

CERFE

European Commission  
- Leonardo Programme

**Action-Research on  
Corporate Citizenship among European  
Small and Medium Enterprises**

**FINAL REPORT**

*June 2001*

**The final report on “Action-research on Corporate Citizenship among European Small and Medium Enterprises” reflects the author’s views and the Commission is not liable for any use that may be made of the information contained in this document.**

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## PART ONE

CHAPTER ONE	
<b>Institutional framework</b>	<b>9</b>
CHAPTER TWO	
<b>Theoretical framework</b>	<b>15</b>
1. Corporate Citizenship and the "social core" of enterprises	17
2. Training needs for promoting Corporate Citizenship	20
CHAPTER THREE	
<b>Methodological framework</b>	<b>23</b>
1. Research approaches	25
2. Sources	26
3. Description of activities	27

## PART TWO

CHAPTER FOUR	
<b>The practice of Corporate Citizenship among the enterprises studied during the research</b>	<b>37</b>
1. Sectors of activity	39
2. An uncertain relationship between SMEs' social engagement and their size	41
3. The mainly local dimension of SMEs' social activities and "global awareness"	44

4. The existence of a weak link between Corporate Citizenship and the SMEs' "core business"	46
5. The entrepreneurial culture and the decision to practice Corporate Citizenship	50
<b>CHAPTER FIVE</b>	
<b>The practice of Corporate Citizenship and the core of Enterprises</b>	<b>53</b>
1. The greater complexity of enterprises that practice Corporate Citizenship (from a normative and value point of view)	56
2. The greater participation of SMEs practicing Corporate Citizenship in social networks	61
3. Enterprises' orientation towards quality and the practice of Corporate Citizenship	67
4. Foreign expansion, the environmental impact, the use of intellectual capital and the practice of Corporate Citizenship	69
<b>CHAPTER SIX</b>	
<b>Drivers of social engagement</b>	<b>75</b>
<b>CHAPTER SEVEN</b>	
<b>Corporate Citizenship, leadership and business management</b>	<b>81</b>
1. The central position of leadership in promoting Corporate Citizenship	83
2. The concentration of the decision-making process in SMEs	85
3. The greater involvement in associations and the internationalism of managers of SMEs that practice Corporate Citizenship	86

<b>CHAPTER EIGHT</b>	
<b>Other issues resulting from the action-research</b>	<b>89</b>
1. The support of socially committed enterprises and other actors	91
2. The action and impact of Corporate Citizenship	91
3. The issue of exposure to public opinion	92
4. The importance of "vision" and internal cohesion	93
5. The importance of measuring and reporting Corporate Citizenship activities	95
6. Centrality of training and information in implementing Corporate Citizenship programmes	95
7. Some obstacles and the facilitating factors encountered during the implementation of Corporate Citizenship activities	96
<b>CHAPTER NINE</b>	
<b>Some areas of training needs for promoting Corporate Citizenship among SME managers</b>	<b>99</b>
1. First area of training needs: increasing knowledge of "the social engagement of enterprise"	101
2. Second area of training needs: developing relations between managers of SMEs' and the practices of Corporate Citizenship and the real world	103
3. Third area of training needs: encouraging the decision to pursue social activities and personal involvement	104
4. Fourth area of training needs: encouraging an increase of the social capital of SME managers and the development of networking abilities	104
5. Fifth area of training needs: encouraging SME managers to acquire the ability to plan and implement social activities inside their own organizations	105

6. Sixth area of training needs: encouraging SME managers to acquire the ability to design communications strategies and practice suitable language	106
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CHAPTER TEN

<b>Areas of thought about the implementation policies to disseminate Corporate Citizenship among SMEs</b>	107
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1. Corporate Citizenship from the point of view of the individual enterprise	109
2. Corporate Citizenship from the point of view of the society at large	111

CHAPTER ELEVEN

<b>General guidelines for a training model to promote Corporate Citizenship among SMEs</b>	113
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1. Training beneficiaries	115
2. The issues to be dealt with in training interventions	116
3. The know how of social promoters and the answer to participants' training needs	117
4. Theoretical and methodological guidelines for carrying out training	119

# **PART ONE**



CHAPTER ONE  
**Institutional framework**



On December 1 1998 CERFE was charged to carry out a project on behalf of the European Commission – Leonardo Programme. The project looks at the question of the spread of *Corporate Citizenship* among European small and medium enterprises (SMEs) and is entitled "Action-research on training needs and best practices of Corporate Citizenship among European small and medium enterprises". Planned project activities will be completed by June 30, 2001.

The project's **objective** is to acquire a new and better understanding of the orientation of European SMEs towards Corporate Citizenship, with the aim of developing a training model for "social promoters", as well as a body of guidelines which SMEs can make use of to improve and increase their social engagement.

The action-research was carried out in six countries, namely Italy, France, Germany, Holland, the United Kingdom and Denmark and included the following activities:

- gathering and analysis of **best-practices** in both the Corporate Citizenship area and the area of partnership between European large enterprises and the non-profit sector, including local government in some instances;
- carrying out of a **survey** to evaluate European SMEs' orientation towards Corporate Citizenship as well as their training needs in this field;
- preparation of a document containing a **training model** for social promoters;
- a **transnational conference** to present the findings of the survey and the training model for social promoters;
- **distribution** of the final research report and training model among the managers of small and medium enterprises.

Transnational meetings involving project partners were organized as part of the project activities.

The members of CERFE's **research team** were Andrea Declich, Head of Research, assisted by Federico Marta, sociologist. Luciano d'Andrea,

sociologist, Emanuela Mastropietro, economist and Daniele Mezzana, sociologist were also involved in various stages of the project.

The action-research was conducted by CERFE together with the Progressio Foundation (The Netherlands), the Institute of Social Studies (The Netherlands) and the Huset Mandag Morgen (Denmark). The latter withdrew from the partnership in February 2001.

CERFE is a research and training institute based in Rome which operates at a national, European and international level. This action-research project is, in turn, part of a larger **research and training programme**, which CERFE has been working on in recent years. Said programme focuses on the new emerging actors in the development process. In this context, CERFE's attention has been focused on studying the role of enterprises as actors, not just in the economic sector but also in the social sector. A series of projects have dealt with themes such as the creation of enterprises by qualified immigrant men and women (RAGI - Action-Research on Gender and Immigration, RAIMI - Action-Research on Enterprise and Immigration), equal opportunities for men and women in SMEs (RADI - Action-Research on Women and Enterprises) and on the role of SMEs in international co-operation (carried out on behalf of the European Parliament).

Commitment in the field of *Corporate Citizenship* is also a distinctive feature of the **three project partners'** activities, even if they all have different ways of operating in this area. The **Progressio Foundation** is a Dutch non-profit organization based in Rotterdam which has made the design of projects aimed at supporting and facilitating the civic engagement of enterprises, the core of its activities, since 1989, one of the first European pioneers in this field. The **Institute of Social Studies** is an international school of higher education based in The Hague in Holland. It specializes in political and social disciplines and in addition to its teaching activities also carries out interdisciplinary research and provides a consulting service. The IIS deals with the social role of enterprises in the context of the studies it conducts regarding the main global social trends of contemporary societies. The **Huset Mandag Morgen** is a Danish institute in Copenhagen which deals with the matter of Corporate Citizenship by organizing strategic activities and providing information services for enterprises.

As far as the **European Commission** is concerned, it aims to strengthen the role of professional training as a development factor in all its member

countries through the Leonardo Programme. This programme pays specific attention to training to support the growth of SMEs, and also aims to encourage local development schemes.

The present document was drafted by Andrea Declich. A draft version of this text was presented at the closing seminar held in Copenhagen on 27 June 2001. Based on the comments made on that occasion, as well as based on the indications provided by the partners, this current version was drafted.



CHAPTER TWO  
**Theoretical framework**



The subject matter of this action-research was the SMEs orientation towards social responsibility. The term social responsibility or Corporate Citizenship is used to mean *all the programmes and activities that an enterprise promotes and carries out in order to have an active role in the social, political and environmental context where it operates*. These programmes aim to resolve problems related to the society at large, exercise forms of control over social and environmental risks and deliver goods and services of public interest.

In this framework, the action-research is aimed to acquire new knowledge about the following areas:

- Corporate Citizenship and the "social core" of enterprises.
- Training needs for promoting Corporate Citizenship.

## 1. CORPORATE CITIZENSHIP AND THE "SOCIAL CORE" OF ENTERPRISES

This research was carried out on the assumption that the practice of Corporate Citizenship is one of the responses enterprises give to the diversification-processes of contemporary society, and, particularly:

- The emergence of the "**new economy**"; the term is not really used to indicate those sectors of the economy influenced by telecommunications but rather the fact that the economy is increasingly characterized by knowledge (knowledge-based economy), new and growing service industries, as well as an increase in the value of intangibles incorporated into material products. The human factor emerges as the central element of the new economy at all levels.
- The new forms of **governance**, in other words the restructuring of the ways of regulating social processes through a closer interaction between public, non-profit and for-profit actors in a context of stronger horizontal links between various actors - including enterprises - with an eye towards consensual cooperation.

The practice of **Corporate Citizenship** can be interpreted as being connected to these important phenomena which enterprises reply to with

an expansion and growth of the complexity of what can be labeled their "**social core**"<sup>1</sup>. This term refers to all those social characteristics of an enterprise, in the sense of a collective actor, which allow it to carry out the economic activities that are the very reason for its existence. First and foremost the management of production factors and the making of economic choices. In this context, the social core can be seen as made up of the following social elements:

- the intentionality of individuals involved in the enterprise (first and foremost the entrepreneur's intentionality);
- rules, restrictions and social norms (which are, for example, the basis of vertical and horizontal relations inside the enterprise);
- shared cultural values and characteristics (which, for example, define the company identity);
- symbolic forms and rituals (which, for example, allow the mobilization and management of affective and emotional dynamics within the organization);
- social representations (relating, for example, to the enterprise's characteristics or objectives);
- insertion into wide reaching and varied relations networks.

Nevertheless, large enterprises are the ones that have a highly complex social core (for example, they have a strong, distinctive business culture, symbolic structures, strong, recognizable rituals and so forth).

On the contrary, **SMEs generally seem to be characterized by a less visible and less articulated core** which is often heavily centered on the personality of the entrepreneur. This phenomenon could, at least in part, help explain why **SMEs tend to carry out less widespread, less articulated, less intense and therefore less visible Corporate Citizenship activities compared to those carried out by large enterprises.**

However, it was decided to check whether within SMEs processes were at work similar to those that are considered connected to the

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<sup>1</sup> This term has been used which, as can be noted, has some similarities with the series of phenomena that characterize business life and which in economic theory and management sciences are often referred to as "business culture". In order to carry out the present empirical research, which is exploratory in nature, it was decided to use the term "social core" also to avoid overlaps and misunderstandings that could result from the use of a concept that was produced in a different research field from sociology.

development of an orientation towards social responsibility within large enterprises. In this framework, efforts were made to verify if **processes leading to the growing complexity of the enterprises' core were at work and if these phenomena could be connected to the practice of Corporate Citizenship among SMEs**. Therefore it was decided to focus attention on phenomena which can be seen as **indicators of this process**, such as:

- a growth in complexity from a **normative and value** point of view
- an increased presence in **networks of relations**, particularly those of a non-commercial nature
- the practice of quality, a phenomenon which testifies that the enterprise's relationship with the outside world become manifold because of a growing attention on the intangible elements of the product and services offered, the client's satisfaction and the total involvement of all producers.

The idea at the basis of these considerations is obviously not that the growing complexity of the core determines – in a mechanical way, let's say - the social orientation of SMEs. Rather the idea is that the existence of this process **makes it more probable but not definite** that enterprises, SMEs included, develop a social orientation and therefore carry out actions that are coherent with these orientations. There are two reasons why probability is mentioned and not certainty. First of all, many factors are at play in determining enterprises' social orientation and undoubtedly, many of these are not known or cannot be checked during an empirical research. Secondly, the social orientation of enterprises is the outcome of a choice which, quite obviously, does not depend solely on the freedom of the actors making this choice and on the ways they use to make decisions but also on the specific circumstances in which this choice occurs.

During the research, it was also possible to check the link between the practice of Corporate Citizenship by SMEs and other phenomena which can be considered indicators of a process of growing complexity of the social core of the SMEs under examination, albeit less direct phenomena than those mentioned above. These phenomena are:

- **foreign links** of enterprises;
- the carrying out of production activities which give rise to important **external effects** (particularly of an environmental type);
- the carrying out of production activities that require heavy use of **"intellectual capital"**.

## 2. TRAINING NEEDS FOR PROMOTING CORPORATE CITIZENSHIP

As stated previously, one of the aims of this research consisted in identifying areas of training needs to encourage, through involvement, a greater commitment of SMEs in promoting Corporate Citizenship.

The term "**training need**" is used to refer to the existence of a gap between the optimal body of knowledge and orientations (including skills, attitudes, motivations) of SME managers related to social responsibility and the actual set of knowledge and orientations of SME managers.

The analysis of training needs was carried out in relation to specific contexts regarding some characteristics found among managers of SMEs which are important in determining the orientation of SMEs towards social responsibility. These have been the following:

- **Interpretative knowledge**, in particular, the theoretical, methodological and technical knowledge inherent in Corporate Citizenship;
- **Relations with the real world**; this refers to the direct experience of social, geographical and situational realities, as well as successful and unsuccessful initiatives connected to enterprises' practice of their own social responsibility;
- **Responsibility** and orientation towards action; this refers to the existence of an orientation towards taking action, meaning an existing and/or potential willingness to become **personally involved in carrying out activities** aimed at the practice of social responsibility;
- Propensity to **choice**, in particular, that of linking one's professional future to a commitment to support an enterprise in initiatives involving practices of social responsibility;
- Personal **identity** from the professional point of view; this consist in the point of view of individuals regarding operational and ethical changes in the professional models limited with the practice of social responsibility;
- **Language**; this refers to the knowledge and practice in one's professional life of **different languages** relevant to the exercise of a wide range of corporate activities, including those with the practice of

social responsibility, such as law, information technology and managerial languages in general;

- **Working experience**; this refers to direct experience of **different working environments** which account for the actual technical skills and qualifications of individuals, which concern both the different ways in which production activities are organized and carried out and the different social rules governing the working world;
- **Social capital and opportunities**; the availability of a wide range of "weak"<sup>2</sup> **social relations** and the carrying out of specific activities aimed at maintaining and increasing this range of relations fall into this area. The conformation of an individual's social capital is important because the individual's ability to obtain information about the real situation and identify new areas of opportunity depend on this;
- **Organization** and professional relations, in other words direct and personal knowledge of **different organizational environments** and consequently of different ways of coordinating, managing and running complex activities.

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<sup>2</sup> Therefore, not only relations connected to the experiences of family life or one's native community.



CHAPTER THREE  
**Methodological Framework**



## 1. RESEARCH APPROACHES

The research was carried out using various approaches.

The first approach used was the **documentary** approach. Documents relating to the social activities of large European enterprises were collected and analyzed (also in order to conduct an in depth study of the 10 best practices of Corporate Citizenship carried out by large European enterprises).

Data was also collected by using a **qualitative approach**. In fact, efforts were made to gather information by studying the opinions of **key persons and professionals directly involved in the practice of Corporate Citizenship** (in particular company managers who took part in workshops). In-depth interviews and wide-reaching discussions of some major issues connected to the social responsibility of enterprises were carried out. Adopting this approach is extremely useful because it makes it possible to interpret the meaning—of the phenomena that have been identified and, in this context, attribute greater reliability to the information collected from the SME survey (see below).

Another approach used was the **quantitative** one. Interviews were conducted among representatives of 124 European SMEs (150 in total, of which 26 were not usable). On the basis of the responses received, a control and/or formulation of hypotheses regarding SMEs' orientation towards Corporate Citizenship were carried out, including an analysis of determining factors (drivers). It is opportune to point out that, in this context, the approach had an **exploratory character**. In fact the nature of the phenomena studied - the ways in which the Corporate Citizenship is practiced and brought about by SMEs - required a first assessment of the robustness of the theoretical approach.

