dialogue to find the most cost-effective approach. In the environmental field, it can therefore be seen as a strong existing framework for promotion of CSR. Another approach that facilitates CSR is the EU's Eco-Management and Audit Scheme (EMAS) ISO 19000. This encourages companies to set up site or company-wide environmental management and audit systems that promote continuous environmental performance improvements. The environmental statement is public and is validated by credited environmental verifiers. Very positive on EMAS is also the fact that it can be implemented in SMEs. The EU for this purpose developed the EMAS Toolkit for small organizations (Institute of Enviornmental management and Assessment 2009).

Adaptation to change

Since the widespread restructuring and incipient global recession that has been taking place all the around the world, the employees are more concerned about the closure of the factory or about the heavy cut in its workforce , may create a serious economic, social or political crisis in local communities. Moreover, the high pace of change in technology makes the hypothesis of heavy cut in workforce a solution in order to cut cost and increase efficiency. In troubled times many companies are compelled to downsizing or temporary layoffs. It is often questionable whether objectives of reducing costs, increasing productivity and improving quality and customer service as they are closely related to the motivation, loyalty, creativity and productivity of the employees, are achieved through restructuring operations and mergers. However, restructuring and mergers can be done without breaking CSR rules. The Process should seek to safeguard the employees' rights and enable them to undergo vocational retraining site activities. Companies, by all means, should take up their share of responsibility to ensure the employability of their staff (European Commission 2011)

External dimension of corporate social responsibility

Corporate social responsibility involves a wide range of stakeholders in addition to employees and shareholders. What is meant by this is that, the social responsibility extends beyond the company door, and invest particularly business partners and suppliers, customers, public authorities and non - governmental organizations (representing local communities and global environment).

Communities

Companies contribute to the well-being of the local communities, providing jobs, wages and benefits. The business depends on the health, stability and prosperity of the communities in which a company operates. In fact, especially in the Small and Medium enterprises, the majority of the employees come from the local labour markets, and therefore, companies have a direct interest in the local availability of the skills and competencies they need for the operation. The competitiveness at local level is influenced by its reputation (Williams, Barrett 2000, Deephouse, Carter 2005) , not just in term of recruitment, but also as an actor in the local scene , because SMEs find most of their customers and business partners in the surrounding area. Many companies in order to be socially responsible, competitive and to develop sustainably become involved in community causes, notably by means of provision of additional vocational training places, assisting environmental charities, recruitment of socially excluded people, provision of child-care facilities for employees, partnerships with communities, sponsoring of local sports and cultural events or donations to charitable activities.

Business partners, suppliers, consumers, and other external stakeholders

Companies can reduce transaction costs by working closely with their suppliers, although, having the same supplier can be a double-edge sword, since the quality of the product or services can be reduced. However, building a long-run relationship may result in fair prices, terms and expectations along with quality and reliable delivery. Companies should be aware that their social performance could be hampered by an irresponsible behaviour of their partners and suppliers throughout the supply chain. In fact, the effect of CSR activities does not remain limited to the company itself, but as was already mentioned, many stakeholders are affected directly and indirectly. In particular this problem concern large companies, usually the MNEs, which tend to outsource part of their supply chain, which can be located in other countries respect the one where the company has its main business. Therefore, for these companies is important to demonstrate CSR by promoting entrepreneurial initiative in the region of their location. Examples of such initiatives are the assistance to smaller firms on CSR reporting and communication of their CSR activities. Today companies are expected to provide products and services, not just in an efficient way, but also in a socially and environmentally responsible way. Today companies are expected to provide products and services with high quality and in an efficient and ethical way. Companies, which build lasting relationships with customers by focusing their whole organisation on understanding what the customers need and want, and providing them with superior quality, safety, reliability and service can also expect to be more profitable. Applying the principle of design for all, i.e. making products and services usable by as many people as possible including disabled consumers, is also an important example of CSR.

Human rights

Human rights are relevant to the economic, social and environmental aspects of corporate activity. For example, labour rights requiring companies to pay fair wages affect the *economic* aspect. Human rights such as the right to non-discrimination are relevant to the *social* aspect, and the *environmental* aspects of corporate activity might affect a range of human rights, such as the right to clean drinking water.

Therefore, national governments have the primary responsibility of international human right standards enforcement. However, growing acceptance that corporations have also an important role to play is taking place.

Corporations affect human rights in significant ways. These impacts have increased over recent decades as the economic might and political influence of corporations has grown, and as corporations have become more involved in delivering services previously provided by governments.

Corporations have come to recognize that part of being a good corporate citizen includes respecting the human rights of those who are exposed to the corporation in some way. This might be direct contact (for example, employees or customers), or indirect contact (for example, workers of suppliers, or people living in areas affected by a corporation's activities).

Corporations are also responding to the fact that many consumers and investors expect corporations to act in a socially responsible manner. The extent to which a company implements a comprehensive CSR program can influence consumer and investor decisions.

Voluntary codes of conduct however are not an alternative to national, EU and international laws and binding rules - binding rules ensure minimum standards applicable to all, while codes of conduct and other voluntary initiatives can only complement these and promote higher standards for those who subscribe to them (European Commission 2011). Full disclosure of information by companies is important, including to local communities, as part of an ongoing dialogue with them.

Global environmental Concern

Global environmental concerns are last but not least external sub-dimension of CSR. Through the transboundary effect of many business-related environmental problems, and steadily increasing consumption of resources from across the world, companies are also actors in the global environment. Enterprises, therefore, have to pursue CSR internationally as well as in their home countries. For example, companies can encourage better environmental performance throughout their supply chain within the Integrated Product Policy approach and make larger use of their environmental know-how, particularly when suppliers and business partners are from developing countries. The integrated product policy (IPP) aims to minimise the negative effects a product can cause during its life cycle by incorporating all phases of a product and including all players, and by implementing measures in areas where they are most effective. Thus, the IPP stands in contrary to the so far used end of pipe environment protection, which has dealt with the disposal of harmful substances not until they emerged, what resulted in a considerable effort.Investment and activities of the companies on the ground in third countries can have a direct impact on social and economic development in these countries.

The debate on the role of business in achieving sustainable development is gaining importance on the global stage. The UN Secretary General has launched a Global Compact (2000) initiative which seeks to make business a partner in achieving social and environmental improvements globally. The EU and the OECD Guidelines (2011) for multinational enterprises also promote sustainable development as the only way for further growth.

In this respect Italy ranked 24th from the total of 149 surveyed countries according to the Environmental Performance Index (EPI)[1] in 2008, which evaluates sanitation, greenhouse gas emissions, agricultural policies, air pollution and 20 other measures to formulate an overall score, with 100 the best possible.

The ranking of environmental performance put the United States at the bottom of the industrialized nations and 39th on the list. European countries dominated the top places in the ranking. The top 10 countries, with scores of 87 or better, were led by Switzerland, Sweden, Norway and Finland. The others at the top were Austria, France, Latvia, Costa Rica, Colombia and New Zealand, the leader in the 2006 version of the analysis (Barringer 2008).

In 2014, Italy ameliorated its ranking, placing as 22nd still far from the first positions, considering that countries less developed are placed in a better position (EPI 2014).

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[1] The Environmental Performance Index (EPI) is a method of quantifying and numerically benchmarking the environmental performance of a country's policies. This index was developed from the Pilot Environmental Performance Index, first published in 2002, and designed to supplement the environmental targets set forth in the U.N. Millennium Development Goals.

1.3 Form of Corporate social Responsibility initiatives

As already showed earlier, there are different forms of social responsibilities all of them important and effective. Kotler (2012) found six forms of CSR initiatives falling in the following categories: Cause promotions, Cause related marketing, corporate social marketing, corporate philanthropy, community volunteering, and socially responsible practices. Although there are commonalities among all initiative, each of them has its own characteristics that makes it distinct from the other.

1.3.1 Corporate philanthropy

Corporate philanthropy is a direct contribution to a charity cause, being the most traditional of all CSR initiatives, it has ever been the major support the organizations give to the community health, and to the environmental protection. However, the extant studies have documented systematic evidence on various motivations for corporate philanthropy (Atkinson, Galaskiewicz 1988, Campbell, Gulas et al. 1999, Galaskiewicz 1997, Hess, Rogovsky et al. 2002, Zhang, Zhu et al. 2010). Overall, the motivations have been identified as (1) strategic motivation, (2) political motivation, (3) altruistic motivation, and (4) managerial self-interest motivation (Campbell, Gulas et al. 1999, Zhang, Zhu et al. 2010) . When firms donate their resources to the non-business community for strategic and bottom-line benefits, their corporate philanthropy is strategically motivated (Koehn, Ueng 2010), essentially based on the traditional profit-maximizing model. According to the strategic motivation, corporate philanthropy may also be viewed as a market-entry strategy (Hess, Rogovsky et al. 2002, Zhang, Zhu et al. 2010). Companies can act philanthropy to reduce regulation pressure and legal penalties, which means that the corporate philanthropy is motivated by political reasons (Sanchez 2000). When a company consider itself as part of the community in which operates and of the society at large, then it can be said that its philanthropy is altruistically motivated (Campbell, Gulas et al. 1999) . Using the concept of good citizens, organizations feel obligated to contribute to the well-being of the community without expecting direct benefits. However, sometimes philanthropy can be used to enhance the image of the CEO at the expense of other stakeholders; therefore, it can be considered as managerial self-interest motivation, based on agency theory (Haley 1991) . A part of literature, believe that, many firms use philanthropy as moral window dressing (Koehn, Ueng 2010).

Philanthropic efforts commonly involve selecting a cause that reflects a priority area for the company, determining the type of contribution to be made, and identifying a recipient for contributions, most often an existing non-profit organization, foundation, or a school. The range of options for giving are summarized below and, as indicated, are varied, with trends mentioned above that are breaking from the tradition of cash donations to creative giving strategies, which make use of other companies' resources:

- Providing cash donations;
- Offering grants;
- Awarding scholarships;
- Donating products;
- Donating services;
- Providing technical expertise;
- Allowing the use of facilities and distribution channels; and
- Offering the use of equipment.

Major strengths for this initiative can be building corporate reputation and goodwill, attracting and retaining a motivated workforce, and having an impact on societal issues, especially in local communities where the company operates.

1.3.2 Cause promotions

Cause promotion is a way to increase the awareness and concern about social causes or to support fundraising, participation or volunteer recruitment for a specific cause. Most often include activities that seek to persuade others, for example companies, to donate money or time to the actual cause. Persuasive communication is the major focus of this initiative, and it can be addressed to the general public to convince to support the cause in question (Kotler, Lee 2005). Usually the company involved in this kind of initiative donate money to the cause, but they can contribute also with time and expertise, for example developing websites that promote the cause (Kotler, Lee 2005). Successful campaigns utilize effective communication principles, developing motivating messages, creating persuasive executional elements, and selecting efficient and effective media channels. Campaign plans are based on clear definitions of target audiences, communication objectives and goals, support for promised benefits, opportune communication channels, and desired positioning (Tracey, Phillips et al. 2005).

Cause promotion" is one of the initiatives that Kotler and Lee have distinguished from philanthropy. The separation of these two initiatives is based on the following explanation:

"Cause promotion differs from philanthropy in that it involves more from the company than simply writing a check, as promotional campaigns will most often require involvement in the development and distribution of materials and participation in public relations activities, and will include visibility for the corporation's sponsorships"(Kotler, Lee 2005 ,pag. 50).

In other words, it can be said that philanthropy involves writing simply a check, which means then, donating money. Cause-promotions requires involvement in the development and distributions of materials and participation in public relations activities. However, Kotler and Lee (2005) defined philanthropy initiatives as not just donating money, but resources and time also as well as knowledge. Therefore, it seems reasonable that cause promotions is an initiative covered by the big umbrella of corporate philanthropy.

Cause promotion can be distinguished by the cause related marketing, because the contributions are not tied to company sales of specific product. Corporate cause promotions most commonly focus on the following communication objectives:

- Building awareness and concern about a cause by presenting motivating statistics and facts, such as publicizing the number of persons affected by lung cancer, by sharing real stories of people in need or who have been helped by the cause;
- Persuading people to find out more about the cause by visiting a special web site or by requesting an informational brochure;
- Persuading people to donate their time and/or money and or non-monetary resources to help those in need; and
- Persuading people to participate in events, such as attending an art show, participating in a fundraising walk, or signing a petition to help the cause.

1.3.3 Cause related marketing

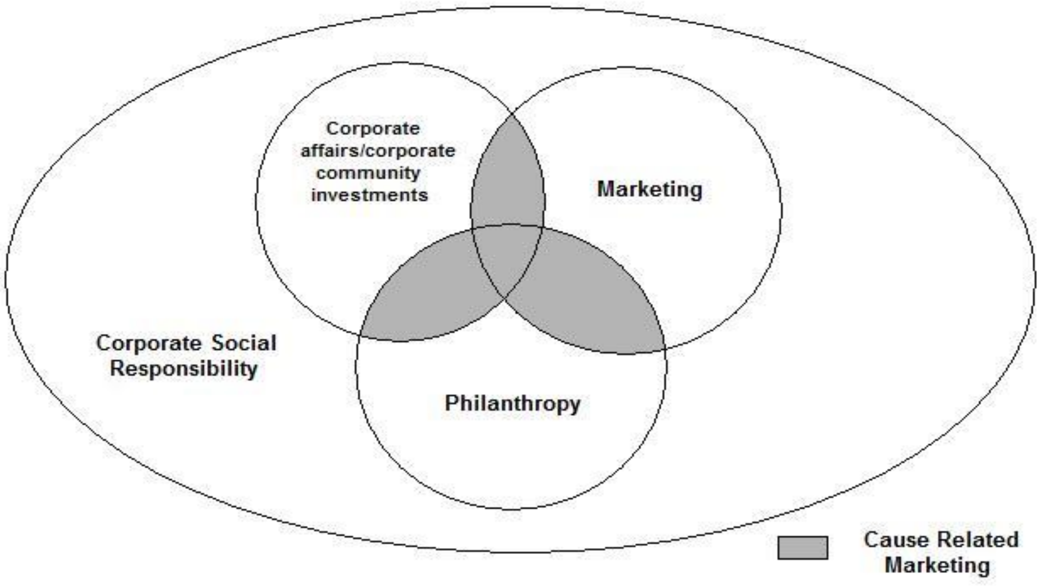
Cause-related marketing, is based on a company campaigns addressed to donate or make contribution in percentage of revenues to a specific cause (Vanhamme, Lindgreen et al. 2012), based on its sale of certain product. Some authors define cause-related marketing as:

''the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives'' (Varadarajan Menon 1988; p. 60)

Company, for instance, can decide to donate a specific amount of money for each product sold, or a percentage of their profit from a product (Kotler, Lee 2005).

