Investigating CSR: its actual role and goals

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Alternative one:
Is CSR combining ethics, the rule of law and the union's bargaining power or is it having the opposite effect?

We are living in a world whose values are increasingly dominated by the neo-liberal ideology, so we have to be very wary as we set down the issue of Corporate Social Responsibility. Indeed, in the neo-liberal ideology the rule of law, the enforcement of rules, however much agreed upon, and the compulsory role of the social regulation of work, by means of collective agreements, ought to be reduced as much as possible seeing that the theory posits that the market is far more efficient. In the case of CSR, therefore, the main argument is that socially-oriented codes of conduct will positively enhance the motivation of the workforce, together with a positive perception of the company that has decided to pursue this path on the part of the customers and the public authorities. These two drivers will improve the effectiveness and the efficiency of the company's business so that other companies, only for market reasons, will follow suit, and so on. The market, then, will pave the way towards virtuous behaviour better and faster than compulsory schemes. In this scenario companies, instead of resisting the enforcement of imposed rules, will happily comply with a strict code of conduct because they can see a rationale in this choice. The neo-liberal movement is articulated in forms that are more or less fundamentalist, depending on the scope of the market considered to be the most advantageous.
This thesis, and the implicit ideology supporting it, delivers a twofold message: a policy recommendation and a cultural argument.

The policy recommendation

The recommendation spinning off from this ideology is to reduce or even dismantle, depending on the phase of this movement, State intervention and role of the union. This recommendation has not been fully implemented worldwide but there are some good examples of extreme applications and a full range of different degrees of implementation in many countries. The process started over two decades ago so the empirical evidence can now be assessed. To assess empirical evidence means setting up a measure to benchmark against; our measure comprises the quality of working life, health and safety standards and trends, employee conditions, and social, economic and environmental sustainability, and the territory where the companies are located. Hence, if what the theory posits is correct then two main sets of facts should be verified:

A. a spontaneous and self-sustaining pattern of diffusion of the best practices, from big companies, such as multi- and transnational companies (Gordon, 1995), down to SMEs, from the headquarters of such companies to the subsidiaries, from the rich to the poor countries, from the developed to the underdeveloped, etc.;

B. an improvement in social indicators, at least in some countries where the neo-liberal policies were adopted almost twenty years ago.

MARKET-BASED DIFFUSION PATTERNS: THE EU EXPERIENCES.

The standard *bottom-up* theory, the networks and thus a market mechanism founded on the construction of bottom-up opportunities and initiatives is a mechanism that only rewards the strongest, albeit behind a screen of merit. Indeed, it is quite evident that the European space of funding allocations for research and development requires, in order to be accessible, at least the intermediation of *expertise,* in other words, the possibility that they are only derive from the chance to dispose of specialised personnel, either independently or as external consultancy. The classic situation often arises in terms of which those needing the resources less actually gain access to them. However, it is worthwhile reiterating that there are dissemination programs guaranteed by the *best practices*; as a matter of fact, the *best practices* are an enlightened and free-trade liberal myth.[2] It is also believed that in this case it works as a market mechanism, which it is not and cannot be. The mechanism should indeed be devised as follows: the *best practices* should demonstrate the rational and superior nature of a given solution in respect to the existing ones, which should translate into an improvement of the corporate performances, etc., and so that the others as well, as they start realising this, being organised in such a

2 See in this regard Totterdill P., *Instruments and methodologies* , in Garibaldo F., Telljohann V., *New Forms of Work Organisation and Industrial Relation in Southern Europe* , Peter Lang, forthcoming.

way that in this particular market there are no prices signalling the advantage, will follow the example. In actual fact, there are too many simplifications in this hypothesis: in the first place, there is no homogeneous set of values that are maximised contemporaneously by following a given organisational model; on the contrary, there are competing value systems, linked to the different positions of the social partners and the public authorities, and more in general to a more or less elevated number of other possible groupings in civil society, such as the consumers, the citizens in respect to the environment, and so on. Thus, these different value systems do not behave like a system of homogenous variables that vary linearly from a minimum to a maximum; in fact some of these values cannot even be given a parameter, and thus they cannot be represented quantitatively. The *best practices* have resolved a practical and concrete problem according to a specific equilibrium linked to that individual problem configuration; this equilibrium is often a successful compromise that allows competing value systems to coexist non-destructively. Therefore its generalisation is not that of a *spill over*, or any other mechanical or hydraulic analogy that one may want to use, but rather a reinterpretation, in another specific situation. Reinterpreting means going through the subjectivity of the participants and the intentions of the participants and the collective organisms whether they are the company, the trade union, the council administration or any other supra-individual body. There is thus no automatic or imitative process but we have to start all over again *ex novo*. We can go from the micro scale to a broader scale right from the beginning; for example, by starting a process of change in a network of companies that move as one. But as the experience of the great programs such as the LOM shows, this path is anything but straightforward[3].