Furthermore, considerations were made on the issue of Corporate Citizenship mainly by extensively adopting a **comparative approach**. In fact it is possible to compare the orientation towards social responsibility of both **large and small and medium enterprises**. Information is available on these two types of actors, in particular as far as aspects such as reasons for social commitment, organization structures and practices, the type of activities carried out, etc.

Furthermore, the comparative approach was also used inside the same group of SMEs under examination. The 124 enterprises studied can be divided into **two groups; those that promote programmes and projects with specific goals regarding the social, environmental and equal opportunities areas and those that do not**. The former form a group composed of 63 units, the latter a similarly sized group of 58 units. It was not possible to classify 3 enterprises because the interviewees failed to reply to questions about this aspect of their activities. This comparison made it possible to identify some **trends and regularities** in the connection between the practice of social responsibility and other characteristics of enterprises that implement these practices.

Obviously, the very nature of the research activity carried out does not allow for generalized conclusions to be yet reached about the phenomenon of Corporate Citizenship in SMEs and its causes. However, the fact that it was possible to observe some trends and regularities and interpret them, also during discussions with experts and professionals from this sector is nevertheless important.

Firstly-we have been able to formulate **hypotheses about the training gap** that needs to be bridged by SMEs to practice Corporate Citizenship more widely, and acquire a greater awareness of social issues. Secondly, we could **identify some regularities** that suggest some of the directions of **future studies and research**.

## 2. SOURCES

**Two types of sources** were used to obtain the above-mentioned cognitive results.

The first of these were **documentary sources** mainly connected with large enterprises' experiences of Corporate Citizenship. More particularly, an in-depth study was made of documentation regarding 49 large European enterprises that practice Corporate Citizenship. It is opportune to point out these 49 enterprises were those for which it was possible to obtain adequate documentation (documents about other enterprises were also collected but proved inadequate for the purposes of this study). Furthermore, documentation made available by representatives of 10 large enterprises, whose experience in the social field was examined, was also studied.

Secondly, **live sources** were consulted, in other words, **representatives of large enterprises** (10 as part of the in-depth study of the 10 best practices) as well as small and medium ones. The former took part in special workshops, three in total, (see description of activities) and also completed a questionnaire about their own social activities. The latter were surveyed through a specific questionnaire. As mentioned previously, a total of 124 representatives of SMEs in 6 European countries were consulted.

Moreover, **15 key persons** were consulted. These are people who, because of their professional activity, have an in-depth knowledge of the world of European SMEs and/or in the various countries where the research was carried out.

### **3. DESCRIPTION OF ACTIVITIES**

The project activities carried out to date can be divided into the following five areas:

- preparatory studies for the action-research;
- preparation of the project's executive design and discussion of it with the project partners;
- fieldwork phase;
- final studies and drafting of final research report;
- closing seminar to discuss the findings of the research activities.

The activities carried out are summarized in the section below.

#### **3.1. Preparatory studies for the action-research**

##### **first partners ' meeting**

Following the project start-up, CERFE carried out some preparatory studies for the action-research.

At the same time as preparatory studies were being carried out, CERFE met with one of the three partners, Marcello Palazzi, President of the Progressio Foundation. The first results of the preparatory studies were explained during this meeting which took place in Rome on December 21st 1998.

#### **literature and policies regarding Corporate Citizenship**

A study of scientific literature about Corporate Citizenship was carried out as part of the preparatory studies. The texts and documents analyzed were concerned with the principal theories regarding the social commitment of enterprises, the first scientific theories about this subject, the most recent theories relating to the issue as well as theoretical debates about this question.

While carrying out preparatory studies, the question of policies relating to Corporate Citizenship was also tackled. Particular attention was paid to the most important policies promoted by major international organizations (The World Bank, UNDP, ILO, UNEP, UNIDO, UNCHS, and The European Union), international and European networks and associations and OCDE member countries, with particular focus on the countries involved in this research.

On completion of the preparatory studies, a report was drafted, the main part of which is in Italian but which also contains literature inserts in original language, mainly English.

#### **second partners' meeting to discuss the findings of the preparatory studies**

Once the report of the preparatory studies had been prepared, it was shown to two of the three project partners, namely Marcello Palazzi, President of the Progressio Foundation and Jan Nederveen Pieterse from the Institute of Social Studies at a meeting held in Rome on February 27 1999. During the meeting, the methods of carrying out this study (including decisions about comparisons between partners) were discussed in the light of the first findings obtained from the preparatory studies.

### **3.2. Preparation of the project's executive design and discussion with partners**

#### **a model for the study of Corporate Citizenship among SMEs and preparation of the project's executive design**

The next step involved the preparation of a draft of the executive design for the action-research. In the light of preparatory studies' findings and the partners' meeting to discuss findings (see previous paragraph), the research team started to think about developing a theoretical model that would form the core of the research's fieldwork activities. The

process of developing this theoretical model was carried out during different periods and used contributions taken from empirical and theoretical research carried out by the entire CERFE organization. Some sessions held at CERFE's SSU (School of Sociology and Human Sciences) formed an important part of this process since during these sessions some fundamental points of a theoretical model for the analysis of the orientation towards Corporate Citizenship in small and medium enterprises were defined.

It was possible to prepare **the first draft of the executive design** of "Action-Research on Corporate Citizenship in European Small and Medium Enterprises" on the basis of these in depth studies and theoretical research.

#### **discussion of the executive design with partners**

The first draft of the executive design was sent to the three project partners and was then discussed at a meeting held in Rome on November 19 1999. The following took part in the meeting:

- Luciano d'Andrea, Federico Marta, Daniele Mezzana, Emanuela Mastropietro and Andrea Declich, from CERFE
- Marcello Palazzi, from the Progressio Foundation
- Jan Nederveen Pieterse, from the Institute of Social Studies
- Lene Bjørn Olsen, from the Huset Mandag Morgen.

**Minutes** were drafted after the meeting and given to all those who were present at the meeting. The partners' meeting resulted in the sharing of some information concerning the ways of carrying out project fieldwork, as can be noted from the minutes of the meeting.

#### **some amendments to the executive design draft**

Following the partner's meeting to discuss the executive design, during which it became clear that some changes would have to be made, amendments were made to the draft of the executive design.

Firstly, a better definition of the indicatory phenomena to be observed during the field work was formulated.

Secondly, CERFE offered a more precise description of how the issue of **training needs** had to be dealt with, particularly during the survey. An internal seminar focusing on training issues, in which various members of the CERFE took part, made it possible to formulate a working definition

of the concept of training need and to identify how this phenomenon manifests itself in the SMEs to be studied during the survey. This internal seminar took place over several sessions held from November 1999 through to March 2000.

All of these amendments are contained in a document which is a supplementary to the executive design. This document contains a theoretical and methodological framework that was submitted to the project partners' attention.

### 3.3. Fieldwork phase

After the meeting of the partners to discuss the first draft of the executive design, it was possible to start collecting and studying documentation about the “best practices” of Corporate Citizenship.

#### study of documentation on best practices

Documentation was obtained by using the information collected during the preparatory studies as well as information supplied by the partners, in particular, Progressio Foundation. On the basis of this, it was possible to identify which sources to consult. These sources consisted of some databases of enterprises that carry out social activities, groups of case studies as well as directories put together by organizations and networks of organizations specialized in the field of Corporate Citizenship.

By consulting these sources, it was possible to **identify more than 300 cases of social responsibility practices in European enterprises** located in Germany, France, United Kingdom, Denmark and The Netherlands.

Consultation of the above-mentioned sources made it possible to put together **a first group of 119 enterprises where best practices were being carried out** in the Corporate Citizenship area. After this direct telephone contact was made, faxes and emails were sent and further research on the Net was carried out in order to obtain more detailed documentation, which, in many cases, was provided by the enterprises directly involved. At the end of this research process, **satisfactory documentation about 49 large European enterprises** had been obtained.

#### **analysis of the documentation obtained**

A **grid** designed specifically for this purpose on the basis of the criteria listed in the executive design, was used to analysis the documentation obtained about these 49 enterprises and their experiences.

On completion of these studies, a draft document was prepared summarizing all the information obtained and discussed in depth by the various members of the CERFE team.

#### **organization of workshops with 10 large european enterprises**

Following the amendments to the executive design three workshops involving 10 large European enterprises were organized as part of the study of best practices provided for in the project, and were based on the study of documentation relating to the 49 European enterprises examined. The study of best practices was based on using the following technical tools: a questionnaire for representatives of the large enterprises, a grid for the study of documentation on the large enterprises of which an in depth study was made and an outline for workshop discussions which formed the major element of the above mentioned in-depth study.

The workshops were held on January 8, 9 and 10 in Paris, London and The Hague respectively. The **Paris** workshop was held in the offices of Laboratoire du futur and was attended by Yves Bégassat of Bull (F), Thomas Kwasniewski of Spinnrad (D), Anne Pardigon of the Institut du Mécénat de Solidarité (F), Bernard Giraud of Danone (F), Veronique Lena of Laboratoire du Futur (F), Jean Pierre Worms President of Laboratoire du Futur, Andrea Declich and Federico Marta of CERFE and Marcello Palazzi of Progressio Foundation.

The **London** workshop was held at the Industrial Society and was attended by Vernon Jennings of Novo Nordisk (DK), David Newton of Body Shop International (UK), Giovanni Moscato of Piaggio (I), Mario Dunn of Dixons (UK), Stefanie Draper of the Industrial Society (UK), Andrea Declich and Fabio Feudo of CERFE and Marcello Palazzi of Progressio Foundation.

The **Hague** workshop was held at the headquarters of the ISS and was attended by Peter De Munck Mortier of Rabobank (NL), Harry Vissers of Randstad (NL), Thomas Corver of ING Bank (NL), Mercedes Lopez Rey of Siemens (D), Jan Pieterse of the ISS, Tue Mortensen of the Huset

Mandag Morgen, Andrea Declich and Fabio Feudo of CERFE and Marcello Palazzi of Progressio Foundation.

Questionnaires were distributed to the 10 representatives of the enterprises invited to take part in the workshops and documentation relating to these enterprises was collected. The workshops were recorded and after they had been held the recorded material was unreeled. In total 8 of the 10 questionnaires distributed were completed and returned.

**start up of survey**

Immediately after the workshops were held, work was started on preparing the technical tools to be used during the fieldwork continuation (one questionnaire for key persons and one for SMEs).

At the same time the search of the enterprises that would reply to the questionnaire got underway. This phase turned out to be longer than expected. The administration of questionnaires was completed on May 10, 2001 while the interviews with 15 key persons were concluded on May 30, 2001.

The total number of key persons consulted was 15 and they were the following:

- Toke Paludan Møller, former president, Danish Entrepreneurs Association (DEA)
- Jakobus Kiers, president, The European Union of Small and Medium Sized Companies, The Netherlands
- Patrice van Riemsdijk, Spencer Stuart Executive Services and former executive director, Social Venture Network Europe, The Netherlands
- Robert Rubinstein, founder, Triple Bottom Line Investing, The Netherlands
- André Habisch, managing director, Centre for Corporate Citizenship, Germany
- Elizabeth Laville, managing director, Utopies, France
- Matthias Bönning, director, Oekom Research, Germany
- Hans Bach, director, Discus A/S, Denmark
- Niels Hojensgaard, The Copenhagen Centre, Denmark
- Peter Pruzan, professor of Business Ethics and Strategic Management at Copenhagen Business School, Denmark
- George Winter, entrepreneur, philanthropist and leading environmentalist, Germany
- Paolo Anselmi, director, Eurisko, Italy

- Matteo Bartolomeo, director, Avanzi, Italy
- Michael Hopkins, MH Consulting International, UK
- Andrew Wilson, director, Centre for Business and Society, Ashridge, UK.

The total number of small and medium enterprises interviewed was 150. After the data collected was analyzed and because of postal losses, the total number of questionnaires whose data could be processed was 124.

#### **3.4. Final studies and drafting of final research report**

Once the administration of questionnaires had been completed, it was possible to start entering and processing the data collected. The final studies mentioned in the executive design were also carried out and these consisted in interpreting the data collected and the meaning of the phenomena observed, particularly in light of the hypotheses formulated at the beginning of the research. This document contains the findings of these final studies.

#### **3.5. Closing seminar**

A closing seminar was held on 27 June 2001, in Copenhagen, organized within the context of the project. During the seminar the results of the study were discussed in front of an audience made up of experts on Corporate Citizenship issues. Besides the partners - Andrea Declich from CERFE presented an “inaugural paper” and Marcello Palazzi from Progressio Foundation made an opening speech - as panellists, there were also Prof. Peter Pruzan, from the Copenhagen Business School; Kim Møller, from the Oxford Research and Simon Zadek from the Institute of Social and Ethical Accountability.

In the course of the seminar, other ten people, belonging to research institutes from various countries (Denmark, Sweden, Germany, Italy) also participated. This paper was also revised in view of the considerations which arose during the seminar. It will be distributed to key persons and entrepreneurs in the sector of European small and medium enterprises.



## **PART TWO**



**CHAPTER FOUR**  
**The practice of Corporate Citizenship**  
**among the enterprises studied during the research**



## 1. SECTORS OF ACTIVITY

The Corporate Citizenship activities carried out by the SMEs studied as part of this research are described in this section. The issues that results to be by far the most interesting for these enterprises are the **environment and sustainable development**. In fact 24 of the 63 enterprises (38.1%) that carry out programmes aimed at social responsibility, deal with these issues. The activities carried out in this area are most diverse and range from training on environmental issues to performing production activities sustainably, using non-polluting materials, using low environmental impact machinery, etc., as well as organizing cultural activities connected to environmental issues and so on.

The enterprises studied do deal with **other issues** - in some cases together with environmental issues - even if these other issues are tackled much less frequently. In fact 6 enterprises focus on assisting **weaker social groups** (for example, the poor or handicapped), 5 carry out **support programmes for children and young people**, 5 implement programmes in favor of **equal opportunities**, 4 deal with the issue of the **fight against social exclusion**, proposing specific projects together with specialized organizations, 4 carry out activities to help **local development**, and another 4 carry out activities for their own employees. Other enterprises deal with the issue of **health** (for example, the fight against AIDS or cancer), **immigration, unemployment, culture and solidarity with developing countries** or with marginalized people, but less frequently. Therefore we can observe, on the one hand a strong interest in environmental issues but also on the other, an interest in a rather wide range of issues.

Many of the key persons-interviewed also confirmed the tendency of SMEs to focus on the environment and sustainable development. This tendency can also be seen in the large enterprises of which an in-depth study was carried out. As can be seen in the boxes throughout this chapter, many of the large enterprise deal directly with the protection and support of the environment (at least 7 of them place this issue at the center of attention). The documentation collected from the 49 large enterprises also confirms this focus.

**BOX 1**  
**BODY SHOP INTERNATIONAL**

This is a British company with worldwide sales of cosmetic products that have been produced using methods complying with ecological and social standards. In 2001 the company has about 2900 employees, 80% of whom are female. In the past Body Shop directly manufactured the goods it sold but it is currently withdrawing from production and concentrating exclusively on retail sales.

Body Shop has many years of experience of involvement in social and ecological activities. Its first campaign dates from 1986. In addition to maintaining its policy of observing ethical, social and environmental standards, it is currently involved in human rights campaigns and has launched a campaign to support the voluntary work of company employees. Body Shop International has also created a foundation to support a variety of social causes.

An interesting factor, which may help us to understand why there is considerable interest on the part of enterprises in the environment and sustainable development, can be found in the existence of **environmental policies**. For example, various key persons pointed out that the business focus on the environment and sustainable development is connected to the existence of public policies. On the one hand, these policies have led to growing legislation (both at a national and European level) and on the other, they have generated a large public movement which has encouraged the dissemination of an environmental awareness and respects among enterprises. In fact, many of the enterprises interviewed undergo various types of certification and auditing processes (ISO and EMAS). In many countries, including Italy, environmental organizations have carried out specific activities aimed at furthering the sustainable development awareness of business.

**BOX 2**  
**BULL**

Bull is a French company that produces hardware and software. It has about 21,000 employees, 30% of whom are female.

Bull carries out three social programmes, the first concentrates on the insertion of young people in the job market, the second focuses on the insertion of handicapped people and the third aims at creating social employment in the area where production activities are carried out.

In this context, Bull together with other actors such as citizens' associations and local authorities, has promoted a programme offering a variety of services (for example, laundry and other family services) which aims to offer employment to young people and cater for the needs of workers in one of its biggest factories.

