



Department of Political Science
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Employees' Rights in the Internal Dimension of Corporate Social Responsibility

The Italian Legal Framework and Eni S.p.A.'s
Welfare Practices in Italy

Professor Cristina Fasone

SUPERVISOR

Emma Sebastianelli

CANDIDATE

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*To my parents Monia and Andrea,
to my sister Anna,
and to my grandparents Vincenza and Lidio.*

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Introduction

In today's interconnected and ever-evolving economic landscape, the role of businesses is undergoing a deep transformation: one that is redefining how companies relate to their social responsibilities and to the expectations of the communities they operate in. This shift hasn't happened overnight, and it's far from over. The roots of this subject can be traced back to the late 19th century, when the first reflections began around whether companies should take responsibility for their workers' well-being. From those early debates, the question has evolved: it's no longer about *if* companies should go beyond profit-driven decisions, but *how* to do so in a way that becomes part of everyday corporate practice.

Within this transformation, legal scholars, courts, and public institutions have played a crucial role in steering corporate efforts toward stronger employees' protections and setting minimum thresholds that even smaller and more traditional businesses are expected to follow. In recent decades, the conversation has increasingly focused on how to implement these standards, starting from compliance with the law as a necessary foundation. In this sense, legal developments have been both reactive and proactive: the more internal corporate social policies are strengthened, the more they contribute to broader institutional protections.

Larger corporations are often leading this evolution. Their influence, due to the sheer number of people they employ and their close relationships with trade unions, provides them a powerful role in shaping market trends and, at the same time, also public expectations. Their actions have a ripple effect, setting examples for other companies and helping to raise the bar across entire industries.

These developments point to a shifting landscape in the field of internal Corporate Social Responsibility, a space where binding laws, soft regulations, corporate policies, and cultural values increasingly converge. CSR today is becoming a key part of corporate governance, helping define sustainable business practices that protect both internal and external stakeholders, well beyond minimum legal requirements.

This thesis focuses on the internal side of CSR, meaning its impact on employees and workplace policies. The first chapter explores the historical roots of CSR in the United States, a country that played a leading role in developing and spreading these ideas worldwide, including into Europe and Italy. The second chapter moves on to the international principles and guidelines that grew from those origins, looking in particular at how they were translated into the European Union frameworks and directives. The third chapter then focuses on how those European standards have taken shape in Italian law, resulting in a comprehensive legal structure grounded in constitutional protections and detailed in labor law. The final chapter presents a case study of Eni S.p.A., one of Italy's largest and most advanced companies when it comes to internal CSR. Known historically for the importance it places on its employees, Eni embodies the belief that "People are the first true form of energy". To bring this concept to life, the chapter takes a close look at one current and widely used form of welfare: smart working (*lavoro agile*).

This interdisciplinary path aims to critically examine how internal CSR can emerge as a legally fundamental element within corporate structures and governance, an outcome of the complex interplay between binding law, soft regulation, and voluntary business practices. By focusing on employment relationships, welfare measures, and workers' rights, the thesis seeks to provide tools for understanding how companies can, and must, adapt to changing times and rising expectations. The goal isn't to idealize corporate initiatives, but rather to recognize companies as part of a broader public responsibility, showing a shared effort to protect and promote wellbeing in every possible way.

CHAPTER 1

The Evolution of Corporate Social Responsibility: Historical Roots and Modern Dimensions

Corporate Social Responsibility (CSR) is a concept bridging the public sphere and sector with the enterprises world, which emphasizes the liability of businesses to go beyond mere profit maximization and actively contribute to society, aligning business objectives with broader societal aims. It is an evolving concept, which posed its roots in the United States in mid-19th century and has fostered a business and political debate ever since. It reflects the idea that companies are powerful social actors, and, as such, have ethical, social, environmental commitments to attend, beyond economics ones. The evolution of such notion explains today's understanding of the subject, which has become a bottom-line part of corporate governance. This chapter devolves in a detailed historical reconstruction of facts, debates, theories, and models starring tycoons, philanthropists, scholars, intellectuals, in the business and academic world, affecting revenues and political decision-making.

1.1. Historical Development of Corporate Social Responsibility towards Employees

The beginning of the debate on Corporate Social Responsibility is to be found around mid-19th century in the United States, posing its roots there, it will later develop in the rest of the Western world. This historical moment for The New World was marked by a very rapid industrialization, particularly in the manufacturing and transportation industries. This economic expansion created, in a very short timeframe, unprecedented wealth: it was a whole new game to administrate it, posing a whole range of sever social and environmental challenges, among all. Powerful successful corporations were emerging guided by potent industrialists, who were often referred as “Robber Barons”, who were building vast monopolies, still uncontrolled by the government. First one to mention is George Mortimer Pullman (1831-1897), who founded in 1862 the Pullman Company in Chicago, during the boom of railroads in the United States. He soon became a national-wide well-known tycoon, opening the gates on a new economic era. Pretty soon it developed mass production and has taken over rivals in the sector, at its lucrative peak it held virtual monopoly on production and ownership of train sleeping cars,

accommodating 26 million people a year. Due to the enormous market demand, Pullman needed to find strategies to retain talents working for him, at any level of expertise and production, ensuring employee loyalty, high-quality productivity and efficiency. At first, he focused on philanthropic work, but later realized the greatest good for the greatest amount of people could be reached through building a town, in the nearest outskirts of Chicago, Illinois, where his employees, and their families could live. He developed an environment superior to any other available to the working class elsewhere, hoping to attract the most skilled workers to build his luxury cars and to attain greater productivity and efficiency as a result of the better health and spirit of his employees. Particularly, such town was equipped with infrastructures and related services: housing, theaters, parks, library, churches, shopping areas, health centers, etc. Pullman believed that country air and fine facilities, would result in a happy and loyal workforce. This initiative marks the first attempt by an industrialist to address social welfare issues through corporate-driven solutions, laying the ground for workers' rights protection and conjunct action between the public sector and corporations, which will be later called Corporate Social Responsibility.¹

However, social and economic disparities grew during the second half of the 19th century, and it became clear that isolated efforts on one, or few, industrialists were not enough to address such emerging societal challenges. Politically, the sudden and vigorous money flow shortly solicited social movements, which soon were claiming worker's rights, inducing companies to address social issues. Notably, it was a time where formal governmental regulations were minimal, more materialized at the end of the century, when the American Populist Movement gained more traction. The social and political debate over such issues became more concrete during the so-called Progressive Era

¹ City of Chicago. The history of Pullman. Pullman Neighborhood. Retrieved from <https://www.pullmanil.org/the-history-of-pullman/>
Lemelson-MIT Program. George Pullman. Retrieved from <https://lemelson.mit.edu/resources/george-pullman>
Pullman State Historic Site. George M. Pullman: The man. Retrieved from <https://www.pullman-museum.org/theMan/>
National Park Service. George M. Pullman. U.S. Department of the Interior. Retrieved from <https://www.nps.gov/people/george-m-pullman.htm>
National Park Service. A brief overview of the Pullman story. U.S. Department of the Interior. Retrieved from <https://www.nps.gov/pull/learn/historyculture/a-brief-overview-of-the-pullman-story.htm>

(1890-1920), and during Theodore Roosevelt Jr. administration (1901-1909), there were the first jurisdictional steps forward. The President took significant steps against the new monopolistic enterprises' phenomenon, dismantling 44 of them during his term in office through the enforcement of the Sherman Antitrust Act (1890), which was later followed by the Clayton Antitrust Act (1914).² This was the government response to the rise of labor unions and strikes.

