

Corporate Social Responsibility Practices in Italian SMEs

Alessia D'Andrea, Lucia Montanini

(Università Politecnica delle Marche, Piazzale Martelli, 8 - 60121 Ancona, Italy)

Abstract: In the Italian contest — during the year 2013 — a survey to 49 small and medium-sized enterprises (SMEs) was conducted in order to examine the development of Corporate Social Responsibility (CSR) communication tools and to investigate the key characteristics of small business social responsibility. The study verifies also the existence of any changes compared to previous researches on CSR issues in small and medium enterprises. The findings highlight that there is a lack of social accounting mechanisms (ISO14001, EMAS, report, ethic code) in a context characterized by internal reluctance to delegate (SMEs appear to be owner-driven companies) informal consultation and absence of compulsory regulation. The personal choices made by the entrepreneurs/owners play a fundamental role in shaping a responsible corporate strategy and in communicating their social initiatives. The availability of financial resources and skills as well as the absence of specific guidelines (planned for SMEs) can represent an obstacle to adopt the CSR communication tools.

Key words: social responsibility; small and medium-sized enterprises; social and environmental disclosures; Italy

JEL codes: M14

1. Introduction

Small and medium-sized enterprises (SMEs) constitute 99% of all businesses in the European Union and were responsible for 66.5% of total employment and 57.6% of the gross value added generated by the private, non-financial economy in Europe in 2012 (Annual Report on European SMEs 2012/2013). These enterprises constitute the backbone of Europe's economy and collectively have a significant social and environmental impact (Roth, 1982; Fuller, 2003; Spence et al., 2003). Their organizational and contextual characteristics influence small business social responsibility behaviors (Lepoutre & Heene, 2006).

Nevertheless, as acknowledged by the literature, measuring social responsibility in small businesses may be difficult (Moore & Spence, 2006; Spence, 2007). At the same time, interest in Corporate Social Responsibility (CSR) practices among small and medium-sized enterprises (SMEs) has been growing and several studies have been conducted in this field (Spence & Rutherford, 2003; Fuller & Tian, 2006; Jenkins, 2006; Murillo & Lozano, 2006; Perrini, 2006; Vives, 2006; Perrini et al., 2007; Azmat & Samaratunge, 2009; Moore et al., 2009). Some of these studies have suggested that the personal choices (Spence & Rutherford, 2001) and the ethical values of

Alessia D'Andrea, Ph.D., Professor, Università Politecnica delle Marche; research areas/interests: financial and management accounting, corporate social responsibility, small and medium enterprises, health care management, public accountability. E-mail: a.dandrea@univpm.it.

Lucia Montanini, Professor, Università Politecnica delle Marche; research areas/interests: financial and management accounting, corporate social responsibility, small and medium enterprises, business ethics, public accountability. E-mail: l.montanini@univpm.it.

entrepreneurs/owners/managers (Fuller & Tian, 2006; Murillo & Lozano, 2006; Spence, 2007) — as well as their past experiences (Perrini & Minojan, 2008; Del Baldo, 2012) — appear to play a fundamental role in shaping a responsible corporate strategy and enhancing company social responsiveness. At the same time — as demonstrated by previous researches, published at least five years ago (Venturelli & Pilisi, 2003; Longo et al., 2005; Perrini, 2006; Borga et al., 2009; Russo & Tencati, 2009) — the availability of financial resources and skills as well as the absence of specific guidelines (planned for SMEs) — represented an obstacle to adopt the CSR communication tools. During the year 2013, a further empirical study was conducted — object of the present work — in order to examine in depth this phenomenon and to verify the existence of any changes compared to previous studies and findings, in the Italian contest. This research involves 49 SMEs, which participated to a survey (administered through a questionnaire), specifically dedicated to analyze which factors influence the development of Corporate Social Responsibility (CSR) communication tools and to investigate the key characteristics of small business social responsibility. In particular, the research aims to highlight the key characteristics of small business social responsibility; to understand how SMEs communicate their social initiatives; to analyzing the diffusion of CSR communication tools; to highlight the reasons behind the enterprises' external social communication. Respect the last point, the study analyzes the information typically diffused and the tools utilized (for example: social and/or environmental report edited according to standard Account Ability 1000-AA1000 and or GRI Guidelines, Social Accountability 8000-SA8000, ISO14001 and/or Eco-Management and Audit Scheme-EMAS, etc.). The questionnaire has been articulated in two sections: the first part asks for general information (on the enterprises and corporate government policies); the second concerned the SME's CSR practices, knowledge, management tools, reporting tools, as well as the SME's relationship with clients, suppliers, the local community and the environment and how information is communicated to these stakeholders.

