

## CSR Trough the Internet: The Case of Italy

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### Abstract

The aim of the paper is to analyze the level of acceptance of social responsibility practices in Italy and in particular to evaluate the degree of social responsibility arising from the websites of Italian listed companies. CSR communication contributes to a corporation's corporate social disclosure, whose main purpose is to enhance a corporate image in order to promote customer and community relations and indirectly promote products to customers. To reach this goal, transparency is crucial. However transparency in the field of CSR is a difficult matter for two reasons: there is not uniformity in social reporting and the preparation of this document is not mandatory. The research is divided into two sections and the approach used is mainly descriptive: in the first part the concept of social balance as a means to interact with all the stakeholders of a firm is exposed. In the second part the paper analyses the web sites of a panel of selected listed Italian companies. The data are able to demonstrate that the size of the company still represent a barrier to CSR reporting and communication since require efforts and investment in term of time and resources. The research also shows that those company identified as "best practice" in the selected panel have a common strength: they attach an importan role to CSR in their corporate websites as a way to improve their image from the perspective of the multiple stakeholders.

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**Keywords:** CSR; Italian listed companies, Social Balance; Social Responsibility; Websites

### Introduction

In recent years, numerous publications have been published concerning corporate social responsibility (Gazzola & Battistini, 2015, Singh, 2016, Hąbek & Wolniak, 2016, Arru & Ruggieri, 2016, Amelio, 2016 and 2017, Gazzola & Mella, 2017). Nevertheless, in both the corporate and the academic side there is uncertainty as to how CSR should be defined (Dahalsrud, 2008).

In particular, as Dahalsrud demonstrate the definitions of CSR have one common characteristic; they all refer to five dimensions:

- the stakeholder dimension
- the social dimension
- the economic dimension
- the voluntariness dimension
- the environmental dimension

It is also complex to provide a single definition for the terms “social balance” (Amelio, 2017). The term balance can have different meanings depending on the purpose for which the document is drawn up and the objects that have been taken into account. In fact we can have corporate balance, extraordinary balance, consolidated balance, balance of mission, social balance, sustainability reports. The social balance is the output of a process of social responsibility reporting and it allows to make known the value created in the face of the social costs incurred (Di Stefano, 1990). It often happens that the documents resulting from the reporting process are named differently, but with similar content, or, on the contrary, that documents with the same designation present completely different content. In relation to the names used in the operational reality, we can find in particular the following expressions:

- social balance;
- balance of mission;
- balance of mandate;
- sustainability report;
- balance of participation;
- environmental report.

To conduct a comprehensive assessment of a company, it is not enough to rely solely on the values deriving from the corporate balance (the compulsory financial statements required by IAS 1). To evaluate the overall impact of the firm’s activity on the community (Hill & Jones, 1992), it is important to adopt a stakeholders approach by expanding the audience of these documents. The companies, in fact, are not only systems for the production of value but also economic social actors which operate in a social environment to which they belong and with which they interact, not only through a system of monetary and financial exchanges but also through physical, human and communication flows that produce knowledge, trust and reputation (Gazzola & Mella, 2012). From the perspective of CSR, it is necessary to move from shareholder theory (Friedman, 1970) to stakeholder theory (Freeman, 1984) but to do this it becomes important to consider companies as social systems. In this sense, the companies have to meet the interests of shareholders and that of the various stakeholders with whom they interact; only by this way the company will have a durable life and will create value over time (Gazzola, 2012, Du, Bhattacharya & Sen, 2010).

For this reason, companies go beyond their economic obligations and are particularly meticulous in considering and accounting their activities' impact on the environmentit (Bravo, Matute & Pina, 2012). Consequently managers understood that to achieve success they have to support the corporate balance – with the statements required by IAS 1, par. 10 (Amelio, Gavana & Gazzola, 2014) – with a new document, the social balance (Wilson, 1999, Cardillo & Molina, 2011, Cavicchi, Dalledonne, Durand & Pezzato, 2003) in a perspective of social responsibility reporting. In such a way, companies integrate the ethical dimension within their own activities (Maggi, 1992). The social responsibility request is joining that of dividends and economic values (Hinna, 2002).

The importance of CSR and social communication was underlined by the EU with the Directive 2014/95/EU (Amelio, 2017).

Italy implemented this Directive with the Legislative Decree 30 December 2016 no. 254 (effective from 25 January 2017). In particular this decree states that “Public interest entities shall draw up, for each financial year, a statement in accordance with Article 3 if, on average, during the financial year they have a number of employees over five hundred and at the end of the financial year they have exceeded at least one of the following two dimensional limits: a) total balance sheet: € 20,000,000; b) total revenues from sales and services: € 40,000,000” (Art. 2).

Non-financial individual declaration has a minimum informative content (Art. 3):

- the use of energy resources, distinguishing between those produced from renewable and non-renewable sources, and the use of water resources;
- greenhouse gas emissions and pollutant emissions in the atmosphere;
- the impact on the environment as well as on health and safety;
- social aspects relevant to the management of staff, including actions to ensure gender equality, measures to implement the conventions of international and supranational organizations in this field, and the modalities with which dialogue with the social was conducted;
- respect of human rights, measures taken to prevent violations, as well as actions taken to prevent attitudes and actions, however discriminatory;
- the contrast to corruption (both active and passive), indicating the instruments adopted for this purpose.