Similarly to George M. Pullman, Andrew Carnegie, owner of Carnegie Steel Company, took philanthropy to an unprecedented level in the early 20th century. In his work "*The Gospel of Wealth*" (1889), he advocated for the strategic redistribution of surplus wealth, promoting the responsible allocation of capital in order to address economic inequalities. Although, he still viewed the wealthy to be the ones making such decisions, his perspective ahead of its times, as he believed that extravagant spending on charity was not the key to bridge the gap between the rich and the poor. Instead, society needed a structure system to redistribute funds.³ He famously declared:

Thus is the problem of Rich and Poor to be solved. The laws of accumulation will be left free; the laws of distribution free. Individualism will continue, but the millionaire will be but a trustee for the poor; intrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done for itself. The best minds will thus have reached a stage in the development of the race in which it is clearly seen that there is no mode of disposing of surplus wealth creditable to thoughtful and earnest men into whose hands it flows save by using it year by year for the general good. (Carnegie, A. 1889)

This historical evolution is particularly intriguing, as Pullman and Carnegie both began as philanthropists before grasping that they could have a much bigger social impact by straying from radical giving. In fact, Carnegie founded in 1911 the "Carnegie Foundation", which developed into a means of allocating corporate wealth to the general

² Nigro, C., Petracca, M. (2016) *La Corporate Social Responsibility: dalle origini all'approccio situazionista*. Focus sui processi di isomorfismo e di decoupling. Torino: G. Giappichelli Editore.

³ Carnegie, A. (1889) *The Gospel of Wealth*. North American Review. www1.swarthmore.edu/SocSci/rbannis1/AIH19th/Carnegie.html

welfare. He sought to institutionalize a new model of capital distribution, envisioning a role for business in promoting social harmony, although without embracing socialism.⁴

Likewise, around the same time, John Davison Rockefeller established the “Rockefeller Foundation” in 1913. He donated an extravagant sum of 183 million dollars in initiatives he believed to be best in improving workers’ living and working conditions, such as expanding access to safe drinkable water⁵.

These philanthropic endeavors were widely praised, making these men among the most notable figures of their times, but they also sparked criticism. Some considered their decisions genuine attempts at social advancement, others, on the opposite side, saw them as paternalistic owners, using manipulative strategies designed to control workers and only improving corporate reputation.⁶

The second half of the 19th century and the beginning of the 20th century is a rapidly changing period, especially under the perspective of economic history. It saw a transition from the dominant *laissez-faire* capitalist approach to an underlying paternalistic attitude reflected in philanthropic work of industrialists, gradually shaping the ideal of the “good captain” of industry. This shift remarks the notion that businesses play a crucial role in societal well-being, not just today, but since the second industrial revolution.

A notorious example of corporate responsibility meeting resistance occurred in 1914, when Henry Ford introduced the concept of minimum wage, identifying it at the threshold of \$5 per day, which was more than twice the industry average⁷. Plus, in this maneuver, he included a shortened workday from nine to eight hours, if complying to given standards. Ford justified it as a mean to increase productivity and efficiency among his

⁴ Carnegie Corporation of New York. About Andrew Carnegie. Retrieved from <https://www.carnegie.org/about/>

⁵ Rockefeller Foundation. Our history. Retrieved from <https://www.rockefellerfoundation.org/about-us/our-history/>

⁶ Ibid. Nigro, C., Petracca, M. (2016) La Corporate Social Responsibility: dalle origini all'approccio situazionista. Focus sui processi di isomorfismo e di decoupling. Torino: G. Giappichelli Editore.

⁷ Crowe, A. (2013) Leadership in the Open: A New Paradigm in Emergency Management, CRC Press.

employees⁸. Yet, the Wall Street Journal accused him of “blatant immorality” for the outrageous above-market salary. Very soon, data showed his vision, his revenues doubled from \$30 million in 1914 to \$60 million in 1916⁹. Ford’s case underscores a fundamental tension in primordial CSR: while business-led social initiatives can improve workers’ rights and increase revenue, efficiency and productivity, they often challenged prevailing capitalist norms.

Subsequently, the interwar period saw the rise of new practices, namely the professionalization of management. This involved integrating methodologies, routines, and processes designed to establish key management principles, thereby clearly and systematically defining a precise professional role. This title would be characterized by standard and replicable activities, ensuring consistency and efficiency in its execution. This idea emerged among lawyers and doctors, who sought to train managers as comparable professionals, emphasizing the crucial social role they were retaining¹⁰. In creating this scheme, Business Schools emerged, such as those at Columbia, Harvard, and Dartmouth. A key figure in this movement was Wallace Brett Donham¹¹, who strongly believed in increasing social significance of business and the need for ethical conduct among managers. Following the Great Depression, awareness grew regarding the responsibilities of managers, particularly within public companies¹². Donham, writing in the *Harvard Business Review*, stressed that businesses had a duty to uphold ethical standards, arguing that government intervention would become necessary if companies failed to act responsibly. This increasing awareness led to stronger calls for accountability

⁸ usd116.org. The Five Dollar Day. Retrieved May 8, 2025, from <https://usd116.org/ProfDev/AHTC/lessons/BSethiFel09NARA/Scans/Websites/The%20Five%20Dollar%20Day.htm>

⁹ The New York Times. (2006, April 5). The economics of Henry Ford may be passé. Retrieved from <https://www.nytimes.com/2006/04/05/business/the-economics-of-henry-ford-may-be-passe.html>

¹⁰ Khurana, R. (2007). From higher aims to hired hands: The social transformation of American business schools and the unfilled promise of management as a profession. Princeton University Press.

¹¹ Professor of Business Administration and the second dean of the Harvard Business School from 1919 to 1942. He is the founder of the Harvard Business Review, in 1922. His idea for the publication was: “The paper [HBR] is intended to be the highest type of business journal that we can make it, and for use by the student and the business man. It is not a school paper.”

¹² Ibid. Nigro, C., Petracca, M. (2016) La Corporate Social Responsibility: dalle origini all'approccio situazionista. Focus sui processi di isomorfismo e di decoupling. Torino: G. Giappichelli Editore.

and the idea that businesses should operate not just for profit but also for the benefit of society at large¹³.

To move beyond theoretical discourse, scholars and policymakers began developing concrete mechanisms to implement and assess CRS practices. The first relevant contribution to the concretization of such debate, and bridging CRS from theory to practice was provided by Theodore J. Kreps, then Professor of Business Economics at Stanford University. He wrote a monograph in 1940 entitled “*Measurement of the Social Performance*”, which was the first to introduce "social audit". Such term later became central to the discussion on the necessity for companies to adopt tools capable of implementing, monitoring, and communicating their socially "responsible" conduct.

Expanding on this idea, Herbert A. Simon, in his influential work “*Administrative Behavior*” (1947), played a key role in advancing the concept of management’s growing responsibility in corporate decision-making. In this manual, he provides a practical foundation for understanding how organizations make decisions and institutionalize accountability. His concept of “bounded rationality” shows that managers are not entirely rational individuals, their ability to process information is limited by cognitive constraints, time, and available data. Like other human beings invested in other fields, they engage in “satisficing” decisions, choosing the “good-enough” option, given their limitations at the time of the commitment¹⁴. Such acknowledgement is fundamental to understanding why a well-structured framework – like social audits – was necessary to assess and guide responsible corporate behavior. These mechanisms ensure that social responsibility is systematically integrated into business strategy, aligning with the core purpose of today’s CSR and ESG reporting¹⁵.

In summary, Simon concentrated on the internal decision-making processes and limitations at the end of the 1940s. As the early 1950s began, the conversation on CRS

¹³ Donham, W. B. (1938) The Failure of Business Leadership and the Responsibilities of the Universities. Harvard Business Review.

¹⁴ Simon, H. A. (1947) Administrative Behavior: A Study of Decision-Making Processes in Administrative Organizations. New York: Macmillan.

¹⁵ Ibid. Nigro, C., Petracca, M. (2016) La Corporate Social Responsibility: dalle origini all'approccio situazionista. Focus sui processi di isomorfismo e di decoupling. Torino: G. Giappichelli Editore.

expanded to explicitly consider the responsibility of businesses towards society. This shift occurred during the post-World War II economic boom, which increased corporate presence and influence, consequently making businesses more accountable to society.