Cause related marketing can be seen as the intersection of marketing, philanthropy and corporate affairs (corporate community investments). The outcome of the coordinated intersection of such activities is corporate social responsibility, which forms the overall business strategy. The intersection is the ultimate point providing maximum return on investment and opportunity for all concerned. In order to benefit from such activities is necessary to build up an effective network of communication channels. Then, it can be said that "Cause related marketing" is closely related to "cause promotion" because it can increase awareness and concern issues.

Relations among cause related marketing, marketing, corporate community investment, philanthropy, and Corporate Social Responsibility



Source: Based on Adkins, S. (1999), *Cause Related Marketing – Who Cares Wins*, Butterworth-Heinemann, Oxford, page 48-49

Cause related marketing could constitute a tactical and a strategic approach (Varadarajan, Menon 1988). In fact, it was studied considering the direct effect on consumers ‘choice behavior (Adkins 1999, Kotler, Lee 2005). Tactical and strategic approach are different in terms of time of response of the marketing campaigns. In fact, while the tactical approach base its effectiveness in increasing the revenue, the strategic approach takes a more long-term focus on improving corporate image and creating positive consumer attitude toward the brand (Roberts, Dowling 2002)

1.3.4 Community volunteering

An enterprise can supports and encourages employees, suppliers, business partners, and so forth in engaging in volunteer activities employing their time in beneficial causes to the community. These volunteer efforts may include volunteering the expertise, talents, idea and/or physical labor. The way through which the company can promote it, is through paid time off work, helping the employees finding the volunteer activities, which best match their interest. An enterprise can also create a team to support specific activities (Kotler, Lee 2005).

There are several ways companies can look to their volunteering activities:

- Setting up larger 'one off' team volunteering events. This helps with team building and is great for marketing and publicity since the result is usually a charity or space 'make over' e.g. decorating a children's centre or cleaning out an overgrown park.
- Provide help with resources. Many voluntary groups and charities rather than actual cash would prefer help with things like free use of meeting rooms, printing, post, unwanted equipment. On the other hand, it might be specialist help with marketing, finance, business planning, management or project development and that all important trustee role.
- Finally, financial donations. This would still be an area that any voluntary group or charity would require, any donation or raffle prize is always vital.

However, it is noteworthy that the volunteer efforts is associate to business objectives ,using then a strategic approach , where employees are often encouraged to volunteer for causes that are currently supported by CSR initiative often connected to core business values and goals (Porter, Kramer 2006).

Likewise other CSR initiatives, volunteering programmes support and contribute to build strong and longer relationship with local communities, attracting and retaining not satisfied employees .At the same time enhance company image , and allow to provide product or services information to the community at large (Deephouse, Carter 2005).

1.3.5 Socially responsible business Practices

Socially responsible business practices are those activities through which the company follow and support CSR with discretionary business practices and investment, to improve community well-being and protect the natural environment. Community is intended at large, hence, it takes into this label employees supplier, distributors, non-profit and public partners, as well as members of the public. It refers not just to health and well-being, but it refers also to keep the psychological integrity, and is addressed to satisfy emotional needs (Kotler, Lee 2005). Over the last decade, all these practices shift from being adopted as a response to regulatory pressure, consumer and special group complaints, to a proactive research, looking for solutions to social problems and ethical support to business practices (Horrigan 2007). This shift has not taken place as result of a greater entrepreneurs' moral sensitivity, but it comes from the evidence that socially responsible business practices can actually increase profits (Roberts, Dowling 2002), and can be used to cover corporate social irresponsible activities (Parguel, Benoît-Moreau et al. 2011).

Socially responsible practices might be divided in four big areas: Governance, Employees organization, Stakeholder relationship and external reporting. All of these areas invest all the areas of interest, through which the company creates its profit. Common activity may involve:

- Designing a code of conduct , involving values statement /rules of conduct , Code of ethics;
- Developing process improvements, which may include practices such as eliminating the use of hazardous waste materials, reducing the amount of chemicals used in growing crops, or eliminating the use of certain types of chemicals and materials;
- Responsibility towards the employees, work-life balance, health and well-being , skill development
- Selecting suppliers based on their willingness to adopt or maintain sustainable social and environmental practices
- Choosing manufacturing and packaging materials that are the most environmentally friendly;
- Establishing guidelines for marketing to ensure responsible communications and appropriate distribution channels(particularly regarding children);

The main point to emerge here, however, is that SMEs may well engage in socially responsible practices without necessarily viewing such activity in this way. Indeed, while an early study showed that half of the European SMEs were involved to different degrees, in external socially responsible causes the extent to which these businesses would explicitly articulate that they were involved in such activity was less clear (European agency for safety and work 2007).

1.4 Corporate Social Responsibility Theories

In this study, CSR's disclosures practices were interpreted using Three theoretical perspectives: Stakeholder theory , legitimacy theory and Social Capital theory . These three theories can be deemed complementary, and influencing each other. Freeman defined stakeholder as "*any group or individual who can affect or is affected by the achievement of the organization's objectives*" (1984, p.6). Later Dunham and Freeman improved such definition, clarifying that stakeholders represents a *"group that the firm needs in order to exist, specifically customers, suppliers, employees financiers, and communities"* (2006, p.25). On the other hand Mitchell, Agle & Wood (1997) described legitimacy as *"A generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms , values ,beliefs definitions".* Therefore, the company should behave properly based on the expectation of the society. Legitimacy theory is based on the assumption that each expectation is based on how the company should conduct its business and what is believed should be given back to the society (Deegan, Rankin et al. 2002). Since stakeholders are part of the society, stakeholder theory and legitimacy theory can be both influencing in describing CSR disclosures practices. Further since , the focus of this study is on small and medium enterprises the social capital theory has been analyzed and it can be a useful framework in providing an explanation on why SMEs engage social activities.

1.4.1 Stakeholder theory

The first theory on the stakeholder, was introduced in the literature by Freeman (Freeman 1984).The author identify the stakeholder as *"group or individual who can affect or is affected by the achievement of the organization's objectives"* (Freeman 1984); p.46). Moreover, he distinguished the stakeholders in two group. First, in the primary group there are the stakeholders from which the organization is dependent for its survival, such as employees, customer, shareholders, and supplier. Second, the stakeholders in broad sense, namely every identifiable individual that can influence or can be influenced by the organization activity. Such distinction is based on the impact that the different kind of stakeholders have on the survival of the organization, as it is quite clear if the primary group subtract its contribute, the survival of the organization can be undermined, determining its end. Furthermore, Freeman (1984) once defined what stakeholder stand for, underlined that the organization have to satisfy all the stakeholder , referring then to all the individual involved in the organization activity, not just the stockholder.

Clarkson (1995) expanded the analysis made by Freeman, including other individual that can have a potential stake in the organization. Specifically he stated that: *"Stakeholder are people or groups that have, or claim, ownership, rights or interest in a corporation and its activities"* (Clarkson 1995, p.106).

Therefore, Clarkson (1995) and Freeman (1984) suggested that the organization, should take into consideration the different parties involved and their needs, in order to manage at best its activity. However, managing such different relations is not easy, and this is why it should be made strategically, because it is thanks to the prompt answer to this different stakeholder that the organization can flourish.

To understand better the relation with CSR, a deeper analysis of the Freeman contribute is necessary. Freeman attempted to balance economic and social goals. This attempt is not easy to be realized, because different group of stakeholder have different interests, and is not easy to distinguish among the acceptable and the unacceptable one. Therefore corporate social responsibility policy action and reporting should take into account the stakeholders preferences, which results in an improvement of business performance compared to merely focusing on traditional customer relationship(Murphy, Maguiness et al. 2005, Cordeiro, Tewari 2015). Nevertheless, Freeman contribution, does not explicitly refer to which are the most important objectives that the organizations should pursue. Further, Freeman does not take into account ethical and morality, rather he identified a managerial strategy that contributes to the maximization profit of the organization and its stakeholder.

Donaldson and Preston (1995), instead developed stakeholder theory, focusing on ethical problems, pointing that there are three versions of stakeholder theory, descriptive, instrumental and normative.

In the descriptive version, the organization is seen as a constellation of interests cooperative and conflicting between the different stakeholder and its nature can be identified as an organization mode necessary to solve the problems of coordination and cooperation among the different stakeholders. In this sense, the theory is utilized to describe characteristics and specific behavior used by the organization (Donaldson, Preston 1995) . The attention is focused on what the organization does to develop responsibly behaviors, both in social and ethical terms.

In the instrumental version, the theory is seen as tool to achieve the goal, whatever the goal is, it is necessary to manage the relation with the stakeholder if the organization wants to succeed and consequently achieving the fixed goal. Thus this version, suggest that using a responsibly behavior in the end can give economic and financial benefit.

The normative version is the one to which Donaldson and Preston gave more attention, and is based on the acceptance of two assumptions (Alford 2005). The first, is represented from the fact that the stakeholders are personally involved in the organization activity, thus they have legitimate interests in the organization. Hence, is based on such interests that they can be deemed stakeholder. Second assumption consider that, such interests have an inherently value, namely they should be considered not just as instrumental respect to the organization scope. Based on that, stakeholder have to be considered not just as means, but also as individual and categories that have rights and interests. Last problem of Freeman prospective, is that there has not been a clear distinction among the different stakeholder, who can be in this category and who cannot, rendering such category too wide to be empirically effective (Freeman 1984).

Some studies, later on, have tried to better define the concept of stakeholder (Frooman 1999, Mitchell, Agle et al. 1997, Jawahar, Mclaughlin 2001). They have tried to define with more accuracy which individual or group of individual could be involved in an organization's decision. Particularly Mitchel et al. (1997) developed a dynamic framework to classify different stakeholder, affirming the importance of the management perceptions to define a map and consequently the hierarchy of the individuals with who the organization interact. Frooman (1999) after two years, proposed a framework to classify different stakeholder that take into consideration different factor, represented by: the power of influence the organization choices; the strategies that stakeholder use to influence the organization; and finally by the rate of the risk that the stakeholder are exposed in interacting with the organization. Actually this model was criticized because to static, and then was improved by Jahawar and McLaughlin (2001), which developed the temporal dimension in the relation between the organization and the stakeholder. They sustained that the relation is influenced by the time of the relation itself, and then its intensity can be different repeatedly. Precisely they identified four steps that characterize this relation, represented by: Start up, emerging growth, maturity and finally decline or revival. This model as the others, encountered the same critics, due to its static in defining the relations.

Therefore, for the organization is important to balance the conflicting demands of firm's various stakeholders, since has already explained above, some of them are essential for the survival of the organization (Clarkson 1995). More specifically, not all the stakeholders hold the same power respect to the organization, but there are some of them, which can be deemed strategic stakeholder (Freeman 1999) to which the company will pay more attention . This suggest that stakeholders demand will be addressed if the resources held by the stakeholder are critical to the firm's operation and success (Chan, Watson et al. 2014). Since stakeholder can be affected by the firm objectives, and then they are interested by the achievement of the company, disclosing information is determinant to manage a stakeholder relationship .Moreover as suggested by Villiers et al. (2011, p.1639) there is a *"positive relationship between strong environmental performance and shareholder wealth".* CSR firm's reputation can be built through performing and disclosing information about CSR activities. Then Stakeholder theory provide a useful framework to study the relation between SME and CSR disclosures.

1.4.2 Legitimacy theory

Legitimacy theory is a theory, which appears to be the theoretical basis most frequently used in attempts to explain corporate social and environmental disclosure policies.

A number of CSR disclosure studies have used legitimacy theory as their conceptual framework; see for example (Cho, Patten 2007, Deegan, Rankin et al. 2002, Haniffa, Cooke 2005).

Business, being part of social institution, is not exempted, being conditioned upon social legitimacy (Chen, Patten et al. 2008). Recent research has relied on legitimacy theory, (Deegan, Rankin et al. 2002) for explaining CSR disclosure. Indeed *"it is probable that legitimacy theory is the most widely used theory to explain environmental and social disclosures "*(Campbell , Craven et al. 2003 , p.559).

Legitimacy theory comes from the concept of organizational legitimacy, which Dowling and Pfeffer (1975) defined as *"...a condition or status which exists when an entity's value system is congruent with the value system of the larger system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy".*

”Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman 1995, p. 574). Suchman (1995) found and described three different dimensions of legitimacy- pragmatic, moral, and cognitive legitimacy.

Pragmatic legitimacy “rest on the self-interested calculations of an organization’s most immediate audiences” (1995, p. 578) and allows direct exchanges between an organization and its stakeholders. Practically, pragmatic legitimacy involves conforming to demands, and as argued by Suchman (1995) it involves broader political, economic, or social interdependencies. Thus, pragmatic legitimacy is based on relationship, and it is because organization’s actions are aligned with the expected value of that action to a particular set of constituents (Suchman 1995). Further, it may also stem from the intention of the organization of showing itself interested on its constituents ‘larger interest (Suchman 1995). It means that an organization in accordance with pragmatic legitimacy conform its action to a standards defined by the constituents. Thus, the constituents’ view should be satisfied by the organization’s actions (Suchman 1995).

Moral legitimacy “reflects a positive normative evaluation of the organization and its activities” (Suchman 1995; p. 579)Hence, moral legitimacy is different from pragmatic legitimacy because in the latest case, legitimacy lay on the judgments of whether a given activity benefits the evaluator, while moral legitimacy is based on the right thing to do. Moreover, such activities should contribute to the promotions of social welfare, and should be aligned with the socially constructed values system of the audiences (Suchman 1995).