Moreover, Bull has finalized agreements with trade unions regarding the employment of handicapped people. Bull also helps train young people to use new technology, with the possibility of employment for some of those who complete the training. It also carries out training of this kind for disabled people. Lastly Bull has promoted partnerships with universities and local organizations offering training and assistance to facilitate access to the job market for young people in difficulty ("Diplôme université entreprise").

**2. AN UNCERTAIN RELATIONSHIP BETWEEN SMES' SOCIAL ENGAGEMENT AND THEIR SIZE**

An important difference between the large enterprises and the SMEs studied lies in the fact that the former tend to have a wide "mix" of **Corporate Citizenship activities** which is not the case for the latter. Obviously this fact is not so surprising if we consider that large enterprises have both more means available and a higher impact (various types of external effects) which determines both the possibility and the need to undertake social activities. Instead, SMEs most probably find themselves having to prioritize between the different activities aimed at social responsibility they are able to carry out. In this regard, it can be noted that a limited number of SMEs (4) deal with more than one issue of social importance. It is also interesting to note that the enterprises that carry out a wider range of Corporate Citizenship activities are not the biggest in size (they range from having 25 to 65 employees).

**BOX 3  
SPINNRAD**

Spinnrad is a German company involved in producing and selling soap, cosmetics, food products and the ingredients needed by customers to DIY produce these materials at home. The company's strategy is founded on observing ethical, ecological and social standards. The company has about 1300 employees and about 220 retail sales outlets.

Spinnrad's sales and production activities go hand in hand with its social activities like importing "environmentally-friendly" products from the Philippines, China and Indonesia (by working with local cooperatives, small local businesses and German NGOs). Products sold by Spinnrad must comply with environmental standards set by the firm itself. All Spinnrad's suppliers must undergo an environmental audit conducted by a team of environmental management professionals

**BOX 4  
RANDSTAD**

Randstad is a Dutch firm operating in Europe and the United States which offers employment and recruitment services. At an international level Randstad employed about 254,000-people daily in 1999 and 1.3 million people throughout the whole year.

All of Randstad's activities have a high social impact. While carrying out its work, Randstad is often involved in a series of joint schemes with local authorities and other actors aimed at resolving development problems in rundown areas. On some occasions it has implemented schemes to promote the employment of disadvantaged groups of workers. It has also carried out projects to create services for workers' families.

It would be interesting to carry out an additional in-depth study of firm size (also using a wider empirical base) in the framework a larger issue on which the debate is still open. In fact, it is not very clear what the relationship between **the practice of Corporate Citizenship and the size of the enterprise** is. If there is a general agreement about the fact that the carrying out of activities aimed at social responsibility tends to be more widespread among large enterprises, then there are no widely accepted points of view about whether this is a determining factor in their practice

of social responsibility or whether, more simply, it is a joint cause that acts together with others (possibly as a facilitating factor).<sup>3</sup>

With regard to this, it can be seen that 12 out of the 15 key persons interviewed maintain that the enterprises most involved in social activities do not have any specific characteristics, much less any connected to their size<sup>4</sup>. An analysis of the size of the 63 SMEs that practice Corporate Citizenship and that were contacted during the research does not provide any conclusive information. In fact 27 of the SMEs (about 43%) have up to 50 employees while 15 (24%) have more than 200 employees. The "average size" SMEs are less active in social areas than small or large SMEs.

**BOX 5**  
**RABOBANK GROUP**

Rabobank is a Dutch cooperative company operating in the banking and insurance sectors. It has 53,000 employees, 55% of whom are female.

Rabobank is heavily present throughout the country. About 1,200 projects were carried out at a local level on the occasion of the company's centenary in 1997 and many of these are still going on. Local branches decide the contents and the methods in which to carry out these projects. These activities tackled a variety of local problems such as support and assistance for disadvantaged groups, help for the handicapped, income support for fringe groups and different forms of assistance for the elderly, the young and ethnic minorities.

Rabobank also has a foundation which carries out activities to help the development of third world countries.

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<sup>3</sup> It has emerged from discussions with the key experts that branding, technology, retail vs wholesale and B2B sales need to be tested in future action-research projects (Dr Simon Zadek at the Copenhagen Seminar, June 27<sup>th</sup>, 2001).

<sup>4</sup> One of the key persons interviewed maintained that based on the research he had carried out, SMEs' social activities tended to be more widespread among those with up to 50 employees. Instead the larger SMEs tended to concentrate more on their own production development, their competitive position in the market place, their profitability ranking, financial markets' demands (for those publicly quoted).

**BOX 6  
SIEMENS**

Siemens is a large multinational company specializing in supplying products and services in the electronic and electrotechnical sectors. In 2000 Siemens employees numbered 447,000 in 190 countries.

The company carries out an extremely wide range of social activities aimed at spreading knowledge and technical skills by lending its support to students and educational, training and research projects. It is also active in the welfare sector, in particular by supporting foundations worldwide and intervening in emergency situations (for example, natural disasters). Siemens offers its own technology and research abilities in order to carry out production processes that respect the environment or assist weak social groups. It also sponsors art and culture.

**3. THE MAINLY LOCAL DIMENSION OF SMES' SOCIAL ACTIVITIES AND "GLOBAL AWARENESS"**

In spite of the fact that no certain statements can be made about the size of enterprises and Corporate Citizenship, **it can be said that there is a link between the size of enterprises and their "scope of action" in the social area.** While the tendency of SMEs seems to be that of being active in local contexts, the social activities of large enterprises tend to have a wider impact, affecting other countries and other local communities.

This phenomenon, which is not totally unexpected, is important because **it is connected with the management characteristics of the enterprise and its staff**, as emerged during the workshops involving some large enterprises. For example, one of the reasons why **Danone** carries out social activities is to create **a shared feeling and vision among its employees** about the philosophy the company adopts in carrying out its own activities. However, this strategy takes on particular meaning when associated with a company that has undergone an intense internationalization process during recent years. The number of foreign employees has risen from 6% to 60% over the last ten years and it is therefore necessary that all company employees share the same style of management. Carrying out Corporate Citizenship activities that focus on both company employees (from the point of view of workers' rights and wages) and specific social problems found in the geographical areas where production takes place is a way to succeed in "aligning" all staff working in the enterprise globally -with the Danone's principle of management "avec et par les hommes". In this context the Danone representative referred to

the case of Danone Mexico which carries out activities to benefit Mexican children.

**BOX 7  
PIAGGIO**

Piaggio is an Italian company and is one of the most important producers of two wheel motor vehicles in Europe and throughout the world (Vespa). In 2000 Piaggio had about 3,800 employees, 19% of whom were female. It carries out its production activities both in Italy and abroad (in Spain and China).

Piaggio's social commitment is built on three pillars. The first of these is its commitment in favor of the quality of life. In this context, Piaggio makes a strong commitment to reducing the polluting impact of its own products and the production processes it manages by carrying out technologically innovative activities. The second pillar consists in its undertaking to reduce road risks through specific lobbying activities (in favor of adding restrictive laws into the highway code and regarding the issuing of driving licenses to minors) and supporting drivers' education. The third pillar is its commitment to supporting the local community where it operates. In fact in Pontedera, where Piaggio has its headquarters, it has promoted a local business consortium for technological and productive innovations. It has also created a Foundation - The Piaggio Foundation - for the development of culture and tourism in Tuscany (the Italian region where the company operates).

**BOX 8  
DIXONS**

Dixons is a large British firm whose business is the retail sales of consumer electronics (televisions, telephones, cameras, fridges, hi-fi, computers, etc.) In 2001 the number of Dixons employees is 27,000 (40% of them women) and the company has about 1100 sales outlets.

Dixons carries out social activities in three main areas: support for the educational system, promoting crime prevention activities and support for the quality of life. These areas of interest are pursued by offering funds to charities, supporting the initiatives carried out by employees and through specific projects implemented directly by the enterprise (like the collection and recycling of cartridges for second hand printers: the money earned from this was used to provide electronic equipment for schools).

As far as Danone is concerned, the impact of its Corporate Citizenship activities is, undoubtedly, wide-reaching but this is due to the fact that we are dealing with the management of a "globalized" firm. A similar

approach emerged from the account provided by the representative of **Novo Nordisk** who explained that Corporate Citizenship activities are carried out in ways that are adapted to the different local contexts found in all the countries where the company operates (Europe, the Americas, Asia). Therefore the adaptation of standards to these different contexts is an important aspect of Novo Nordisk social activities and is indicative of their large impact as well as the "global awareness" that must be used when carrying out said activities.

Instead, **63.5% of SMEs** that carry out social activities tend to follow **local programmes**. However, it needs to be pointed out that not a too small number of the 63 enterprises that practice social responsibility, that is 28.6%, maintain that they have carried out programmes on an international level. What can be observed in this regard is that despite the comprehensible local orientation of SMEs, they are, nevertheless, **bearers of a global awareness**.

#### **4. THE EXISTENCE OF A WEAK LINK BETWEEN CORPORATE CITIZENSHIP AND SMES' "CORE BUSINESS"**

One of the most talked about issues as far as Corporate Citizenship is concerned, is the extent of **the link between activities of a social kind and the enterprise's own activities**. In some cases these activities are included within the "core business"<sup>5</sup>. In other enterprises, the link is not so obvious. Only a small number of the 63 enterprises that carry out Corporate Citizenship activities, carry out production activities directly connected to pursuing socially impactful objectives. Those who engage in waste disposal, those involved in "fair" trade relations with developing countries or those who provide services for weak actors can be included among this group. However many enterprises do not integrate their own social engagement into their production activity.

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<sup>5</sup> The Body Shop International, which was among the large businesses that attended the workshops, is one of the best known examples of this.

**BOX 9  
DANONE**

Danone is a large French company operating in the agro-industrial sector that has 148 factories located in 120 countries. The total number of employees in 1999 was 76,000 of whom 20.8% were employed in France, 23.7% in other EU countries and 55.5% in the rest of the world.

Danone carries out many activities aimed at social responsibility that are generally linked to the ethical principles followed in all of their own production activities, more particularly, to the idea of the central role of human resources and people both inside and outside of the company. In this context, the activities carried out by Danone involve both company workers (for example, regular training, improvement of working conditions) and the actors the company comes into contact with, in other words local partners. Furthermore, Danone carries out activities to support the environment and food safety. On various occasions it has also been involved in providing humanitarian aid (for example, in the event of natural disasters).

**BOX 10  
NOVO GROUP (NOVO NORDISK)**

The Novo Group is composed of different companies that produce enzymes and materials used in the treatment of diabetes. In 2000 the Group had approximately 16,800 employees in Denmark, the United States, France, Brazil and China.

The Novo Group has drawn up a series of values and commitments (financial, environmental and social responsibility) which it adheres to when organizing its own production activities. The Novo Group's social commitment is concentrated on pursuing objectives such as sustainable development and respect of human rights in all the companies that are part of the Group, respect of workers' rights, health and safety assistance and carrying out bioethical checks of the companies' activities

Many enterprises seem rather to **"complement" their own activities with social activities** that are linked, in varying degrees, to the enterprises' "core business"; in other words, these activities are complementary rather than strategic. We have already looked at the question of the involvement of many SMEs in environmental and sustainable development issues. Nevertheless, it can be pointed out that

many of the enterprises that are sensitive to ecological questions belong to the manufacturing sector and carry out activities which tend to link their commitment on environmental and sustainable development issues with the enterprises' "core business", even if they do not strictly identify themselves with this.

There is a **variety of social enterprise links ranging** from building and construction companies that use materials with a reduced environmental impact to taxi firms that use ecological fuel or agricultural and food companies that reduce their use of chemical fertilizers. As far as environmental activities are concerned, it is generally easy to find enterprises that carry out production activities trying to minimize the environmental impact even though they do not identify their company mission with environmental protection. Or, they run production activities which are environmentally advanced, like for example, refinery companies engaged in de-sulphurization.

Instead, this is not the case as far as other areas of social action are concerned. There are different examples of enterprises where there is a strong link between production and social activities (for example, companies that carry out import-export activities with developing countries based on principles of fairness or training service agencies which assist young people or bookshops that organize cultural events or catering companies that implement programmes connected with the rights of immigrants who form the majority of their workforce). Yet in spite of this, **many of the social areas in which enterprises are involved are not closely linked to the enterprises' core business**. This fact is obvious in many cases where enterprises promote programmes in favor of health, local development, support for disadvantaged groups and so forth.

The problem of the link between social responsibility and "core business" can be found in all discussions about Corporate Citizenship and in all the literature on the subject and it is difficult to put forward an approach that is in some way conclusive. During the **workshop held in London**, it was possible to compare **two opposing approaches**, even if, in our opinion, they are so only on the surface. The two companies involved were **Dixons**, specialists in retail sales of consumer electronics and **Body Shop International**, a company specializing in skincare products produced in accordance with environmental and social standards and without being tested on animals. On the one hand, the Dixons' representative pointed out that the market where his company operates is entirely price-focused

- no other factors count, at an acceptable quality level, of course. On the other hand, the Body Shop International representative highlighted how a strong sense of social awareness can be the very source of competitive advantage.

Seen solely in connection with the "core business", Corporate Citizenship may seem to be a phenomenon which affects only a small part of enterprises, that is those operating in markets where a "niche" with a social content can be exploited. However an interesting element emerged from the discussion held in the workshops: **all enterprises can at least connect some elements of social awareness to the way in which they operate in the business world even if they cannot all integrate these.** For example, Dixons uses its position as a seller of consumer electronics to carry out recycling of highly polluting waste (especially ink cartridges). Furthermore, since Dixons is heavily at risk from petty crime, it carries out activities to support crime prevention schemes. **Piaggio** focuses on developing non-polluting vehicles and advocates the spread of drivers' education in schools. **Bull** carries out social activities in favor of the development of the areas where it operates without giving importance solely to its role as a producer of high technology goods and services. And not only does **Danone** carry out campaigns in favor of a correct diet and/or children but it also offers assistance to young people by putting at their disposal qualified staff from some of its production plants.

So, we can say that it seems that Corporate Citizenship is not only practiced on condition that it brings enterprises some advantages in the market where they operate. But also on condition that it is **strategic** to the enterprises' main activities and more importantly with the "**vision**" entrepreneurs and decision makers inside the enterprises have of these activities.

Therefore the condition for practicing **Corporate Citizenship** is the identification, by the management, of **links with core corporate activities** which can lead to economic advantages, although not necessarily immediate ones.

## 5. THE ENTREPRENEURIAL CULTURE AND THE DECISION TO PRACTICE CORPORATE CITIZENSHIP

Therefore, we can observe the existence of a **"weak"** link between the **"core business"** of enterprises and their social commitment. It could be of interest to examine further the ways in which this link is identified and practiced by those in charge of corporate activities.

It is difficult to come up with an answer to this question since the occurrence of social responsibility in the entrepreneurial context is a **complex phenomenon**. Nevertheless some information can be obtained from the research activities carried out which may be used as the basis of further studies. It can be said that it is **not only policies adopted by public bodies, including those in collaboration with citizens' organizations, that play a role**. These policies are certainly very important. Reference can be made to what was stated previously about the issue of enterprises' commitment to protecting the environment. Or to what the Danish key persons said about the fact that the relatively high level of commitment in social areas among enterprises in their country can be linked to specific policies implemented by the government in the past.

As far as this matter is concerned, many key persons stressed that the **"culture" of the entrepreneurs and enterprise leaders** plays an important role in determining enterprises' decision to carry out social activities; a culture that is, in any case, undoubtedly affected by pressure from consumers and citizens' organizations. The decision to practice Corporate Citizenship and the ways in which this decision is put into practice result from both this culture and from the conception that enterprise leaders have of doing business.

It is opportune to highlight how high the **level of freedom in organizing social activities is**. In fact, each enterprise undertakes very different initiatives, so much so that it is difficult to establish a real typology of Corporate Citizenship initiatives. Among the various ways that are chosen to carry out social activities, it may be interesting to focus attention on **the decision to form partnerships**. In fact, there is no clear-cut trend in favor of forming the latter. The 63 SMEs studied that carry out social activities are divided in a rather equal manner - **46% and 54%** respectively for those that are involved in partnerships and those that are not. The majority of key persons interviewed were also of the same opinion. This observation is probably of less importance when analyzing the social activities of large enterprises. In this case, the size and therefore

the complexity of the activities carried out determine, to a greater extent, the need and the possibility of carrying out activities together with external actors.