The modern era of Corporate Social Responsibility is widely recognized to be starting in the 1950s, since it was the beginning of structured debates on the topic. Howard Bowen is considered the father of CSR, the pioneer of the evolving discourse, still active today. He published his famous masterpiece “*Social Responsibility of the Businessmen*” in 1953, with the following fundamental premise: “Several hundred largest firms are vital centers of power and decision, and actions of these firms touch the lives of the American people at many points” (Bowen, H. 1953).

The argument that large firms are a vital societal player holding power and decision-making capacity laid the foundation for the contemporary understanding that businesses exert a significant and undeniable influence on society; as a result, they bear responsibilities concerning social and ethical standards¹⁶. Notably, Bowen did not question whether or not businesses should be held accountable for such duties; rather, he anticipated the ongoing debate regarding the extent, and boundaries, of their impact.

According to Bowen, businessmen should be regarded as social actors who serve society and business operate at the request of society. This social mission, in his view, should primarily be pursued voluntarily, with minimal governmental intervention. The rationale behind this approach is rooted in the belief that CSR was not intended to function as a universal remedy, “one size fits all”; instead, it was conceived as a mechanism that would grant managers a degree of discretionary autonomy, allowing them to leverage their managerial expertise to ensure their own prosperity first and the broader social economic development.

In this way, managers formed an intermediary sphere between private enterprises and public welfare. By highlighting business engagement with a variety of stakeholders, such as employees, customers, and local communities, rather than just shareholders' interests, this contribution advanced our understanding of corporate social responsibility.

¹⁶ Bowen, H. R. (1953). *Social Responsibilities of the Businessman* (Preface, p. xvii). Harper & Brothers.

Crucially, competition, social norms, and legal restrictions largely influence businessmen's behavior rather than society depending solely or even largely on a sense of social duty to guarantee that they conduct in a way that is acceptable to others.

Only one year later, it was published the work by Peter Drucker¹⁷ “*The Practice of Management*” (1954). This manual is important since it was the first time it was used the expression “the social responsibility of business”, thereby making a fundamental shift from individual businessmen to the enterprise as a collective entity bearing responsibility for both its social and economic impact. Drucker’s approach to CRS was deeply rooted in managerial philosophy, which emphasized that businesses must be seen as social institutions, not merely economic entities.¹⁸ He believed that corporations had obligations beyond profit maximization and that their role extended to maintaining social stability and contributing to the common good. On this account he writes: “We have already abandoned the belief that economic progress is always the highest goal.” (Drucker P. F. 1942).

Drucker’s perspective, compared to Bowen’s, reflects a shift from a highly centralized form of corporate leadership, where businesses were often associated with their owners or executives, to a time where corporate governance and strategy were evolving. CRS practices, in Drucker’s view, were not merely ethical obligations, but had to be embedded in corporate management as a strategic necessity to be able to sustain long-term success. This approach is precisely why Drucker is considered to be the founder of modern management, as he emphasized the role of systematic decision-making, organizational responsibility, and the integration of social concerns into business strategy.¹⁹

In the late 1950s, the first major critique of CSR emerged, highlighting the opposing stances of skeptics of corporate involvement in social affairs. Theodore Levitt, in his 1958 work “*The Dangers of Social Responsibility*”, opened a critical debate by questioning whether businesses should take on social responsibilities traditionally administered by the

¹⁷ The Wall Street Journal defined him as “the dean of this country’s business and management philosophers”.

¹⁸ Drucker, P. F. (1942). *The Future of the Industrial Man*. New York: John Day.

¹⁹ Cohen, W. A. (2010). *What Drucker Taught Us About Social Responsibility*. Laissez-Faire Books.

government²⁰. The incipit of his article on the *Harvard Business Review* is clearly explanatory on his viewpoint on the topic: “Are top executives being taken in by pretty words and soft ideas? Are they letting the country in for a nightmare return to feudalism by forgetting they must be businessmen first, last, and almost always.” (Levitt T. 1958). Levitt famously asserted: “government’s job is not business, and business’ job is not government” (Levitt T. 1958), warning that blurring the lines between the two entities could potentially lead to unintended consequences, including a regression to a feudal-like system where businesses wielded excessive social power. Thereby, Levitt emphasized that executives should prioritize their roles as businesspeople, focusing on profit maximization and efficiency, rather than taking on roles traditionally held by government or other social institutions.

To Levitt, CSR was less about a genuine ethical commitment and more about strategic maneuvering. He observed that “it was not fashionable” (Levitt T. 1958) for corporations to show pride in their financial performance, suggesting that social responsibility would be a way to gain public approval and shield corporations from regulatory scrutiny, making profit-seeking more palatable to society. He described this phenomenon as a rise of “New Orthodoxy”, in which corporations played along with CSR initiatives because “we are approaching a jet-propelled utopia (...) it pays to play” (Levitt T. 1958).

The expansion of the Corporate Social Responsibility debate has significantly contributed to a clearer understanding of the topic. Indeed, the 1960s and the 1970s were decades of consolidation for these social concerns, as evidenced by the growing volume of literature during the former, beginning notably with Milton Friedman. In 1962 the latter published the book “*Capitalism and Freedom*”, a milestone in the discussion of Corporate Social Responsibility since it remains provocative and widely debated today. In it, Friedman argued that a company has no obligation to provide broader social welfare, instead, its managers act as agents of the stockholders²¹, and thus, “his capacity as a corporate executive, the manager is the agent of the individuals who own the corporation (...) and his primary responsibility is to them” (Friedman, M. 1962). This clearly connects Friedman’s thinking to the matrix of free trade and Adam Smith’s “invisible hand”.

²⁰ Levitt, T. (1958). The dangers of social responsibility, *Harvard Business Review*, 36, pg. 41.

²¹ Friedman, M. (1962). *Capitalism and Freedom*. University of Chicago Press.

According to the latter, the pursuit of individual self-interest leads to unintended social benefits, provided that all members of society adhere to the “rules of the game”. For Friedman, these rules are established by the state, not by enterprises, which must fulfill specific responsibilities toward society, particularly in social and environmental matters, through the promulgation and enforcement of laws.²²

Furthermore, Friedman contended that when an executive spends company funds on social initiatives, they are essentially spending somebody else’s money for their own purposes. This type of actions reduces returns to stockholders, since the executive is spending their money. Spending customers’ money leads to lowering employees’ wages. Friedman advocated for executives to exercise social responsibility towards their stakeholders, namely employees and stockholders, by focusing on efficient use of their invested resources, primarily profit maximization²³. Notably, Friedman did not entirely dismiss social responsibility but sought to confine it within the framework of profit maximization and direct accountability to those directly affected. He further emphasized that social welfare provisions are the responsibility of the government, funded by citizen taxes. This, he argued, is the “basic reason why the doctrine of social responsibility involves acceptance of the socialist view that political mechanisms, *not market mechanisms*, are the appropriate way to determine the allocation of scarce resources to alternative uses” (Friedman, M. 1962). In essence, Friedman believed that that societal welfare should be addressed through governmental policy, not corporate “eleemosynary” (Friedman, M. 1962).

However, this strict profit-drive perspective was soon challenged by other scholars. Only five years later, Clarence Cyril Walton emphasizes the interconnectedness between society and enterprises, stating: “the new concept of social responsibly recognizes the intimacy of the relationship between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals.” (Walton C.C., 1967). Such quote demonstrates how corporations are not considered isolated entities anymore, but they are deeply embedded

²² Ibid. Nigro, C., Petracca, M. (2016) *La Corporate Social Responsibility: dalle origini all'approccio situazionista. Focus sui processi di isomorfismo e di decoupling*. Torino: G. Giappichelli Editore.

²³ Friedman, M. (13 September 1970). *A Friedman Doctrine: The Social Responsibility of Business is to Increase Its Profits*. The New York Times Magazine.

in society. Furthermore, Walton underscores that CSR must be voluntary rather than coercive, involving active from both management and the enterprise itself²⁴. This exhaustive approach, which incorporates both individual managers and institutional frameworks, represents a significant improvement above previous interpretation. It depicts a more advanced view of decentralized corporate governance, in which CSR activities are methodically incorporated into organizational strategy, values, and operational procedures, transcending individual discretion.