The study highlights the similarities or the differences respect to previous works about the analyzed issues; it looks at a range of social and environmental disclosures to test the current level of accuracy in voluntary reporting activities of Italian SMEs, operating in a limited geographic area and it investigates the importance of managers' personal choice.

The paper is organized as follows: first, it outlines the reasons for a company's adoption of CSR practices and accountability mechanisms; second, it examines CSR practices in SMEs and the related reasons for and obstacles to disclosing social and environmental information and the subsequent socially responsible practices; third, it explains the methods used and the findings of the research. Conclusions, limitations, and future research opportunities are discussed in the last section of the paper.

2. Why Does a Company Implement CSR Practices and Accountability Mechanisms?

The activities of business organizations can have an influence on a wide range of different stakeholders, who need a combination of quantitative and qualitative financial and non-financial information to assess whether the entity is socially, financially and environmentally responsible (Gray & Guthrie, 2007, p. 23). There is rising attention and pressure placed upon organizations to identify, manage, and respond to performance perceptions of individuals or groups, whose support is critical to their long-term success. Corporations need accountability mechanisms able to recognize stewardship for the resources entrusted to it and to demonstrate and increase their trustworthiness as part of a reputation-building process (Gray & Guthrie, 2007; Owen et al., 2001).

Through social accounting, containing all “forms of accounts which go beyond the economic” (Gray, 2002,

p. 687), business organizations could legitimize their activities (Hogner, 1982; Hopwood, 2009) and users could assess whether the entity is socially, financially, and environmentally responsible. Social accounting recognizes stewardship to corporations, through accountability for the resources entrusted to it (Gray & Guthrie, 2007, p. 91). It implies the measurement of the impact of an organization's activities upon the social environment within which it operates, through the preparation and publication of social reports that range from financial information to "a combination of quantified non-financial information and descriptive, non-quantified information" (Gray, 2000, p. 250). It is an "extension of disclosure into non-traditional areas such as providing information about employees, products, community services, and the prevention or reduction of pollution" (Mathews & Perera, 1995, p. 364).

Social accounting identifies a combination of accounting for different things, in different media, to different individuals or groups, and for different purposes (Gray et al., 1996, pp. 3, 11).

Previous studies have shown that important variables that could influence the level of social disclosures appear to be:

- the corporate size (Cowen et al., 1987; Adams et al., 1998),
- the corporate age (Roberts, 1992),
- the management decision horizon (Trotman & Bradley, 1981),
- the country of origin of a company (Trotman & Bradley, 1981; Cowen et al., 1987; Guthrie & Parker, 1990; Roberts, 1991; Adams et al., 1998).

Other scholars argue that social and political context may constitute an influencing factor in shaping social and environmental disclosures (Burchell et al., 1985; Adams & Harte, 1998), as well as corporate culture (Adams 2002) and ethical relativism (Lewis & Unerman, 1999).

There is another stream of research, which provides evidence that social disclosures are motivated by a desire, by management, to legitimize various aspects of their organizations and investigates what motivates managers to do it (Guthrie & Parker, 1989; Patten, 1992; Roberts, 1992; Adams et al., 1998; Deegan, 2002). In confirmation of that, Freedman and Stagliano suggest that: "*Social disclosure, for the most part, is a function of the attitude of top management toward its stakeholders. Whether there is an economic motivation for the disclosure... a reaction to user needs... or a political motivation... is probably a consequence of each management's particular perception of the world it faces*" (Freedman & Stagliano, 1992, p. 113).

To explain social and environmental disclosure practices (why particular disclosures are being made and how organizations should make particular disclosures), reference is often made to legitimacy theory, which, from a system-oriented view (Gray et al., 1995; Deegan, 2002), considers the entity to be influenced by, and in turn to have influence upon, the society in which it operates. This theory draws on the idea that companies have a "social contract" (Mathews, 1984) with a broad range of stakeholders, which justifies the existence of the corporation and helps in defining both corporation rights and responsibilities to parties other than itself (as a legal entity) and those to whom it acknowledges being responsible (Donaldson, 1982).