There are some very good examples illustrating this argument. A good one is the attempt by the European Union to spread a process of organizational innovation among the European firms. A Green Paper[4] (April 1997 COM(97) 128) on ***a Partnership for a New***

3 Rasmussen L.R., *Action Research – Scandinavian experiences* , AI & Society, 18,1,2004, p. 21-43 and Rasmussen L.R., Garibaldo F., *Action research through a European perspective—based on Scandinavian and Italian traditions*, AI & Society, forthcoming or online first at http://www.springerlink.com/app/home/main.asp?wasp=52ghvnlwvq6570lxgndm

4 Green papers are discussion papers published by the Commission on a specific policy area. Primarily they are documents addressed to interested parties - organisations and individuals - who are invited to participate in a process of consultation and debate. In some cases they provide an impetus for subsequent legislation. The consultations can be accessed on the Your voice in Europe site. White papers are documents containing proposals for Community action on a specific area. They sometimes follow a Green Paper published to launch a consultation process at

Organisation of Work was drafted and, after the consultation process, some actions were set up in the research program of the Commission and the national governments were urged to support this initiative. In the year 2002 the Commission, through the specific General Directorate (DG Employment and Social Affairs), invited some Institutes to assess what has been actually achieved in the different Member States and in the European Union as a whole[5].

Although there are different reports the assessment is rather the same:

Although demonstrable benefits can be achieved through the modernisation of work organisation, the process of change is hard to achieve. Ample case study evidence is available to demonstrate conclusively that all organisations face very real obstacles in designing, implementing and sustaining change. An extensive body of research suggests that the spread of successful organisational innovation in these arenas remains weak in Europe.[6]

There is no empirical evidence of a clear pattern of diffusion:

Emerging forms of work organisation represent an under-utilised resource in Europe, offering the potential for convergence between enhanced organisational performance, employment growth, healthier work and social dialogue. Yet it sometimes feels as though the potential offered by this 'high road' of organisational innovation is scarcely recognised by employers, social partners, policy makers and other actors. In

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European level. While Green Papers set out a range of ideas presented for public discussion and debate, White Papers contain an official set of proposals in specific policy areas and are used as vehicles for their development.

5 European Commission, *Partnership for a New Organisation of Work. Green Paper*, European Commission, Brussels, 1997 http://europa.eu.int/comm/employment_social/social/social/green_en.htm

Business Decisions Limited, European Commission, Employment and Social Affairs, Unit D3, *New Forms of Work Organisation: The Obstacles to Wider Diffusion. Final Report and Annex* (Case Studies), 2002.

Ennals R., *The Existing Policy Framework to Promote Modernisation of Work: its Weaknesses*, Kingston, Centre for Working Life Research, 2002.

Totterdill P., *Developing new forms of work organisation: the role of the main actors*, Nottingham, The Work Institute, 2002.

On the situation in the south of Europe see:

Garibaldo F., Telljohann V., *New Forms of Work Organisation and Industrial Relation in Southern Europe*, Peter Lang, forthcoming

6 ibidem

consequence there are serious implications for Europe's ability to achieve its fundamental economic and social goals such as competitiveness, innovation, quality employment, health and social inclusion.[7]

Also the national governments are not so supportive of this so clear empirical evidence that the "high road"[8] to the competitiveness is better:

Thirdly, considering the number of national programs in Europe, their volumes and the intensity of other national activities supporting new forms of work organisations, the interests in and the efforts for their further development and implementation seem to decline or to wane in recent years. This is the more amazing as the empirical evidence for economic superiority of new forms of work organisation in many circumstances has enormously grown and produces clear significance on a broad basis of data in different countries. That points, of course, to a widening gap between Europe's agreed strategic objectives for further socio-economic development on one hand and its real capacities to achieve those objectives on the other.[9]

The general idea on how an innovation scheme can be diffused eventually seems to be flawed:

The traditional approach is to identify key objectives, find star cases which demonstrate the desired characteristics, then "roll out" the necessary approaches across a region, sector or country. There is little or no evidence that this works in practice. It is far from easy to transfer lessons learned in star cases (Gustavsen et al. 2001), however many we accumulate in databases and on websites. It is not difficult to produce handbooks, toolkits and other dissemination material, but it is hard to point to resulting processes of sustained learning. It is easy to announce the formation of new "learning networks", but more effective, where it can be done, to add learning dimensions to existing groupings

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7 Totterdill P., *Developing New Forms of Work Organisation: The Role of the Main Actors – final report*, October 2002