In 1973 Friedman's perspective is challenged one more time by Keith Davis directly addressing the previous scholar's profit-centered philosophy, asserting in his *"The Case for and Against Business Assumption of Social Responsibilities"* that corporations, as being powerful societal players, have a duty to address social matters. In his view, the aim is to pursue a corporation that contributes to a more viable future society. Engaging in social responsibility, for Davis, means "the firm's consideration of, a response to, issues beyond the narrow economic, technical, and legal requirements of the firm" (Davis K. 1963). Furthermore, he states that a firm has the obligation to "*evaluate* in its decision-making process the effect of its decisions on the external social systems (...)" (Davis K. 1963) suggesting a quantitative aspect embedded in such decision-making.

Moreover, Davis envisions that adhering to such social practices would bring the firm long-term better economic outcomes, superior compared to those corporations which choose not to be sensitive to the community they are in.²⁵ Creating a better community is equal creating a better environment where to do business in: "labor recruiting will be easier, and labor will be of a higher quality. Turnover and absenteeism will be reduced. As a result of social improvements [in the long-run], crime will decrease with the consequence that less money will be spent to protect property, and less taxes will have to be paid to support police forces." (Davis K., 1973) This argument "is actually a sophisticated concept of long-run profit maximization" (Davis K., 1973), thereby finally showing how profit maximization not only can, but surely will, go hand-in-hand, while overcoming any paternalistic approach. Although, he gives a broad range of arguments,

²⁴ Walton, C. (1967). Corporate social responsibilities. Wadsworth Publishing Company.

²⁵ Davis K. (1973). The Case for and Against Business Assumption of Social Responsibilities. Arizona State University.

the former is the most relevant one, and one more is worth mentioning: “Problems can become profits”. In a quick justification, he asserts that social and environmental issues can be reversed into lucrative business opportunities²⁶. Davis adds to the ethical debate a more concrete, force-field analysis, than it has been presented by previous authors.

A truly technical approach was first served by Archie B. Carroll, who pioneered the use of a structure framework to apply to corporate social responsibility. In 1979, he presents the original model, which he will later develop in 1991. This initial proposition, called the “Social Performance Model”, portrayed as a 3D-cube, laid the foundation for other scholars’ contributions and developments. This is a turning point for the subject of Corporate Social Responsibility, as the emphasis is increasingly shifted towards quantifying CSR efficiency and developing structured methodologies to assess it.

Before addressing the model specifically, it is relevant to mention that Carroll profusely argues that he calls the subject: Corporate Social Performance, as an evolution of Corporate Social Responsibility. Actually, it is the third step forward, after the first (CSR₁) “reflecting the idea of implicit ‘obligation’ embedded in CSR and whether one existed” (Carroll, A. B. 1979); and the second (CSR₂) “focused more on how companies should ‘respond’ to the social environment and therefore it was much more managerial in nature and action-oriented” (Carroll, A. B. 1979). The last, as previously mentioned, is CSP, which is a period defined by Carroll as a “march towards CSR specificity”. This new concept is the three-dimensional integration of corporate social responsibility, corporate social responsiveness, and social issues.

Going back to the three dimensions of the model, such were designed to provide a structured approach to CSP, adding a level of complexity, so to provide a more detailed overview of the company’s current socially sustainable practices. The first dimension established a comprehensive definition of CSR, categorizing social responsibilities into economic, legal, ethical, and discretionary (philanthropic) responsibilities. Economic responsibilities were considered fundamental, forming the base of the model. Legal responsibilities reflected society's expectations that businesses comply with the law, forming a sort of "social contract." Ethical responsibilities referred to standards and practices expected by society even when not codified by law, while discretionary

²⁶ Ibid. Davis K. (1973). The Case for and Against Business Assumption of Social Responsibilities. Arizona State University.

responsibilities encompassed purely voluntary activities undertaken by businesses, driven by a desire to contribute to societal well-being beyond legal and ethical requirements. It is important to note that these categories are neither mutually exclusive nor intended to be a continuum; they are not cumulative or additive, but rather overlapping aspects of corporate responsibility.

The second dimension of the model addressed the philosophy, mode, or strategy of social responsiveness, namely he is referring to the process of social responsiveness. Carroll emphasized the need to identify the social areas where companies have responsibilities, such as environmental concerns, product safety, discrimination, and other social issues. Importantly, he acknowledged that these issues vary across industries and evolve over time, which necessitates a flexible and adaptive managerial approach to effectively respond to shifting social expectations.

The third and final dimension focused on the philosophy of response, meaning the policies developed to tackle social issues, questioning whether businesses react to social issues or proactively address them. This dimension presents a continuum ranging from no social responsiveness to a proactive stance, where management not only acknowledges moral obligations but actively implements strategies to meet those responsibilities.

The model, therefore, provides a framework to systematically evaluate and approach CSR, it presents itself “as a planning tool and as a diagnostic problem-solving tool” (Carroll, A. B. 1979), providing a conceptualization that could lead to a better management of social performance²⁷.

Six years later, in 1985, Steven L. Wartick and Philip L. Cochran, two professors at Pennsylvania State University jointly publish the article "*The Evolution of the Corporate Social Performance Model*" developing Archie B. Carroll's previous model with the main goal to make it more practical, operative and applicable to real-world situations. They completely agree with the 3D conceptualization, so they opt to refine each variable. The first dimension is almost all retained in their model, although they reframed the original four categories as “guiding principles” rather than static groups. Their emphasis is on how such principles serve as foundational beliefs that actively guide corporations to actions

²⁷ Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *The Academy of Management Review*, 4(4), 497–505. <https://www.jstor.org/stable/257850>

and decision-making, reflecting the dynamic and changing component. The second dimension is significantly expanded. They break down the process of social responsiveness so to build a more structured system. Instead of just categorizing responsiveness as reactive, defensive, accommodative, or proactive, they choose to establish a more systematic managerial approach involving three steps. The latter are environmental scanning, policy formulation, and policy implementation. Respectively, they regard continuous monitoring external social, legal, and ethical environments to identify emerging issues; developing strategies and policies which address these identified issues, based on gathered intelligence; lastly, putting the formulated policies into practice, making sure that there is alignment between policy goals and managerial actions²⁸.

Alongside these fundamental development in the field, the end of the 1980s, saw the beginning of social auditing practices as concrete mechanisms for evaluating and reporting corporate social performance. The first companies to do so where: Ben & Jerry's, The Body Shop, and Levi's. These companies implemented internal corporate audits, aimed at quantifying social and environmental impacts through rigorous data collection, policy evaluation, and performance measurement frameworks. This process involves establishing a standardized metrics and indicators, such as employee well-being, community engagement, supply chain ethics, environment sustainability, and philanthropic contributions. There are officers in charge of such tasks, namely internal audits experts/consultants, who conduct systematic evaluations through surveys, interviews, field-observations, and performance data analysis. Once reached the findings, they are compared with pre-established benchmarks or corporate standards, which are derived by the company's CSR policies, embedded into their corporate governance. Additionally, some companies began producing and even publishing (sometimes) social performance reports, showing transparency and accountability²⁹.

During the summer of 1991, Archie B. Carroll published one of the most important articles of recent CSR, *"The Pyramid of Corporate Social Responsibility: Toward the*

²⁸ Wartick, S. L., Cochran, P. L. (1985) The Evolution of the Corporate Social Performance Model. Pennsylvania State University.

²⁹ Hopkins, M. (1999) The Planetary Bargain: Corporate Social Responsibility Matters. Macmillan.