Legitimacy theory analyses corporate social behavior from a managerial perspective (Guthrie & Parker, 1989; Patten, 1992; Mathews, 1993; Tilt, 1994; Wilmshurst & Frost, 2000; O'Donovan, 2002; Rahaman et al., 2004). Despite its recognized limitations (Neu et al., 1998; Deegan, 2002; O'Dwyer, 2002; Adams, 2008; Bebbington et al., 2008), legitimacy theory provides useful insights into the managerial decision-making process because it makes it possible to explain what, why, when, and how certain items are addressed by corporate management in their communication process (Magness, 2006). In particular, Neu et al. (1998) argues that companies try to manage their legitimacy also because it "*helps to ensure the continued inflow of capital, labour and customers*

necessary for viability” (p. 265). In this case, the customers, the commercial practices and the availability of economic resources play a central role. Moreover, in the legitimacy theory literature, the centrality of the manager is stressed; for example, Mangos and Lewis (1995) state that “*corporate social responsibility is a form of corporate social responsiveness by the managers of a firm to pressures which they perceive and the managers then attempt to influence the social environment*” (p. 56).

3. The Approach to CSR Practices in the SMEs: A Literature Review

Before studying the CSR practices and the issues surrounding the min SMEs, it may be interesting to briefly concentrate on the characteristics of SMEs, to understand the key factors able to influence the management’s decision to disclose social and environmental information. SMEs have a number of specific internal and external dynamics that explain their behavioral characteristics and determine their different nature with respect to large firms (Holliday, 1995; Spence, 2007; Jenkins, 2009): less formal structures and looser control systems, less documentation on transactions and fewer procedural obstacles (Longenecker et al., 1996; Beaver, 2002), informal and flexible organization (Spence, 1999). SMEs are both reluctant to adopt voluntary regulation and less receptive to institutional pressures (Tilley, 2000; Dex & Scheibl, 2001); but, at the same time, these realities are able to rapidly respond to market stimuli and, thanks to their flexibility, are able to incorporate social and/or environmental benefits in product and service value (Jenkins, 2006).

Their competitiveness often depends on their good reputation; a key characteristic of small businesses is their capacity to attract clients and employees in the local community, to engage in practices that are aligned with their stakeholders’ wishes and, consequently, to behave in a socially responsible way (Besser, 1999; European Commission, 2003; Lepoutre & Heene, 2006), even if they are unaware. These organizations are often embedded in local communities (Spence et al., 2004; Tencati et al., 2004) and the external relationships are maintained personally (Spence, 2007). In fact, according to Fassin (2008), SMEs “*have a very social approach to dealing with their people, even if they do not use or even do not know the term ‘CSR’*” (p. 368).

As a result, social and community activities are often informal, fragmented, and guided by the personal motivation of the owner-manager (Maitland, 2002; Jenkins, 2004; Spence, 2000), whose social responsibility is mainly expressed through loyalty to the employees, customers, and suppliers, who constitute the principal stakeholder groups (Vyakarnam et al., 1997; Spence, 2000; Lepoutre & Heene, 2006). The owner is the person who bears the ultimate responsibility for running the organization, as does the owner-manager: there is a convergence of ownership and control (Spence, 2007). Therefore, the personal values of the owner-manager influence the implementation of new ideas and the realization of competitive advantage; his/her individual beliefs guide the decisions on how to use the resources entrusted to the company (Teal & Carroll, 1999; Solymossy & Masters, 2002; Jenkins, 2009). In other words, the ownership–management structure, rather than the size, determines the company’s behavior and the approach to CSR (Cambra-Fierro et al., 2008).

Small business owner-managers are mainly attentive to activities related to their key stakeholders (employees, customers, and suppliers) and they model their own behaviors around the principles of loyalty, openness, honesty and fairness (Lahdesmaki, 2005; Lepoutre & Heene, 2006; Del Baldo, 2012). A key feature of small businesses’ social responsibility is their preference for charitable support and maintenance of the livelihoods of employees, managers and owners (Spence, 2000). About this point, the research by Longo et al. (2005), developed in the Italian SMEs, emphasizes the attachment of the owner (and his family) to the local contest, to his employees and

the strength of the relationships (and the affinity) with local suppliers, charitable associations but especially with the local authorities. The entrepreneur's actions are often guided by his goal of passing the reins of his firm to his children, his long-term vision and his attention to reputation in the local contest (Vyakarnam et al., 1997; Spence, 2000; Del Baldo, 2012). According to Russo and Tencati (2009), the strong relationships of owner-managers with their local communities help to develop different ways of thinking about and evaluating business ethics and CSR approach: in fact, the authors assess that — in SMEs — the approaches to CSR depend on the individual behaviors of owner-managers, who are influenced by the local context.