CHAPTER FIVE  
**The practice of Corporate Citizenship  
and the core of Enterprises**



As stated previously, one of the approaches used during the research was the comparative approach. More particularly it was maintained that the comparison be made both between large enterprises' different experiences in the social area and between different SMEs. In fact the group of SMEs was divided into two smaller sub-groups:

- enterprises that have carried out programmes with specific objectives in the social, environmental and/or equal opportunities areas during the last year
- enterprises that have not carried out any such programmes.

The following table shows the division of the 124 enterprises between those that practice Corporate Citizenship and those that do not.

**Tab. 1 – SMEs by country and practice of Corporate Citizenship**

Country	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Germany	18	28.6	8	13.8	0	0.0	26	21.0
Denmark	7	11.1	7	12.1	1	33.3	15	12.1
France	4	6.3	4	6.9	2	66.7	10	8.1
Italy	13	20.6	17	29.3	0	0.0	30	24.2
Netherlands	7	11.1	6	10.3	0	0.0	13	10.5
United Kingdom	14	22.2	16	27.6	0	0.0	30	24.1
<b>Total</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

A **comparison** was then made of the characteristics of the enterprises belonging to the two groups, trying to identify some of the distinctive features of each of them that could be related with the characteristics of the social core of the enterprises belonging to the group.

Therefore, in the following section the links that seemed to emerge between the two sub-groups will be shown and compared to some indicators of the process of the growth of the enterprise core.

As mentioned previously, the results of this comparison will be read and interpreted in light of the experiences of large enterprises and the opinions provided by the key persons interviewed. In fact, the first thing that was done was to consult these sources in order to understand the importance of those phenomena which, as will be seen later on, seem to characterize SMEs that carry out Corporate Citizenship activities (within our sample).

**1. THE GREATER COMPLEXITY OF ENTERPRISES THAT PRACTICE CORPORATE CITIZENSHIP (FROM A NORMATIVE AND VALUE POINT OF VIEW)**

**the availability -of codes of behavior and “mission statements” as indicators of the growing complexity of the enterprise core**

One of the first phenomena that can be highlighted is the widespread use by SMEs of a “Mission Statement”. As can be seen in the table below, more than half of the SMEs that practice Corporate Citizenship have drawn up a mission statement while a little more than 1 out of 4 of the other types of enterprises have one.

**Tab. 2 - SMEs that have a mission statement, by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
With mission statem.	35	55.6	16	27.6	1	33.3	52	41.9
<b>Total of SMEs</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

A similar observation can be made about the drawing up of a code of behavior or similar document, even though the tendency is less marked than for the mission statement. In fact 40% of enterprises that practice Corporate Citizenship have drawn up a code of behavior while just over 20% of those who do not practice it have drawn up these types of documents. This information is shown in the following table:

**Tab. 3 - SMEs that have drawn up a code of behavior or a code of ethics, by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
With code of behavior	24	38.1	12	20.7	1	33.3	37	29.8
<b>Total of SMEs</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

This tendency can be summed up by the fact that the enterprises that declare **not to have drawn up any document** similar to those mentioned above are in the overwhelming majority (62.1%) as far as enterprises not practicing Corporate Citizenship are concerned, and in the minority (30.2%) as far as those practicing Corporate Citizenship are concerned. Reference should be made to the following table.

**Tab. 4 - SMEs that have not drawn up a code of ethics or a mission statement, by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Without code or miss. statem.	19	30.2	36	62.1	0	0.0	55	44.4
<b>Total of SMEs</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

It is possible to make an observation summarizing the issue of enterprises using documents like mission statements and/or codes of behavior.

In the context of this research it was used as an **indicator of the existence of a process from a value and normative point of view**. Therefore a growth of complexity of their internal social structure (in other terms, of their core). The idea is that when enterprises draw up documents of this kind, they are undertaking to follow clearly defined

rules of behavior for which they could, at least potentially, be called upon to answer publicly.

In this sense, the fact of drawing up these documents does not have to do directly with the social commitment of enterprises, even though many of the SMEs studied include these issues in both their mission statements and codes of behavior. Rather it has to do with the fact that **the enterprise decides to make public its ethical dimension and its commitment to pursuing specific objectives and turn these into a characteristic of its own identity** (as confirmed by some key persons).

From this point of view, it is not of secondary importance to point out that in general the drawing up of these types of documents by SMEs is not very widespread. This fact was confirmed by the key persons and can also be seen in the answers given by the SMEs interviewed during the research (both those that practice and those that do not practice Corporate Citizenship), a significant number of whom do not have these documents as can be seen from Table 3. This is an indication which supports the statement made at the beginning of this chapter about SMEs orientation not to have a very complex "social core".

However it is interesting to note the significant difference between SMEs that practice Corporate Citizenship and those that do not from the point of view of availability of codes of behavior and "mission statements". This difference can be considered indicative of **a deeper process of growing complexity of the enterprises that practice social responsibility**. This interpretation was shared by some key persons who maintained that the enterprises "equipped with" "mission statements" or codes of behavior are more aware of their involvement in the social context or of the social meaning of their production activities.

**training on and the internal spread  
of the enterprise's ethical principles**

The drawing up of documents such as missions statements and codes of behavior represents, even if not exclusively, the fact that there may be a link between enterprises' practice of social responsibility and the process of the growing complexity of the core. This belief is also supported by the fact that **it is the more socially active enterprises that carry out internal training activities** and publicize the issues of the enterprise's "ethics" and "commitment" among its employees. In short the more socially responsible enterprises seem to be those that pay greater attention to

creating a ~~common point of view~~ among enterprise ~~members~~ on the values that regulate the enterprises' existence as a collective organization.

Enterprises that practice Corporate Citizenship have a more noticeable tendency to carry out **training activities connected to documents such as the enterprise's "mission statement" and the code of behavior** which contain company values and principles. In fact almost 40% of this type of enterprises carry out training activities compared to just over 17% of those that do not practice social responsibility. Of the 35 enterprises (if we exclude the "no replies") that carry out this type of activity, almost 70% carry out training activities.

**Tab. 5 - SMEs that carry out training activities on documents, such as mission statement and codes of behavior, by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
SMEs that carry out training activities	25	69.4	10	27.8	1	2.8	36	100
by type of SMEs		39.7		17.2		33.3		29.0
<b>Total of SMEs</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

The tendency shown above is also confirmed by the fact that enterprises that practice social responsibility are also those that **organize meetings more frequently or distribute documentation to their employees about the mission statement and code of behavior**. The following tables should be referred to in this regard. From these it emerges that approximately 60% of enterprises that hold assemblies and meetings on issues contained in mission statements and codes of behavior and 70% of those that distribute material on these issues also carry Corporate Citizenship activities.

**Tab. 6 - SMEs that organize assemblies and meetings about mission statements and codes of behavior, by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
SMEs that organize assemblies and meetings	23	59.0	15	38.5	1	2.5	39	100
<i>by type of SMEs</i>		36.5		25.9		33.3		31.5
<b>Total of SMEs</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

**Tab. 7 - SMEs that distribute material about mission statements and codes of behavior, by practice of Corporate Citizenship**

	Pratctice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
SMEs that distribute documents	25	67.6	11	29.7	1	2.7	37	100
<i>by type of SMEs</i>		39.7		19.0		33.3		29.8
<b>Total of SMEs</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

Furthermore it can be noted that there is **only a small number** of enterprises that carry out activities to "publicize" ethical issues connected with the enterprise (between 36 and 39 enterprises, in other words between 29.0% and 31.5%). This fact can be explained on the basis of the initial assumption, in other words the belief that the level of the complexity of the social core of SMEs is nevertheless limited and that as a result SMEs tend to carry few activities of this kind. In particular, training (and this could also be extended to all activities connected with creating a common point of view among enterprise members) tends not to be very widespread among SMEs as confirmed by the key persons interviewed.

However, the difference in orientation between SMEs that practice Corporate Citizenship and those that do not, is quite considerable and for this reason deserves to be pointed out, even if in order for it to be corroborated further it would have to be subjected to a stricter empirical examination based on the consultation of a larger number of enterprises.

In fact, the importance of the spread of ethical issues inside enterprises, including adopting specific training activities, is one of the major issues regarding the question of Corporate Citizenship. At the workshop held in Paris, the Danone representative stressed the importance of involving management and workers in the principles behind the enterprise's management.

## 2. THE GREATER PARTICIPATION OF SMEs PRACTICING CORPORATE CITIZENSHIP IN SOCIAL NETWORKS

A second group of phenomena that differentiate in a rather noticeable manner SMEs that practice social responsibility from those that do not is **connected to the relations that enterprises maintain with associations and the other non-commercial relations they have with other collective organizations (other enterprises, citizens' organizations, etc.) and/or public bodies.**

Another reason for taking this fact into consideration is that it can be seen as **an aspect of the growing complexity of the core.** The fact that an enterprise maintains relations with other organizations or is a member of associations contributes significantly to defining the context where the enterprise operates and the set of external actors with which it interacts.

Obviously, this interaction is of the utmost importance. In fact, being part of a network of social relations makes it possible for enterprises to enter into information and communications circuits that are of a different nature to those, connected to production activities and markets. In addition to having a larger amount of information and knowledge available, voluntary involvement with networks also determines the need for an enterprise to define **the image it offers of itself to the outside world, the intentionality that it must exert, and how it assesses and reacts to new information it acquires.** Therefore its presence inside a large network of relations could be considered both the cause and effect of the fact that its social "core", or if you prefer its internal "social structure" and culture, becomes more complex and able to respond to the input that emerges from the external world<sup>6</sup>.

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<sup>6</sup> The importance of relations networks for enterprises is the subject of a wide discussion on the issue of social capital currently taking place in the field of social sciences and in particular in the fields of sociology and economics. This literature should be consulted for further information and in particular the work of Robert Putnam entitled *Making*

Last but not least, management of these types of relations requires a **use of resources on the part of the enterprise**<sup>7</sup>. Therefore the fact that resources are devoted to this objective is important because it requires a clear decision and more generally for this decision to be shared by the different actors inside the enterprise.

It is interesting to note that the **SMEs that practice Corporate Citizenship tend significantly to be more involved in relations with other collective actors**. Two types of relations were analyzed during the research: the associative kind and the non-commercial kind.

enterprises' 'participation in associations'

**On the whole, the SMEs studied, both those that practice Corporate Citizenship and those that do not, seem to be significantly involved in various types of associations** (72.6% of the enterprises interviewed said they were members of associations). However the tendency is greater among socially committed enterprises, 79.4% of which are members of associations compared to 65.5% of SMEs that do not practice Corporate Citizenship.

**Tab. 8 - SMEs by membership in associations and by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Members of assoc.	50	55.6	38	42.2	2	2.2	90	100
<i>by type of SMEs</i>		79.4		65.5		66.7		72.6
Not members of associations	9	36.0	15	60.0	1	4.0	25	100
<i>by type of SMEs</i>		14.3		25.9		33.3		20.2
No reply	4	44.4	5	55.6	0	0.0	9	100
<i>by type of SMEs</i>		6.3		8.6		0.0		7.3
<b>Total</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

The SMEs that practice Corporate Citizenship tend to have a higher level of membership of **trade associations or entrepreneurial unions**:

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*democracy work: Civic traditions in modern Italy*, Princeton NJ, Princeton University Press 1993.

<sup>7</sup> Basically managers' time but also economic resources.

55.6% of them belong to one or both types of associations compared to 41.4% of SMEs that do not practice Corporate Citizenship.

**Tab. 9 - SMEs that are members of trade associations or entrepreneurial unions by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		Total
	V.A.	%	V.A.	%	V.A.
Members of assoc.	35	55.6	24	41.4	59
<b>Total of SMEs</b>	<b>63</b>		<b>58</b>		<b>121*</b>

\*This number does not include the three enterprises that did not reply.

However, the type of 'associations' seems to be more diversified among enterprises that practice Corporate Citizenship. Nevertheless, participation in this type of 'associations' is not the only interesting aspect of the phenomenon.

In fact enterprises that practice Corporate Citizenship seem to have a **higher level of membership of other types of associations** like area consortia, associations dealing with specific issues (the environment, quality of life, etc.). associations for local development, local business consortiums and national and international business networks. Therefore it could be said that there is a greater tendency on the part of this type of enterprise to **play a wider role inside the environment where it operates**. Data relating to this phenomenon are summarized in the table below:

**Tab. 10 - SMEs that are members of associations by type of association and by practice of Corporate Citizenship**

Types of association	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total
	V.A.	%	V.A.	%	V.A.	%	V.A.
Ass. dealing with spec. issues	18	28.6	6	10.3	0	0.0	22
Area consortia	0	0.0	17	27.0	10	17.2	27
Inter. bus. net.	16	25.4	6	10.3	1	33.3	23
National bus. net.	14	22.2	7	12.1	2	66.7	23

Ass. for local dev.	14	22.2	9	15.5	0	0.0	23
<b>Total of SMEs*</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>
*The total is not equal to the sum of the numbers reported in each column because each SME could be member of more than an association							

However the information shown above does not give a complete idea of the difference between the participation in 'associations' of the SMEs that practice Corporate Citizenship and those that do not.

In fact, it must be pointed out that there is a greater tendency among the former to have **relations with associations that are different from trade associations and entrepreneurial unions** compared to the latter. As can be seen in the following table, only 39.7% of enterprises that do not practice Corporate Citizenship are members of other types of associations compared to 68.3% of companies that practice Corporate Citizenship.

**Tab. 11 – SMEs that are members of associations, different from trade associations or entrepreneurial unions, by the number of types of associations and by practice of Corporate Citizenship**

Number of types of assoc.	Practice Corp. Cit.		Don't practice Corp. Cit.		Total		
	V.A.	%	V.A.	%	V.A.	%	
At least 2 types	25	39.7	8	13.8	33	27.3	
Only 1 type	18	28.6	15	25.9	33	27.3	
Not members of any type of association	7	11.1	15	25.9	22	18.2	
Total no. Involved in associationism	50	79.4	38	65.5	88	72.7	
<b>Total of SMEs*</b>	<b>63</b>	<b>100</b>	<b>58</b>	<b>100</b>	<b>121*</b>	<b>100</b>	
* This number does not include the three enterprises that did not reply.							

**enterprises' non-commercial relations**

There also seems to be a greater tendency among the SMEs that carry out Corporate Citizenship activities compared to those belonging to the other group as far as **maintaining non-commercial relations** with external organizations is concerned. This term is used to mean relations that do not include an exchange of goods or services but rather activities such as exchange of information, research, exchange of professional experiences, various kinds of social activities, support and so on. In fact 71.4% of these

SMEs maintain non-commercial relations with other enterprises, voluntary organizations, unions, research institutes, training institutes, international organizations (UN, EU, etc.), central or local public administration and other organizations. On the contrary only 41.4% of the SMEs that do not practice Corporate Citizenship maintain non-commercial relations with the above-mentioned types of organizations. This data is shown in the following table.

**Tab. 12 - SMEs by the practice of non-commercial relations with external organizations and by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Have non-comm. relations with ext. org.	45	71.4	24	41.4	2	66.7	71	57.3
Do not have non-comm. relations with ext. org.	18	28.6	34	58.6	1	33.3	53	42.7
<b>Total of SMEs</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

It is interesting to note the fact that there is also a difference as far as the diversification of non-commercial relations are concerned. The SMEs that practice social responsibility have non-commercial relations with a wider range of organizations.

**Tab. 13 - SMEs that have non commercial relations with external organizations, by the number of types of organizations and by practice of Corporate Citizenship**

Number of types of organizations	Practice Corp. Cit.	%	Don't practice Corp. Cit.	%	Total	%
At least 3 types	17	27.0	9	15.5	26	21.5
With 2 types	13	20.6	6	10.3	19	15.7
With only 1 type	15	23.8	9	15.5	24	19.8
Total no. of SMEs that have non-comm. relations	45	71.4	24	41.4	69	57.0
<b>Totale* of SMEs</b>	<b>63</b>	<b>100</b>	<b>58</b>	<b>100</b>	<b>121*</b>	<b>100</b>

\* This number does not include the three enterprises that did not reply.