Cognitive legitimacy involve a passive support, unlike pragmatic and moral legitimacy, which involve an active support or conscious assessment. Cognitive legitimacy *“…may involve either affirmative backing for an organization or mere acceptance of the organization as necessary or inevitable based on some taken-for-granted cultural account* “(Suchman 1995; p.582). Taken-for-grantedness is not evaluate neither positive nor negative, but just taking it for granted. This means that such legitimacy is based on cognition rather than on interest or evaluation (1995)

The organization strives to ensure that they operate within the bounds defined by the societies in which they operate. It is supposed that a company would voluntary reports and discloses activities, if the management perceives those activities are expected by the communities in which they operates (Deegan, Rankin et al. 2002). Still Deegan (2002) explained how legitimacy theory relies on the notion that exist a social contract between a company and the community in which it operates. To the better understanding of such concept, Shocker and Sethi (1973, p.67) provide an explanation of social contract:

> *"Any social institution-and business is no exception-operates in society via social contract, expressed or implied, whereby its survival and growth are based on:*
>
> *1) The delivery of some socially desirable ends to society in general; and*
>
> *2) The distribution of economic, social or political benefits to groups from which it derives its power.*

Society has a myriad of expectations, which are different from each other. Each of this expectation is based on how the company should conduct its business and what is believed should be given back to the society (Deegan, Rankin et al. 2002). Such expectations, might be seen as threat, because if the society perceive that the organization is breaching these social contracts, society might be willing to revoke the organization's contract to continue its operations (Deegan, Rankin 1997). The community may react in different ways, as depicted by Deegan (2002), consumers may reduce the demand for a specific good produced by a specific brand; suppliers from the other hand, can eliminate the supply. Moreover, social contracts are not permanent, thus the "terms" can change and cannot be known precisely. In fact not just managers can have a deflected perception of the reality, but social expectations itself is not permanent, and can change over time. This requires the organizations to be responsive and proactive in so far as it is possible. Lindblom (1994) refer to this difference in perception as "legitimacy gap", more precisely it is the difference between how the organization should act, and how the organization does act. When legitimacy gap occurs, there is a threat to the entity's legitimacy, which obviously can have an impact on the consumers' behavior. Therefore, given the impact of breaching social contract, organizations should always make disclosure to show that they are keeping the pace, changing/keeping, following the path of the community expectations.

Thus, Legitimation is achieved when practices, outcome and methods of operation are congruent with the expectation of those who confer legitimacy. Firm are expanding their effort to gain legitimacy, because it helps in retaining customers and guarantee a continued inflow of capital (Neu, Warsame et al. 1998). Since the company strive to gain legitimacy, how does this legitimacy can be improved? Seen the legitimacy from the managerial perspective, seems obvious that it cannot be the same for those who confer it. . Managing their legitimacy, help the organization in ensuring the capital inflow, and preventing some state regulatory actions (Neu, Warsame et al. 1998). Dowling and Pfeffer (1975) indicate legitimacy as a resource on which the organization rely for survival. Deegan (2002) in fact according to the resource dependence theory, wherever managers believe that a resource is fundamental for survival, they would adopt strategies to ensure the continued supply of the resource. Since , the theory is based on perceptions , one of the most effective way to manage legitimacy as a resource, is not just to tackle strategies to pursue it , but more importantly is to publicized corporate activities with annual reports and other publicly documents (Deegan, Rankin et al. 2002). A number of Csr disclosure studies have used legitimacy theory as their conceptual framework.

1.4.3 Social capital theory

The term social capital appears between the sixties and seventies (Homans 1961 ; Jacobs 1961; Loury 1971) . These writers used this concept to describe the vitality and significance of community ties. However, the recent work on social capital rely on the work conducted by Colemann (1988) and Putnam (1993).

Putnam (2000 , p.19) , defines social capital as follows:

> *"whereas physical capital refers to physical objects and human capital refers to properties of individual , social capital refers to connections among individuals , social networks and norms of reciprocity and trustworthiness that arise from them".*

What is meant by this definition include lower crime rates (Putnam 2000) , better health (Wilkinson 1996) improved longevity (Putnam 2000), enhanced economic achievement through increased trust and lower transaction cost (Fukuyama 1995).

Putnam consider, as stated by Colemann (1988), social capital as to be an attribute of a community rather than of an individual. More precisely, Putnam (2000) believed that social capital is networks, norms and trust that enable participants to act together more effectively to pursue shared objectives.

Due to the dependency of SMEs on the network, they are particularly inclined to the concept of social capital (Russo and Perrini 2010). Small and medium enterprise in order to gain legitimacy within specific local area, they have to be transparent ,building legitimacy through openness and trust, creating a relationship with a community in which they operate , which turn to be all properties of Social capital (Russo and Temati 2009).

There are three dimension of social capital: cognitive, structural and relational (Nahapiet and Ghoshal 1998).

The cognitive dimension refer to sharing common language, rules, values, vision and culture, which is necessary to exchange knowledge and information. This is supported in SMEs because as found by Murillo and Lonzano (2006) and Russo and Perrini (2010) , SMEs are tailored on vision and values of the owner-manager. Further, their lean organization allows an easier way to transfer information, creating transparency within the firm, making easier the creation of trust between the employees and their Owner- manager.

The structural Dimension refers to the interaction that enable social relationship between individuals. It is based on the social interaction with stakeholders. Russo and Perrini (2010) found two relevant issues related to this dimension: The identity of relevant stakeholders and the power system among those stakeholders. SME have limited resources , then trying to address all the interest in stake , can be costly and most of the time unaffordable , especially for small firms. In addition, once found the relevant stakeholders SMEs do not have the necessary power to influence the relevant stakeholders, i.e. due to their size respect to a bigger supplier they may be influenced in taking some decision, which can be unpopular for other stakeholders (Jamali et al 2009). This shows that, in SMEs ,not all stakeholders have the same priority , and priority derives from different relationship with each type of stakeholder.

The relational dimension is based on trust, truth and cooperation between individuals. This dimension captures the cooperation among SME's stakeholders in developing social responsibility activities. Cooperation is based on trust, which in turn is shaped by the owner's managers' value and priorities. I.e. If managers consider a difficult situation to be a threat, they will be less likely to cooperate and relationship can stagnate, and only tactical decision will be made (Lepoutre and Heene 2006).

Social capital seems to be the most appropriate way to describe the involvement degree of the SMEs in SR activities.

1.4.4 Combination of three theories

It can be seen that from the above discussion that the three theories are likely to provide slightly overlapping and complementary perspectives explaining CSR disclosure.

Stakeholder theory focuses on expectations/demands of powerful stakeholders , and according to this view, information should be disclosed to gain an maintain the support of powerful stakeholders, to ensure it continuous survival. Legitimacy theory instead, focuses on the society's expectation and according to this perspective, a company, discloses CSR information attempting to align its social performance with the society's expectation, aiming to gain legitimacy and continue its existence. Social capital theory can be easily applied to small and medium enterprises, given that usually they are embedded in the community in which they operate, and they have to respond to different kind of pressure respect to large companies. As already described above social capital theory bases its fundamental on the creation of trust, truth and cooperation, which are fundamental characteristic in a fragile and small business environment to which small companies have to cope with. Even though, they seem to be overlapping, it worth noticing that, in social capital theory, behaving responsibly and disclose information, creates a base of trust and truth, which are necessary to develop a relationship of transparency, to share rules language and values at cognitive level.

Stakeholder theory considers factors both internal and external to the firm disclosing CSR information.

"Social responsibility activities are useful in developing and maintaining satisfactory relationship with stockholders, creditors and political bodies. Developing a corporate reputation as being socially responsible , through performing and disclosing social responsibility activities , is part of a strategic plan for managing stakeholder relationship" (Roberts, 1992, p 599).

Stakeholder's theory applied to small and medium enterprises do not provide a useful and effective framework. Although, it is based on the same assumption of social capital theory, managing stakeholders, it lack of effectivity where small business usually do not have the power to influence larger stakeholders. Therefore, stakeholder theory in explaining external and internal pressure is assisted by the structural dimension of social capital theory.

Therefore, the theoretical framework views CSR disclosure in SMEs as a reflection of a firm's responsiveness to different levels of pressure.

1. society's social and environmental concerns (legitimacy theory);
2. stakeholders' pressures ;
3. Dimension and power constraints.

CHAPTER 2 : CORPORATE SOCIAL RESPONSIBILITY IN SMALL AND MEDIUM SIZED COMPANIES: MAJOR DIFFERENCES BETWEEN SMES AND LARGE COMPANIES.

CSR, instead of being study as a concept in business management, it has been always a predominant concept at the level of large organization (Jenkins 2006 ; Russo and Perrini 2010) . As a result, some authors were skeptical about the application of the same CSR principles in SMEs and in large organization (Russo and Perrini 2006). Moreover, their contribution to economic growth, social cohesion, employment and local development, deserves a better analysis in order to make fit better the concept of Social Responsibility with SMEs' businesses practices.

2.1 Definition of Micro small and medium entreprises

The term SMEs, embedded an heterogeneous group of business , ranging from the single artisan , working at home either handcrafting object or delivering services , to the technological start-up producing software. This result in no single definition of SME accepted. The most common and easiest criterion to define SMEs and to differentiate them from the larger firms is by using different thresholds. In fact, Small and medium-sized enterprises (SMEs) are defined in the EU recommendation 2003/361. The main factors determining whether an enterprise is an SME are:

1. **Staff headcount** and
2. Either **turnover** or **balance sheet total**.

Company category	**Staff headcount**	**Turnover**	or	**Balance sheet total**
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

Source: developed for this study

These ceilings apply to the figures for individual firms only. A firm that is part of larger group may need to include staff headcount/turnover/balance sheet data from that group too.

It is widely accepted that a popular method of classifying businesses is by the number of employees in the firm (Raymond 1990, Kagan et al. 1990).

What are SMEs, depends upon who is defining the thresholds below which a company can be deemed medium small and micro.

In fact, in Canada the term of SME is used when a company has fewer of 500 employees. Defining medium enterprises all the companies having between 100 and 500 employees, all the companies having fewer than 100 employees are defined small , and the companies having fewer than 5 employees are defined micro (Ward 2016) . In USA, They are generally defined as in Canada are, therefore more than 500 employees large companies, fewer than 500 medium and fewer than 100 small (http://www.yourdictionary.com/sme). Presently the United Kingdom’s Department for Business Innovation and skills (BIS 2009) defines SME as a business with less than 250 employees.

The European Commission (EU 2009) defined Small and Medium enterprises , all the companies which employ fewer than 250 people and which have an annual turnover not exceeding 50 million, and an annual balance sheet total not exceeding EUR 43 million. A small enterprise is defined as an enterprise employing fewer than 50 employees and whose annual turnover and/or annual balance sheet does not exceed EUR 10 Million (The Commission of the European Communities 2003). Hauser (2005) in his research, pointed out that such definition is not complete, and have its drawbacks. In fact in the register of the EU, many Business units are not registered with the groups whose they belong to. Therefore if these units have fewer than 250 employees are assigned to group of small and medium sized companies, even though they may be part of a group employing thousands of employees.

Lately in 2016, the European investment Fund made eligible to loan finance for innovative small and medium- sized enterprises up to 499 employees (http://ec.europa.eu). In Italy, Mediobanca Unioncamere defined in 2011 as Small and medium enterprises employing up to 499 , putting a threshold to define the small ones up to 49 employees. However, all the statistics found are about to define small and medium enterprises as having up to 249 employees.

Arguably, an organization employing five people and another employing 100 can both be considered as SMEs. However, both companies might be significantly different in their approaches and practices. The small and medium sized firm may not always be a `smaller ' version of the large firm. The theories relating to SMEs must consider all the distinctive variables, which distinguish the smaller firms from the larger ones.

In Italy:

The Italian system is composed by 4.3 million of enterprises and there are 15.8 million of employees, most of them are employed in SME, precisely 80.3 % of all employees Fig 5. SMEs are the backbone of the Italian economy, in fact it is interesting noting that the Italian system in 2013 measured 4.3 million of Microenterprise (those with less than 10 employees) they represented 95% of the active companies in Italy. Their average size is 3.7 employees and account for the 30.5 % of the value added. Small and Medium enterprises (those between 10 and 249 employees) Represent the other 4 % and they account for the 38.4 % of the value added. Most of the companies operates in the services sector with a base of active companies around 77.2 % .This industry contribute mostly to the value added with 57 %. Microenterprises contribute mostly to the value added creation. Summing up the value added creation of all SMEs in any sector account for the 68 % of the value added creation. Which means that more than half of the contribution of the country wealth comes from the SMEs

Fig. 5

Empolyee Classes	Industry in scrict sense				Construction			
	Enterprises	Added Value	Employees	Fixed investment	Enterprises	Added Value	Employees	Fixed investment
Absolute values								
0-9	356.163	30.058	948.314	2.845	528.592	26.052	965.227	1.899
10-19	41.927	24.758	561.252	2.523	15.374	8.008	199.128	476
20-49	20.343	34.614	613.832	3.682	4.669	6.159	135.315	378
50-249	9.155	62.070	892.026	7.527	1.132	5.230	97.406	556
250+	1.382	89.986	1.019.990	17.245	79	3.315	48.408	488
Total	**428.970**	**241.487**	**4.035.487**	**33.822**	**549.846**	**48.764**	**1.445.485**	**3.797**

Percentage composition per row								
0-9	8,7	14,5	12,6	13,0	12,9	12,6	12,8	8,7
10-19	32,8	35,6	33,4	40,1	12,0	11,5	11,9	7,6
20-49	40,1	46,6	40,6	54,9	9,2	8,3	9,0	5,6
50-249	43,8	53,2	44,1	61,3	5,4	4,5	4,8	4,5
250+	40,9	42,8	32,7	53,4	2,3	1,6	1,6	1,5
Total	**10,0**	**35,6**	**25,5**	**42,6**	**12,8**	**7,2**	**9,1**	**4,8**
Percentage composition per colomn								
0-9	83,0	12,4	23,5	8,4	96,1	53,4	66,8	50,0
10-19	9,8	10,3	13,9	7,5	2,8	16,4	13,8	12,5
20-49	4,7	14,3	15,2	10,9	0,8	12,6	9,4	10,0
50-249	2,1	25,7	22,1	22,3	0,2	10,7	6,7	14,6
250+	0,3	37,3	25,3	51,0	0,0	6,8	3,3	12,8
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Percentage variation respect to previous year								
0-9	-1,6	-1,5	-2,9	-33,0	-3,7	-6,0	-5,8	-9,2
10-19	-3,8	0,2	-3,6	-15,5	-10,0	-10,0	-9,6	-57,4
20-49	-4,6	0,2	-4,2	-4,9	-11,9	-11,0	-11,6	-69,0
50-249	-1,4	3,9	-1,3	-7,9	-8,5	-8,7	-8,0	2,5
250+	-1,7	-5,8	-2,5	-7,5	0,0	-20,4	-1,5	-4,6
Total	**-2,0**	**-1,5**	**-2,8**	**-10,8**	**-3,9**	**-8,7**	**-6,9**	**-30,7**

Source: (https://www.istat.it/it/files/2016/12/C14.pdf)

2.1.1 Characteristics of SMEs

SMEs and large corporation cannot be treated as having the same characteristics, beside their clear differences in size there are other features, which should be taken into account. Westhead and Storey (1996, p. 18) noted that:

> *"[a] small firm is not a scaled down version of a large firm . In short, theories relating to SMEs must consider the motivations, constraints and uncertainties facing smaller firms and recognize that these differ from those facing large firms"*

For example, some researchers claim that small businesses do not attract trained staff and have a short- rage management perspective (Welsh and White 1981) .This trait has been confirmed by recent research which found that most SMEs lack technical expertise (Barry & Milner 2002). This is because in the small businesses there is no a clear cut definition of what a specific role should be carry on , which turn in a less attractiveness for skilled workers (Jenkins 2006). Still, Spence (2000) and Jenkins (2006) note that the lower resource slack of these firms limits their ability to focus on strategic gains or deal with issues from a marketing or public relations perspective.