At the same time, the extant literature and previous studies show that SMEs have little time or financial resources to dedicate to social responsibility practices (Observatory of European SMEs, 2002; Tilley, 2000). In fact, as shown by Spence et al. (2003), the limited resources available (money and time needed to collect information and to employ specific professional skills) is one of the possible obstacles to adopting CSR communication tools and to implementing CSR administrative structures. But not only, in some cases, the skills that may not be available in SMEs, the returns of financial investments to implement CSR practices may not exist in the short/medium term (Venturelli & Pilisi, 2003; Castka et al., 2004; Borga et al., 2006). For these organizations, just observing the law may often be a problem (Tilley, 1999; Petts et al., 1999); several authors — mentioned before — highlight that the owner's perceptions are that these tools (also directed to external communication) could represent a cost and not an opportunity for creating a competitive advantage. As result, the accountability mechanisms, that could legitimize the organization's activities (Hogner, 1982; Hopwood, 2009) but have no immediate return, are less developed in SMEs than in large firms (Lepoutre & Heene, 2006). Moreover, speaking about the absence of CSR tools, Thompson and Smith (1991), more than twenty years ago, state that — in SMEs — this factor could be due to a lack of sufficient influence, resources, public visibility and available information, as well as inappropriate research methodologies.

Despite all the possible obstacles, previous literature (Castka et al., 2004; Simpson et al., 2004; Del Baldo, 2012), about these issues, emphasizes the potential benefits of voluntary reports or other CSR communication tools. In particular, some of them could consist in enhancing the reputation, managing social and environmental performance (not only economic indicators, as required by law, in some cases, and typically developed in the SMEs accounting system); building loyalty and trust with the stakeholders, improving the dialogue with them, thanks also to stakeholder engagement tools.

4. Research in Italian SMEs: What Is Their Approach to CSR?

4.1 Methodology and Research Sample

In order to examine in depth the phenomenon of CSR approach in SMEs and to verify the existence of any changes compared to previous studies and findings, in the Italian contest, a specific questionnaire was built (Burchell et al., 1980; Chua, 1986; Ahrens & Chapman, 2006; Chapman et al., 2006). Specifically, the survey aims to highlight which factors — acknowledged by the literature — could influence the CSR practices and the accountability mechanisms adopted in SMEs and to understand the motivations of entrepreneurs/managers to disclose social and environmental information about the impact of these practices and mechanisms on company activities.

The template (utilized for the survey) contains a general part and a second part focused on CRS (knowledge, tools and stakeholder relationships). Specifically, the questionnaire — a “multiple choice” quiz — is divided into

three sessions:

(1) the vital statistics of the interviewed company (number of employees, activity field, starting year of activity, sales revenue, the proportion of sales revenue generated by sales to export markets, the number of employees, the composition of the organizational structure, the description of the corporate governance mechanisms, some details of the import market, and so on);

(2) the degree of knowledge on the social responsibility issues, identified obstacles or perceived benefits of the adoption of CSR management tools;

(3) the approach in managing the relations with the different stakeholders and tools used in the communication process with them.

In order to understand voluntary disclosures made by SMEs, the questionnaire covered a broad and diverse array of topics. These included product information, environmental impact of business operations, labor practices, relations with employees, and supplier and customer interactions. In addition, it also included questions on political and charitable contributions, community activities, and effects of company's products on consumer health and safety.