8 Brödner P., Garibaldo F., Oehlke P., Pekruhl U., *Work Organisation And Employment The Crucial Role of Innovation Strategies* Projektbericht des Instituts Arbeit und Technik 1999 - http://www.fipl.it/docs/altro/Work_Organisation_Employment.pdf

9 Brödner P., Latniak E., (Institute For Work And Technology, Gelsenkirchen), *Sources of Innovation and Competitiveness: National Programmes Supporting The Development Of Work Organisation*, Report To DG Employment And Social Affairs, October 2002

such as supply chains and networks, which have their own organic means of sustainability.[10]

INDICATORS

Accordingly to the Economic Policy Institute's Report, in U.S.A[11].:

Between 1947 and 1973 productivity and real median family income both grew 104%, a golden age of growth for both variables. Over this era, there could be no doubt that the typical family fully benefited from productivity growth.
Yet starting in the mid-1970s, this lockstep relationship broke down. From 1973 to 2002, median family income grew at about one-third the rate of productivity(22% versus 65%). That is, while faster productivity growth led to a larger economic pie, growing inequality meant that slices were divided up such that some income classes—those at the top of the income scale—claimed most of the income growth.
Thus, there now exists far more income inequality in the United States than has been the case in earlier periods. Some commentators have downplayed this problem by citing supposedly high levels of income mobility, such that those who begin at the low end of the income scale have a strong likelihood of leapfrogging to the top. The evidence, however, contradicts this contention. Of those who started out in the lowest income fifth in the late 1980s, more than half (53%) were still there in the late 1990s, and another 24% had climbed only to the next fifth, meaning that 77% of those who started out in the low end of the income scale remained there a decade later. Furthermore, the rate of mobility has slowed slightly over time. In the 1970s, 49% of families that started out in the bottom fifth were still there 10 years later.
Once all income sources are taken into account, including capital gains, the extent of income concentration at the end of the last business cycle was remarkably high by historical standards. Using newly available income data that goes all the way back to 1913, income in 2000 was only slightly less concentrated among the top 1% of

10 Ennals R. (Centre For Working Life Research Kingston Business School Kingston University), *The Existing Policy Framework To Promote Modernisation Of Work: Its Weaknesses – Final Report To The European Commission* Dg Employment And Social Affairs, October 2002

11 Economic Policy Institute – The State of Working America 2004-05- Cornell University Press, 2005 forthcoming; executive summary - http://www.epinet.org/books/swa2004/swa2004web.pdf

households than during the run-up to the Great Depression, which was the worst period of uneven income concentration in the last century. In 2000, the top 1% held 21.7% of total income, compared to 22.5% in 1929. Chapter 7, which focuses on international comparisons, shows such high levels of inequality to be uniquely American.
Recent regressive changes in federal taxation will further boost income inequality. For households in the top 1% of the income scale, the full tax savings from the cuts that were made from 2001 to 2003 were about $67,000; for middle-income families, the cuts amounted to just under $600; and for the lowest 20%, the savings was $61. The effect of these cuts has thus been to redistribute after-tax income up the income scale, leading to an inequality-exacerbating transfer of 0.8% of total, after-tax household income from the bottom 99% to the top 1%.
Most recently, profits and capital incomes appear to have recovered from their losses in the early years of the decade. Since the first quarter of 2001, virtually all (98.5%) of the real income growth in the corporate sector has accrued to capital income (profits, interest, and dividend payments), a hugely disproportionate share when considering that capital income comprised just 16.3% of the total corporate income when the recession started in early 2001.
Finally, the necessary strategy for income growth for many middle-income families has been to devote more hours to work in the paid labor market than in the past. Largely due to the increased labor supply of wives, married couples with children in the middle-income fifth, for example, were working 500 hours more per year in 2000 than in 1979—the equivalent of 12 and a half more fulltime weeks per year. Because of these wives' contributions, instead of growing only 5% in real terms, middle-class family income grew 24%.
This is the reason why in U.S.A. there are so many working poor. In UK and in continental Europe there are different data, but the same trend on social inequality growth. It is also very interesting this remark:
There is a popular notion that the growth of wage inequality reflects primarily a technology-driven increase in demand for "educated" or "skilled" workers.
Yet economists have found that the overall impact of technology on the wage and employment structure was no greater in the 1980s or 1990s than in the 1970s. Moreover, skill demand and technology have little relationship to the growth of wage inequality within the same group (i.e., workers with similar levels of experience and education), and this within-group inequality was responsible for half of the overall growth of wage inequality in the 1980s and 1990s. Technology has been and continues to be an important