Beside the above limitations, there is a substantial difference in the organizational structure and management style of large and small businesses. SMEs are largely influenced by the owner's personal characteristics (Bos-Brouwers 2010) , usually tend to have smaller management teams (Bolton 1971), and a strong desire to remain independent (Dennis 2000 , Bos- Brouwers 2010). The owners-managers of these firms usually undertake several tasks at once (Spence 1999).

Since the relative simple structure, with lean organization and mostly centralized power (Jenkins 2004). The decision making process is guided by the owners' values and intuitions rather than being programmed with rationality, and therefore most of the decisions are reactive. As Jenkins (2004) pointed out, the taking decision process follow the *"I do it in my way",* being based on the intuitions rather than on a strategic plan and sometimes it has been accused of being “strategically myopic” ,because it does not matter where the firm is heading (Mazzarol 2004).

Another important aspect of SME is that they have been found to be quicker, more flexible and responsive respect to large-scale business (Bos-Brouwers 2010) to the dynamics of the environment. The research, found also that, they are more innovative despite their lack of resources, because the change is easier to implement where there informal process.

Because of their size, SME differ from large business, because of their power. Large organizations can exert influence power in the negotiation process, forcing the market, suppliers and sometimes politics (Porter 1980). As a result, small business partners in the supply chain have a major impact on small business behavior (Arbuthnot 1997; Dawson et al. 2002).

Bowen (2000), found in “visibility” as the crucial factor in shaping behavior of business. This study was confirmed by other research (Deephouse 2000, Reverte 2009), which found that large companies are under higher pressure than SME. Because of their size, in fact they are more under the scrutiny of the Media. However, using the Social capital theory, SME with limited market shares rely heavily on local customers and suppliers, which increases their visibility and threat of such local organizations (Jenkins 2004).

In SMEs, the personal characteristics of the owner-manager shape the way business is conducted. Jenkins (2004) found a crucial difference between small business and large one, where a large company based its decision on control measures, formal process, accountability information; SMEs are more based on the intuition of the owner and its personal observation. Therefore, where in large companies, the owner background can exert a low influence, in Small and Medium Enterprises is the driver of the decisions.

Cultural Differences between SMEs and Large Companies:

Large companies	Small and Medium Businesses
Formal	Informal
Order	Untidy
Accountability Information	Trusting, Personal observation
Clear demarcation	Overlapping
Planning	Intuitive
Corporate Strategy	Tactically Strategy
Control measures	I do it my way
Formal Standards	Personally monitoring
Transparency	Ambiguous
Functional expertise	Holistic
Systems	Freely
Position Authority	Owner-managed
Formal Performance	Customer/network exposed

Source : (Jenkins 2004a) from (Jamali, Zanhour et al. 2009).

2.2 CSR GENERAL ASPECT in SMEs

Since SMEs are mostly locally shaped, there are cultural differences between business localities, countries, environments, govern and community pressure. However, as stated by Russo and Perrini (2009) the principle is the same, minimizing the negative environmental and social impact, while maximizing the positive one. Yet it cannot be stated that the term CSR is well known, among SME (Russo and Perrini 2009).

There are different characteristics of social responsibility in small medium enterprises that make them distinctive from the view of CSR in large companies. Jenkins (2004) affirm that, SMEs unlikely have signed up to CSR agreements with charity organizations, and usually do not have code of conduct or vision statement in place. Since there is no direct form of CSR, there is a difficulty in measuring Social Responsibility in Small Business (Moore and Spence 2006). In fact, Murillo and Lonzano (2006) found that, SMEs do not use any recognizable language of "CSR". Moreover, the owner takes In SMEs, most of the decisions, because usually is the only one in charge, given that the management is not fully embedded in the decision-making process. However, the owner is not always pushed by strategic motivation, and he takes decisions sometimes based on its discretionary, not following the logic of profit (Jenkins 2004). Socially responsible can be strategic (Porter, Kramer 2006) or philanthropic (Wang, Berens 2015), either way SMEs usually lack both the financial resources and know-how to develop a strategic plan or dealing with the issues coming from marketing or public perspectives (Jenkins 2006).

Small Business are totally embedded in the community in which they operate. This physical proximity may translate in moral proximity (Spence 2007). Furthermore, in SMEs usually there is lack of anonymous individuals as there is in large company. Hence, if a mistake is made, is simple to identify who committed it. Therefore, physical and consequently moral proximity associated with the lack of anonymity, can be a motive to focus on socially responsible behaviour.

SME rarely can undercut large competitors on price, and then they find other ways to win business. They try to maintain personal relationship externally, with customer suppliers and competitors. This might be possible thanks to the limited number of members involved , that interacting with each other , create a sort of net in which a company cannot just exploit a positive image but also , it helps the organization in accessing additional resources (Spence 2007).

In informal relationship, reputation is crucial first to establish it and then to carry on agreement. Good reputation can be built being known as an actor acting honestly and with integrity.

Finally yet importantly, employees represent important stakeholders in small firms. A key characteristic of Small business' social responsibility is the effort of ensuring the maintenance of the live hoods of employees, managers and owners (Jenkins 2006, Spence 2007).

Motivation of CSR in SME

Murillo & Lonzano (2006)	Character/values of the owner , Social/economic model of the manager, competitive impact ,innovation possibilities, basis for differentiation , legal regulation , vision/mission of the company in its statute.
Jenkins (2006)	Philanthropic, competitive impact, access to resources (employees) moral and ethical reasons, business image.
Russo and Perrini (2009)	Increase trust, business reputation, legitimacy with specific stakeholders (suppliers, customers, employees and local community) external influences (cultural , institutional and political

Source: developed for this study

CHAPTER 3: CSR COMMUNICATION: REPORTING AND DISCLOSURE

The corporations' political role has inevitably raised the need for further transparency and accountability of their practices. The so called accountability standards help business in taking into account the stakeholders' interests (Rasche et al. 2008). The accountability standards represent voluntary predefined norms and procedures for organizational behavior concerning social and/or environmental issues and are often valid on a global level (Rasche, 2010).

These standards help the organizations in assessing and communicate their responsible activities and impacts on social and environmental issues (Crane and Matten, 2004). The proliferation of different standards makes it difficult to determine which one can be used in order to standardize the way the information should be decoded. This quasi- regulation create two level of analysis: a macro level and a micro level (Gilbert and Rasche 2007).

The macro level are represented by the standards, whereas the micro level corresponds to the implementation of the procedures necessary to make a macro-level norms work. Then the standards, define which is the outcome that should be achieved, and at the micro-level the organizations prescribe procedures to determine the outcome. For instance, the standard Social Accountability (SA8000) came up with eight central norms, which can be taken up by organizations. However, such macro-norms have broad focus, and if not properly implemented struggle in gaining legitimacy (Leipziger 2003), especially in a variety of environments in which Small businesses have to run their activities.

3.1 The European context

Enterprises can better identify and manage issues influencing their success, by disclosing non-financial information, such as social, environmental and governance information (EU, 2012). According to the European commission (2012), non-financial reporting helps investors to take better decision to allocate resources. Moreover, disclosing in a standard way such information can make the companies more accountable and contribute to the comparison of profit and social performances in different countries, industries, environment and communities.

Reporting by the way has always been treated rather than a detailed rules- based , more as a principles-based approach (IAS/IFRS).

According to this view , The European Commission (2012) suggested that the key performance indicators (KPIs) were not enough, considering the metric behind the indicators not developed appropriately, since the social and environmental differences in Europe. Although, the experts advocate for a comparability of data, they indicate a concern about the consequence of adopting more detailed reporting requirements into the EU legislation. Despite the concern, they did not reject the idea of proposing a list of topics, covering what any company should write down when reporting its responsible actions (EU, 2012). I.e. The European commission suggested more detail on the report regarding the human resource management and on employment issues, adding that the report on employment and working conditions should be compiled in accordance with the employees' representatives.

The EU framework, does not fit with the entire context, and gives a broad set of suggestion, on which the report should be written. Since within the European context there are differences in mentalities and economy, "one-size fits all" CSR report has not been developed yet.

Recently, the European Parliament of the Council of 2014 with an accounting directive (2014/95/EU) which requires certain large companies to disclose relevant non-financial information to provide investors and other stakeholders with a more complete picture of their development, performance and position, showing the impact of their activity. However, quite a lot of CSR tools and standards have already been developed, helping the enterprises to take the appropriate CSR behavior. Seen the burden of rules that SMEs have to deal with in a view of incrementing productivity, the directive applies to certain large companies and groups with more than 500 employees.

Such companies are required to give a review of policies, principal risks and outcomes, including on:

- environmental matters;
- social and employee aspects;
- respect on human rights;
- anti-corruption and bribery issues;
- Diversity on boards of directors.

If companies do not have a policy on one of these areas, the non-financial statement should explain why not.

Companies are given the freedom to disclose this information in the way they find useful or in a separate report. In preparing their statements, companies may use national, European or international guidelines such as the UN Global Compact.

The European Commission will produce non-binding guidelines on how to report non-financial information by December 2016.

In Italy with a (d.lgs. 254 , 30/12/2016 in GU n.7 , del 10/01/2017) sustainability report became obligatory for all the companies employing more than 500 employees , having Total Assets of the Balance Sheet over € 20,000,000 or Total net sales of sales and services exceeding € 40,000,000.

Following a brief a research on the definition of CSR reporting, which aim to clarify how academics defined it and how it can be distinguished from the communication tools, which will be highlighted in later.

3.2 CSR Reporting definition

In order to increase the transparency of its activity, an organization should communicate its activities both externally and internally. For all financial information all the governments , provide different frameworks used to standardize this information, delivered by the company. This is not just a duty toward the community and a way for the governments to keep track of what the companies are doing in order to tax their profits, but this is a way for the company to manage its stakeholder, asking for credits, showing the solidity of their system. Although reporting in literature has been studied abundantly and its definition is quite clear, there is a part of reporting which has not been regulated by the governments, and it is related to all non-financial activities. Corporate social responsibility, in fact, includes information such as environmental issues, energy, human resources, products, and community involvement (Hackston, Milne 1996). More recently it has been described as companies' economic, legal, ethical and philanthropic responsibilities towards society in general and their range of stakeholders in particular (Carroll 1999). This form of communication was described by Bruhn (2005, p.2) as follow: *"A corporations communication includes all tools and activities, which display the corporation itself as well as its performance to all relevant internal and external target groups and/or enables an interaction with such".* Keeping up to date the community to which corporate activities have an impact on, is one of the primary goal of this kind of disclosed information, aiming to promote and maintain legitimacy, to gain trust and reputation establishing a positive image. Lange et al (2011) tag reputation as "being known for something" (p.157). Reputation consist in what stakeholder belief and expect from an organization in the future (Wang, Berens 2015). Corporate reputation then, exists because of the information asymmetry between the company and the perceivers (Healy, Palepu 2001). Since, reputation can be expressed as the subjective perceptions held by a specific group of stakeholders about the likelihood of future behaviors and outcome uphold by the firm (Deutsch, Ross 2003), its role is crucial in reducing the information asymmetry. Indeed reputation can vary substantially how a specific group of stakeholders perceive and process the corporate social activities (Wang, Berens 2015). Based upon reputation, and the stakeholder theory, it is clear that, exists two different kinds of reputations, which are driven by two different interests. These interests are conflicting and can hamper the capacity of the firm to allocate the resources in an efficient way. In fact, if corporate's policies can satisfy certain stakeholder interest it is happening at the expenses of another group (Wang, Berens 2015). A recent research is quite controversial on how reputation impact on performance, some studies find a positive link (Smith, Smith et al. 2010) whereas others find a negative link (Deephouse, Carter 2005). Even though there is no evidence that, a good reputation has a positive impact on financial performance, it can be a signal a firm's quality in general and that the company is managed through a consistent management behaviors (Roberts, Dowling 2002) . Thus, a firm with a good quality and high reputation will achieve a superior performance in different aspect (Barney 1992), among which financial performance (Wang, Berens 2015).

Therefore, communicate, efficiently and effectively, CSR activities is a strategic goal for an organization (Porter, Kramer 2006). Not just in term of addressing social problem, but in term of competitive advantage. This is why a company should choose thoroughly how communicate it, understanding what can fill the gap and what can enlarge it.

Thus, the companies is forced to report beyond the obligatory income statement and disclose more information about their social and environmental impacts on society (Arvidsonn 2010). Morsing and Schultz (2006) describe it as response to stakeholders' expectations and contribute to society well-being. (Reynolds, Yuthas 2008) described as a mean through which the organization guard its reputation and identity by engaging with stakeholders. Bhattacharya, Sen (2004) instead found the reason, in increasing long-term profitability by reducing the information asymmetries, improving thus, stakeholder decision making.

CSR reporting rests a broader conception of the accountability practices; it can be a form of social accounting. Gray et al (1996, pag. 3) describe it as:

"…the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large."

Gray et al (1996) clarify that such information regard environment, employees , community and customer , including the impact that the organizations' activity have on these four categories. Although he did not give e plausible reasons why these categories should prevail on the others. But Gray et al (1996) added that such categories vary over time and there is always a different priority given to what is disclosed and what is not.

Zeghal and Ahmed (1990) found that internet is becoming more popular for providing social information. Moreover, the organizations are starting delivering specific reports on specific topics, targeting specific groups.

However, this kind of reports are not mandatory, there is no law that defines responsibility to accounts as it exists for actions (Gray et al, 1996). Therefore, organizations can disclose the information following its own path. Tewari and Darshana (2012) analyzed CSR communication of companies through their sustainability reports finding that only a few companies publish these reports.

Even though in the last decades several model to manage CSR disclosure and moral accountability have been developed , the most common one for CSR communication are the corporate Websites, CSR reports and other publications. (Polonsky & Hyman 2007).

3.3 Factors influencing CSR reporting

The purpose of this thesis is to explain the reasons that bring a not listed company in reporting their corporate social responsibility activities. According to Adams (2003) factors influencing CSR reporting can be divided in three categories, microeconomic and macroeconomic, more precisely he identified three categories:

1) Corporate characteristics: size, ownership structure;

2) general contextual factors : industry, culture of the community, stakeholders;

3) Internal factors: employees, profitability.