The questionnaire has been administered by mail and/or fax to the sample of companies, consisting of small/medium enterprises (mainly family businesses) present in a limited territorial area. The geographical area — in which the SMEs operate — is about 400,000 inhabitants. This area is situated in the center of Italy, with a surface area of 2,087 square kilometers, of which 74% is hills, 26% mountains and the remaining, is coastal, with two National Natural Parks. The population is about 390,000 citizens, mainly located in three urban areas. According to local statistics (updated to 2012), the majority of the companies operate in agriculture (24%), retail (23%), service (19%), manufacturing (17%) and construction (13%) industries. The manufacturing industry — mainly specializes in footwear production — is concentrated in a small area, and is characterized by interconnected firms focused on different activities. Excluding the micro enterprises (with less than ten employees and primarily operating in the agriculture and retail sectors), the remaining companies are small and medium-sized enterprises (only 2% of the total is represented by larger companies).

The research project (in this area) begins five years ago-as subject of a PhD thesis — with the aim to identify the factors that characterize the local business and it ends with the present research on the factors peculiar to the social responsibility of the local SMEs.

The sample is select from the database of the Assindustria Report, with the collaboration of territorial institutional organisms (Chamber of Commerce, Provinces and Statistical Institute). The selection includes the 506 SMEs with more than 10 employees and less than 250 employees. Specifically, the selection of the SMEs was made according to the parameters set by the European Community (with legislation of 6th May 2003) in defining micro, small and medium-sized enterprises which included business organizations with more than ten employees and less than 250 employees.

From this sample, 409 enterprises were contacted (the remainder were found to no longer be in business). Following the initial mailing, a call was made, then a reminder letter, and a second copy of the questionnaire was sent out two months later. This second letter was sent to all of the sample companies that had not responded. There were 49 useable responses received (a response rate of 11%). The majority of the respondents hold top (28.6%) or middle (22.4%) management positions, including, in this second cluster, employees who are responsible for a specific business area. 79.6% of the respondents have spent more than three years in their current position.

4.2 Research Findings and Discussion

Of the 49 SMEs, 77.6% are small enterprises (including 12.3% micro enterprises with a high level of sales revenues such that it was decided to include them in the research sample) and the others are medium-sized enterprises. An analysis of the business industry (Table 1) showed that this corporate characteristic was quite variegated, with a prevalence of footwear (26.5%), mechanical (12.2%), logistics (8.2%) industries (smaller percentages for the construction, food, telecommunications, tourism, and clothing industries).

Table 1 Business Industry of the Sample

	No.	%
Food	2	4.1%
Other-trade	2	4.1%
Shoes/accessories for footwear	13	26.5%
Chemicals-rubber-plastic	2	4.1%
Steel components	1	2.0%
Natural gas distribution	1	2.0%
Building	3	6.1%
Pharmaceutical	2	4.1%
Waste management	1	2.0%
Telecommunications	3	6.1%
Wood	3	6.1%
Building materials	1	2.0%
Mechanical engineering	6	12.2%
Private healthcare	1	2.0%
Facilities	2	4.1%
Musical instruments	1	2.0%
Textile, accessories, services and clothing	1	2.0%
Transport and logistics	4	8.2%
Total	49	100%

The majority (63.3%) of the SMEs surveyed operate with one division. Only eight companies could be defined multinational enterprises with several connected firms, mainly in eastern European countries.

In terms of duration, 81.6% of the firms were established less than 35 years ago and 59.2% of them are still managed by their own founders.

An analysis of the corporate governance structure revealed a strong presence (in 80% of the SMEs) of members of the same family in top management positions and the coincidence between the manager and the owner/entrepreneur.

This research highlighted the fact that the Italian SMEs surveyed do not possess a Corporate Social Responsibility department or employees who regularly allocate time to social, environmental, and ethical issues. Moreover, 53.1% of the respondents in the sample declared a lack of knowledge of CSR-related topics.

In answer to the question about which factors could enhance the development of social and environmental practices, managers (who could choose more than one possible answer) responded as follows (Table 2): 91.8% said that it mainly depends on the availability of economic resources, but 79.6% also gave significant weight to the personal philosophy of the entrepreneur.