force, but there was no "technology shock" in the 1980s or 1990s and no ensuing demand for "skill" that was not satisfied by the continuing expansion of the educational attainment of the workforce.
The conventional story about technology leading to increased demand for skills and the erosion of wages among the less-skilled does not readily explain the pattern of growth in wage inequality. In particular, the late 1990s are seen as a period of rapid technological change, yet during that period wage inequality diminished at the bottom. Similarly, education differentials grew slowly during most of the 1990s and declined in the early 2000s, a trend incompatible with rapid technological change driving up demand for skills.
The decline in the wage payoff for experience in the later 1990s also runs counter to the technology story. Moreover, it was the growth of wage inequality among workers of similar education and experience, not easily linked to technology, which accounted for all of the wage inequality growth since 1995.
The deregulation policies of the labour market, toughly implemented in Italy and on the political agenda all over Europe are creating the socio-economic conditions for a worsening of the overall condition of the working class.
All of this is accompanied by a situation of uncertainty and fierce competition, even individual, which derives directly from the mechanisms of labour market deregulation.
It certainly did not escape the notice of the leading actors of the day that a sort of "turbo-capitalism" as it has been called to good effect, was starting to raise its head.

TENTATIVE CONCLUSION ONE

According to this review, some conclusions can be drawn:

I. Participation and bottom-up voluntary schemes of self-involvement should be taken into consideration to avoid merely authoritarian schemes of innovation and regulation; the main reason is that they are ineffective.

II. This does not imply that only a voluntary and bargained scheme of conduct will regulate the societal fabric. People should know that there are social limits, boundaries that cannot be traded to their wills and desires. These social limits should not be considered as a restraint of freedom but as the positive definition of reference frameworks that are the social binders of any kind of society.

III. *Reference frameworks* are sets of *principles and objectives, priorities and constraints.* in a essay entitled **Employment: the reasons of a priority for economic policy**[12] A. Sen argued out the non-economic reasons that make it possible for a problem to acquire the status of a priority because, unless it is resolved, it has the strength to break up the whole economic and social framework, making a series of quite reasonable policies quite senseless. The frameworks of reference are the result of political decisions, and so we go back to the problem of *legitimacy*. There is thus an institutional problem in the construction of any society and any societal change that *cannot be resolved inductively, on the basis of market forces* that would take it upon themselves, once released, to create the necessary institutions. *The liberal hypothesis has ended up heading down a blind-alley*: the structural changes, without the institutional changes, which allow us to legitimately select some frameworks of reference or integration of the scattered initiatives, lead to the creation, or the increase, of the inequalities between countries and within the countries, which determines the stopping or slowing down of the necessary structural changes that bring about regressive coalitions; that is, coalitions of interest based on resistance to change in order to protect their positions of power without being able to put forward new and alternative forms of division of labour and market reorganisation.

IV. To set up reference frameworks means defining policies whose legitimacy does not come from private bargaining but from the legitimacy of political institutions; the forms of these policies are laws, compulsory rules and the Industrial Relation system. CSR should be a sign of excellence built upon the other systems.

V. This is also the official position of the European Union that in the Green Paper: Promoting a European framework for Corporate Social Responsibility COM(2001) 366, July 2001 defines CSR as the voluntary acquisition of the social and environmental concerns by the companies, within the scope of their commercial activities and the relations with their counterparts. The Commission insists on the socially responsible management of the transformation processes. Through the Green Book the Commission has launched a debate into the forms with which the Union must promote company social responsibility at the European and international level, both by means of recourse to the existing experiences (such as the Tripartite Declaration of the ILO or the principles of the OECD), and through the fostering of

12 in Ciocca P .L. (ed.), L*a disoccupazione di fine secolo* (End of Century Unemployment), Bollati Boringhieri, Torino, 1997 pp.3-20

new practices. The Commission highlights the importance of a closer participation of the workers and their representatives confirming the social dialogue as the central system in the relations between companies and workers. The Green Book underlines that the social responsibility should not be understood as a “substitute” for regulation or social legislation.

VI. Similarly the European union has underlined that the companies must not take into consideration only the interests of the shareholders but those of all the stakeholders and must be based on the following fundamental points:

a) the discussion on the social responsibility of companies cannot have as its result the abolition of conflict and the achievement of a consensus among all of the actors interested. At the same time it is important to avoid a discussion on social responsibility leading to a dilution of the concrete responsibilities of management;
b) the discussion on social responsibility dies not mean that all of the interested actors are the same from the standpoint of power. The shareholders and the management continue to decide on the company strategies and do not always intend to grant the workers and their organisations the right to information, consultation or participation. From this standpoint it is significant that it has not been possible to reach an agreement at European level between the social partners as regards both the rights to information and consultation in companies or groups of multinational companies, and rights of participation at the level of watchdog counsel or management in the European-capital companies;
c) the diffusion of social responsibility cannot only take place on a voluntary basis. In order to be able to guarantee in an effective way the rights of the workers a legislative framework is considered to be indispensable.