Moral Management of Organizational Stakeholders”. In this article he develops the model firstly designed in 1979. The primary thing to notice is the use of the term “Responsibility” (as in Corporate Social Responsibility), instead of the term “Performance” (as in Corporate Social Performance) previously suggested and argued for. This reversion to the previous nomenclature underlines the fact that in the 1980s, CSR had gained widespread acceptance in both academic literature and corporate disclosure. CSR became the most used terminology, using it meant ensuring broader comprehension and more consolidated application. In the 1991 evolution of the model, he considers including ordering the previous four categorizations of social responsibilities, being: economic, legal, ethical, and philanthropic responsibilities, from the bottom to the top. The major integration that, through this new shape of the model, Carroll emphasizes encompassing all levels as consequential to one another, meaning that if the philanthropic is implemented, all the rest must be too.³⁰

This was the beginning of the decade in which CSR gained major international appeal, it was the decade in which the international protocols were signed, and international institutions were established.³¹ For these global corporations it meant new opportunities that came along with a rising global competition for new markets, an increased reputational risk due to a growth in global visibility, and conflicting pressures, demands, and expectations from the home and the host countries (Carroll 2015). The most notable example of the institutionalization of CSR was the foundation in 1992 of the association Business for Social Responsibility (BSR) which initially included 51 companies with the vision of becoming a “force for positive social change – a force that would preserve and restore natural resources, ensure human dignity and fairness, and operate transparently” (Business for Social Responsibility 2018, para. 2). The European Commission also played a relevant role in implementing and encouraging CSR and began promoting it in 1995,

³⁰ Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39–48. [https://doi.org/10.1016/0007-6813\(91\)90005-G](https://doi.org/10.1016/0007-6813(91)90005-G)

³¹ Latapí Agudelo, M. A., Jóhannsdóttir, L., & Davídsdóttir, B. (2019). A literature review of the history and evolution of corporate social responsibility. *International Journal of Corporate Social Responsibility*, 4(1), 1–23. <https://doi.org/10.1186/s40991-018-0039-y>

Carroll, A. B. (2015). Corporate social responsibility: The centerpiece of competing and complementary frameworks. *Organizational Dynamics*, 44(2), 87–96.

Business for Social Responsibility. (2018). Our Story. <https://www.bsr.org/en/about/story>.

when 20 business leaders adopted the European Business Declaration against Social Exclusion. As a result, one year later, it was launched the European Business Network for Social Cohesion, which was later renamed CSR Europe, which gathered business leaders with the aim of enhancing CSR within their organizations.³²

Academically, following the Carroll's contribution, in 1996 it was published, by Burke and Logsdon, "*How Corporate Social Responsibility Pays Off*". They sought to demonstrate that CSR can be strategically managed so to provide tangible economic benefits to companies, rather than being merely a philanthropic and ethical commitment. This paper provides concrete proceedings in applying CSR policies within the corporate governance in order to achieve value-creation. The two authors believed that if fully understood, and with long-term vision, entrepreneurs do not have to choose between profits and employee welfare. They identify five dimensions that are both critical to the success of the firm and useful in relating to CSR policies, programs and processes to value creation by the firm.

1. Centrality: closeness of fit to the firm's mission and objectives. Actions or programs having high centrality are expected to receive priority within the organization to yield future benefits, ultimately translated into profits for the organization (Burke & Logsdon, 1996).
2. Specificity: ability to capture or internalize the benefits of CSR programs within the firm (Burke & Logsdon, 1996). Some might argue that CSR initiatives might prevent future compliance risks and costs, which, if true, could become a strategic step towards another dimension, which is proactivity.³³
3. Proactivity: degree to which the program is planned in anticipation of emerging social trends in the absence of crisis (Burke & Logsdon, 1996). It is rather important to identify potential emerging economic, technological, social or

³² Ibid. Latapí Agudelo, M. A., Jóhannsdóttir, L., & Davídsdóttir, B. (2019). A literature review of the history and evolution of corporate social responsibility. *International Journal of Corporate Social Responsibility*, 4(1), 1–23. <https://doi.org/10.1186/s40991-018-0039-y>

³³ Burke, L., & Logsdon, J. M. (1996). How corporate social responsibility pays off. *Long Range Planning*, 29(4), 495–502.

political risks, in order to identify, prior happening, a strategy to safeguard the company from future legal exposure.³⁴

4. Voluntarism: the scope for discretionary decision-making and the lack of externally imposed compliance requirements. This is closely linked with proactivity, especially to the extent that it presumes the absence of regulatory or other mandates (Burke & Logsdon, 1996).
5. Visibility: observable, recognizable credit by internal and/or external stakeholders for the firm (Burke & Logsdon, 1996). This dimension might have either a positive or negative effect. Positive outcomes mostly regard firm's image in the public eye. Negative results include government investigations of contract fraud, the indictment or sentencing of company officials, the discovery of dangerous side effects from otherwise beneficent drugs, cases of poisoning and other forms of commercial terrorism, or the disclosure of toxic contamination in waste disposal sites.³⁵

There are five CSR behaviors on which such dimensions are applied, each behavior, across the multiple dimensions, creates value for the company in a different shape and form. The five CSR behaviors are: philanthropic contributions, employee benefits (direct or indirect), environment management (health, safety, pollution), political activity (PAC, lobby or information, independent or industry), product or service-related characteristics, innovations or processes. Respectively, the value-created strategic outcomes are customer loyalty and future purchasers, productivity gains, new products or markets, new product or geographic market opportunities, new product on new markets and edge in meeting emergency needs. In conclusion, the authors suggest a procedure to incorporate CSR planning in investments and new projects. Specifically, the firm should carry out the following analysis:

1. Identify the stakeholders which are critically important for achieving the firm's mission, goals or strategic objectives.

³⁴ Ibid. Burke, L., & Logsdon, J. M. (1996). How corporate social responsibility pays off. *Long Range Planning*, 29(4), 495–502.

³⁵ Ibid. Burke, L., & Logsdon, J. M. (1996). How corporate social responsibility pays off. *Long Range Planning*, 29(4), 495–502.

2. Determine the socially valuable CSR policies, pro-programmes and projects which address the needs and interests of these stakeholders.
3. Assess the opportunities offered by these CSR projects to enhance the firm's attainment of strategic objectives or to solve significant problems and threats facing the firm. (Centrality.)
4. Assess the degree to which these CSR projects offer benefits which can be captured and/or internalized by the firm as opposed to all firms in the industry or society at large. (Specificity.)
5. Anticipate future changes in the firm's environment and changes in the needs of its key stakeholders which could be addressed through proactive CSR policies and activities. (Proactivity.)
6. Determine the baseline of mandated requirements in order to identify the opportunities for voluntary activities. (Voluntarism.)
7. Identify opportunities to create positive visibility with key internal or external stakeholders from CSR activities. (Visibility.)
8. Measure and compare the value or potential value expected from various CSR projects. (Value Creation.) (Burke & Logsdon, 1996).

In short, greater understanding and precision to the various components of CSR help firms identify opportunities and strategies to grow both stakeholders' welfare and profit.

In conclusion, in this chapter, the history of Corporate Social Responsibility has been covered to provide a broader understanding on what it is meant when referring to this relatively new subject today. The historical evolution reveals a gradual yet fundamental shift from philanthropic and isolated acts carried out by a handful of powerful and influential industrialists, often with a paternalistic approach, to a more structured and institutionalized approach embedded within corporate governance.

Early attempts at social welfare were attempted by figures like George M. Pullman, Andrew Carnegie, and John D. Rockefeller, reflecting that business enterprises are crucial societal players. However, this growing awareness also encountered criticism and resistance, starting with Theodore Levitt and later Milton Friedman, emphasizing that the

primary responsibility of business is profit maximization. Nevertheless, their criticism fueled and escalated the debate, drawing further attention to CSR matters.

As the discourse progressed through the 20th century, scholars such as Keith Davis, Archie B. Carroll, and Burke & Logsdon contributed frameworks that attempted to bridge the gap between academic and theoretical debate and practical application of CSR. Building on previous ideas, they demonstrated that aligning corporate governance, social objectives and value creation is not only feasible, but also essential for achieving long-term all-encompassing success. Their works underscored the relevance for governmental, international and transnational acknowledgement of CSR, setting the stage for the following chapters, which will address the standards and regulatory frameworks in the international, EU, and ultimately Italian landscapes.