Nobes & Parker (2008) argue that macroeconomic factors directly or indirectly influence microeconomic factors. For example, as is already known in literature, (Nobes, Parker 2008, Haniffa, Cooke 2005), culture is a determinant of accounting practices. Willams (1999) found that civil legal and political system are significant determinant for CSR disclosure. However, there’s a part of literature (Adams 2002, Taylor, Scapens 2016), which suggest that the internal factor weigh more than the external factors, then corporate and industry – specific factors are more likely to have an influence on CSR due to an increasing globalization of business and international harmonization of accounting. For the purpose of the thesis, the macroeconomic factors there will not be taken as determinants, because the study is focused on national context. The microeconomic factors taken into consideration are:

1 Ownership structure;
2 Size;

3 Industry;
4 Profitability;
5 Listing;

3.3.1 Ownership structure

Roberts (1992) ,stated that whether the ownership structure is concentrated in few large hands or it is dispersed in a myriad of investors, it is an influencing factor on disclosure policy. Agency theory has been used to explain corporate governance,(Reverte 2009) considering the firm as a nexus of contracts among various agents who act opportunistically within efficient markets. According to the agency theory, the cost of monitoring is higher when the ownership is dispersed; this is because it is hard to effectively monitor managers' behavior. This difficulty create an information asymmetries between the shareholders and managers, which the latter possess far more information then owners have. Then, using agency theory, corporate disclosures can be seen as an attempt to remove informational asymmetries between investor and managers (Brammer, Pavelin et al. 2009). Prencipe (2004) affirmed that firm with many owners are in general expected to disclose more information than company with concentrated ownership. Information asymmetries in fact, might result in an adverse investor reaction, and bring managers to disclose more information. Roberts (1992) stated that the more the ownership is dispersed the better the corporation's social responsibility disclosures. Therefore, it is expected that a company with concentrated ownership structure are not expected to report social responsibility activities , because shareholder's pressure is low, and there is no need to reduce the information asymmetries . Reverte (2009) found that managers in concentrated ownership structure are less motivated to report and disclose information on their web sites. This is because shareholders can obtain all the information they want directly from the firm, since the cost of monitoring is reduced.

3.2.2 Size

An organization size is a factor that can influence the amount of information disclosed on corporate social responsibility activities. In fact, according to stakeholder theory, social disclosure are a response to the pressure coming from a firm external environment. The bigger are the company the higher is the number of shareholders who might be concerned about firm's activities that, according to what has been stated earlier, is translated in an increment of information disclosed through formal and informal channels (Cowen, Ferri et al. 1987). Moreover, Watts & Zimmerman (1990) affirmed that larger companies are more exposed to the public. Now using legitimacy theory, a big organization is under great pressure, and to respond to, it has to exhibit social responsibility and disclose information not only to the investment community, but also to all the sensitive groups (Du, Vieira 2012).

Using the economic approaches, disclosing information is a way to mitigate future adverse regulatory or legislative pressure (Brammer, Pavelin et al. 2009).

However, company size as a factor has been criticized because it is correlates with many other corporate characteristics (Roberts 1992), many other studies have found a positive correlation between size and social disclosure. Reverte (2009) in his research to study the determinants of CSR disclosure practices by Spanish listed firms found that there is positive relationship between firm size and CSR disclosure.

3.3.3 Industry

Reporting CSR can be influenced by the industry the organization belong to, thus some researchers believe that the nature of the industry impact on social responsibility disclosure. Brammer and Pavelin (2004) claimed that the rate of participation in voluntary disclosures varies significantly across industries. Most of the research used industry as a variable to explain the environmental disclosure, because there are some industries particularly environmental and socially sensitive therefore are expected to have a higher rate of participation in reporting CSR activities, trying to respond to external pressure. Taking as example the consumer-oriented industry, they are expected to act as “good corporate citizen”, because the consumer’s power in this industry might influence the revenue of the company.

There are some industry, which are sensitive to the environment like chemicals, or manufacturing, or car industry. All this companies attempt to enhance their image reporting their environmental and social activities (Bonsón, Bednárová 2015). An example of a sensitive industry can be the tobacco industry, which is under visible social issues, and face social pressure from the government. This pressure is translated in taxes and legislations that try to balance, the social negative cost they have on society. Furthermore, there is an environmentalist pressure groups, and disclose information about CSR activities counter balance this pressure, assuring the investors and other stakeholders that the company is acting as "good citizens" (Cho, Patten 2007). KPMG (2008) reports that *"Corporate responsibility reporting has made progress in the last few years with more companies developing a corporate responsibility performance strategy, especially in those industry sectors with higher impact. In reporting these sectors have found a useful vehicle for both addressing stakeholder's concerns and managing exposure to risk".*

Many studies claim that industry have great impact in influencing CSR reporting (Tagesson, Blank et al. 2009, Cowen, Ferri et al. 1987) In particular Cowen et al (1987) examined corporate disclosure in the 1978 annual reports of a sample of 500 companies finding that industry affect corporate disclosure. Moreover, he found that some industries could affect more than the others could. Mann Byun et al (2014) reported in their study that industry is related to the level of disclosure, with companies in more sensitive industries disclosing more information. Bonson and Bednàrovà (2015) studying the extent of CSR reporting practices in the Eurozone found that companies operating in more environmentally sensitive sectors, disclose more in comparison with other sectors. Additionally, they found that companies operating in critical sector have high rates of CSR disclosure and this is in line with legitimacy theory. Based on the purpose of this study, they stated that the highest average index was in telecommunications.

3.3.4 Profitability

There has been different studies focusing on the association of profitability with voluntary social disclosures. According to legitimacy theory, it can be expected that profitable companies disclose information in order to legitimize their existence, showing their well-being and their contribution to social issues. Another possible explanation can be drawn from the stakeholder theory, since stakeholders are interested in a company value, disclosing more information when the company is profitable , assure that the stakeholders and then the shareholders are informed about the company's value.

Employing stakeholder theory is possible to distinguishing between two macro groups of stakeholders- financial and public-stakeholders (Clarkson 1995). This distinction apparently too big to be detailed, is based on different interests to a firm's activities as suggested by Lange et al. ()p.164, "an organization's external observers have varying interest, and therefore are attuned to different valued organization outcomes." What is meant by this is that, for instance, public stakeholders' concern is less focus on financial performance rather than the financials one, who can be worried of some expenditures, not directly related to the main company's activity, looking at them such as waste of money, reflecting in a loss of firm value. The public stakeholders are defined as "the government and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and other obligations may be due" (Clarkson 1995) p. 106 , the financial stakeholders on the other hand are interested in the maximization of firm value creation activities (Maignan, Ralston 2002). Therefore, a profitable company for sure can gather all these different interests disclosing information, because it is satisfying any interest. On the contrary, a firm with a low profitability might disclose less because management want to secrete the information of bad performances. This last hypothesis can be drawn from the agency theory perspective, which argues that managers disclose less information in their "bad times" (Reverte 2009) .

Previous research has found a positive relationship between corporate performances and voluntary social disclosure (Roberts, Dowling 2002, Cowen, Ferri et al. 1987, Tagesson, Blank et al. 2009). For example, Tagesson et al (2009) found that social disclosure were associated with high profitability, this was underlined by the fact that a positive relation exist between financial performance and social performance. Disclosing more information about the company' social activities can enhance reputation, which Lange et al (2011, p.157) "being known for something". Since reputation impact on performance, some studies find a positive link between reputation and financial performance (Smith, Smith et al. 2010). Hence can be stated that positive relation exist between profitability and CSR reporting activities.

3.3.5 Listing

The previous literature affirmed that companies has been under stricter scrutiny by the stakeholders, and by now, they have to disclose more information about their financial and non-financial information. However, these additional disclosure requirements are directly related to the number of stakeholder groups that are interested in the company activities. In fact there are some stakeholders particularly interested in information about environmental and social behavior reflecting sustainability aspect of the company (Arvidsonn 2010) . Therefore, according to stakeholder theory, the organization, should take into consideration the different parties involved and their needs, in order to manage at best its activities (Clarkson 1995, Freeman 1984). Since most of the listed companies are company which can be deemed big, having then a greater number of stakeholders' group, can be stated that ,listing status can be used in explaining voluntary non-financial disclosure.

Another explanation comes from the agency theory. In fact since exists a conflict between managers and shareholders, seen the information asymmetry and monitoring cost, the higher is number of shareholders the greater will be the pressure to disclose information to them. Since listed company have their share capital divided among more shareholders than the non-listed company, agency theory can be used to explain why listing is a factor influencing voluntary disclosure. Haniffa and Cooke (2005 ,p.418) *"in absence of rules and regulations on social disclosures in Malaysia , companies with listing on oversees stock exchanges adopt legitimation strategies to reflect societal concerns in the global market".* Cooke (1992) found an association with listing status and the extent of disclosure by Japanese corporations. Moreover, he stated that, corporations are more willing to disclose information when they are listed, because the difference in raising capital from the market, and increasing the awareness of companies' activities increment the probability of investment. Further, Bonson and Bednarova (2015) found that company listed have higher CSR reporting index compared with those not listed.

3.4 List of Social and Environmental Management Tools

All the theories so far analyzed, highlighted the importance of the relation between management and multiples stakeholders, identifying the relations with all specific groups of interests respect all companies activities.

In this view, corporate social responsibility imply the exigence to interconnect the external environment with the internal one of strategies and companies structures.

Adopting this way of interpreting the company and its management style, means interfere with the standard model of decision-making and its relations, introducing new principles and models.

For this purpose companies , researcher and independent authority , developed guide lines and standard to offer multiple approach solutions to the concrete aspect of social responsibility, useful for the accountability and the communication of its social activities. A broad diffusion of sensitivity toward social aspect of businesses among consumers and consumer associations, addressed the development of many instruments necessary to make the companies addressable and sensible on some of these aspects.

Many NGOs are providing a certification for compliance with proposed rules and guidelines, creating an independent own monitoring systems to assess if companies have followed them. Although, there is a broad conviction that there is no need of certification by independent organizations, because the free market is able to manage itself, observing, judging and eventually rewarding or punishing, the free market do not create the condition to teach to spread the culture of social responsibility. Then , certification are a means which push the company in being transparent in their operations, creating a culture of responsibility, activating process and principles which can become part of company culture.

In the following, there will be a list of the most popular standards and reporting instruments.

Accountability (AA1000)

Accountability 1000 (AA1000) is a standard developed by ISEA (Institute of Social and Ethical Accountability); it is based on the evolution of balance sheet process, auditing and ethic reporting. Essentially are “principle-based” standards to help the organizations to become more accountable, responsible and sustainable. The AA1000 is aligned with other standards such as:

- SA8000 (Social Accountability), in the part treating the fair treatment for all employees and on the respect of their rights.
- GRI (Sustainability Reporting Guidelines) focusing on the process related to the economic and environmental issues.
- ISO 14001 (International Standard Organization) taking some process related to other environmental issues.

These standards are aimed at helping and addressing the governance, keeping good relationship with the stakeholders and shareholders, increasing their trust providing information to the ever-growing investors ‘demand complexity .Moreover, it allows to measure the keys social performance indicators, encouraging the identification of qualified suppliers.

However, AA 1000 is not a certified standard, but it is an instrument to promote innovations, providing guarantee to stakeholders on the verifiability and quality of the accounting auditing and ethical reporting process.

British Assessment (OHSAS 18001)

The non governmental organizations “British Assessment” developed the Occupational Health and Safety Management System , OHSAS 18001. This standard assist the organizations, in the implementation of management system of security and health, helping them in the assessment of risks.

This Standard can be used by any organizations, operating in any industry, and it aims to make methodical for the organization, the control and the consciousness of all possible risks in the situation of standard and extraordinary activities.

The advantages of using OHSAS 18001 are:

- Planning for hazard identification ,risk assessment and risk control
- Operational Control
- Structure and Responsibility
- Performance measuring, monitoring and improvement

OHSAS 18001 is compatible with ISO 9001 (quality) and ISO 4001 (Environmental).

Global Reporting Initiative (GRI)

GRI is an international independent organization that helps businesses, government and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. It produces standards for sustainability reporting, such as: the “environmental social governance” (ESG) reporting, the “Triple bottom Line” (TBL) reporting, and the “corporate social Responsibility “(CSR) reporting.

GRI provides the world most widely used standards on sustainability reporting and disclosure, enabling businesses, governments, civil society and citizens to make better decisions based on information that matters. In fact, 92% of the world’s largest 250 corporations report on their sustainability performance (www.globalreporting.org) .

International Standards Organizations (ISO26000) – Social responsibility

These standard can assist the organization in their efforts to operate in a socially responsible manner. This is not a certification like ISO 9001 and ISO 14001, it entails a guidance toward responsible behavior, and more specifically it is intended as “voluntary guide”. It was created by the collaboration of ISO and The International Association of Business Communicators (IACB). What makes this Standard important is that it entails what means being socially responsible and which issues should be faced for its application.

The main elements of the ISO are two:

- The link between CSR and sustainability
- The role assigned to stakeholder

Sustainability and CSR are linked; because the guide starts considering that, the performances of an organization rely on the equilibrium of ecosystem, on social equity and a good governance. On the other hand, stakeholder relationship rely on an effective communication which should be as much as possible transparent, in order to realize Social Responsibility, involving the stakeholder.

The Standard ISO 26000 faces the following themes:

1. Concepts, terms and definitions of SR
2. Context , trends and characteristics of SR
3. Principles, and practices of SR
4. Fundamentals and issues of SR
5. Integration and promotion, of all responsible behaviors at all level of the organizations And in its supply chain
6. Identification and involvement of stakeholder
7. Communication of the performances and of other information.

(International Standards Organization – ISO 26000 , 2012)

International Standards Organization (ISO 14001) – Environmental Management System

The ISO 14001 is an internationally accepted standard, developed by the International Organization for Standardization. It Specifies requirements for an environmental management system (EMS), to assist the organization to identify aspects of the business which may potentially affect their surrounding environment. In addition, it helps the organization to comply with the environmental laws, facilitating the understanding of their surrounding environment. It is applicable to any organization that wishes to establish, implement, maintain and improve an environmental management system, to assure itself of conformity with its stated environmental policy (www.iso.org). Through effective management programs, the ISO 14001 aims for continuous improvement in the area of environmental management, to assure itself of conformity with its stated environmental policy, and to demonstrate conformity with ISO 14001:2004 by:

a) making a self-determination and self-declaration, or
b) seeking confirmation of its conformance by parties having an interest in the organization, such as customers, or

c) seeking confirmation of its self-declaration by a party external to the organization, or
d) seeking certification/registration of its environmental management system by an external organization.