Alternative two: should a utility function or a multifaceted system of values be taken into consideration?

As Walsh (1996)[13] argued:

We would not ordinarily say that a choice or action was rational but unreasonable, nor that it was reasonable but irresponsible, nor that it was responsible but unwise, nor that it was wise but morally indefensible. Our ordinary concept of rationality is embedded in a delicate fabric of interconnected ideas which can be understood only in the context of the family of uses of words and expressions which are employed in making, explaining, and defending rationality claims. The concept of rationality in formal, axiomatized economic theory is not like this; it can be given a formal definition. A "rational agent" in such a model is simply one who obeys certain axioms and that is the end of it. (1996:1)

But how and when was this strong assumption on rationality defined in Economics?
Let us quote Walsh once more:

The newly debated concept of rationality perhaps first became widely known among English-speaking economic theorists with Lord Robbins's famous Essay (1932) [An Essay on the Nature and Significance of Economic Science, London, Macmillan, Author's note] *(...) Rationality was now cut down to the exercise of efficiency in the allocation of scarce means towards the attainment of "given" and unexamined ends. It was stipulated that the ends were not the concern of the economic "scientist": "economic science", it was claimed, was a wholly value-free exercise. (...) This concept of utility had been borrowed from 19th-century utilitarian philosophy, and the account of rationality in terms of utility was never able to outgrow some of its ancestral traits, despite the austere axiomatic garb in which it was eventually clothed in the 1950s.(1996:3)*

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13 Walsh V., *Rationality, Allocation and Reproduction*, Oxford University Press, 1996

The contemporary criticism of the maximisation of the utility function stems directly from Dewey:
When happiness is conceived of as an aggregate of states of feeling, these are regarded as homogeneous in quality, different from one another only in intensity and duration. Their qualitative differences are not intrinsic, but are due to the different objects with which they are associated (as pleasure of hearing, or vision). Hence they disappear when the pleasure is taken by itself as an end. (Dewey, 1978).

Are pleasures, utility or whatsoever homogeneous in the real world?
Contemporary theorists go back to Aristotle for whom the good is to be *activity of soul in accordance with virtue, and if there is more than one virtue, in accordance with the best and most complete (Nicomachean Ethics I,6,1098a 15-20), but it is multifaceted because with those who identify happiness with virtue or some one virtue our account is in harmony; for to virtue belongs virtuous activity. But it makes, perhaps, no small difference whether we place the chief good in possession or in use, in a disposition or in activity. For a disposition may exist without producing any good result, as in a man who is asleep or in some other way quite inactive, but the activity cannot; for one who has the activity will of necessity be acting, and acting well. (I,9,1098 b 30), and the good therefore comes from a full range of activities for all these properties belong to the best activities; and these, or one- the best- of these, we identify with happiness. Yet evidently, as we said, it needs the* ***external goods*** *as well; for it is impossible, or not easy, to do noble acts without the proper equipment. In many actions, we use friends and riches and political power as instruments; and there are some things the lack of which takes the lustre from happiness, such as good birth, goodly children, beauty; for the man who is very ugly in appearance or ill-born or solitary and childless is not very likely to be happy, and perhaps a man would be still less likely if he had thoroughly bad children or friends or had lost good children or friends by death. As we said, then, happiness seems to need this sort of prosperity in addition; for which reason some identify happiness with good fortune, though others identify it with virtue. (I,9,1099a and 1099 b 1-5).*

Generally speaking, the criticism levelled against this idea of rationality in contemporary economic theory is largely due to Amartya Sen, but it goes back to Aristotle's claim on the critical role of *external goods* to attain a person's ethical objectives, and Smith who, according to Amartya Sen, being a professor of moral philosophy and a pioneering economist, *did not actually lead a life of spectacular schizophrenia.* Economics was born as field of *philosophia moralis* and it was not by chance that Adam Smith was a professor of *philosophia moralis*. The idea that the wealth of nations was nothing more than a normative model for achieving a political objective came from his epistemological world. For instance, as John Maynard Keynes pointed out:

Perhaps the economists' main task at this time is to distinguish anew the government agenda from the non-agenda; and the task related to policy-making is to devise forms of government, within the scope of democracy, that are capable of fulfilling the agenda (...) (Keynes, 1926)[14]

The concept of *capabilities,* stemming from Dewey and somehow "reinvented" by Amartya Sen, captures some of the ancient moral themes and can be traced back to Aristotle, Smith and Marx. The concept of capabilities, and the statement that there is a social obligation to their development for each individual, as part of the economic theory, represents a real breakthrough in neo-classical economics.