1.2. Contemporary Theoretical Perspectives on Corporate Social Responsibility in relation to Internal Stakeholders

Building upon the strategic approach introduced by Burke and Logsdon in 1996, which, in turn, consolidated and advanced principles established by earlier scholars, the discourse on CSR continued to expand through a strategic approach, considering it as a potential source of competitive advantage for companies. The debate introduced new themes and perspectives. Since the 1990s there was a growing interest in the institutionalization of CSR approaches through guidelines, principles, reporting practices and regulations, resulting in the Institutional Theory and Legitimate Theory.

Institutional Theory analyses how organizations are influenced by external institutional pressures, such as norms, cultural values, regulations and social aspects. According to this theory, companies engage with CSR not only for economic reasons, but also to obtain social legitimacy within that community and conform to already-set local institutional standards. Such external pressures could be of three types: coercive, mimetic and normative. In the first case, they derive from laws, regulations, or political forces (such as non-financial reporting); in the second, said companies adopt similar practices to other organizations in the same sector, so to reduce risks and uncertainty to implement

legitimacy; in the third, pressures derive from social norms, ethical standards and professional expectations (such as conduct codes, ISO guidelines).³⁶

Notably, the Environmental, Social, and Governance (ESG) framework emerged as a response to the same external pressures described by Institutional Theory, particularly coercive pressures from regulatory requirements and normative pressures from established guidelines and industry standards. As companies increasingly faced expectations to demonstrate responsible corporate behavior, the ESG framework evolved to provide a structured and measurable approach to corporate sustainability. Unlike traditional CSR practices, which were often voluntary and loosely defined, ESG criteria offer clear metrics for assessing environmental impact, social responsibility, and governance practices.

The framework is implemented through standardized reporting systems such as the Global Reporting Initiative (GRI), which emphasizes environmental and social performance disclosure, the Sustainability Accounting Standards Board (SASB), which focuses on financially material sustainability information for investors, and the Task Force on Climate-related Financial Disclosures (TCFD), which addresses climate-related financial risks and opportunities. By adopting these frameworks, companies can enhance transparency, accountability, and alignment with societal expectations, thereby strengthening their legitimacy and resilience in increasingly regulated and scrutinized markets.

Legitimacy Theory is closely related to Institutional Theory, although it focuses on the concept of social legitimacy. According to this theory, corporations operate within the confines of social norms and values so to maintain stakeholders' support, trust and partnerships. The main idea is that legitimacy is the primary source not only success of the company, but it's in its the very first survival.³⁷

³⁶ Brammer, S., Jackson, G., & Matten, D. (2012). Corporate Social Responsibility and institutional theory: New perspectives on private governance. *Socio-Economic Review*, 10(1), 3–28.

³⁷ BINUS University. (2021, November 15). Legitimacy theory and its relationship to CSR. Retrieved from <https://accounting.binus.ac.id/2021/11/15/legitimacy-theory-and-its-relationship-to-csr/>

At the same time global expansion of economic activities led to reflections on how CSR practices might differ across various cultural and regulatory contexts, particularly for multinational corporations. Under the pressures of changing societal expectations, some global corporations have started to identify their CSR engagement, even intruding domains that have traditionally belonged to the sphere of political responsibilities of state actors. This approach has evolved into the stakeholder management approach, guided by the Stakeholder Theory, which has gained considerable acceptance in conceptualizing social investment as an integral component of conventional investment frameworks. Such social investments are perceived similarly to other value-adding attributes, such as quality, service, or reputation, which contribute to the firm's overall profitability.³⁸

Upon this perspective, it becomes essential to explore the foundational principles of Stakeholder Theory, which provides a comprehensive framework for understanding the evolving relationship between corporations and their diverse stakeholders. This theory was introduced in 1984, from the work of R. Edward Freeman: “*Strategic Management: A Stakeholder Approach*” has grasped more and more attention in the 1990s and still today is one of the most widely accepted. Stakeholder Theory unites organizational management and business ethics under a stakeholder perspective, meaning that it integrates a resource-based view and a market-based view, while adding a socio-political level of analysis.³⁹ Stakeholders are defined as “any group or individual who can affect or is affected by the achievement of a corporation purpose, but also as bearer of rights” (Freeman, 1994), meaning suppliers, customers, employees, managers, shareholders, and local community. Moreover, one of the primary reasons for its prominence is that it established the subject of study of strategic management, developing the current understanding of Management studies. In light of this, Freeman adds that “The corporation serves at the pleasure of its stakeholders, and none may be used as a means

Janang, J. S., Joseph, C., & Said, R. (2020). Corporate governance and corporate social responsibility society disclosure: The application of legitimacy theory. *International Journal of Business and Society*, 21(2), 660–678.

³⁸ Catalo, N. (2023). Globalization and corporate social responsibility: A critical analysis. *Journal of Research in International Business and Management*, 10(2).

Scherer, Andreas Georg, and Guido Palazzo, “Globalization and Corporate Social Responsibility”, in Andrew Crane, and others (eds), *The Oxford Handbook of Corporate Social Responsibility*. Retrieved from <https://doi.org/10.1093/oxfordhb/9780199211593.003.0018>.

³⁹ Freeman, R.E. (1994) The Politics of Stakeholder Theory. *Business Ethics Quarterly*, 4, 409-421. Retrieved from <https://doi.org/10.2307/3857340>

to the ends of another without full rights of participation in that decision” (Freeman, 1994).

Hence, other than the Stakeholder Theory, as mentioned above, today, the most widely accepted theories of Corporate Social Responsibility the Triple Bottom Line and the Creating Shared Value Theory, which are described in the following.

In 1994, a famous entrepreneur, namely John Elkington, entered the concept of “The Triple Bottom Line”, coining the term. The TBL Agenda focuses corporations not just on the economic value they add, but also on the environmental and social value they add, or rather destroy. The TBL Agenda lies on 7 paradigms, which each one having to evolve in new ones to transition into sustainable capitalism. This transformation, he predicts, “will be one of the most complex our species has ever had to negotiate” (Elkington, 1997).

The paradigms:

1. Markets: Compliance → Competition. For the foreseeable future, business will operate in markets that are more open to competition, which will result in economic earthquakes, transforming our world.
2. Values: Hard → Soft. We are in a new world made of companies that have crashed and burned because of value-based crises.
3. Transparency: Closed → Open. Fueled by growing international transparency. Business thinking, priorities, commitments and activities are under increasing scrutiny worldwide. In the next chapter, we are going to see the Global Reporting Initiative, initiated in 2001, which heavily builds on TBL foundations.
4. Life-Cycle Technology: Product → Function. Increasing attention in the supply chains.
5. Partnerships: Subversion → Symbiosis. Increasing partnership between companies which used to be isolated acting independently.
6. Time: Wider → Longer. Sustainable goals need long-term predictions and plans, it requires thinking across decades, generations and, in some instances, centuries.
7. Corporate Governance: Exclusive → Inclusive. “The better the system of corporate governance, the greater the chance that we can build towards genuinely sustainable capitalism” (Elkington, 1994).

This evolution of paradigms proposed by Elkington highlights how the transition toward sustainable capitalism requires a profound rethinking of corporate strategies, governance structures, and stakeholder relationships. Embracing transparency, inclusivity, and a long-term vision is no longer optional but essential to ensure a sustainable and prosperous future for both businesses and society as a whole.⁴⁰

Ultimately, the last concept introduced in the subject of CSR is the Creating Shared Value. Such has been published for the first time in 2006 by the Harvard Business Review in the article “*Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility*”, written by Michael E. Porter and Mark R. Kramer. Plus, it was revised in 2011 in a follow-up piece entitled “*Creating Shared Value: Redefining Capitalism and the Role of the Corporation in Society*”, written by the same authors, also published in the Harvard Business Review. Notably, Michael E. Porter is a leading authority in the field of competitive strategy, and currently is head of the Institute for Strategy and Competitiveness at Harvard Business School. Their article provides insight and relevant examples of companies that have developed deep links between business strategies and corporate social responsibility.⁴¹ Shared Value is defined as “the policies and practices that enhance the competitiveness of a company while simultaneously advancing social and economic conditions in the communities in which it operates” (Porter, Kramer, 2006); while the revised article published in 2011 defined the concept as “a strategic process through which corporations can turn social problems into business opportunities” (Porter, Kramer, 2011).