The types of organizations with which enterprises that carry out Corporate Citizenship activities tend to have relations are voluntary organizations, training institutes, research institutes and other enterprises. Instead the order of preferences is different for enterprises that do not practice Corporate Citizenship. The information relating to this is shown in the table below.

**Tab. 14 - SMEs by type of non-commercial relations and by practice of Corporate Citizenship**

Number of type of organizations	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Voluntary org.	20	64.5	9	29.0	2	6.5	31	100
<i>by type of SMEs</i>		31.7		15.5		66.7		25.0
Training institutes	18	60.0	11	36.7	1	3.3	30	100
<i>by type of SMEs</i>		28.6		19.0		33.3		24.2
Other enterprises	17	65.4	8	30.8	1	3.8	26	100
<i>by type of SMEs</i>		27.0		13.8		33.3		21.0
Research institutes	14	60.9	9	39.1	0	0.0	23	100
<i>by type of SMEs</i>		22.2		15.5		0.0		18.5
<b>Total of SMEs*</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

\*The total is not equal to the sum of the numbers reported in each column because each SME could have non-commercial relations with more than one type of organizations.

#### SMEs, Corporate Citizenship and ~~relations~~ networks

From what has been shown so far, it is clear that **SMEs that practice Corporate Citizenship tend to be present in more wide-reaching and more diversified relations networks**. As mentioned previously, this fact can be connected to the process of the growing complexity of the social core of enterprises. Enterprises that practice Corporate Citizenship do not only have more relations with voluntary organizations, in other words with those organizations that could be considered a sort of "ideal partner" for their social activities. On the contrary, these enterprises tend to have a fuller relationship with external actors in general, leaving aside relations with actors that are important for Corporate Citizenship activities (i.e., voluntary associations). These **SMEs seem to be better networkers** and not only in order to carry out their social activities.

This fact also seems to have been **confirmed by the key persons** interviewed during the research. Many of those interviewed maintained that one of the reasons why SMEs undertake social programmes and initiatives is to be found in their **interest in improving their position within the local community and their network of social relations**. According to some of these interviewees, enterprises succeed in improving their image and reputation by carrying out social activities. So, the orientation to be part of large wide-reaching relations networks would seem to be stronger in SMEs that practice social responsibility.

Some key persons talked of an "opportunistic" type of behavior. Leaving value judgments aside, it seems fairly clear that the social responsibility of enterprises is linked with an aspiration to be increasingly present in the social environment where they operate. In other words, enterprises seem to be **interested in having an increasingly complex relationship with the other actors with whom they come into contact**. Moreover, this phenomenon seems to correspond to the hypothesis suggested in the theoretical framework that Corporate Citizenship is carried out as a reply by enterprises to the challenge resulting from the emergence of new forms of governance which necessitate links, including those on a horizontal level, between different types of actors.

### **3. ENTERPRISES' ORIENTATION TOWARDS QUALITY AND THE PRACTICE OF CORPORATE CITIZENSHIP**

At the beginning of this chapter it was stated that enterprises' orientation towards quality could be considered an indicator of the level of the growing complexity of their social core. The hypothesis is that there is a link between these phenomena in as much as **the fact that an enterprise devotes its resources to monitoring aspects of its activity that determine the quality of its product or service, means a greater awareness of the mechanisms and dynamics that regulate its own conduct**. Therefore, in this context it is **more probable that enterprises review, in a self-critical way, their own relationship with stakeholders**, in other words with their workers, clients, suppliers, political and social actors that contribute to the government of the area where they operate and, last but not least, with all those who are affected by the impact of the "external effects" created by the enterprise itself while carrying out its activities. The hypothesis is not so much that orientation towards quality determines an orientation towards Corporate Citizenship but that **orientation towards quality is**

**one of the determining factors for the growing complexity of the enterprise's social core.**

It is impossible to carry out an analysis of the link that exists between SMEs, their orientation towards social responsibility and orientation towards quality without taking into account the context in which the SMEs operate. Said context seems to be characterized by an only partial practice of quality control among SMEs. This is the opinion of 12 of the 15 key persons interviewed. This point of view is not completely confirmed by an analysis of the data regarding the SMEs contacted during the research. In fact the latter seem to have a widespread interest in quality control. A high percentage (83.1%) of those contacted during the research (both those that practice Corporate Citizenship and those that do not) maintain that they have drawn up quality standards for their own production activities.

Instead what can be noted is that the level of "formalization" with which this approach to quality is put into practice is lower. The term formalization is used to mean the shared and verifiable public drawing-up of the procedures regulating quality control. In fact we can see that the setting down of these standards in handbooks is done by a smaller number of enterprises (53.4%). The other enterprises make use of less formalized means such as brochures (27.2%), service orders (14.6%) and internal rules and regulations (26.2%). Moreover 63.1% of enterprises tend to make quality control a collective reality within the enterprise and do this by entrusting the task to a specific department or to the management as a whole. 20.4% of the other enterprises do not have systems of checking quality standards and 18.4% give a single person the responsibility of carrying out this task. However, training on the issue of quality seems to be fairly widespread and is carried out by 77.7% of the SMEs who have drawn up quality standards. The data listed here seem to show that there is an orientation towards quality among SMEs. However this orientation tends to be an internal commitment by the enterprises in as much as only a limited number of the SMEs contacted (38.7%) said that they had had their quality standards certified by external organizations.

From the information shown above it is possible to deduce that there is an orientation towards quality among SMEs but that this orientation tends to be characterized by "a lack of systematization" or relatively scarce formalization. It may be of use to focus attention on this very point. In fact we can note that SMEs that practice Corporate Citizenship tend to have a more formalized orientation towards quality.

In fact 62.5% of the 48 enterprises that undergo **quality certification** practice Corporate Citizenship. On the contrary, there was little difference between those that practice Corporate Citizenship and those that do not as far as enterprises that draw up quality standards are concerned. However it must be pointed out that 56.4% of the 55 enterprises that **draw up quality handbooks** practice Corporate Citizenship, as do 64.3% of the 28 that prepare **brochures** on the issue. The same is true for allocating responsibility for quality control to company departments and not single individuals. In fact, 58.3% of the 24 enterprises that have a **quality control office** also practice Corporate Citizenship, as do 61.0% of the 41 enterprises where quality control is a **prerogative of the entire management** team. Lastly a similar tendency can be seen as far as **training** is concerned. 53.8% of the 80 enterprises that hold courses on quality issues for its own employees practice Corporate Citizenship.

In this context, it can be stated that there is a tendency among SMEs that practice Corporate Citizenship, even if it is not an excessively marked one, to make their commitment to quality a publicly known fact and important for the enterprise as a whole (through "collective" quality control or training). In short, these enterprises seem to be more structured, systematic and strategic in their own orientation towards quality. This phenomenon tends to confirm the idea that **the enterprises that practice Corporate Citizenship are those which are currently undergoing a process in which their internal social structure is becoming more complex**. Obviously, the tendency that has just been described would need to be further corroborated with a wider empirical examination. However it is opportune to point out that this point of view also seems to be **backed up by the key persons**: in fact 13 of the 15 people interviewed maintain that the practice of quality is more widespread among socially committed enterprises.

#### **4. FOREIGN EXPANSION, THE ENVIRONMENTAL IMPACT, THE USE OF INTELLECTUAL CAPITAL AND THE PRACTICE OF CORPORATE CITIZENSHIP**

As stated previously, it was possible to discern a link between the practice of Corporate Citizenship by SMEs and phenomena such as foreign expansion of enterprises, the environmental impact and the carrying out of activities that require an heavier use of "intellectual capital".

**foreign expansion**

It emerges that **enterprises that practice Corporate Citizenship tend to have closer relations with foreign countries**. These enterprises export more of their own products. As can be seen from the table below 64.3% of the 56 enterprises involved in export activities carry out social programmes.

**Tab. 15 – SMEs that export their own products, by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Export	36	57.1	19	32.8	1	33.3	56	45.2
Do not export	27	42.9	39	67.2	2	66.7	68	54.8
<b>Total</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

Furthermore, enterprises that practice Corporate Citizenship **tend to have slightly more foreign suppliers**. In fact, this is the case for 47 out of a total of 83 (56.6%), as shown in the following table.

**Tab. 16 – SMEs that carry out production activities abroad, by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
With foreign suppliers	47	74.6	34	58.6	2	66.7	83	66.9
Without foreign suppliers	16	25.4	24	41.4	1	33.3	41	33.1
<b>Total</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

Moreover, the next table shows that 11 out of the 14 enterprises that carry out production activities abroad practice Corporate Citizenship activities.

**Tab. 17 – SMES that carry out production activities abroad, by practice of Corporate Citizenship**

	Pratice Corp. Cit.		Don't pratice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Carry out activities abroad	11	78.6	3	21.4	0	0.0	14	100
<i>by type of SMEs</i>		17.5		5.2		0.0		11.3
<b>Total</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

**environmental impact**

Enterprises that have a strong environmental impact tend to carry out Corporate Citizenship activities. In particular, 72.5% of the 40 potentially polluting enterprises carry out social programmes (not necessarily of an environmental nature). This information is shown in the table below.

**Tab. 18 – SMEs that carry out potentially polluting- activities, by practice of Corporate Citizenship**

	Pratice Corp. Cit.		Don't pratice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Carry out activities with envir. risks	29	72.5	10	25.0	1	2.5	40	100
<i>by type of SMEs</i>		46.0		17.2		33.3		32.3
Don't carry out activities with envir. risks	34	40.5	48	57.1	2	2.4	84	100
<i>by type of SMEs</i>		54.0		82.8		66.7		67.7
<b>Total</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

**use of intellectual capital**

Furthermore, it seems that there is a **greater tendency among enterprises that practice Corporate Citizenship to make more use of intellectual capital**. 62.5% of the 32 enterprises with patents are orientated towards social responsibility. The same can be said for the 37 enterprises that have offices dealing with "knowledge management":

59.5% of them carry out Corporate Citizenship activities. This information is shown in the tables below.

**Tab. 19 – SMEs holding patents, by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Patent holders	20	62.5	10	31.3	2	6.3	32	100
<i>by type of SMEs</i>		31.7		17.2		66.7		25.8
<b>Total</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

**Tab. 20 – SMEs that have offices and/or departments dealing with “knowledge management”, by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Have Knowledge Management departments	22	59.5	14	37.8	1	2.7	37	100
<i>by type of SMEs</i>		34.9		24.1		33.3		29.8
<b>Total</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

As can be seen from the data shown above, enterprises that can boast these characteristics are, however, a minority. Therefore, the fact that enterprises that practice Corporate Citizenship make greater use of intellectual capital should be taken only as **an indication of a tendency** which should be checked using a wider empirical base.

Nevertheless, in spite of these recommendations, we can state that the three phenomena described above suggest that **enterprises that carry out Corporate Citizenship activities tend to have a more complex social core**. Indeed, the very fact that they have more foreign dealings means that they have to come face to face with cultural and economic realities that are different from their own. Furthermore, they are also the ones that have to deal with external environmental effects for which the tolerance level among populations tends to be somewhat limited. Lastly, they also have to tackle a complex phenomenon, that of the use of intellectual capital. This is a fact that, by almost unanimous agreement, tends to focus attention on the correct management of human resources. In other words,

**it can be noted that it is enterprises that have to find the ability within the company to reply to complex challenges that are the ones with a greater tendency to behave in a socially responsible manner.**



CHAPTER SIX  
**Drivers of social engagement**



Some interesting drivers for a better understanding of all of the reasons and motivations that determine SMEs orientation towards Corporate Citizenship emerge from the sources consulted. The enterprises consulted were asked questions about this issue. What resulted was that, first and foremost, a significant number of the SMEs consulted carry out programmes and projects for "**altruistic**" reasons. In fact 47.6% answered the question about the link between the company's production activities and programmes oriented towards social responsibility, saying that these programmes "represent the enterprise's desire to contribute to the common good and not to be exclusively geared towards making a profit".

A rather smaller amount of enterprises (22.2%) stated that they carry out Corporate Citizenship programmes in order to "carry out their production activities better", hence a reason that is "**not exclusively outward-directed**" (a reason that some key persons defined as "opportunistic", as opposed to "altruistic").

Furthermore we note that 30.2% of enterprises maintain that they practice Corporate Citizenship because the very core of their production activities consists in this. Enterprises that carry out environmental services (for example, operating in the waste recycling market), social services or training<sup>8</sup> form part of this group.

The above information is shown in the following table.

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<sup>8</sup> In some cases a link between the enterprise's core business and its social and/or environmental commitment is not so clear. Obviously and in any case in a minority of cases, identification of the enterprise's social "mission" on one hand and core business on the other keeps more to the interpretation given of production activities rather than the description of the actual production process.

**Tab. 21 – The link between enterprises' production activities and social programmes according SMEs' managers**

	V. A.	%
Social projects and programmes form the core of production activities	19	30.2
Social programmes and projects help to carry out production activities in a better	14	22.2
Social programmes and projects represent the company's desire to contribute to the common good and not be geared exclusively towards profit	30	47.6
<b>Total number of enterprises</b>	<b>63</b>	<b>100</b>

From the data obtained, we can say that enterprises that see their social activities in some way connected with the ways in which they manage business and those that see a connection based mainly on their "altruistic" intentions are **considerably equal in numbers**. The existence of this bipartition makes it interesting to examine what enterprises consider to be the "reasons" for their social commitment.

Enterprises were asked **what were the reasons behind their involvement in social activities**. 90.5% of the 63 enterprises that practice Corporate Citizenship stated reasons such as responsibility towards the area where they operate or towards society in general<sup>9</sup>. 50.8% gave reasons connected to sensitivity towards stakeholders (clients, employees, shareholders, local community) while 33.3% offered advertising and publicity as a reason. It is opportune to point out that many of the enterprises interviewed (71.4%) stated a mixture of these reasons. Only 2 out of the 32 (50.8%, please see figure mentioned above), who gave

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<sup>9</sup>The "altruistic" reasons to choose from were as follows: responsibility towards the area where they operate, responsibility towards the people they come into contact with, responsibility towards society in general or it is right that an enterprise makes available for the common good a part of the resources it produces. The reasons connected to responsibility towards stakeholders could be the following: a belief that clients are interested in being involved in social initiatives, a belief that employees are interested in being involved in social initiatives, a belief that shareholders are interested in being involved in social initiatives or a belief that the local community is interested in being involved in this type of initiative. The proposed reason connected to the company's direct interest is as follows: these types of initiatives always have an important spin-off effect in terms of publicity. It was also possible to give an open answer about the reasons behind carrying out social programmes.

reasons connected to sensitivity towards stakeholders, offered a second commercial kind of reason (spin-off effect of increased publicity or others).

Therefore, in general it can be stated that there is a series of **complex reasons** at the base of enterprises' social commitment which are rarely completely in favor of either "altruism" or "exclusive commercial interest". Indeed, 18 enterprises (28.5%) gave exclusively altruistic reasons while only 3 (4.8%) gave exclusively commercial reasons.

This point of view also seems to be widely shared by the key persons interviewed. However the latter tend to put greater emphasis on commercial reasons, which, as we have just seen, are not the most common, and tend to be found together with other types of reasons.

It is wise to point out that if the reasons described as "~~altruistic~~" are examined in detail, the most common reason given is that of "**responsibility towards the area where enterprises operate**". 44.4% of the 63 enterprises that practice Corporate Citizenship offered this reason. We can also note that one key person stated that the "key driver" for SMEs' social involvement is the local dimension. The importance of this fact was also highlighted in the first chapter where the local dimension of many Corporate Citizenship activities was pointed out. In fact the actors that are chosen most frequently by the 29<sup>10</sup> enterprises that are involved in social partnerships are **local public administrations** (chosen in 12 cases (41.4%)). Many of the key persons interviewed are also of this opinion. Moreover, the relatively high occurrence of partnerships with local public administrations could support the hypothesis put forward previously that there is a link between the emergence of new forms of governance and Corporate Citizenship. Some key persons maintain that, for example, in Germany and the UK, it is compensation for the lack of public action at a local level that determines the social involvement of enterprises.