(ISO 14001, 2012)

Social accountability (SA8000)

SA8000 identify an international standard developed by the CEPAA (Council of Economical Priorities Accreditation Agency), it aims to certify some management aspects related to the corporate social responsibility (CSR) such as:

- human rights
- workers’ rights
- child labor
- health and safety
- Discrimination
- Working hours
- Compensation

This norm aims to create a better employment conditions, but most of all create a standard certified and verifiable. It is an auditable certification standard based on the UN Universal declaration of Human rights, Conventions on the rights of the Child. It is in Line with various ILO conventions.

Ethic code

It is a fundamental instrument to introduce and explain the responsibility in the company and outside it. This document represents all the norms and principles that regulate the function, even though it is used more often as instrument to give visibility, it still is useful in order to carry out social responsibility in the company (Sacconi L. , 1997). This instrument can be seen as rights card and of fundamental values through which the company express its intention of autoregulation, acknowledging ethics and social responsibilities inside and outside the organization in relation to the company’s activities. Therefore, it becomes an important instrument to avoid all the situations of irresponsibility or fraudulent behaviors from whom act in behalf of the company.

In the ethics code there are values and principles defined ethics and behavioral norms, namely all those, which are not regulated by law, inspired by the positive values generally affirmed in the society treating the natural rights of all human being.

Federal Sentencing Commissions Guidelines promoted the diffusion for Organizations (1991) in the USA. In 2001, in Italy the diffusion started thanks to the D.lgs 8 June 2001 n.231.

The ethic code perform a function of spreading all the values belonging to the companies in which the stakeholders recognize themselves. In this way the code, become an instrument to orient, stimulating the individuals to sustain and keeping a behavior of coherence between actions and values.

3.5 CSR communication

Reporting is a subset of communication, usually structured and formalized. It is a document, which carries the information in written format for any event that was already happened. It is a process of communication the accounting facts and information relating to business.

Reporting is just an upward dissemination of information whereas communication can be both upward and downward.

Since this study is focusing on SMEs for all the reason already explained previously, it seems appropriate of using the term communication rather than reporting. However, reporting is a way of communication, but in some cases, it does not fit well.

In the following a research on the identification of communication tools.

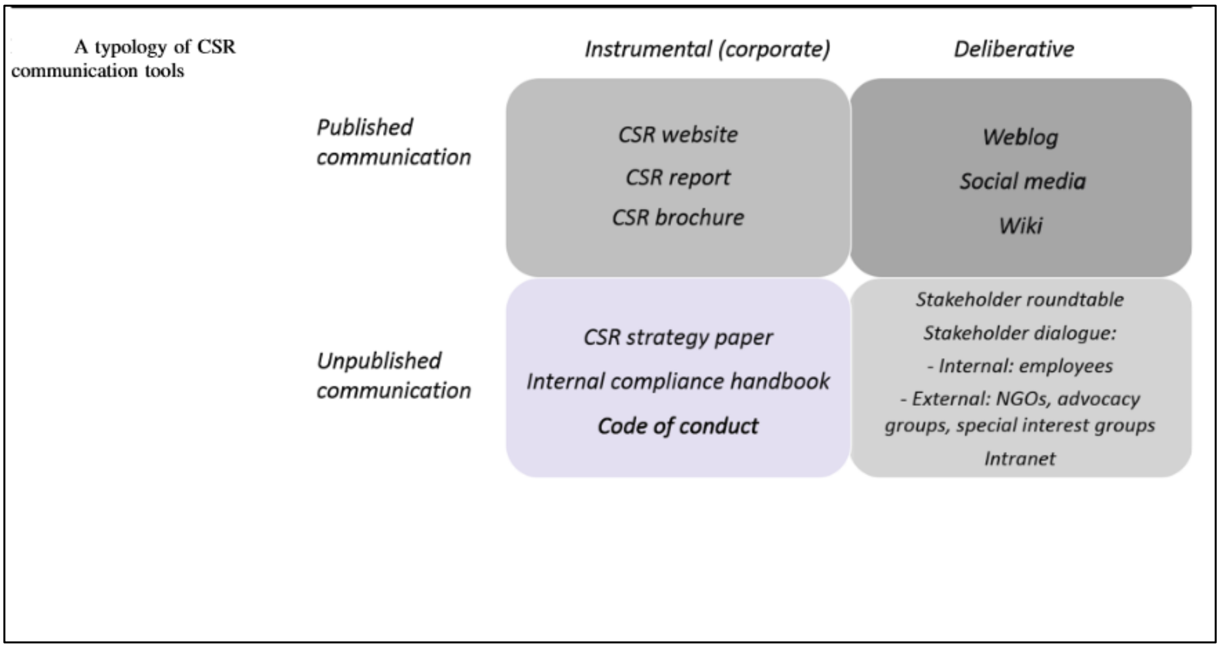
3.5.1 Communication tools

The political approach distinguishes form the classical (Carroll 1991) and instrumental CSR (Porter, Kramer 2006) theories for different reasons. Classical theories concern is to combine shareholders' interest with the social responsibility of the firm. This view brought Carrol (1991) in a development of three dimensions of corporate social performance. Instrumental CSR theories, as the name makes clear enough, look at CSR as a tool necessary to help the business to increase its performances. Thus, seeing it not anymore as a mere obligation, but also as a strategy to outperform the competitor. Aiming to improve financial position, it represents an instrument to increase sales (Sen, Bhattacharya et al. 2006) and customer loyalty (Du, Bhattacharya et al. 2007), fostering corporate reputation and therefore firm performance. Moreover, some research has focused on how far a CSR foster the development of new products and markets, increasing productivity, helping so the communities (Porter, Kramer 2006). The political approach sees the business' conduction in a broader perspective due to a transnational corporations and the globalization. In fact, nation states are losing power, boarders are mainstream, and corporations are global citizens. This is why they have a political role (Scherer, Palazzo 2011) because of their propensity in taking over the role that was once exerted by the states. Firms engaging in global public policy wide the definition of responsibility, making possible the resolution of public issues in cooperation with societal actors (Seele, Lock 2015).The former entity appointed to regulate this public issues were the nation-states, now it is done by the new self-regulatory activities carried out by the firm. The new scenario brought soft law standards (Iso 26000) and a new rational communication, in which the dialogue between the parties take place. Thus with the political approach, in which a new communication occur, a new form of moral legitimacy is evoked (Scherer, Palazzo et al. 2013) . In political CSR, moral legitimacy can be achieved through a discourse aiming to achieve a mutual understanding of the issues and of the opportunities; therefore is managed through communication tools. Moral legitimacy is construed by the two parties' communication, from one side we have the organizational practice and from the other societal expectations (Scherer, Palazzo et al. 2013). Reaching a consensus is not easy, because often the societal expectations does not match the organizational practice, this is why is so important to have an open dialogue.

CSR communication tools is one of the most effective means to gain moral legitimacy, and is characterized by two-way communication process. There are two way of communication where company and its stakeholder symmetrically try to influence each other, in fact is deemed to be a dialogue(Trine, Anne 2011) where company and organization have certain different responsibilities and rights. This equilibrated communication process amongst companies and external societal actors, is fundamental to establish moral legitimacy, which is the license to operate in a globalized context (Seele, Lock 2015). The communicative action is a dialogue between sender and recipient, in which both parties redeem and adhere to the so called validity claims. In this process, the understandability, the sincerity, and the reliability are important as well. These three communication factors are crucial to avoid a credibility crises, which can arise where one of these three elements fail. In this case, indeed there is the so called "credibility gap" (Dando, Swift 2003) between the communication actors in this specific case , the company and its stakeholders , which can threaten the company final objective(Seele, Lock 2015). Following the Habermasian communicative action Seele and Lock (2015) apply the theory of deliberative democracy, *"…where the word deliberation means consideration, discussion and weighting of ideas with multiple actors."* p. 404. Hence this concept, seems to fit perfectly with the aim of the firm, where indeed, corporations engage in democratic deliberative with its stakeholders in order to discuss and resolve public issues. Some believe that some tools from marketing communication are suitable and applicable in CSR communication, capable to contribute to a brand image (Jahdi, Acikdilli 2009).For instance; cause related marketing advertising and public relation are labeled as the most effective instruments. Another approach (Ziek 2009) describe as communication tools the public communication, such as annual shareholders letters, philanthropic letter, organizational codes of conduct. More recent studies are focusing more on the so called communication 2.0, this web communication is carried on through CSR statement web pages (Snider, Hill et al. 2003) or in a more interactive way, allowing participation (Urša Golob, Podnar et al. 2013).

However the most recent research (Seele, Lock 2015) divide the communication tools upon the instrumental and the political approach, then distinguishing between the published and unpublished communication.

As said before, Instrumental approach look at the CSR- obligations as a tool to support the corporate objectives, such attracting new customers and markets or increasing sales. While the goal of deliberation, which is the result of the political approach, is to meet the different expectations through a dialogue. The second distinction, published or unpublished, implies that the information can be made available or not for stakeholders, being the data in the second case kept within the company. Still following this research a two by two matrix can be drawn, where can be distinguished four frame: Instrumental Published Tools, Instrumental unpublished Tools, Deliberative published and Deliberative Unpublished Fig. 6 (Seele, Lock 2015).



Source:(Seele, Lock 2015).

Each of the communication tools falling in the category of instrumental and published (CSR website CSR report etc.) is accessible to outside stakeholders used to get the message across the different stakeholders. This message does not require a dialogue and therefore it can be meant as a deliberative tool, but rather as a way to communicate the strategies adapted to the stakeholders' expectations. Moreover, others tool fall into this category, for instance the marketing communication (cause- related marketing), using a CSR brochure format, depicting the CSR strategy.

Instrumental and Unpublished are all the tools used by the company in order to communicate internally, they obviously are not opened to a dialogue, and can be strategically oriented, as in the case of internal strategy papers. However, others tools can be both published and unpublished as the case of "Compliance Handbooks". The code of conduct is deemed as an unpublished tool, because it can be directed to a one of the suppliers, which concern is on employees working condition, showing that there are nothing bad and the business is run according to the human rights. Forcing the subsidiary to work according to a code of ethics is a typical trait in a food industry. This is because, particularly in a food industry during this century, customer perception has been focused on product safety and health, and being certified can justify a price premium.

Deliberative unpublished tools are mostly used to communicate about CSR internally with the internal stakeholders. This category comprises different way of communication/collaboration such as roundtables and stakeholder dialogue. The recipient of such communicative process can be internal and external as well, as in the case there are NGO's or special interest group involved.

Deliberative published tools, which can comprise social media applications such as blogging. Using weblogs continuously company try to ensure a direct communication between stakeholders and the corporations. Participation and open discourse are incentivized , and it seems that more the companies is active in CSR activities the greater is the presence in social media, furthermore this makes more proactive the engagement with stakeholders(Seele, Lock 2015).

Given the credibility gap, there is no recipe to gain legitimacy, using one tool rather another. Hence, moral legitimacy can be built working on a mix of different tools, being they as either deliberative or instrumental; the communication approach has to mix them up in order to get the best.

3.5.2 Social communication in SMEs

Communication can be used to manage reputation and to control the flow of information outward and inward. In other words, it can be used to manage stakeholders, and sometimes to manipulate their company's perception. Therefore, the way companies communicate CSR has to be in line with company's identity, to avoid misconception, but mostly with CSR company's identity, because it should reflect exactly the way and the depth CSR is embedded in the organization. (Cornelissen 2004). Van Marrewijk (2003), proposes a distinction among five different ambition levels for social responsibility- "compliance driven", "profit driven", "caring", "synergistic" and "holistic".

"Compliance driven" ambition, based CSR on the compliance of norms or directive, in order to obtain a certification or to comply with a specific governmental law, The motivation for CSR is that CSR is perceived as a duty and obligation, or correct behavior (Marrewijk , 2003).

"Profit driven" on the other hand is not based on avoiding a tax charge because of not respecting a law, but it is a sort of proactive approach in order to gain an economic advantage from CSR activities (Porter, Kramer 2002). CSR is promoted if profitable, for example because of an improved reputation in various markets (customers/employees/shareholders).

"Caring": CSR initiatives go beyond legal compliance and beyond profit considerations. The motivation for CSR is that human potential, social responsibility and care for the planet are as such important (Marrewijk 2003) .

"Synergistic", consists of a search for well-balanced, functional solutions creating value in the economic, social and ecological realms of corporate performance, in a synergistic, win-together approach with relevant stakeholders.

"Holistic" is fully integrated and embedded in every aspect of the organization, aimed at contributing to the quality and continuation of life of every being and entity, now and in the future. The motivation for CSR is that sustainability is the only alternative for all beings and phenomena are mutually interdependent. Each person or organization therefore has a universal responsibility towards all other beings (Marrewijk 2003).

This distinction can be relevant in order to establish the expectation of the company and the stakeholders, on the social behavior of the company. Drawing the attention toward the Small and Medium enterprises, studied conducted on 1071 SMEs enterprise in Europe (Nielsen, Thomsen 2009) showed that CSR activities in Small Enterprises are not formally assigned to line management, but in 23 % of the case , they are integral part of day-to-day conduct in the enterprise. However still Nielsen and Thomasen (2009) showed that the bigger are the companies the more likely is that CSR activities are assigned to the line management. In addition, the survey showed that most of the time, CSR is not communicated to external stakeholders in a systemic way. More precisely, 36 % of the enterprises answered that they communicate to external stakeholder, but only 40% of such companies do it in a systemic way. Also the study showed that a company that consider CSR activities to have in general positive effect on financial performance , are more likely to communicate their CSR activities externally, respect to that consider CSR to have negative effect. Small number of Enterprises have showed that the company have implanted CSR activities, because their customers and/or business associates expect or require it.

Moreover, previous research (Glasl & Lievegoed 1997) showed that in SMEs, CSR communication is more a practice than a strategy, and that is a personal value of the Managers. Strategic CSR communication is not embedded in a company strategy, CSR in SME is more a personal and tacit value (Nielsen, Thomsen 2009). They usually communicate internally, and especially in small enterprises, managers prefer to speak one to one, because formal communication is not particularly valued. This is because the enterprise is under low external pressure, seen the dimension but especially limited impact they have on society, media do not put pressure on them, but especially customer and other stakeholders exert a really low pressure.

Speaking about stakeholders, the focus on the well-being of the employees rather than having concern on the environmental impact. This can be mostly explained, by the fact they received a limited number of request about the environmental impact of their products.