Companies can create shared value opportunities in three ways:

1. Reconceiving products and markets. The demand for goods and services that satisfy societal demands is rising quickly in developed economies. For instance, food companies that traditionally concentrated on taste and quantity to drive more and more consumption are refocusing on the fundamental need for better nutrition. Examples of such transformations can be found across all industries, where new

⁴⁰ Elkington, J. (1994). Towards the sustainable corporation: Win-win-win business strategies for sustainable development. *California Management Review*, 36(2), 90–100.

⁴¹ Porter, M. E., & Kramer, M. R. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78–92.

avenues for innovation continuously emerge, leading to the creation of shared value. Society's gains are even greater, because businesses will often be far more effective than governments and nonprofits are at marketing that motivates customers to embrace products and services that create social benefits, like healthier food or environmentally friendly products.

2. Redefining productivity in the value chain. A company's value chain is inevitably affected and affects numerous societal issues, such as natural resources and water use, health and safety, working conditions, and equal treatment in the workplace. More sustainable practices could be cheaper options for the firm, even in absence of regulation or resource taxes. The most notable examples are found in safeguarding the environment, but focusing on the social aspect, there are many samples too. For instance, in health care, meaning that many companies, in the past, have sought to minimize the cost of "expensive" health coverage, or eliminate it altogether. Today, leading companies have learned that because of lost workdays and diminished employee productivity, poor health costs them more than health benefits do.
3. Enabling local cluster development. No business operates independently and isolated. The success of every company depends on the strength of its network with other organizations. Thereby, productivity and innovation are strongly influenced by "clusters" around each one, or geographical concentrations of firms, related businesses, suppliers, service providers, and logistical infrastructure in a particular field. Notably, clusters do not only involve corporations, but also institutions such as academic programs, trade associations, and standard organizations. Additionally, they rely on the broader public assets in the surrounding community, such as schools and universities, clean water, fair-competition laws, quality standards, and market transparency. Clusters are play a central role in all successful and growing regional economies, driving productivity, innovation, and competitiveness. On the other hand, deficiencies in

the framework conditions surrounding the cluster also create internal additional costs for the firms.⁴²

“The concept of shared value sets out a new era for capitalism. By better connecting companies’ success with societal improvement, it opens up many ways to serve new needs, gain efficiency, create differentiation, and expand markets.” (Porter, Kramer, 2011).

“The ability to create shared value applies equally to advanced economies and developing countries, though the specific opportunities will differ” (Porter, Kramer, 2011). This passage highlights how the authors take into considerations that there is no single solution for social responsibility.

Creating Shared Value (CSV) is the most current frontier of Corporate Social Responsibility. It represents a shift as capitalism matures, meaning that companies identify duties to break out of traditional CSR realizing its limitations and try to restructure and pursue new market strategies that value both economic and societal development. “The prevailing approaches to CSR are so disconnected from business as to obscure many of the greatest opportunities for companies to benefit society” (Porter, Kramer, 2006).

The main difference between CSR and CSV is that while the former is often pushed by external factors and may be confined to a financial budget, the latter is internally generated and sees social issues as opportunities for growth and innovation in the global economy. According to Porter and Kramer, CSR needs a strategic sense, rather than generic, recognizing its independence with society, rather than businesses being pitted against it. CSV suggests a way to use CSR as part of a core business strategy to boost innovation and competitive advantage through cost improvements and differentiation. As

⁴² HEC Paris. How to create shared value. Retrieved from <https://www.hec.edu/en/institutes-and-centers-expertise/sustainability-organizations/think/executive-factsheets/how-create-shared-value>

Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*, 89(1/2), 62–77.

they state, “An affirmative corporate social agenda moves from mitigating harm to reinforcing corporate strategy through social progress.” (Porter, Kramer, 2006).

In conclusion, having traced the historical evolution and theoretical foundations of Corporate Social Responsibility, from its early conceptualizations to the most recent approaches such as Creating Shared Value, it becomes clear that CSR is no longer merely a voluntary or philanthropic endeavor. Instead, it is increasingly shaped by institutional dynamics, considering also the Institutional Theory as mentioned above, stakeholder expectations, and evolving market paradigms. In this context, the role of regulatory frameworks and guidelines and standards becomes central. As CSR practices become more standardized and embedded in corporate governance and business operations, Chapter 2 will examine how international bodies and the European Union have contributed to this shift through guidelines, directives, and regulations, thus reinforcing CSR as a structured, accountable, and increasingly mandatory component of corporate governance.

CHAPTER 2

Global and European Union Frameworks Safeguarding Internal Stakeholder Protection in Corporate Social Responsibility

Corporate Social Responsibility (CSR) has transitioned from a voluntary commitment to a structured regulatory framework, as it has been covered in the previous chapter, at both international and European Union levels. Over the years, various have been the players to actively shape and promote responsible business conduct, that is global organizations, national governments, and regional institutions, establishing guidelines, principles, and directives. These normative standards, while often being non-binding, have influenced significantly corporate behavior, shaping social sustainable strategies and reporting practices worldwide.

This chapter examines the supranational standards and frameworks governing and guiding CSR, dividing the analysis into two main sections. The first explores the international aspect, focusing on global initiatives and providing fundamental principles that reach business across different jurisdictions. The second half explores the European Union regulatory system, which has evolved from only voluntary reporting standards to including legally binding directives. These regulations demonstrate the EU's commitment to encourage and merge sustainability into corporate social governance, while also enhancing corporate accountability in social (and environmental) matters. This is why, this chapter is dedicated to analyzing such frameworks, in order to provide a comprehensive understanding of the transnational regulatory landscape, before focusing on the Italian jurisdiction on CSR in the following chapter.

2.1. International Standards and Voluntary Guidelines: Laying the Groundwork for Internal Stakeholder Protection in CSR

The international framework for Corporate Social Responsibility comprises various voluntary guidelines, principles and standards, and recommendations established by global institutions to promote amenable business conduct. Although most of these measures are not legally binding, they have been significantly shaping corporate practices

horizontally, influenced stakeholder expectations which, in turn, have guided and inspired legally enforceable frameworks at national and regional levels⁴³.

International institutions in charge of monitor, regulate and promote CSR procedures are:

- United Nations (UN). The UN promotes CSR through frameworks like the UN Global Compact, encouraging businesses to align their strategies with principles related to human rights, labor, environment, and anti-corruption.⁴⁴
- Organization for Economic Co-operation and Development (OECD). The OECD provides guidelines for Multinational Companies. Interestingly, it also operates National Contact Points (NCPs) to resolve CSR-related disputes.⁴⁵
- International Labor Organization (ILO). The ILO is particularly focused on promoting workers' rights and human rights. It is a specialized UN agency with a unique tripartite structure, bringing together governments (especially Ministries of Labor), employers (represented by business associations and industry groups), and workers (represented by trade unions and labor organizations with official delegates at the ILO). This structure ensures that labor standards and policies are developed through a balanced consensus that reflects the interests of all three parties.⁴⁶
- International Organization for Standardization (ISO). ISO contributes to CSR by offering standardized framework, such as ISO 26000, that support companies integrate social responsibility into their strategies. Though not certifiable, ISO standards promote ethical practices, quality assurance, and stakeholder management among international markets, since 1946.
- World Bank & International Finance Corporation (IFC). The IFC, as a member of the World Bank Group, is the largest global development institution focused on