In other words, the **link with local environment** seems to be a central aspect that pushes many enterprises, including large enterprises, to carry out Corporate Citizenship activities. This is what emerged during most workshops. In fact the experience of some of the **large enterprises** that took part was **centered on being active in the area where they operate**. This principle is undoubtedly at the base of the experiences of Piaggio, Bull, Dixons (with regard to training activities and/or crime prevention) Rabobank, Randstad and Danone. If we exclude pollution control - which

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<sup>10</sup> Equal to 46% of the SMEs that practice Corporate Citizenship.

by definition has a more direct impact on the areas where production takes place - the other enterprises that took part in the workshop seem to have a lower level of interest in the immediate impact on the area. This probably depends on the fact that the size of these enterprises allows them to choose a type of social activity which has an impact in a undoubtedly wider "sphere" than that of SMEs.

As has been seen earlier on, many SMEs (31 out of 63 (49.2%)) maintain that they carry out social activities because they involve stakeholders. If we look more closely at the answers given, we can see a **lower level of sensitivity for some important "stake-holders" and in particular, workers**. In fact relatively few enterprises maintain that they carry out social activities simply because they believe that their employees are interested in it (11 out of 63 (17.5%)).

This is a point of view that may warrant some reflection. It is an opinion which shows the **significant difference with the large enterprises** contacted during the workshops. In fact many of these stressed the central role of carrying out social activities in promoting the internal cohesion of the enterprise. Enterprises such as Bull, Spinnrad and Danone talked about this matter and it was also one of the most discussed issues in the workshops. For example, Body Shop's carrying out of social and/or ecological campaigns is a central element of the company's life and also includes sales staff. Some enterprises talked of the role of Corporate Citizenship in recruiting the best staff, keeping them in the company or at any rate motivating them (Body Shop, Bull, Danone). In some cases, the concept of "safeguarding corporate loyalty" was talked about. This is an element that acts by involving employees in what happens in the enterprise, also from the point of view of values (the pride of working for a certain company because it carries out social activities).

Obviously, this is not to say that SMEs are completely insensitive to this aspect of Corporate Citizenship. However the data obtained does not make it possible to say that this element is an important part of the philosophy of SMEs that carry out social activities. It is wise to point out that the key persons interviewed did include this as one of the reasons behind enterprises' social involvement. This information could be interpreted as indicating **a growing complexity of the social core of SMEs that is not so intense**. This is because SMEs, being smaller in size, have a different sensitivity compared to large enterprises, towards staff management issues and consequently tend to focus more on the area of their own relationship with the external world.

CHAPTER SEVEN  
**Corporate Citizenship, leadership  
and business management**



## 1. THE CENTRAL POSITION OF LEADERSHIP IN PROMOTING CORPORATE CITIZENSHIP

During the research on Corporate Citizenship and particularly during the consultation of all research sources, the issue of **leadership** emerged fairly strongly. There was a considerable amount of agreement on the fact that the social involvement of enterprises - even if it does take on some importance when it succeeds in involving the largest number possible of actors both in and outside the enterprises - is basically the result of a strong commitment by the enterprises' leaders. The interesting thing is that this statement seems to be valid for **both large and small enterprises**.

This point of view clearly emerged first of all during the workshops. Many of the representatives of the large enterprises that took part, maintained that the degree of **success** in involving all enterprises in social programmes depends on the level of **involvement of the enterprises' leaders**. The representatives of enterprises that carry out substantially different Corporate Citizenship activities (different because of the ways of carrying them out, content, impact, etc.) were of a rather unanimous opinion on this point. The role of figures like the founder of the Body Shop, which could be described as charismatic and known to the general public, was mentioned repeatedly. However the dominant role of enterprise leaders was also pointed out by representatives of Piaggio, Spinnrad, Danone, Dixons, Novo Nordisk and Bull. Neither did representatives of other enterprises deny the role of leadership. Some of them, as is the case for Rabobank which is a co-operative enterprise, have an approach to Corporate Citizenship that is part of the company's tradition itself.

In all of the above-mentioned cases, it was pointed out that the implementation of Corporate Citizenship activities is the result of great attention on the part of the management, if not the leader of the enterprise him/herself. For example, the Dixons representative stated that the way in which his enterprise carries out social activities is very different from that of Body Shop, due, among other things, to the fact that the leader of the latter has a "lib-lab" approach while the chairman of Dixons is a conservative.

During the workshops it was stated that the fact that the leadership's commitment is the only determining factor in promoting Corporate Citizenship is obviously not the result of the central position of leadership. On the contrary, it was pointed out that the **process** through which the enterprises' social commitment becomes a reality is highly **complex**.

For example, many of the people that took part in the workshops stressed the fact that one of the major difficulties in applying social programmes consists in **making the whole organization understand the importance of certain initiatives**. With regard to this matter, the Dixons representative pointed out the difficulties that may be encountered in changing routines in order to carry out specific campaigns. These difficulties result from the fact that the decision making process in large enterprises is rather long and that it is necessary to convince people working in an enterprise of the importance of certain initiatives. For example, the Novo Nordisk representative maintains that the problems encountered in large enterprises that want to carry out social programmes are the result of the fact that, the commitment must come from on high but the "energy" to implement the projects must come from people working at all levels of the organizations.

There are a variety of **organizational methods** that can be used in order to obtain results in this area. For example, the Novo Nordisk representative briefly described the work of the "ethics facilitators" inside his organization that have the role of helping the subsidiaries to apply ethical, social and environmental standards. The Body Shop representative described the enterprise's way of using departments which are entrusted with thinking up and organizing different social campaigns. While describing this, the representative took care to point out how direct responsibility for these initiatives is not in the hands of the enterprise's leaders.

Still with regard to this, the Bull representative spoke of his own experience a promoter of social initiatives inside the enterprise. His first efforts were concentrated on involving the enterprise's top management. However, the latter were convinced of the usefulness of the initiative when they realized the coverage that it received in the press. Since then, Bull's social activities have gained an increasing amount of credibility inside the enterprise which has also been helped by internal communications about said activities. Obviously, the ways in which a large enterprise organizes itself to carry out social activities depend, to a large

extent, on its size and on the fact that it addresses a rather large internal public.

## 2. THE CONCENTRATION OF THE DECISION-MAKING PROCESS IN SMES

However, the fact that the **leaders' commitment** plays the dominant role in carrying out social activities seems to be a common factor for both small and medium enterprises and large ones. This is what strongly emerges from the interviews with **key persons who expressed an almost unanimous opinion** on this point. In particular, many spoke of the decisive role played by the culture of entrepreneurs.

Moreover, this is also what clearly emerges from the survey carried out among SMEs. In fact it seems that as far as making the decision to carry out Corporate Citizenship programmes is concerned, it was taken exclusively at the request of the actual leaders of the enterprise, in other words the managing director and/or owner and/or management team in 61.9% of the 63 cases. It is useful to remember that the managing director asks for Corporate Citizenship programmes to be carried out in 49.2 of the 63 cases (49.2%). In 34.8% of the cases, the decision is also taken on the basis of the request of individuals who do not form part of the enterprises' actual leadership (board of directors, employees, local community representatives), with or without the leadership's involvement

It can be noted that there is also a **strong concentration of the decision making process** in SMEs practicing Corporate Citizenship as far as following **quality policies** is concerned. In 54% of the cases they are adopted because the managing director pushes for it, with little input from other individuals inside the enterprise. The decision is taken at the request of the whole management team in only 14.3% of cases. **With regard to promoting quality**, it is opportune to point out that, **the SMEs that do not practice Corporate Citizenship have a much less concentrated decision making process** seeing as in 29.3% of cases the decision to follow policies comes from the managing director and in 20.7% of cases from the whole management team.

### 3. THE GREATER INVOLVEMENT IN ASSOCIATIONS AND THE INTERNATIONALISM OF MANAGERS OF SMEs THAT PRACTICE CORPORATE CITIZENSHIP

Given the importance of leadership in promoting Corporate Citizenship, it can be of interest to check some of the distinctive features of these enterprises' management. This will be done by adopting the customary comparative approach between enterprises that practice social responsibility and those that do not. Obviously this process of checking is of the utmost importance especially in light of the objective of this research which is the identification of the training needs of managers of SMEs in view of promoting Corporate Citizenship among smaller size companies.

Two aspects that emerged during the study of SMEs will be highlighted in the rest of this section, in other words the relatively well developed attitude of managers of enterprises that practice Corporate Citizenship to maintaining **social relations** and their **broader experience of studying, working and training abroad**.

#### social relations networks of managers of SMEs

The managers of enterprises that practice Corporate Citizenship seem to be **more orientated towards carrying out independent associationistic activities**. As can be seen from the following table the majority or some managers of this type of enterprise carry out independent associationistic activities in 76.2% of cases compared to 51.7% of those that do not practice Corporate Citizenship.

Tab. 22 - SMEs according to the number of managers carrying out independent associationistic activities, by practice of Corporate Citizenship

	Pratice Corp. Cit.		Don't pratice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Majority	16	25.4	5	8.6	1	33.3	22	17.7
Some	32	50.8	25	43.1	1	33.3	58	46.8
None	6	9.5	14	24.1	0	0.0	20	16.1
Don't know	8	12.7	14	24.1	1	33.3	23	18.5
No replay	1	1.6	0	0.0	0	0.0	1	0.8
<b>Total</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

A similar tendency can be found among the chairmen of enterprises that practice Corporate Citizenship who carry out associationistic activities in a significantly larger number compared to those of enterprises that do not practice Corporate Citizenship (68.3% compared to 48.3%). Most probably the phenomenon of enterprise chairmen's associationism can be interpreted in light of the increased presence of SMEs that practice Corporate Citizenship in relations networks. These data are shown in the table below.

**Tab. 23 - SMEs whose chairmen carry out associationistic activities, by practice of Corporate Citizenship**

	Practice Corp. Cit.		Don't practice Corp. Cit.		No reply		Total	
	V.A.	%	V.A.	%	V.A.	%	V.A.	%
Associationistic activities	43	68.3	28	48.3	1	33.3	72	58.1
No associationistic activities	14	22.2	27	46.6	2	66.7	43	34.7
No reply	6	9.5	3	5.2	0	0.0	5	4.0
<b>Total</b>	<b>63</b>	<b>50.8</b>	<b>58</b>	<b>46.8</b>	<b>3</b>	<b>2.4</b>	<b>124</b>	<b>100</b>

#### managers' experience abroad

As mentioned in chapter two, enterprises that practice Corporate Citizenship tend to be those that are more open to foreign relations. In this context, it is, therefore, easy to expect to find that the managers of these enterprises have a **greater experience of working abroad**.

What can be observed is that this orientation towards foreign countries among SMEs that practice Corporate Citizenship is more noticeable than that of enterprises that do not practice Corporate Citizenship. In fact we can see that in 76.2% of SMEs that practice Corporate Citizenship, some or most of the managers **travel abroad for work reasons** whereas the percentage for enterprises that do not practice Corporate Citizenship totals 56.9%. Furthermore the number of SMEs that practice Corporate Citizenship in which some or all of the managers **have worked abroad** is also higher. In fact the percentage of these enterprises is 65.1% compared to 44.9% of those who do not practice Corporate Citizenship. There is also a difference as far as the enterprises' chiefs are concerned. 55.6% of the directors of enterprises that practice Corporate Citizenship have worked

abroad compared to 34.5% of those who do not practice Corporate Citizenship. A similar professional phenomenon can be noted with regard to professional refresher training. 34.9% of the managers of SMEs that practice Corporate Citizenship have attended **refresher training courses abroad** compared to 15.5% of SMEs that do not practice these activities.

A connected phenomenon that is of interest even if it is less noticeable concerns the fact that a higher percentage of SMEs that practice Corporate Citizenship have **managers who have studied abroad**. In fact in 53.9% of enterprises some or the majority of managers have studied in foreign countries compared to 41.3% of SMEs that do not Corporate Citizenship.

**CHAPTER EIGHT**  
**Other issues resulting from the action-research**



In addition to the issues discussed above, the consultation of sources made it possible to look at some others that are of interest for this research and especially for a better understanding of SMEs' experiences in the social area.

## **1. THE SUPPORT OF SOCIALLY COMMITTED ENTERPRISES AND OTHER ACTORS**

From this research it emerged that there are less demanding ways of practicing Corporate Citizenship through which the SMEs interviewed showed themselves to be active in the social area. These enterprises were asked whether they had contributed to social campaigns or projects carried out by other organizations. 43.5% of enterprises said that they had taken part in such campaigns. These enterprises are more or less divided equally between those that practice Corporate Citizenship and those that do not (46.3% and 51.9%). This information is interesting because on the basis of this it is possible to state that there is also a sense of social awareness among half of the enterprises that do not practice Corporate Citizenship. Furthermore, it is to be remembered that the key persons interviewed maintain that in many cases these support activities tend to involve different areas from those of Corporate Citizenship, for example, support of culture, the arts and sport. In this case the reasons for these activities are more directly linked to building up a good reputation at a local level. According to the key persons, the SMEs' intention is not that of getting involved in order to resolve, or at any rate, do something positive about a specific problem.

## **2. THE ACTION AND IMPACT OF CORPORATE CITIZENSHIP**

Another question that arose during the research and, in particular, during the study of Corporate Citizenship among large enterprises was the impact that companies can have by practicing social responsibility. Some large enterprises stated that one of the reasons why they practice social responsibility is because the actions they carry out give them real

important possibilities of influencing the "rules" that regulate how markets function.

The Novo Nordisk representative summed up the problem in a rather effective manner. He maintained that the attention a high technology enterprise gives to stakeholders is important because the enterprise is obliged to introduce innovations. However, in order to do this it must take into account, as much as possible, the opinions of different individuals who are involved, to a varying extent, in the innovations it is working on. According to him this is the reason why his company gives such importance to the opinions and wishes of consumers and shareholders on issues like, for example, safety. **In a certain sense, the attention given to stakeholders is a form of "investment" for the future.**

The workshops showed that the action of large enterprises in this area could be direct or indirect. Direct means, for example, proposing, as does Piaggio, **new rules and regulations** to increase road safety while indirect means, for example, **drawing up ethical behavior standards** which, even if they are not laid down, do have a wide audience among consumers, as does Body Shop. Some enterprises feel that it is not always possible to act in this way and that competition places serious obstacles to enterprises' behavior in this area (the opinion of the Dixons representative). Obviously this is an issue that needs to be discussed further and the different points of view put forward are not conclusive. The fact remains that, - as has been pointed out during discussions - **due to their size most SMEs do not have the strength to put issues of general importance to the attention of public opinion.**

### **3. THE ISSUE OF EXPOSURE TO PUBLIC OPINION**

During the workshops and from the study of documentation on large enterprises it emerged that one of the reasons that determines the involvement of large enterprises in social activities is connected to their **greater level of exposure to public opinion.**

There are a variety of examples related to this point. For example **Novo Nordisk** dates its commitment to stakeholders from the 1970's following attacks by a consumer organization on the supposed harmful effects of some of its products. The accusation turned out to be unfounded but in the space of 6 months the turnover of its US subsidiaries had halved. The representative of **Danone**, another company that is highly exposed to

public opinion both because of its size and the products it sells, talked of the same driver. The **Spinnrad** representative said that his company had had to reply to criticism from many of its own clients for its sponsorship of the TV programme "Big Brother" which, according to many people, was not in line with the company's policy of social awareness.

Obviously, the question seems to take on a different importance depending on the enterprise's business approach or the "niche" of the market where it operates. In some cases, as pointed out above, the issue of exposure to public opinion can also be dealt with by adopting a **passive attitude**, in other words by complying with the legislation in force, as is the case with Dixons. Obviously this method is not completely suitable for those enterprises that intend to stay in the market by adopting, among other things, an "aggressive" strategy as far as product innovation is concerned<sup>11</sup>

It can be said that the "**motive**" for a **high level of exposure to the judgments of public opinion** is less important for SMEs because of their size. From the data collected, it seems that we can say that SMEs tend to be less involved in social activities for reasons such as customer satisfaction (a rather limited number of enterprises (6) expressed this opinion).