Tentative conclusion two

Accordingly to our argument as laid out in the previous section it is meaningless for individuals to set up systems that are satisfying only one dimension, typically that of earnings, in the multifaceted composition of what can be defined "goods".
It means that the United Nations Development Program, based on the concept of capabilities is a proper and consistent approach; namely, that the following concept should be implemented:

The basic idea of human development—that enriching the lives and freedoms of ordinary people is fundamental—has much in common with the concerns expressed by declarations of human rights. The promotion of human development and the fulfilment of human rights share, in many ways, a common motivation, and reflect a fundamental commitment to promoting the freedom, well-being and dignity of individuals in all societies.(..) The idea of human development focuses directly on the progress of human

14 Keynes M.J., *The End of Laissez-Faire*, in *The Collected Writings*, vol. 9 – pp. 272 – 294, Macmillan, London

lives and wellbeing. Since well-being includes living with substantial freedoms, human development is also integrally connected with enhancing certain capabilities—the range of things a person can do and be in leading a life. We value the freedom of being able to live as we would like and even the opportunity to choose our own fate.[15]

This is the way to actually implement the concept of a multifaceted value system.

15 United Nations *Human Development Report 2000* Chapter 1

An example of an alternative local model specially designed for the Emilia – Romagna regional government

The feasibility study finalised to evaluating the possible introduction of a social quality brand for the Emilia-Romagna Region, addressed to qualifying the regional productive structure and its possible repercussions has produced a conclusive report[16]. The Brand aims to analyse and evaluate the behaviour held by the company towards its own *stakeholders* (that is, the parties bearing interests towards the company) in relation to six aspects or fields of action, called Aggregates: **Work, Environment, the Relationship with the Consumers, Clients, the Relationship with the Local Community, the Relationship with the Suppliers, the Company Management**. The main objective of the brand is indeed to promote an overall change in the company towards growth that is capable of combining, effectively, both responsibility and competitiveness. This can only be obtained through an instrument that takes into account all of the main corporate behaviours (something that is in line with the modern concepts of innovation, based on an overall innovation function that embraces all of the strategic components of the company initiative), and thus all of the possible fields of action in which the company operates, in order to be able to contribute to their evaluation and improvement. Each field has been conceived of as **a thematic aggregate** that comprises several **dimensions of analysis**; such dimension constitute the central issues, the aspects on the basis of which it is possible to evaluate the company behaviour. Simplifying matters we could say that the *dimensions of analysis* represent the possible points of view from which to read the company behaviour, in relation to each one of the fields of actions actually identified. In order to be able to analyse and evaluate the company behaviour in relation to the aggregates and the dimensions of analysis identified, a set of standards or **Qualitative Requisites** have been defined**,** expressed in the shape of propositions, which the company must satisfy in order to be deemed *Socially Responsible*.
The drafted social quality brand presents the following characteristics:

16 The Region's project is: Regional Social Quality Brand (MQSR) – feasibility study - ref: 2095/rer

a. It is a **voluntary** tool**:** the companies freely decide whether or not to start up the process of certification; the perspective adopted by those putting forward the brand is indeed that of offering to the companies abiding by it, some positive reasons for joining it, whether they are represented by some direct material advantages or by strategic advantages associated with virtuous mid-run behaviours;
b. It seeks to evaluate a **dynamic** process on the part of the companies**:** the subject of the evaluation and the certification is not so much the status (i.e. the behaviour) of a company in a given period, but rather its process of change, its evolution, over a definite range of time; the Brand therefore seeks to certify an **excellent and responsible growth by the Company,** starting from an initial situation, up to a threshold deemed to be the condition for the certification;
c. It represents an **overall strategy** for which the achievement of the brand is only one of the two advantages that can be obtained through joining the process of certification by the company, while the other is indeed the guarantee of an active support offered to the companies in the start-up and the management of the improvement process of the company itself;
d. it is an instrument of **multidimensional** certification, in other words, it aims to analyse-evaluate, and promote the improvement in the behaviour of the company in relation to many aspects, many company dimensions, within an integrated perspective. Indeed the brand represents a condition of **growth** not only across a specific dimension, such as respect for the environment or the excellence of the productive performances, but at the same time across all of those dimensions deemed to be relevant in the definition of the previously illustrated social responsibility;
e. it is destined to both large-sized companies and small-to-medium sized companies, and it is expected to be used also to certify **company networks**; indeed, taking into account the characteristics of the regional productive system, mainly made up of small and micro-companies. In order to facilitate their adhesion to the certification process, the setting up of a company network has been helped, so that the individual companies can collaborate together in the definition of a common process of improvement, and thus gain access to the certification, as parts of the network, sharing its costs, in terms of time and the costs of the certification process; the membership to a company network indeed allows the single companies to slash the unit costs for the certification by spreading them across the network.