CSR in SMEs is highly care driven and it is aimed to create a good working environment through a employees satisfaction survey. Thus, CSR communication is mostly based on internal communication and strong local commitment (Nielsen, Thomsen 2009).

CHAPTER 4: EMPYRICAL RESEARCH

Introduction

In this chapter, has been described the single cases, in particular showing:

- A brief description of the companies;
- A guide lines on which the CSR is based in this company;
- The description of major instruments to formalize the CSR communication.

In order to describe this three points, it has been used all the information available in the web site.

4.1 Case 1: Adriatica strade SRL

Company operating in the construction sector, founded in 1984 by Guidolin Loris. Already at the time of the foundation, he could count on a multi-year experience in the field of sales alongside his father.

Types of intervention are as follows:

Since 1984 year of constitution:

• Excavations, earth moving and trucking c / third;

• Road and rail works;

• Pipelines, connections and hydraulic defense works;

• Special demolition.

Since 1986:

• Collected and transport of special no dangerous denials, produced by third parties;

Since 1992:

• Collection and transport of special non-hazardous waste to be initiated for re-use;

• Treatment and reuse of recoverable materials from demolitions up to September 2007;

Then:

• Collection and transport of hazardous special hazardous waste;

Since 2008:

• Civil buildings;

Since 2009

• Management of reclamation of polluted sites: Launch of the realization of a special waste recovery and inert plant authorized by the Province of Treviso;

Since 2010

• Launching of the waste recovery facility and subsequent inertia production.

The activity of Adriatica Strade has developed over the years with almost constant growth, assisted by labor supply, acquired, trained and qualified.

The specialization of the workforce, both internal and external, together with the availability of efficient machines and modern working techniques are the strengths of the company.

Adriatica Strade has been associated for years with the Confartigianato di Castelfranco Veneto and the A.N.C.E. - National Association of Builders of Treviso

The company has 40 employees, all of them are skilled and qualified, thanks to all the training courses and the experience of the specialized employees. Since the beginning of their activity, they outsource all the logistics activities, relying on suppliers that follows exactly the rights procedures respecting the environment and the law.

For all the specific activities and sensitive ones, the company rely on the expertise of external professionals such as geologists, engineering consultants, and security and environmental consultants, which assist the organizations in various activities like, training courses and design

In 2009 there was an increment in staff, and was developed a project in order extend the headquarters.

In 2012, the headquarters was finished, ending the development of the energy redevelopment, under the auspices of building sustainability; i.e. using technologies and materials to reduce energy consumption in terms of management costs:

- hyper-thermal insulation;
- installation of infissi to high performances;
- summer and winter climate conditioning;
- containment of electricity consumption by the implementation of a photovoltaic plant;
- Containment of energy consumption from non-renewable sources through the realization of an air conditioning system (summer and winter) with very high efficiency heat pump;

An important issue is the use of photovoltaic for the energy supply:

- Synthesis data for photovoltaic intervention (approximately 20 kWp):
- energy self-production 70%
- CO_2 avoided emissions: 12.5 tons per year.

4.1.1 CSR Communication

The company's path towards sustainability is based on the values and principles that have led from 1991 to today the management in the growth of the Group and its affiliated companies in Italy and abroad: honesty, fairness and transparency in asset management as principles of indispensable behavior for a company's economic and social development.

Sustainable growth is a top priority of the group, committed to balancing economic, environmental and social priorities to create value for all its stakeholders. The firm's commitment to sustainability is realized through product design, product delivery, customer service, how to engage suppliers, how to assess risks and opportunities, and behavior in the community in which it operates.

The goal is to act responsibly according to ethical criteria and respect for the environment and safety.

Already since 1997 the quality system has been certified and since 2002 has been accredited by Ente Terzo.

The goals achieved were the optimal reorganization of resources, the management and elimination of non-quality costs, the introduction of detection techniques for the most important business events.

All this has contributed to the steady increase in turnover over time and the acquisition of important orders and primary customers. Turnover is the largest proportion of public works.

Within the company, the improvement processes relate to the professional and moral growth of employees, the development of supplier relationships, and the correct implementation of standards in respect of human rights.

In May 2013, the company obtained the extension of the environmental certification UNI EN ISO 14001: 2004 also for the construction sites completing the route already undertaken in 2012.

As provided by the new EC 305/2011 regulation, which entered into force on 01-07-2013, the Company provides the Customer with the Statement of Performance for all aggregates products.

Corporate social responsibility has developed in two dimensions: the environmental and social dimensions.

Environmental dimension: The Company is committed to reducing the environmental impacts of its activities and those of its customers. The main driver is energy sustainability, alongside a waste management system and high quality models. The company is committed to reducing energy consumption by 70% self-production, resulting in a reduction in CO_2 emissions (12.5 tons per year). Environmental management systems are a certified reality, and in May 2013, the company obtained the extension of the UNI EN ISO 14001: 2004 environmental certification for construction sites, completing the route already undertaken in 2012. All construction products (manufactured and installations that are manufactured to be permanently incorporated in construction works) comply with Regulation 305/2011 on the sustainable use of natural resources, recycling and eco-sustainability. As provided by the new EC 305/2011 regulation, which entered into force on 01-07-2013, the Company provides the Customer with the Statement of Performance for all aggregates products. Since 1992, business objectives have expanded to a specialization in demolition work. The 1992 obtaining of the Decree of Authorization by the Province of Treviso for the treatment and re-use of materials from demolitions and the subsequent simplified management until 2007 constituted the input to initiate a radical improvement in the site management. Since January 2007 they started to apply for an authorization for the treatment and reuse of inert waste with a completion project conforming to the new T.U. environmental.

In 2009, the project for obtaining the Environmental System Certification was launched in compliance with the current UNI EN ISO 14001: 2004 standard. The system was certified by ICMQ SpA in 2010.

The company, which already operates within its own site, through an environmental management system compliant with UNI EN ISO 14001: 2004, extended its scope to hazardous and non-hazardous waste transport in 2012 as well.

In 2013, the adoption of the environmental system was also implemented for the external construction sites.

Social dimension: The Company is committed to ensuring the health and safety of all employees, suppliers and customers and anyone who can be involved in the business. The company's health and safety policy is reflected in the OSHAS 18001 Certification: Occupational Health and Safety Management System. Obtaining certification from a third part Accredito since December 2012.

The company's security policy uses an aggregate manual signed on 20/04/2015. With which the company not only undertakes to adopt a workplace health and safety management system compliant with BS OHSAS 18001: 2007, but also to realize profits through socially responsible management of the enterprise.

This is a very important aspect in the current economic context, namely the natural continuation of revenues, while at the same time an inseparable attention to the security, economic and physical, of all stakeholders of the company: employees, suppliers, customers. This vision, at the heart of the company's work, is supported by respect for the principle and goals pursued daily.

Among these goals, we are sure to comply with the corporate code of ethics, drafted in accordance with D.lgs 231/01 and s.m.i.

The Code of Ethics of Adriatica Strada Generali Costruzioni S.R.L. is the result of a collegial work shared by shareholders and corporate executives, the Code of Ethics of Adriatica Roads General Construction S.R.L is a governance tool. It identifies the general rules of behavior that must be observed by its directors and employees, as suppliers and collaborators, with the aim of ensuring the proper functioning of all management aspects of both the holding and the subsidiaries in terms of social responsibility, ethics and environmental. It is also a tool for creating a stimulating, innovative work environment, geared towards enhancing human resources.

The Code of Ethics is an integral part of the Organization and Management Model that was adopted by Adriatica Strade Costruzioni Generali S.R.L. on 12/11/2012 pursuant to Legislative Decree 231/2001 extending to legal persons the responsibility for offenses committed in Italy and abroad by natural persons working for the company.

The approach followed by the Company in the drafting of the said Model has been of a substantive nature by analytically highlighting activities potentially at risk of offense and the related principles and rules to be followed in the management of those activities in order to prevent the commission of the offense, the case of fraudulent evasion.

Finally, the Model disciplines the establishment of the Supervisory Body, which was appointed by the Chief Executive Officer by decision of 12/11/2012.

This body has been assigned the task of verifying the implementation of the model by means of controls and verifications, indicating any non-compliance and, where appropriate, suggesting the adoption and / or integration of the most appropriate procedures.

The awareness of the importance of the role of Adriatica Strade Costruzioni Generali within the community in which it operates and the consequent ethical and social responsibilities towards all of its interlocutors has been the main motivation to make explicit and transmit the system externally of values that underlie its mode of being and acting.

The Code of Ethics and Behavior, approved at the same time as the Model, points out the Values and Rules of Conduct that have led the company to over and over, prioritize the quality and fairness of relations with all its stakeholders by developing principles of quality management, security, environment and ethics.

The observance of the Organization and Management Model - Legislative Decree 231/2001 and its Code of Ethics and Behavior by the employees of the company is of fundamental importance for the good functioning, reliability and reputation of the company, factors that constitute a decisive asset for the company's success.

The template contains procedures for preventing and avoiding the following serious offenses:

Relevant offenses ex Lgs. Decree 231/01
• Offenses against public administration; • computer crimes and illicit data processing; • Organized crime crimes; • crimes against public trust; • crimes against industry and commerce; • corporate crimes; • Terrorism crimes; • crimes against individual personality; • market abuse; • crimes for the use of illicit goods; • crimes for breach of labor safety legislation; • violations of copyright; • Induction not to make statements or to make misleading statements to the judicial authority. • environmental offenses.

4.2 Case 2: Oleificio Zucchi Spa

Zucchi Oleificio has remote origins. Already in the early nineteenth century, the Zucchi family was involved in the production and marketing of raw oil squeezed from oilseeds. In the second half of the nineteenth century the activity moved to Pizzighettone (Cr), where a first complex laboratory was built. In the early twentieth century the transition from handicraft production to industrial production dates back to 1922, in fact, in a peripheral area of the city of Cremona, a first production site was built, which in 1938 was further expanded, reaching the size of a true and own factory. The company also decided to specialize in seed oils for food use. In 1946 Oleificio Zucchi S.p.A. was established, the legal form that the company still has. Towards the end of the 1950s, Oleificio Zucchi was among the first Italian companies to introduce an innovative refining system capable of producing large quantities of oil with constant quality. Between the 1950s and 1960s, oil retailing began with the historic Zeta brand. In the years of the "economic boom", a new way of understanding commerce came from abroad: the supermarket. Gianni Zucchi realized that large distribution could become an important outlet for his company. Considering that vegetable oil was a simple product to be considered in the basket of primary goods as well as bread, so with problematic returns in terms of benefit, Zucchi developed the idea, which still represents the main mission company. The vocation to produce and transform the product to meet the commercial and image needs of large organized distribution (production for "Private Labels" brands). In the 70's and 80's, the Zucchi Oleificio grew following the pace of large organized distribution and, on the initiative of Vito Zucchi, who replaced uncle Gianni, an important strategic change was implemented: the semen squeezing phase was abolished, to focus on the stages of continuous cycle refining and seed oil packaging. In the early 1990s, the plant was moved to a new location on the Cremona waterway rod in an area of 80,000 square meters. near the town of Cavatigozzi. The new plant, designed according to the latest technical-plant knowledge, has been conceived with the aim of combining market needs - quality and flexibility - with the focus on the environment. In the mid-1990s, there was a significant structural expansion of the packaging department: the new structure allowed to cope with the strong acceleration of sales volumes of packaged products and to adapt quickly and efficiently to the new packaging required by the 'seed oil. Towards the end of the 1990s, in fact, in the wake of what has been happening abroad for some time, the tin band was partially abandoned to place the envelopes of different plastic formats, more precisely in PET.

The Zucchi Oleificio, therefore, has rapidly developed the warehouse organization, reaching a maximum rationalization of the logistics function. From 2000 to present, modernization of the plant, new buildings and an organizational structure adapted to the new challenges have brought new lymph to a now leading company in the domestic market. Today, the company proposes itself as a reliable and proven partner of modern trade, as well as an innovative player in the seeds market.

Oleificio Zucchi S.p.A. at the end of 2014, employed 120 employees, all involved in the unique headquarters in Cremona. In 2013, the turnover was close to € 170 million. At the end of 2013, a capital increase was paid, fully paid out (Social Capital: € 5,000,000) from the Zucchi family, to demonstrate the commitment and the desire to invest in the company.

4.2.1 CSR communication

Zucchi's commitment to responsible management has been formalized since the early 90's through certifications. These values were formalized in the Sustainability Report published in 2005.

The values assumed by the Zucchi Oleificio, that is, the principles and values of values that overlook the strategic choices, policies and consequently the operational behaviors are as follows:

• Value of the person: this value implies that the physical, moral, and cultural respect of the person should be considered as a priority beyond the economic convenience.

• Transparency and integrity: the transparency of all business activities is a value that you want to bring to the highest levels beyond mandatory legal norms.

• Responsibility: Society believes in sustainable development with respect to the environment, the surrounding area and all the people with whom it interacts

The company takes the utmost account of the quality of the products and the precision of the service, and therefore to make products complying with the technical and legislative requirements applicable to the products themselves and the expectations of its customers; to maintain a socially and ethically responsible behavior by stimulating suppliers to a more humane management policy, influencing their behavior and increasing their ethical and social quality.

The oil mill undertakes to:

• Produce products complying with the technical and legislative requirements applicable to the products themselves and the expectations of their customers, whether explicitly required or implicitly linked to the product's use needs, offering end-users controlled and healthy products.

• Carefully observe the substance and principles of all applicable regulatory requirements and environmental regulations established by the administrative authorities and control bodies and any freely assumed environmental commitments.

• To comply strictly with the substance and principles, all regulatory requirements and safety and hygiene regulations in order to prevent and minimize the risks arising from normal work activities as well as from special or emergency situations. Replacing what is dangerous with what is not, or is less dangerous, and minimizing the number of workers who are or may be exposed to risks;

• Maintain a socially and ethically responsible behavior and stimulate suppliers to a more humane management policy, influencing their behavior and increasing their ethical and social quality.