#### **4. THE IMPORTANCE OF "VISION" AND INTERNAL COHESION**

An element highlighted during workshops and, in general, from consulting large firms, is related to the role played by social activities in the implementation of firm activities. The idea, according to which Corporate Citizenship is an unrelated, even if important, aspect of the whole enterprise's activities, has often been rejected. In particular, this point of view has been supported by representatives of two Dutch firms, **Randstad** and **Rabobank**.

In particular, the representative of the latter, stated that, in relation to the characteristics of his firm, a co-operative bank with many subsidiaries on the territory, Corporate Citizenship is something strictly linked to the way the company operates. The main objective is to be active and present in the various communities in which one operates and in which services

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<sup>11</sup> This is a problem which Dixons did not encounter since it sells other companies' products.

are offered. The effects of the implementation of social activities (for example, for the young and the elderly) contribute in the definition of the firm's identity, in fostering the involvement of the employees, in improving its image and clients' approval. In a certain way, implementing these activities could imply pursuing the firms' final objective, that is contributing, as a bank, to the improvement of the local situation.

A similar point of view is expressed by **Randstad**, a firm operating in the job-market that supplies employment services. The idea is that social responsibility is part of a firm's ordinary activities. The implementation of projects for the disadvantaged part of the population, one of the sectors in which supplying employment services is of the utmost importance can be done only if the enterprise is aware of its social responsibility.

These two examples could be seen as paradigmatic. That is, one could state that Corporate Citizenship is not something that simply concerns the "**core business**" of the firm, with the "**niche**" the market it operates in or with specific aspects of the firm's activities (for example, the relationship with the stakeholders). In many cases, it deals with the specific way a firm carries out its activities, with the "**vision**" its managers and employees have of the activities, with its **working style**. Infact, it is essential to notice how both representatives of the above mentioned firms have highlighted the importance of employee involvement. This is an aspect that has already been thoroughly analysed when we underlined how important the culture of firm leaders is for the promotion of Corporate Citizenship (see Chapter One).

This is an interesting element to be considered in order to analyse the orientation towards Corporate Citizenship of SMEs, since it has to do with the way in which a firm interprets its role as a producer in the context it operates in, the way it not only produces and supplies goods and services but also with the way in which it interacts and presents itself to the actors it is in contact with. In this framework, social responsibility of the firms do not appear as much as **an aspect linked to the choice of a "convenient modus operandi"**, but rather as a necessary aspect of the management and entrepreneurial activities.

## 5. THE IMPORTANCE OF MEASURING AND REPORTING CORPORATE CITIZENSHIP ACTIVITIES

An issue highlighted during discussions with large firms concerns measurement of the enterprises' performance in the social domain.

This issue was raised both by the **Novo Nordisk** and the **Rabobank** representatives. Both of them reminded us of the difficulty of implementing a measurement which is globally useful to firms. This is due to basically very similar reasons, all related to the large variety of activities carried out at the local level. The representative of Novo Nordisk stated that different activities in the social field lead to different results and meanings in the various local contexts. The representative of the Rabobank, intervening on the issue concerning the relationship between Corporate Citizenship and **core business**, also stated that there are some obstacles in trying to measure the effects of social commitment on the firm from a global point of view.

Because of the nature of this research, we have not been able to further analyse this issue. Furthermore, the debate in the literature, is still open (there are issues that seem to support the positive effect of Corporate Citizenship, but nothing of a conclusive value has been presented yet). The issue concerning activity measurement is obviously a key issue, also in view of the theme which will be dealt with later, that is the need to carry out communication activities regarding enterprises' social involvement. **Body Shop International** considers this a strategic issue. Furthermore, many firms that implement Corporate Citizenship, pay particular attention to the **reporting** activity.

## 6. CENTRALITY OF TRAINING AND INFORMATION IN IMPLEMENTING CORPORATE CITIZENSHIP PROGRAMMES

Many large firms analysed in the implementation of their activities, carry out **training programs for those employees who participate in social programs**. Normally, such activities, are conducted through specific events, that illustrate the characteristics of the initiative and the practical aspects these lead to.

In some cases, these initiatives lead to the definition of ad hoc training material. There does not seem to be a specific regularity in this field.

**Body Shop International**, for example, pays great attention to the definition of training packages (it organises initiatives for their presentation). In any case, this enterprise, for the type of activity it carries out, needs to reach a large number of people, such as those working in the sales sector.

**Spinnrad** gives great importance to the training issue. Each new employee receives introductions on environmental and social issues. Twice a year, the sales personnel in the shops has to take part in specific initiatives carried out at headquarters. Spinnrad's approach to training is particular as it seems to go beyond specific training sessions. When the firm's president, for example, travels abroad for reasons that concern the implementation of socially related projects or activities, he travels also with some firm's employees, who are not directly involved in the mission.

It is important to notice how the training issue, from this point of view, is strictly related to the **involvement of employees in social activities**. This, in fact, has been considered, in many cases, one of the key aspects that have led to the success of some initiatives. According to the representatives of the firms, training is essential from this point of view. Often it has to be **related to internal information activities** and many firms give it great importance because it helps update the members of the firm on programs which are being carried out. The information tools are the usual internal firm communication systems, such as newsletters, intranet networks, ad hoc material, creation of web pages.

## **7. SOME OBSTACLES AND THE FACILITATING FACTORS ENCOUNTERED DURING THE IMPLEMENTATION OF CORPORATE CITIZENSHIP ACTIVITIES**

The Corporate Citizenship training and information issue seems to be linked to overcoming the **main obstacles** encountered during the implementation of social programs.

The most frequent one is linked to **consensus building** on the initiatives at an internal level (see what was previously stated in relation to the "vision" issue). In many cases, especially during the initial phases of the

projects, there are many doubts on how useful these initiatives are in relation to the firm's main activities. This problem was highlighted various times during research (both during workshops and in the questionnaires filled out by the representatives of large firms). Furthermore, its importance is also highlighted by the fact that one of the facilitating factors in pursuing social activities, is represented by the involvement of the top management and the leaders, that use their power and, in some cases, their "charismatic" personality to promote the success of Corporate Citizenship programs. One of the ways to build a consensus, apart from communication and training, is internal discussions.

It is also interesting to notice that, in some cases, it may be useful to build a consensus around social or environmental initiatives (especially when they have to do with quality issues) also in relation to **external actors**, such as the suppliers. This phenomenon, noticed on the basis of the Spinnrad experience, seems to be very important for many firms that outsource some activities and that, in any case, are interested in controlling the social and/or environmental quality of their production.

Some firms have underlined that **most of the obstacles are encountered during the initial phases of the social projects** (the Randstad representative underlines the need for projects to start off at a small scale and then develop onto larger scales). This foreseeable phenomenon, is linked not only to the need to build both an internal and external consensus (see above), but also to the fact that some initiatives, were **real innovations** for the firms that implemented them.

On the basis of what has been reported, it is clear that a key issue is connected to the fact that the enterprises' social involvement of the should be understood as a "process". This issue is of the utmost importance and, therefore, should be dealt with a deep awareness. The firm representatives that have been consulted, for example, have outlined the importance of **disseminating action results** (in various ways, such as the involvement of the press in reporting news on the effects of the projects or the use of research from the client's point of view). "**Learning**" moments have therefore been necessary (as reported by Piaggio) in order to understand how to better calibrate actions, or to highlight the **most adequate style** (as reported by Body Shop International). It is also important to pay attention to the demonstration that the expected effects are produced are the desired ones and have positive effects on the firm (see the experiences of firms such as Piaggio, Spinnrad, Rabobank, Dixons, Novo Nordisk and Bull).

A further obstacle in the implementation of Corporate Citizenship projects is, obviously, the **economic one**. The implementation of these activities, even when not seen as a cost but rather as an investment, requires the use of resources that might be lacking in a firm, especially in a moment of crisis (this was noticed by two firms and by also others, although in a less explicit way). What is interesting, is that this has been noticed by those firms (Body Shop International and Spinnrad) that, more than others, link their public image to their social involvement and that, therefore, tend to employ more resources to this type of initiatives. The improvement of the economic status of the firms seems to be –a key advantage factor.

A very important obstacle is the fact that once firms decide to implement social projects they have to pursue certain objectives and/or performances and they become **publicly responsible** for them. In other words, through Corporate Citizenship initiatives, firms begin to practice social responsibility.

Despite all the positive effects of such programs, this fact creates an **operational constraint** that has to be managed by the firms. This is one of the internal issues that the Body Shop International has had to face and that was also mentioned by other enterprises during the workshops. There are various ways firms can react to this risk (and they depend on the nature of the risk itself). Body Shop International, for example, relies on external firms for the "**ethical audit**". Furthermore, this is an every day issue for many firms implementing Corporate Citizenship. Environmental certification is another way to comply with the above mentioned constraints.

**CHAPTER NINE**  
**Some areas of training needs for promoting**  
**Corporate Citizenship among SME managers**



One of the objectives of this research is to identify **training needs**<sup>12</sup> in order to foster a larger involvement of the SMEs, through their managers, in the promotion of Corporate Citizenship.

In order to highlight such training needs, we have had to compare the information obtained from the **various available sources**, because the mere comparison between the features of the SMEs that practice Corporate Citizenship and the ones that do not would not have been enough in this context. This procedure is similar to the ones implemented in relation to other issues dealt with in this document. If, on the one hand, we can state that the SMEs that implement Corporate Citizenship may, in some way, represent a "model" for the others, on the other hand, we have to admit that these SMEs could, through specific training interventions, improve their performance in the social field, especially in view of the experiences achieved by the large firms.

#### **1. FIRST AREA OF TRAINING NEEDS: INCREASING KNOWLEDGE OF THE "SOCIAL ENGAGEMENT OF ENTERPRISE"**

As highlighted previously, training and, therefore, **a positive attitude of firm managers towards achieving new knowledge**, is an important element in the implementation of Corporate Citizenship. This is

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<sup>12</sup> It should be stressed that, within the framework of the training model described in this report, the term "training" is used in a broad sense. In fact, "training needs" are mentioned also in terms of "motivation" and "orientation" of company managers and not only in terms of the technical skills that have to be conveyed. This comes from the belief that in order to promote the social commitment of enterprises, it is not only necessary to convey specific technical skills, but also to promote the awareness of the importance of this commitment for enterprises. In this regard, it must be said that the training model described includes a process aimed at promoting the participants' awareness of the significance, also from a personal and professional point of view, of the social commitment of enterprises. Furthermore, it should also be said that, within this framework, one of the considerations pertaining to the policies for promoting Corporate Citizenship among small and medium enterprises, is also the creation of public communication activities aimed at disseminating among the citizens awareness as well of the importance and of the crucial role of social responsibility of enterprises. It should be noticed that this meaning of the word "training" fits the opinions of most of the participants to the closing seminar held in Copenhagen on 27 June, 2001.

particularly important also because, as underlined during the workshops, pursuing social objectives is an innovative approach to management and economic activities (for this reason it is important to underline the tendency of SMEs that implement corporate Citizenship to use intellectual capital). It is important to notice how, in this framework, **70.2%** of the SMEs interviewed during research are managed by **people with a degree**. This - in view of previous considerations on the importance of leadership - might lead to believe that, in these firms, there is a **positive attitude towards the improvement of knowledge in the management**.

Furthermore, there seems to be a positive attitude towards training amongst the interviewed SMEs: in **87.1%** **managers carry out training activities**. In most of the cases, that is in **85.5%** of the cases, managers have shown to be **interested in the improvement of their professional abilities**.

Furthermore, training seems to have become part of the training horizons of the firms, since almost half of the firms, equal to **47.6%**, are **promoting training activities** and in another **33.9%** of the cases they are **fostering their managers initiatives in this direction**.

It is important to highlight the **key persons** point of view on this issue. The great majority believes that managers' **continuous training is very rare** (even if there are great differences in the various European countries). The data reported up to now seems to contradict this point of view. Obviously, it shall have to be analysed further especially resorting to a broader empirical basis. Globally, the reported data seems to suggest that, despite the existing different points of view, there is a **gap** in the training supply rather than in the firms' interest in improving the human capital represented by their managers.

It should be underlined that **in a number of SMEs that are carrying out Corporate Citizenship activities, 44.4% of the total, managers have participated in training courses on the firm's social involvement issue**, against the **12.1%** of the firms that do not carry out Corporated Citizenship activities.

In conformity with what has been stated by representatives of large firms, we can assume that **ad hoc training activities** or, at least training activities that deal explicitly with Corporate Citizenship issues, are necessary in order to disseminate Corporate Citizenship itself. In this framework, a positive attitude of the SMEs toward training could be seen

as an advantage. We can state that the knowledge of Corporate Citizenship is the **first area where training needs have been noticed.**

**2. SECOND AREA OF TRAINING NEEDS: DEVELOPING RELATIONS BETWEEN MANAGERS OF SMEs AND THE PRACTICES OF CORPORATE CITIZENSHIP AND THE REAL WORLD**

A key aspect in defining training needs, especially in view of an innovative context, such as the Corporate Citizenship one, is highlighting **managers' experience of different social, cultural, geographical, working and managerial realities.**

This consideration stems from one of the main principles that regulate adult education theory more than from the study of documents and sources. The general idea is that from a vast experience in reality and from the consequent widening of the cognitive and psychological horizons, can emerge the involvement that is necessary for adults to start innovative activities related to their job and their professional experience. Anyhow, the importance of this issue was noticed during the workshop in Paris where the Spinnrad representative talked about his firm's President habit of taking some of his managers with him when he travelling on the implementation of social programs.

Such importance could also help us to better interpret the data reported in Chapter 4 concerning the higher levels of **international study, work and training experiences of those managers whose firms practice Corporate Citizenship.**

This data, together with the importance of training experiences in corporate Citizenship (see above) could help to identify a **second area of training needs concerning the direct experience of social, cultural and economic realities different from the ones SMEs managers are used to, on the one hand, and of other firms' successful social initiatives, on the other.** Using a word taken from social psychology, this fact could probably lead to an increase in the managers' perception field and, therefore, to the establishment of a more strategic vision of the firm's activities and to a greater involvement in issues not strictly related to every-day production activities.

It is important to underline that, bridging this gap is not the same as **widening the knowledge of working and managerial realities different**

**from the ones the managers are usually involved in. 56.4% of the managers working in the interviewed SMEs have experienced a certain working mobility and there is very little difference between those firms that implement Corporate Citizenship and those that do not.**

Obviously, increasing the knowledge of new managerial experiences even if relevant to the Corporate Citizenship issue, is already part of the usual professional and training background of firm managers.

### **3. THIRD AREA OF TRAINING NEEDS: ENCOURAGING THE DECISION TO PURSUE SOCIAL ACTIVITIES AND PERSONAL INVOLVEMENT**

As it has been often highlighted in the previous chapters, an essential element in the firms' implementation of social activities highly depends on the **leader's involvement and, generally, on the top management involvement.** This is confirmed also by the fact that the SMEs that implement Corporate Citizenship, **in 63.5% of the cases, have managers that have expressed their need or interest in carrying out social activities,** in environmental or equal opportunity fields, against the 25.9% of those that do not implement Corporate Citizenship.

Clearly, **increasing “commitment” on behalf of the manager's of SMEs is a fundamental aspect** in order to disseminate social responsibility. The key persons involved in this agree with the above and state that one of the essential factors for Corporate Citizenship is actually the cultural trend of the leaders and their social sensitivity. This is the third area of training needs that should be fulfilled in a training program on Corporate Citizenship. This type of program has to include **important and essential elements such as commitment and choice.**

### **4. FOURTH AREA OF TRAINING NEEDS: ENCOURAGING AN INCREASE OF THE SOCIAL CAPITAL OF SME MANAGERS AND THE DEVELOPMENT OF NETWORKING ABILITIES**

We previously dealt with the important difference between firms that implement Corporate Citizenship and those that do not with reference **to the insertion of the firms and their managers into broad social networks.** Apart from the data reported in the previous chapters, we have to

underline how important the various types of networking activities are for those firms that implement Corporate Citizenship: maintaining important relationships with Citizenship associations, NGOs, trade associations is generally considered essential in managing relationships with the various stakeholders.

Therefore, **networking is the fourth area where training needs should be fulfilled** to enable SMEs to achieve the ability needed for Corporate Citizenship activities. Obviously, this does not only refer to the technical aspects linked to networking activities but to all those **relational aspects** that make such activity the main way a firm can come into contact with the social context it operates in. These network relationships represent the tool necessary to gather information, to define economic opportunities, to manage in conflicts, to create a new knowledge on the social and market reality the firm operates in (an aspect of the growth of the complexity of the core, as previously stated).