Table 2 Factors for the Development of Social and Environmental Practices (More than One Possible Answer)

	No.	%
Personal philosophy of the entrepreneur	39	79.6%
Legislative obligations (work safety, environmental protection, etc.)	32	65.3%
Availability of economic resources	27	91.8%
Promotional initiatives and training course (by public or private organizations)	25	51.0%
Others	1	2.0%

As highlighted by previous studies (Venturelli & Pilisi, 2003; Longo et al., 2005; Perrini, 2006; Borga et al., 2009; Russo & Tencati, 2009; Del Baldo, 2012), this evidence identifies economic performances and the need for financial incentives as two of the most important variables in developing social accounting information. However, also, it confirms Roth's idea that "if the owners and managers of small businesses believe this obligation exists, they may want to report the social data to the public" (Roth, 1982, p. 29), thus highlighting the nature of the majority of SMEs as "owner-manager driven" (Spence & Rutherford, 2003, p. 2). Although the literature (Tilley, 2000; Dex & Scheibl, 2001) acknowledges the importance of the law in motivating disclosure practices by managers/entrepreneurs. It is particularly evident in Italy, a country recognized as a civil law nation driven by normative prescriptions (as opposed to the common law system in the UK, for example).

The research suggests that all SMEs consider their key stakeholders to be employees, customers, owners, suppliers and top management; whereas less importance in their relationship management was accorded to public administration, banks, research centers, competitors and the media (more than one possible answer).

Table 2 Key Stakeholders (More than One Possible Answer)

	No.	%
Workers and employees	42	85.7%
Top management	23	46.9%
Board of directors	27	55.1%
Owners	29	59.2%
Customer	33	67.3%
Inspection bodies (authority)	5	10.2%
Suppliers	27	55.1%
Banks	11	22.4%
Partners	7	14.3%
Competitors	5	10.2%
Local government (Province, Region, ...)	8	16.3%
Universities and training institutions	6	12.2%
Not for profit associations	11	22.4%
Media	5	10.2%
Local community	4	8.2%
Parks and mountain communities	4	8.2%

With regard to employee relations, there emerged the opinion in the SME sample that CSR is connected mainly to creating favorable working conditions (89.8%), guaranteeing security in the work place, providing training courses, and to the absence of discrimination. A secondary factor linked to CSR thinking is environmental conservation (67.4% of cases). Other items (no corruption, promotion of science and technology, protection of competition, respect for taxation, guarantee of relationships with the community, promotion of external relations) are cited by less than half of the SMEs surveyed. It may be that these differences in perceived importance could

derive from the social and political contest. In fact, human resources data and environmental information must be included in the annual report, thus enhancing the amount of attention placed on the management of the relationships that exist with these two typologies of stakeholders.

Confirming the relevant weight of consumer and supplier relations and product quality in SMEs (Chrisman & Fry, 1982; Jenkins, 2006; Borga et al., 2009; Russo & Tencati, 2009; Del Baldo, 2012), it emerged that 38.8% of the selected Italian SMEs declared that integrity in their commercial practices (honest and true publicity, clear delivery conditions) was a priority. More than 80% of them cited product quality as the main factor in their choice of supplier. This opinion is also backed by the fact that 23 of the 49 companies have earned a quality certification. In contrast, there is very little attention given to other areas (Table 4); only two SMEs have adopted environmental standards (ISO 14001) and just one has adopted occupational health and safety standards (OHSAS 18001).

Table 3 Certification and Protocols on Environmental and Social Topics (More than One Possible Answer)

	No.	%
EMAS	0	0.0%
ISO 14001	4	8.2%
ISO 9000-9001	23	46.9%
SA 8000	1	2.0%
AA1000	0	0.0%
OHSAS 18001	3	6.1%

This evidence does not mean that little attention is paid to the environment; on the contrary, investigation into the activities promoted by the SMEs to preserve the environment showed that, of the 49 cases, 75.5% are concerned with waste recycling and half of them with air and water pollution and with energy issues (Table 5).

Table 4 Activities Promoted by the SMEs to Preserve the Environment (More than One Possible Answer)

	No.	%
Energy saving	26	53.1%
Waste recycling	37	75.5%
Air and water pollution	28	57.1%
Protection of natural environment	13	26.5%
Sustainable transport	3	6.1%

In looking at the availability of CSR tools, the findings highlight that only six SMEs prepare a sustainability (or social) report, three of them a declaration of value and two ethics codes (Table 6).