The methods of certification, then, must cover the whole range of activities of development that lead up to this objective; the following may be one way of proceeding:

a) The start-up of the actual certification process, is preceded by a **self-diagnosis** performed by the company that wants to certify itself, performed in relation to the requisites laid down by the Regional Social Quality Brand. On the grounds of the outcome of the self-diagnosis, which will have to unveil its general p**ositioning,** the level of compliance (approximate) of the company with the requisites laid down by the Brand, the company may decide whether or not to start-up the process of certification. In order to be able to start up the certification process the company must in any case satisfy some **basic requisites** that represent the minimum indispensable conditions that allow the process to go further ahead. When such minimum conditions actually subsist then the real process of certification may begin;

b) having defined the company or the company network that takes part in the certification, a **general assembly** is organised of all of the *Interested Parties* (company management, workers, union organisations, etc.) or their representatives, to illustrate the structure and the objectives of the Brand, the methodologies in use, the timescales, the forms of support;

c) the certification itself (an inspection style assessment) is the third part, and is carried out by one or more **accredited certification bodies;** the objective of the inspection or assessment phase is to verify the level of company compliance with the standards (requisites) required by the Brand in order to relaunch (or not relaunch) the certification and to define any margins and **improvement pathways** on the part of the candidate company;

d) for this purpose, a specific commission of professional evaluators (belonging to the certification bodies), proceeds with the collection of the data necessary to evaluate the company existing in the company, its **"positioning"** in relation to the aspects of the analysis laid down by the Brand, that is, in relation to each aggregate; in order to do this all the interest-bearing Parties are involved, with appropriate methods. The results are thus commented upon and summarised in a written report;

e) for each aggregate a **minimum threshold** is set to be reached in order to gain access to the certification, and a **threshold** that indicates the achievement of a condition of **excellence;** in regard to the issuing of the certification, each aggregate has an **equal weight-importance** in respect to the others: the achievement of a condition of excellence on some aggregates does not represent a sufficient condition in order to be able to obtain the certification in the case that the minimum threshold over the other aggregates is not surpassed;

f) on the grounds of what has emerged from the analysis and from the comment on the report drafted by the assessors in collaboration with the *stakeholders* inside the company, in relation to the degree of compliance with the requirements laid down by the Brand, and the achievement, or failure to achieve the minimum threshold, we then proceed to lay down the objectives and the timescales of the possible **improvement process** of the company towards the condition of excellence prescribed by the Brand or in any case towards the minimum threshold in order to obtain the certification, in a written document. In particular, the methods of management and assessment of the process *in itinere* are defined, as well as the methods of involvement of all the Interested Parties (Workers, Company Management, trade union organisations, etc.); all the interested Parties are actively involved in the improvement process so that the pathway defined is the shared outcome of a discussion between the various actors;

g) in the meantime the Region certifies the start of the process of improvement – process of certification – and attributes the **company status**, or company network, **engaged in the process of excellent and responsible growth;**

h) during the company's progress towards improvement, there are agreed moments of assessment by the body accredited for the certification to monitor the state of advancement by the company;

i) subsequently, on the basis of the agreed timescale (that may vary in relation to the characteristics of the company and the sector of membership), there is the final evaluation and, if warranted, the awarding of the Brand with the related written evaluation; if the outcome is negative there may be, if the evaluation report provided a valid motivation, a deferral equal to 30% of the overall time expected. The certification expires after 5 years; it can be revoked yearly if such reasons emerge that prove the appropriate conditions no longer exist.

j) At the time in which the company had obtained the quality certification, notwithstanding the level of compliance with the requirements it has reached (positioning), that is notwithstanding the fact that it has positioned itself on the minimum level or on a level of excellence, it obtains the authorisation to make visible such a Brand on its products.

From the operative standpoint, the drafting process of this feasibility study has been articulated into two macrophases: one initial *design* phase, consisting of a set of typical research activities, during which we have proceeded, by means of various steps, to draft the operative Brand model, and a second phase of *model testing and validation*, constituted by field activities, during which, within the scope of the specific productive and entrepreneurial contexts, we have proceeded, through the specific auditing techniques, to gather the inputs on the efficacy, the usability of the designed instrument and on the possible processes-forms of improvement of the instrument itself. An element common to both the phases of the research was the active involvement, through the appropriate means, of the social partners and the main categories of *stakeholders potentially interested in the project,* who have been consulted and interviewed both in the process of ideation and design of the instrument, and in its testing and assessment phase. The active involvement of the *stakeholders* in both the phases of design and validation of the instrument has been deemed necessary in the perspective of fostering the development of feedback phenomena that could permit the correction, in itinere, of the trajectories of the activities undertaken and thus the products of the feasibility study; on the basis of the methodology followed we can state that the result of the research activity has not only been shared but also co-designed by the *interested parties*.