#### **5. FIFTH AREA OF TRAINING NEEDS: ENCOURAGING SME MANAGERS TO ACQUIRE THE ABILITY TO PLAN AND IMPLEMENT SOCIAL ACTIVITIES INSIDE THEIR OWN ORGANIZATIONS**

Through the research work, it was possible to understand the importance of the **ability of the firm's leaders to manage a complex process** such as the implementation of social activities.

As already mentioned, managing such process requires the ability to co-ordinate various related activities, promoting a consensus building process among the shareholders and the people involved, promoting a learning process of the organization, correcting mistakes, managing the human resources involved, promoting training, promoting an adoption of the "vision" of the firm in relation to the social activities it promotes.

An important training need, in this framework, is connected to the necessity to **know how to implement all these elements within the given institutional and organisational context**, that is the one the manager in charge of promoting specific social activities belongs to.

**6. SIXTH AREA OF TRAINING NEEDS: ENCOURAGING SME MANAGERS TO ACQUIRE THE ABILITY TO DESIGN COMMUNICATIONS STRATEGIES AND PRACTICE SUITABLE LANGUAGE**

A further training need, related to the above mentioned one, is linked to the promotion of the ability to manage the communication strategies necessary for the implementation of social programs.

One of the obstacles that needs to be overcome, within the implementation of such programs, is the ability to communicate the results achieved inside and outside the firm and to explain the meaning of the various activities. During research, for example, many of the sources consulted have underlined the key role played by reporting activities in an efficient social strategy plan of a firm.

In particular, managing such strategies requires the ability of using an adequate language in the different communication contexts. Such contexts vary according to the stakeholders involved each time (workers, shareholders, clients, suppliers, managers, etc.) and to the different actors involved in the initiatives (Citizens organisations, local and political authorities in general, press and information).

**CHAPTER TEN**

**Areas of thought about the implementation policies to  
disseminate Corporate Citizenship among SMEs**



Through the comparison of all the consulted sources, some useful indications can be obtained in view of implementing policies aimed at disseminating Corporate Citizenship amongst the European SMEs.

The following analysis must not be considered exhaustive. It merely represents some of the conclusions drawn on the basis of data available and, most of all, of the phenomena highlighted during the project. It is a series of principles which should be followed within the policies for the dissemination of Corporate Citizenship amongst the SMEs.

It deals with firms' social responsibility from two points of view. The first concerns the **internal life of the firms** and the ways Corporate Citizenship can be carried out within SMEs. The second, instead, concerns Corporate Citizenship with reference to the **community as a whole** and, consequently, to the public policies that are to be pursued for its dissemination.

#### 1. CORPORATE CITIZENSHIP FROM THE POINT OF VIEW OF THE INDIVIDUAL ENTERPRISE

- **Leaders (of the firms) play a key role in promoting Corporate Citizenship.** Research has shown that both in large as well as small and medium enterprises, the implementation of social programs derives from a commitment supported by the leader or, in any case, by top management. In particular, the fact that the typical production activities of the firm are integrated with social programs (in a broad sense, that is programs that have to do with the environment, with the promotion of equal opportunities, with local development, with the fight against social exclusion, etc.) has to do with co-ordinating activities as a whole, with the method and the style adopted in the implementation, with the allocation of internal resources with reference to various objectives of the firm, with defining priorities and with defining the main actors in the social relationships the firm is involved in. The choices linked to these aspects of business life are normally fostered by the leaders of the firm and, only in a second moment, are they shared at lower hierarchical level.

- Implementing Corporate Citizenship has to do with **the culture of the firm**, with its "**social core**" and not only with the activities it carries out. That is, it concerns all the values the firm is based on, with representations of the firm's reality and life, with the regulations and the bonds that govern its activity. Apart from being a series of behaviours, therefore, Corporate Citizenship also deals with aspects linked to values.
- Implementing social responsibility has to relate to the **firms as a whole**. All the people that work inside a firm or, in any case, on behalf of it involved in pursuing its social objectives. Otherwise, the risk is that different behaviours might jeopardize the pursuit of the objectives that the firm wants to achieve (for example, weakening the communication strategy related to Corporate Citizenship, or decreasing the quality of the implemented actions). From this point of view, Corporate Citizenship has a lot in common with the implementation of total quality.
- Firm's implementation of Corporate Citizenship is a **process**. Such activities have to, first of all, be seen within the context of "social core" complexity growth of the cultural evolution of the firms. They include processes of "collective learning", they proceeded following a "trials and error" approach and their experiences and they require the search and attainment of the consensus of the various actors involved.
- **All the relationships**, both economic and non-economic, established by the firm are essential for the practice of social responsibility. Those firms that carry out Corporate Citizenship have to pay particular attention in implementing a strategic and aware management of their relationship network. A fundamental aspect of such management is related to the need of maintaining relationships based on continuous consultation and exchange with the various stakeholders.
- **Training is essential** for the promotion of Corporate Citizenship, as it is the element that mostly contributes to determining a "tuning" process amongst all the firm's members that work on it.
- Implementation of Corporate Citizenship produces **benefits for the firm in various ways**, and it has both internal and external effects on the firm (for example, it makes relationships with consumers and local communities easier, it improves the relationship between the firms and its employees, etc.)

## 2. CORPORATE CITIZENSHIP FROM THE POINT OF VIEW OF THE SOCIETY AT LARGE

- The dissemination of Corporate Citizenship is also a consequence of **public policies**. The fact that firm focus on pursuing social objectives came be fostered through specific government actions aimed at defining economic and tax benefits and, most of all, aimed at establishing partnerships between public and private bodies in the pursuance of social objectives (for example in the health, social security, environment, education and fight against social exclusion sectors)<sup>13</sup>.
- The dissemination of Corporate Citizenship can be improved fostering the tendency of SMEs to intervene in favour of the **development of the areas** they operate in.
- The dissemination of Corporate Citizenship can be supported through **public communication policies** introducing the idea of firm participation in socially- related activities (for example, in favour of the environment or of equal opportunities) or in favour of partnerships. Such policies should influence not only firm management (who could increase their consensus to a commitment in social activities) but also public opinion (that could start requesting a greater social commitment of the firms).
- The dissemination of Corporate Citizenship could also be fostered by **training policies** aimed at the SMEs and that deal with the social responsibility issue of the firms.

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<sup>13</sup> In the course of the closing seminar held in Copenhagen on 27 June, 2001, it was maintained that one of the most important public policies should aim at creating an “enabling environment” for SMEs. This objective should be conceived in general terms, that is as an institutional and normative context intended to facilitate the whole activities of the SMEs. This objective, it must be said, is also important for helping SMEs create social activities, as they must also be given assistance in terms of their bureaucratic obligations, of the operating procedures, etc., especially within the framework of forming partnerships with public bodies. The crucial role of the issue of facilitating social activities of SMEs, incidentally, also came up within the context of another study carried out by CERFE on the commitment of enterprises within the framework of international development cooperation.



**CHAPTER ELEVEN**  
**General guidelines for a training model to promote**  
**Corporate Citizenship among SMEs**



One of the objectives of the project is to define, on the basis of the new knowledge achieved and explained previously, to general guidelines for a training model for "**social promoters**", that is for the **personnel in charge of planning and implementing, within the SMEs, Corporate Citizenship programs.**

The above guidelines are divided as follows. First of all, the potential **receivers** of a course for social promoters have been established. Second, the **training issues** defined. Third, the **know-how** that the social promoters have to possess and the **training paths** that have to be followed have been established. Finally, the theoretical-methodological guidelines that should apply in the implementation of a training course for social promoters have been defined.

## **1. TRAINING BENEFICIARIES**

The receivers of a training intervention for social promoters should be the **leaders of the SMEs**, whether they are the owners, the managers or top management members<sup>14</sup>.

Such a statement is explained on the basis of the key role leadership plays in the promotion of Corporate Citizenship. In particular, the receivers of these training projects should be characterised by the fact they play a role in defining the strategies of the firms they belong to.

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<sup>14</sup> This statement, obviously, stands as a general principle. In fact, it is impossible to rule out that specific training packages focusing on enterprises social responsibility can be placed within the framework of Management classes for students. This suggestion, which was elaborated during the closing seminar held in Copenhagen on 27 June, 2001, can be adopted. It is, however, advisable to point out that the statement reported in the main text means that promoting social commitment in enterprises is a prerogative of the leaders of the enterprises themselves, a fact that arose often in the course of the study.

## 2. THE ISSUES TO BE DEALT WITH IN TRAINING INTERVENTIONS

The issues that should be dealt with in relation to training interventions should be the following.

- **Corporate Citizenship and social role of the firm.** Presentation of the Corporate Citizenship agenda and the illustration of the ways firms could consciously play a social role. This issue should be addressed also with specific aspects of social commitment of the SMEs in mind.
- **SMEs' role in the economic development** of European countries. The issue of the specificity of the SMEs, as economic actors, should be analysed in depth.
- **Social responsibility of the firm and globalisation.** The social role of the firms, even of the small and medium ones, is becoming more and more important in the context of globalisation where all the actors can establish important economic, social and cultural relationships with other countries.
- **Corporate Citizenship, the social core and the firm's culture.** The firm's implementation of social responsibility has to do with the firm's culture and, therefore, with the values and the vision it is based on, as well as with the methods it adopts to manage its production activities and its internal life. The establishment and the awareness of these aspects is fundamental in the understanding of its inclination towards Corporate Citizenship.
- **Public policies, partnership and role of the firm in the implementation of social policies** (environment, equal opportunities, education, etc). Social responsibility always takes place in contexts characterised by specific policies. The ability not only to recognise and understand such policies, but also to establish relationships and co-operations with public and non profit actors that implement it, is an essential requirement in order to start pertinent Corporate Citizenship projects.
- **Social capital, civil society and governance.** Corporate Citizenship is part of a more articulated way in which governance is carried out in contemporary societies, characterised by an ever increasing interaction, even of horizontal type, among the various actors. A full understanding of the meaning of Corporate Citizenship should be based on the comprehension of this element and, therefore, on the knowledge of the ways in which social and political sciences deal with it.

- **Project management.** Corporate Citizenship activities are, normally, based on the implementation of specific projects. The ways and the principles to manage these projects have to be known and practiced by the "social promoters", also in view of the need to give way to a process of change in the operational routine of the firms and, in general, to introduce innovations in firm organisation.
- **Networking and public relations.** A fundamental aspect of Corporate Citizenship is the maintenance and the management of the complex relationships with the various firm stakeholders. Learning the theory, the methods and networking and public communication techniques is a central aspect of the specific knowledge required of a "social promoter".
- **Management of the training activities in the firm.** An issue that came out during research was the centrality of training within the firms for the implementation of social activities. The social promoter has to, therefore, be acquainted with how such training has to be carried out inside the firms in order to outline the necessary training interventions and control their implementation.
- **Training principles for adults.** Firm internal training is meant for adults and, for this reason, has to be carried out according to specific principles and methods.
- **Total quality and quality control principles.** Attention to customer satisfaction and compliance with total quality principles; capability in defining and applying quality standards are some of the necessary preconditions that a firm has to respect if it wants to present itself bearer of social responsibility.

### 3. THE KNOW HOW OF SOCIAL PROMOTERS AND THE ANSWER TO PARTICIPANTS' TRAINING NEEDS

The main **impact** of training intervention has to be **capacity building**, that is **building new capacities of the participants and/or strengthening those capacities they already have**.

In particular, the "social promoter" should be characterised by the following three elements :

1. capacity of **handling innovative projects** within the firms in order to implement activities that have a significant social impact;
2. capacity of managing (or handling management activities of the social relations network of the firm;

3. capacity of managing (or guiding the managers of) internal **training activities**.

In this framework, training interventions should promote the achievement of the above capacities, obviously on the basis of a full understanding of Corporate Citizenship issues and of its meaning in the management of small or medium firms.

In particular, to achieve the mentioned impact, that is building the capacity of planning and introducing in the firm's activity a clear social sensitivity, training intervention shall have to be organised following a strategy that provides for a process of "**awareness**", **empowerment and vocation**. The "awareness" process requires a sensitisation of the participants in training activities on the main issues and objectives of the training intervention. Therefore, basically, the centrality of social commitment for firms. *Empowerment* aims at supplying the beneficiaries with the theoretical-practical tools necessary to develop its own professional profile in conformity with the Corporate Citizenship issue. Finally, all participants shall have to define a specific aspect of their professional vocation they want to enthusiastically commit themselves to.

On the basis of what has been said, the training intervention has to aim at building the above mentioned capacities through **six training paths** that correspond to the training requirement areas outlined during research.

The first path deals with the dissemination of a **knowledge based on the Corporate Citizenship issue and on its meaning** in the context the SMEs operates in and to which the participant belongs. Basically, this training path deals with the issues described in the previous paragraph from a general and theoretical point of view.

A second training path - also in conformity with adult education principles- aims at **increasing direct knowledge and experience of managerial initiatives**, oriented towards Corporate Citizenship that are implemented in **social and cultural contexts** different from the ones the participants usually operate in.

A third training path aims at fostering, among the participants in the training activities, the **development of a critical reflection on the importance and the consequences** of leading its firm towards social responsibility issues.

A fourth training path aims at achieving knowledge on the **valorisation and use of the firm's social capital** and, in particular, on **networking** and management of **public relations**.

A fifth path represents the achievement of a **planning and implementation capacity for complex innovative projects**, as those related to social responsibility, within a **given organisational context** represented by the firm the receiver of the training intervention belongs to.

A sixth path consists in achieving the **capacity of using a language for the management of the communication strategies** needed in the implementation of Corporate Citizenship.

#### 4. THEORETICAL AND METHODOLOGICAL GUIDELINES FOR CARRYING OUT TRAINING

implementing training principles for adults

In general, training intervention should be based on the following principles of **adult education**:

- proposing a **learning process based on real-work problems** and their solutions; from this principle derives the need to establish "practically oriented" training projects and, after the training, a series of experiment based activities;
- encouraging **participants to play a key role**, to create a real sense of ownership and empowerment;
- promoting a **personalised commitment** of participants, acknowledging and valuing their real **identity**;
- establishing the human relationships inside training activities according to a continuous and fair **negotiation**, always based on the "reality principle", during which the subject of negotiation shall be the interpretation of the training experience and the content of training itself.

fulfilment of needs

A training intervention meant for SMEs' managers, has to have certain specific characteristics that **fit the intense work agenda of busy executives**

**and managers.** Such characteristics can be obtained not only from the indications given by the research (key persons have underlined how inadequate current training supply is for SMEs managers) but also from previous training experiences for managers carried out by CERFE. In this framework, the characteristics of training initiatives should be the following.

- Of **short duration**, in particular of residential teaching activities. Furthermore, such activities should be concentrated in a very short period of time, also considering the possibility of a “full immersion” approach.
- A **great flexibility** in organising training activities, with a particular use of **distance training** or teaching activities carried out at home; this gives the possibility to reduce lost work hours ~~and to carry out~~ individual activities of studying texts and teaching materials. In this framework, there shall also have to be a **flexible calendar**, to allow for training activities lost for work demands. Knowing that the hours lost can be recovered could represent an enormous incentive for managers to continue training activities. Finally, in organizing the training calendar it is necessary to take into account the manager's need for a sufficient notice period to re-assign work to colleagues.
- The need to take into account national and international experiences, giving priority to a **direct contact with Corporate Citizenship experiences by other national and international managers.** It is, therefore, important to know how these initiatives have been started, what difficulties have been encountered, how they have been resolved and, in any case, increasing the number of contacts with colleagues from other firms (also for the future collaboration). Visiting these firms or meetings with other businessmen are useful not only at the final phase of the training activity (where one usually develops practical work projects) but also at the initial phase of the training initiative itself.
- An immediate **integration of the know-how absorbed during the course with managerial activities.** The **expectations** linked to training initiatives are always **very high.** Such expectations are always related to the need to **learn the management tools or approaches that can be immediately adopted at work.** This requirement implies that in all teaching activities there shall always be a direct contact with the SME world and with the impact on the ordinary management of the firm – applicability is the key for simulation exercises.