The Zucchi commitment on the CSR fronts itself into three areas: employees, local community and the environment a) Employee Initiatives The family nature of the organization has always allowed direct contact between employees and the company's top level. In the post-war years, the confrontation with the staff was handled with "crafts" tools and related to the entrepreneur's sensibility. Today, however, an organizational structure adapted to the changing market conditions has allowed the introduction of more standard and transparent tools and has led to the need for coded meeting times and a structure of referrals where all collaborators can find a comparison fair and competent. In particular, it is worth mentioning the Annual Business Assembly, a moment of communication and comparison between management and all employees. The Shareholders' Meeting, which was born in 2004 in a phase of strong corporate and generational change, has as its main objective the promotion of communication and internal relations and the sharing of strategic decisions of the business summit with its collaborators:

each year the President relays on the main business and management results, presents the company-level future goals, and the manager of a function presents the results of its own area (the presentation of function results each year has a different function). During the assembly, which involves both employees and temporary employees, the new employees are officially accepted with the delivery of the Corporate Values Card. Workers who reach the 10, 20 and 30 years of career at the company are also rewarded here. Finally, at the Annual Business Meeting, a brochure - "Zucchi Planet" - is distributed, with an indication of the initiatives for the community. Another initiative aimed at expanding the two-way communication between the company and its collaborators was the climate survey carried out in 2003 through an Internal Questionnaire. In 2005, a new employee questionnaire was re-examined to verify the achievement of the commitments made by the Assembly in previous years and any suggestions for improvement. Since 1993, the award was introduced, which is an economic recognition, linked to productivity, efficiency, profitability and quality indices. Over the years the evaluation model has been gradually improved, up to the structure it has today. The model currently in force provides for a homogeneous grouping of asset ratings and distinguishes general indexes from indexes that a single worker can constantly verify and can directly affect on their specific business: the detail of assets is reported in a single business card assessment that area referents are required to fill in for their area of responsibility. The evaluation is done on teamwork and therefore, in the face of adversely affected individuals, there may be a spur action by the other components. Great emphasis is given to the selection and training of staff. With regard to selection, it is noted that great attention is paid to the personal characteristics of individuals, with particular regard to emotional intelligence: Oleificio Zucchi looks for people who are distinguished by self-control, empathy, attention and will to learn. Since 2004, training hours have been intensified: the content involved both personality development and function development and skills development. Investments in training were also made with regard to the RSI area: in 2006, the Quality Manager and the Head of Personnel followed the "CSR Manager6" training course held at the High School of Enterprise and Society (ALTIS) of the Catholic University of Milan. Other RSI initiatives in favor of staff include: - Facilitations linked to the most important sports realities in the area; - Facilitations related to access to the seasons of the Teatro Ponchielli billboard, whose Foundation Oleificio is a promoter; - free flu vaccine.

b) Initiatives in favor of the local community The link with the territory is the guiding principle that accompanies the company since its foundation: every year the company supports sports and cultural initiatives promoted by local organizations such as the Teatro Ponchielli Foundation and some companies local youth sports (US Bernardiniana - Volleyball, Bissolati - Water Polo, Cavasport - Football, Crown - volleyball, etc.). The company shows a great deal of opening up to employees' reports of potential contributions to sports clubs, non-profit organizations and gifts for disadvantaged people. In addition to the local environment, the company has been contributing for years to national solidarity and cultural associations, such as the FAI (Golden Donor) and also showcasing sensibility to the problems of the countries of the South of the world by purchasing Christmas panettons fair trade solidarity and having installed in the firm coffee machines of the Fair Fair Circuit. There are two particularly important initiatives, the collaboration with the Pepo Team and the restoration of San Michele altar: - for four years Oleificio has supported the Pepo Team, a local sports association of highly skilled young people and, in particular, year 2006, he supported the European mini tour that brought eight Cremona athletes and their accompaniers to a soccer tournament in Denmark. - in 2006, on the occasion of the 60th anniversary of the establishment of S.p.A., the Oleificio financed the restoration of the altar of San Michele and of the rear frescoes in the northern transept of the Cathedral of Cremona. c) Environmental initiatives and quality and environmental certifications for years, the philosophy of recovery is in the DNA of the company. Since the 1990's, Zucchi Oleificio is committed to keeping waste materials separate and reducing the volume of raw waste from disposal. Oil refining waste is in fact entirely destined for recovery as it is of organic origin. Everything that is separated from the processed oil, which is no longer marketable as a foodstuff, is partly used for direct disposal on agricultural land, contributing to fertilization. Recently, Oleificio has also undertaken a plan to replace asbestos roofing in buildings prior to the 1990s. Quality and environmental certifications held by the company are: - Quality Management System - ISO 9001 - since 1993; - security management system - application of Dl 155/97 - since 1995; - Hygienic self-control system - HACCP - since 1998; - environmental management system - ISO 14001 - since 2000; - NO GMO certification of products since 2003; - Certification according to IFS-BRC standards since 2005. In 1999 Oleificio joined the SA8000 (ethical certification) project proposed by some customers and involved suppliers.

At the beginning of 2011, SA8000 certification on Corporate Social Responsibility was obtained. This is an international voluntary standard aimed at improving the conditions of workers and requiring the following requirements:

- the complete absence of any form of child labor in the organization;

- complete absence of compulsory or coercive work;
- Safety and health are at the heart of business activity to ensure a safe and healthy workplace for workers and anyone who can be involved in business activities;
- respect for freedom of association and the right to collective bargaining;
- Equal opportunities for all people working to prevent any form of discrimination;
- that the application of disciplinary procedures takes place in accordance with the provisions of the CCNL, respecting the employee's integrity;
- that working hours and wages are consistent with industry standards and what the CCNL provides.

The company and their respective suppliers are encouraged to develop, maintain, and apply socially acceptable behaviors in the workplace. Certification is a further testimony to the company's ongoing corporate commitment to corporate social responsibility.

4.3 Case 3: Colorificio San Marco S.p.a

In 1937 Pietro Tamburini founded a stock of colored lands close to Treviso railway station. In eighty years, under the leadership of the Tamburini-Geremia family, four generations have succeeded, under whose leadership this store has become a consolidated reality. During the 50's, Pietro Tamburini began selling ready-to-use products as well as raw materials. In 1962, the foundation of Colorificio San, Marco with the summit Pietro Tamburini and his daughter Alessandrina Tamburini was created. In 1956, the company moved from Mogliano Veneto to its current headquarters in Marcon in the province of Venice. In 1972, the company became a S.p.a, and from here begins the expansion process that from 1996 to 2013 leads San Marco to acquire 7 companies. Today, Colorificio San Marco Spa has 230 employees and a turnover of 70 million. It is the parent company of San Marco Group, leader in Italy in the production and marketing of paints and varnishes for professional construction, exporting to over 100 countries around the world.

The mission is defined as follow:

- to position itself as one of the first industrial realities in Italy in the sector of professional coating systems for professional construction in terms of market share, product quality and territorial coverage;
- to develop innovative, technologically advanced, environmentally friendly products;
- Consolidate relations with Italian and foreign clients through the provision of qualified professional services;
- to represent, in terms of corporate ethics and social responsibility, an important reference for collaborators, customers, suppliers and all stakeholders;
- to promote the culture of restoration and the value of made in Italy in the world.

The company has tried to build value added, developing over the years:

- The relationship with customers based on the attention and advice,
- The state-of-the-art research and development department, able to offer innovations in tune with market needs.
- Selection of competent collaborators and continuous improvement of their professionalism

- Convinced adoption of a philosophy based on sustainable development and attention to people's wellbeing.

4.3.1 CSR Communication

The Colorificio San Marco has always believed in artistic, cultural, sports and social sponsorship, both as a strategy for image promotion and above all as a social responsibility for the territory and the community. Promoting the restoration and enhancement of palaces and monuments means returning to society a heritage of art and culture that everyone can enjoy and through which they can know and appreciate artistic expressions of unique beauty.

Investing resources in sports means educating young people to work for goals, being ambitious to improve their performance, teamwork, compete for important goals.

Investing resources and energies in society means helping to improve the living conditions of disadvantaged and troubled people.

Among the major activities carried out by the company are those for the restoration of important buildings and historical monuments and artistic and cultural sponsorships in Venice (Restauro Colonne Napoleoniche - Piazza San Marco

Procurie vecchie - piazza San Marco, palace large stations, biennial - Padiglione Italia , Scala Massari Artigianelli, Zen Chapel, Pennini Piazza San Marco, Biennale Statua La Partigiana), and out of Venice (Future Station Torino, Ca 'dei Ricchi- Treviso, Abbazia La Sacra San Michele - Turin, Royal Palace - Turin, Statua La Partigiana , Dole-France Tribunal, Fabrica, Villa Emo Vedelago, Villa Ogliani Turin, Palazzo Venezia).

Obviously the commitment of the same company, as already mentioned before, has also turned to the sport, manifested in sponsorships such as: Rugby Fencing Cycling, Volleyball Kicks, Rally other sports (deep sea fishing, motor racing, world cup gymnastics Jesolo, Race race Marcon, racing sports, sports veil).

San Marco has also been productive in social sponsorships:

Art 4 Sport Onlus

ONLUS Association which believes in sports as a therapy for the physical and psychological recovery of children and young people with disabilities and disorders.

San Marco Russia Foundation

Russian ONLUS Association supporting two orphanedrops in Moscow hosted by children with mental illness.

Abo Project-cancer research

Association for the Use of Biotechnologies in Research against Cancer.

The Friends of Music of Mogliano Veneto

Association that promotes cultural and musical initiatives.

Maria Grazi Cutuli School

School Institute located in Afghanistan.

Music Therapy

Constant Gris Institute.

In addition, environmental policy is of great importance, which is described in a very precise and detailed way on the company's website. The preservation of the environment, respect for nature and the well-being of its employees are elements that define the ethics and responsibility of San Marco Group towards the Company.

Numerous examples of concrete initiatives demonstrate the commitment of the company to respect the environment, the respect of the Volatic Organic Compound (VOC), largely within the limits set by Community legislation, to the use of about 45% of raw materials used for the production of natural origin. The Management buys the "zero km" supplier, production based on constant emission reduction in the atmosphere, optimization of raw material transport and reduction of packaging. Reduction of waste generated and a careful differentiated collection put the company in a position to monitor and where possible reuse waste wherever it is possible. The installation of photovoltaic panels for auto electric power generation is synonymous with the attention of the company for energy-efficient use.

The environmental impact of company products is quantified through the Life Cycle Assessment (LCA). This tool allows you to systematically assess the environmental impact of a product throughout all phases of its life cycle. This methodology sets out precise objectives for reducing the environmental impact by identifying what improvements can be made in the production processes.

San Marco Group has developed its environmental product catalogs: a synthetic document that reports the environmental impacts calculated with the LCA, LEED credits that the product can help in obtaining and other information such as VOC emissions and fire resistance. Environmental cards are used to communicate the environmental characteristics of products in a transparent, simple and complete way. The cards are used by designers, but also by the most attentive customers who want to document the products that are used in their home.

In addition to having the LCA of many of its products, the Colorificio San Marco has taken a step further by obtaining EPD (Environmental Product Declaration) certification for some products. The company makes the environmental performance of the product public with this type 3 ecolabel. The procedure for obtaining EDP involves carrying out an LCA study that meets a number of requirements, validation by a third party, and finally registration.

The chosen EPD system is the Swedish one, recognized internationally as it joins the Global Type III Environmental Product Declarations network (GEDNet), which harmonizes the EPD programs developed by individual countries worldwide. Colorificio San Marco is the first company in Italy to have obtained EPD certification for paints and varnishes and for three of Marcotherm's thermal insulation systems.

Conclusion

This Thesis has analyzed three companies having the characteristics to belong to the Small and Medium enterprises. All of the companies were studied because they has been particularly keen to the CSR topic. Specifically, they were chosen among a bunch of companies because of their attitude in communicating their CSR activities on their website. Their emphasis on CSR is underlined by the fact that for different reasons, they appear to be enlisted among the best CSR practitioners in their regions. They belong to different industries, in order to have multiple perspective, because the rate of participation in voluntary disclosures varies significantly across industries (Brammer, Pavelin 2004). The different industries can be divided into two categories: sensitive and non-sensitive. Some industry are sensitive to the environment like chemicals, or manufacturing, or car industry. In our findings, case 1 and case 3 belong to the sensitive industry, and as showed their disclosures on their website are quite detailed. In line with the study of Bonsón, Bednárová (2015) , companies of the sensitive industry tend to disclose as much CSR information as possible, trying to balance the environmental arms of their core activities. However surprising, is the case 2 of (Oleificio Zucchi) which cannot be considered in the sensitive industry, but its involvement toward ethics and sustainability is disclosed in the web site since from the home page, driving the attention of the visitors , potentially customers or stakeholders, towards sustainability. This is because, particularly in a food industry during this century, customer perception has been focused on product safety and health, and being certified can justify a price premium.

Sensitive industry and Food industry, for the reason explained before, used their web site to show their commitment to CSR. This is in line with the instrumental published communication of Seele, Lock (2015), each communication falling in the category of instrumental and published (CSR website CSR report etc.) is accessible to outside stakeholders used to get the message across the different stakeholders.

All this companies attempt to enhance their image reporting their environmental and social activities notwithstanding their ownership structure, where a study conducted by Revert (2009), found that , the more the ownership structure is dispersed, the more likely is the involvement in CSR disclosure. All the companies analyzed, seen their dimensions, have an ownership structure mostly concentrated in the founders hands. However, this finding is in line with the study conducted by Jenkins (2004), who stated that the owners take most of the decisions in the SMEs and they are not always profit driven.

Analyzing differences in size, where most of the study found positive correlation between size and disclosure (Watts, Zimmerman 1990, Du, Vieira 2012), there are others which critics it. In our study, there is a large gap between case 1 and case 3, and still there was not found significant differences in their involvement in CSR activities and disclosure. This result is consistent with the critics moved to company size (Roberts, Dowling 2002) , because it is correlates with many other corporate characteristics.

All of the three company studied, showed strong commitment to the welfare of the employees, and most of their effort is exerted to keep a good working environment. Furthermore, all of them improve over time their workforce, making them more skilled and qualified. This is in line with the finding of Nielsen Thomasen (2009).

The extent of disclosure result shows that the sampled companies have given the most attention to the local community, as we saw earlier, it is published on the web site. Then it can be stated that this is in line with the study of Nielsen and Thomsen (2009). Seen the importance of the community in which these companies exert their activities, this is consistent with the legitimacy theory (Cho, Patten 2007, Deegan, Rankin et al. 2002, Haniffa, Cooke 2005). Further, the companies showed the commitment within a specific local area, building legitimacy through openness and trust, all the properties of Social capital Theory (Russo and Temati 2009).

To sum up, what emerges from this work seems to confirm the perception that CSR disclosure is effectively used as a way to manage a company's public image. CSR practices nowadays are deeply-rooted in companies overall strategies because, this is what society expect from them. Small and Medium Enterprises, however, seem to engage in CSR activities not only to sustain the desire to "leave a better world" to the future but, most of all because society expect them to do so and by showing their socioenvironmental commitment, companies are able to protect their reputation or even improve it.

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