CSR communication contributes to a corporation's corporate social disclosure, whose main purpose is to enhance a corporate image in order to promote customer and community relations and indirectly promote products to customers (Bravo, Matute & Pina, 2012). To reach this goal, transparency is crucial (Lydenberg, Rogers, & Wood, 2010). However transparency in the

field of CSR is a difficult matter for two reasons: there is not uniformity in social reporting and the preparation of this document is not mandatory.

### **The internet**

Modern times characterized by the economic crisis and the crisis of confidence towards the general economic system require business managers to improve the company image by overcoming the traditional lack of transparency that connotes corporate communication. CSR helps companies to improve their images towards external and internal stakeholders thus communicating a desired identity (Maignan and Ralston, 2002, Hong & Rim, 2010).

The internet (Passaro, 2017) is one of the key tool for communicating with stakeholders in relation to company's social responsibility (Capriotti & Moreno, 2007). Several studies demonstrate that the internet is an important media of communication (Esrock and Leichty, 1998, 2000; Williams and Pei, 1999; Maignan and Ralston, 2002; Cooper, 2003; Snider et al., 2003; Douglas et al., 2004; Patten and Crampton, 2003).

In this scenario, the corporate website is a communication channel that companies employ to explicit their identity ("*Corporate identity is what the company is*" (Balmer, 2001), to reveal their personality and to communicate their internal culture. In particular, companies use their websites to publish the social balance, in order to legitimate corporate behaviours towards stakeholders through CSR reporting (Hooghiemstra 2000; Patten 2002; Pollach 2003, Tagesson, Blank, Broberg & Collin, 2009). The web site could be used not only to provide commercial information but also to make public social information targeted to different stakeholders and also to obtain feedback from them (Esrock and Leichty, 2000).

The final result is the corporate reputation (Biloslavo & Trnavcevic, 2009). As Fombrun and van Riel say corporate reputation is "*a collective representation of past actions and results of a company which describe its ability to deliver results to different groups of stakeholders. It communicates the relative position of the company in its competitive and institutional environment both inwards – in connection with the employees – and outwards – in connection with other stakeholders*" (Fombrun & van Riel, 2004).

In literature there is a gap in the analysis of the level of acceptance of social responsibility practices in Italy (Zeghal & Ahmed, 1990) and, in particular, in the evaluation of the degree of social responsibility arising from the websites of Italian listed companies. For this reason, in order to evaluate the level of acceptance of CSR practices in Italy, the second part is developed in the following steps:

- selection of the companies surveyed
- selection of the documents to be analyzed

- definition of standards and indicators to determine the level of CSR acceptance
- analysis of the main result upon the objective of the research

The companies surveyed are selected panel from the Italian companies, able to satisfy the following requirements:

- they are listed companies (in the Italian Stock Exchange “Borsa Italiana SpA”)
- with more than 250 employees
- with an overall annual turnover higher than 50 MLN € and total assets higher than 40 MLN € (the research period considered is 2015-2016, before the effectiveness of the Legislative Decree no. 254).

The main idea behind the analysis is to map the Italian AS-IS situation with regard to CSR acceptance and communication. The analysis will then go deeper identifying the level of CSR acceptance among corporates, analyzing their reporting documents and communication strategy.

### **The internet analyses**

Websites analyses has produced the following results:

- 70% of the selected panel present in the website a section dedicated to CSR. For an external stakeholder this is an evidence of the importance the company gives to the point and often documents, text, pictures and videos complete the section for a deep understanding of the practices carried on.
- 93% of the selected panel has a disclosure of vision and mission. This is a key indicator of transparency of the commitment of the company in the creation of long-lasting relationship with stakeholders and sustainable development of the business. While all of them, being listed companies, present disclosure about economic and financial reporting, 80% present a disclosure about their socially responsible activity and more than 70% about their environmental responsible activity. As mentioned before this is something that can differentiate one company from another from the perspective of the internal and external stakeholder. It is not something strictly required by the legislation (for example the compulsory financial statements required by IAS 1). It is a disclosure the companies are performing in the interest of the stakeholders, to invest in the relationship with them and to invest in the image of the whole organization.
- On average all the companies present 2 documents dedicated to CSR, one is usually referred to social responsibility and one to environmental responsibility, with more than 100 pages each on average, and 15 KPIs about their performance in the social and environmental responsibility. Around 15% of the surveyed company are able to disclose the generated and distributed value.

## **Conclusion**

The companies analyzed present in the social media institutional page their activity and sustainable practices and are able to interact with external stakeholders and engage them, establish partnership with international non-profit organizations for the promotion of sustainable development and engage their own workforce in such projects.

The problem (and the limitation of the paper) is that companies in the sample represent less than 1% of the Italian entrepreneurial structure. This means that more than 95% of the companies in Italy are not able to attract from CSR perspective stakeholders and investors, and that the Italian entrepreneurial structure is not ready to compete with other countries at international level.

The sample only considers large companies (the same companies to which Legislative Decree no. 254 is dedicated) and therefore excludes "the other part of Italy" (which is desirable, however, for future studies). By limiting this extent, it can be stated that, considering large companies, the level of acceptance of socially responsible practices in Italy is very high. In particular, and this is the most important aspect of the article, big companies believe in Corporate Social Responsibility, they are able to commit a wide range of stakeholder in their reporting and to distribute value in the society. In addition, the communication campaign of the social balance covers a primary role. Big companies represent the best Italian practices and for this reason they should be imitated by smaller companies. It is also important for these companies to increase the level of CSR and to follow the footsteps of large companies.

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