Table 5 Communication Tools and CSR Tools (More Than One Possible Answer)

	No.	%
E-mail	17	34.7%
Web site	30	61.2%
Media/newspaper	6	12.2%
Newsletter	9	18.4%
CSR reporting	6	12.2%
Declaration of business value	3	6.1%
Ethical code	2	4.1%
Intellectual capital reporting	0	0.0%

When asked to explain the reason for the absence of social and environmental tools, the findings confirmed

the same factors analyzed above, relating to voluntary disclosure of social information, i.e., the lack of economic resources. This, in fact, is the obstacle declared by half of the SMEs; the others think that this kind of accountability tool is not relevant. The factors just mentioned are in line with previous studies, which suggest that the possible reasons for non-reporting may be:

- doubts about the advantages social reporting would bring to the organization;
- competitors are not publishing reports, either;
- customers (and the general public) are not interested in it, it will not increase sales;
- the company already has a good reputation for its environmental performance;
- there are many other ways of communicating about environmental issues;
- it is too expensive;
- it is difficult to gather consistent data from all operations and to select correct indicators;
- it could damage the reputation of the company, have legal implications, or wake up “sleeping dogs” (such as environmental organizations).

Source: Compiled from Sustainability/UNEP (1998) and Kolk (2005, p. 396).

At the same time, only 25% of the sample companies were concerned about testing employee satisfaction because there were no formal mechanisms implemented in the business organizations. In contrast to this, further analysis showed that, in these realities, there was a strong and continuous dialogue, based on informal meetings, between top managers/the entrepreneur and human resources (all SMEs stated that). The entire sample declared to use the informal internal meeting as one of the principal mean to communication.

Lastly, the research reveals a strong relationship with the community. In fact, 79.6% of the SMEs take on responsibilities in the local community, supporting local philanthropic actions or sponsoring local cultural or sports activities through donations to create advantages for poor people and organizations in their immediate area (about 42.7% of the cases).

5. Conclusions

According to Moore, Slack, and Gibbon (2009, p. 174): “SMEs may well engage in socially responsible practices without necessarily viewing such activity in this way”. This consideration is confirmed by the findings of the present study — conducted in 2013 in Italy. The results show a substantial alignment with the previous researches, which discussed specific aspects on CSR issues in small and medium enterprises (Venturelli & Pilisi, 2003; Longo et al., 2005; Perrini, 2006; Borga et al., 2009; Russo & Tencati, 2009; Del Baldo, 2012). The work highlights that there is a lack of social accounting mechanisms (ISO14001, Eco-Management and Audit Scheme — EMAS, social report, ethics code) in a context characterized by internal reluctance to delegate (SMEs appear to be owner-driven companies), informal consultation, and external absence of regulation through legislation. On the other hand, the SMEs under study were involved in several social activities. As regards the situation in Italy, it is not correct to think that SMEs are not involved socially. The tools utilized and applied by SMEs are simply different from those of large enterprises. As suggested by Murillo and Lozano (2006, p. 237), corporate social responsibility in small business needs to “be replaced with a concept closer to SMEs’ specific reality” (p. 237) and not necessarily to the same extent as it does to large business. In the large firms, in fact, public visibility and economic power allows them to be greater social activists (Auken & Ireland, 1982). The limited resources available (in terms of costs and time-work), the inappropriate research methodologies and the lack public visibility

are some of possible obstacles to adopting CSR communication tools. CSR practices are hidden in daily behaviors: SMEs are embedded in local communities; their social activities are informal and fragmented.

Furthermore, the findings seem to indicate support for legitimacy theory as an explanatory factor for social and environmental disclosures. As stated also by previous researches (Guthrie & Parker, 1989; Wilmshurst & Frost, 2000; O'Donovan, 2002; Rahaman et al., 2004), the management of a company influences the decision to disclose social and environmental information. The managerial choice as well as the aspiration, values, and perceptions of the managers involved (the entrepreneur/owner) determine how and what to report (or not) with particular attention to costs and competitive pressures (Spence et al., 2004; Tencati et al., 2004; Magness, 2006). The entrepreneur's choice determines how and what to report: the cost efficiency, the maintenance of the livelihoods of employees and the competitive pressures are the principal factors of focusing.

An important limitation of this study is the limited number of variables that were examined in endeavoring to understand the decision-making process leading to the disclosure of information. Future research work needs to incorporate other factors, such as cultural philosophy, so that a more comprehensive understanding of this process can be developed. The findings of this study need to be replicated in other cross-cultural contexts to test the influence of political and institutional variables. Finally, further research on the changes in the social and political context may prove useful in providing an additional explanation of what influences management in the decision to disclose social and environmental information.

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