Processes of improvement of the company networks

The Emilia-Romagna region, like many other Italian and European regions, is characterised by a high number, in absolute and percentage terms, of small and medium-sized enterprises. Any social certification project that does not take these characteristics into account is destined to failure. If our set-up of excellent growth is the right one, then it is a question of thinking of some improvement projects, towards excellent growth, that are feasible both for the SMEs and for the micro companies. In Europe the positive experiences so far accomplished, including the recent ones in Emilia-Romagna, are based upon the creation of voluntary networks among companies that identify areas and themes of common interest for a pathway of improvement and together build the stages for the accomplishment of the improvement pathway, besides specifically defining the "translations" of abstract and general concepts and objectives.

There are countless techniques, so we will move along the following conceptual lines:

1. the concept of "Development Coalition " articulated by *Bjorn Gustavsen*[17] and the related practices elaborated and widely tested in the Scandinavian countries (for example, *Value Creation,* 2010[18])
2. the concept of responsibility of the focal companies towards the sub-supply chain[19]
3. the stakeholder concept;[20]
4. the method of benchmarking between the companies
5. *ad hoc* incentives and disincentives.

Development Coalition and collaborative innovation

A new kind of network is envisioned, one less concerned with *exchanges* of experience than with the creation of spaces for *collaborative innovation*. This network should, for instance:

17 Gustavsen B., Finne H., Oscarsson B., *Creating connectedness: the role of social research in innovation policy*, Amsterdam, Philadelphia, John Benjamins, 2000

18 The program Value Creation 2010 is a research program in co-operation between the Confederation of Norwegian Business and Industry, The Norwegian Confederation of Trade Unions, The Norwegian Industrial and Regional Development Fund and NRC. It was started up in 2001 and will go on until 2010. The main objective of this program is to encourage and contribute to organisational development and innovation, both within individual enterprises and in learning networks between enterprises, based on new forms of co-operation between the industrial (social) partners and other significant players in the value creation processes. This is done by active use of researchers as development partners. The program is supporting the development of regional innovation strategies in regional partnerships.
http://pt-ad.pt-dlr.de/444_563.htm

19 see the paper: Protocol 02, Action-Research Activities, The Determination of Legitimate and Involved Interests in the Action-Research Activities - Case A – http://www.fipl.it/eng/

20 ibidem

1. Identify an evolving series of objectives based on the convergence of needs, opportunities and activities between participating regions. These objectives will each lead to the creation of products under one or more of the following headings:
   - knowledge
   - services to companies
   - networks and regional capacity building.
2. Build and manage the portfolio of projects needed to achieve those objectives.
3. Create transnational teams to develop and deliver products relating to the long term objectives of the network, not simply to deliver specific project requirements. Teams should not just comprise traditional researchers but should also include representatives from a wide range of partner organisations, such as companies, trade unions and public policy institutions.
4. Establish both physical and virtual spaces for shared working. For example:
   - creation of hot-desking and meeting facilities to enable transnational project teams to work together for extended periods;
   - an Extranet for sharing and developing the work in progress.

Networking and stakeholders

It is quite evident that the standpoints, i.e. the interests, the strategies and the regime of constraints and opportunities of the different actors, do not naturally overlap. Only a shared project can determine conditions of coexistence for the standpoints, that is, a condition with a positive sum or, at any rate, without a zero sum of the different actors' strategies. It is thus a matter of listing the actors at play, understanding their arguments, getting them to talk around a core of basic ideas forming a 'grid' on which one can weave a trusting relationship, or at least, positive rational expectations. The techniques that should be used for this purpose are: discussion groups and research conferences.
Normally there are four collective categories of actors who, in turn, contain others until they arrive at a single real-life key player. Here they are in approximate succession:
1) the focal firm;
2) the suppliers;
3) the workers and the unions;
4) the public institutions.

Each one of these actors has legitimate interests in regard to the theme of the organisation of the sub-contractor chain.
Each one of these collective categories contains more than one standpoint:

1. The focal firm contains the ownership, the management, the workers and their union representatives; in turn, the management has different standpoints depending upon whether it deals with production rather than purchases, etc..
2. The suppliers are divided up both according to their role *vis-à-vis* the focal firm - systems managers, semi-finished product suppliers, etc. – and among themselves in relation to their market position, the technologies used, etc..
3. The workers and the unions are articulated between focal firm and the other companies involved, between company representation and industry representation at the general level of provincial and/or regional territory, etc..
4. The public institutions taken into consideration should be decided in the specific case.

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