⁴³ Federal Ministry of Labour and Social Affairs. International frameworks. Retrieved from <https://www.csr-in-deutschland.de/EN/CSR/Background/International-Frameworks/international-frameworks.html>

⁴⁴ United Nations Global Compact. The Ten Principles of the UN Global Compact. Retrieved from <https://unglobalcompact.org/what-is-gc/mission/principles>

⁴⁵ OECD. (2011). Corporate social responsibility: A strategic approach. Retrieved from https://www.oecd.org/en/publications/corporate-social-responsibility_9789264194854-en.html
OECD. National Contact Points for Responsible Business Conduct. Retrieved from <https://mneguidelines.oecd.org/ncps/>

⁴⁶ International Labour Organization (ILO). About the ILO. Retrieved from <https://www.ilo.org/about-ilo>

the private sector in emerging markets. It provides Performance standards guiding companies in managing environment and social risks through large-scale projects.⁴⁷

- Global Reporting Initiative (GRI). A global standard setter for impact reporting, providing standards aimed at the public good. It is linked to the UN Environment Programme. Its initial aim was to supply the first accountability mechanism to ensure that companies adhere to sustainable procedures. It was established in Boston, MA, USA in 1997.⁴⁸
- World Business Council for Sustainable Development (WBCSD). A global coalition of companies advocating for sustainable development, the WBCSD provides frameworks and guidelines for integrating sustainability and CSR into business strategies, promoting corporate leadership and collaboration. Established in Geneva, Switzerland in 1995.⁴⁹

Engaging in CSR initiatives and adhering to international guidelines, principles, certifications, standards, may provide companies with numerous advantages, both in the short-run and in the long-run.

In the short-run, companies can benefit from enhanced corporate reputation and improved stakeholder relationships. Actively participating in widely known CSR frameworks exhibits a company's commitment to be at the forefront of innovation even in social practices, not directly linked to revenues. Such a positive perception can immediately strengthen relationships with stakeholders, meaning customers, employees, investors, and regulatory institutions, fostering transparency, trust, loyalty, ethical sensitiveness. Additionally, companies that display accountability, straightforwardness and integrity, often see a translation of the latter into better access to capital and funds, particularly coming from socially conscious investors and financial institutions adopting and applying Environmental, Social, and Governance (ESG) criteria. In the long-run, the advantages of CSR participation become even more considerable. Companies gain significant

⁴⁷ International Finance Corporation (IFC). International Finance Corporation. Retrieved from <https://www.ifc.org>

⁴⁸ Global Reporting Initiative (GRI). Global Reporting Initiative. Retrieved from <https://www.globalreporting.org>

⁴⁹ World Business Council for Sustainable Development (WBCSD). World Business Council for Sustainable Development. Retrieved from <https://www.wbcsd.org>

resilience when facing regulatory and reputation risks and crisis if they align with CSR standards. Proactively addressing social (and environmental) issues, they stay ahead of evolving legal requirements, thereby minimizing the risks of non-compliance, financial penalties, and costly legal disputes. Furthermore, over time, all the short-run benefits would be amplified and consolidated, enabling them to avoid public relations crises and better manage public scrutiny. Lastly, complying with CSR better ensures companies access to more global market's possibilities, as many trade agreements and supply chains increasingly require certain threshold in certain sustainability indicators to begin a business relationship.⁵⁰

Therefore, it is evident that advantages associated with CSR arise from an ethical discussion concretized in structured and systematic implementation, grounded in pragmatic and globally recognized principles. To fully understand how CSR practices can be effectively administered, it is essential to examine key international frameworks.

The global framework begins in 2000 with the United Nations Global Compact (UNGC). Companies of any size or revenue can adopt the ten principles, with the aim of increasing their value system. Such principles mainly operate in the field of human rights, labor, environment and anti-corruption, and need to be incorporated into the business strategies of the participants through policies and procedures, so to establish increasing moral integrity. Four are the labor commitments:

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

⁵⁰ Regione Marche & Commissione Europea, Direzione Generale delle Imprese. (n.d.). Introduzione alla responsabilità sociale delle imprese (CSR) per le piccole e medie imprese. Regione Marche.

La Bottega Azzurra. La responsabilità sociale d'impresa: da dovere morale a leva di trasformazione. Retrieved from <https://labottegazzurra.it/responsabilita-sociale-dimpresa-trasform/>

Brother Italia. I vantaggi della responsabilità sociale d'impresa. Retrieved from <https://www.brother.it/business-solutions/insights-hub/business-blog/sostenibilita/vantaggi-responsabilita-sociale-d-impresa>

Speexx. Responsabilità sociale d'impresa: cos'è e perché è importante. Retrieved from <https://www.speexx.com/it/speexx-blog/responsabilita-sociale-impresa-cosa-perche-importante/>

Companies freely decide to participate to the guidelines are then expected to report their advancements periodically, annually, through the Communication on Progress (COP) reports. Although, stopping, over time, to submit COPs may have reputation side effects, diminishing credibility in the eyes of investors and customers.⁵¹

These final guidelines are in line with the UN Sustainable Development Goals (SDGs), published in 2015, which have been drawn by the United Nations Department of Economic and Social Affairs (UNDESA). A key component is the Global Sustainable Development Report (GSDR) which evaluates the UN systemwide implementation of such goals. Thus, the 17 SDGS represent a global challenge to be achieved by 2030, altogether they make the Agenda 2030.

The goals most closely related to the social sphere within the CSR framework include:

Goal 3: Good Health and Well-being.

This objective emphasizes ensuring healthy lives and promoting well-being for all ages. Companies are increasingly expected to implement policies that provide healthcare, mental health of the employees and ensure safe working conditions. This is reflected in framework such as the UN Global Compact and the World Health Organization.

Goal 5: Gender Equality.

Companies are strongly encouraged to reach gender equality for all women and girls, promoting diversity, equity and inclusion. Corporations are designing policies to close the gender pay gap and support the participation of women in leadership roles. This goal refers to company's implementation of frameworks like the Women's Empowerment Principles (WEPs) established by UN Women and UN Global Compact. Including reporting standards, such as the GRI further encourages transparency in gender-related issues within corporate disclosure.

⁵¹ Ibid. United Nations Global Compact. The Ten Principles of the UN Global Compact. Retrieved from <https://unglobalcompact.org/what-is-gc/mission/principles>

Goal 8: Decent Work and Economic Growth.

This goal aligns closely to CSR in promoting fair labor practices, employee rights, and safe and equitable working conditions. Organizations are expected to go beyond compliance to national labor laws by adopting frameworks such as the ILO's standards and OECD Guidelines for MNEs.

Goal 10: Reduced Inequalities.

Companies are encouraged to implement policies promoting inclusion, fair treatment, and equitable access to opportunities, especially for vulnerable and marginalized groups. This goal refers to company's alignment to frameworks such as the UN Guiding Principles on Business and Human Rights (UNGPs). These practices help reducing inequalities, particularly in their supply chains and community engagement efforts.

Goal 11: Sustainable Cities and Communities.

This goal touches mainly environmental impact in urban development, but social aspects are relevant too when considering the welfare of communities where companies operate. Businesses are expected to back initiatives which improve access to essential services, foster cultural inclusion, and support social cohesion.⁵²

Together, these selected SDGs frame a socially responsible direction for corporate governance and operations, encouraging businesses to pursue ethical, inclusive, and sustainable outcomes. Their integration within CSR frameworks reinforces the strategic role companies play in advancing social progress on a global scale.

The previously mentioned frameworks within the UN Sustainable Development Goals establish principles aimed at promoting social equity and sustainability. In order to provide a more detailed and comprehensive understanding of CSR in transnational contexts, it is essential to further examine the specific frameworks associates with these goals.

⁵² United Nations. The 17 Goals. Retrieved from <https://sdgs.un.org/goals>
ASviS – Alleanza Italiana per lo Sviluppo Sostenibile. Goal e Target: Obiettivi e traguardi per il 2030. Retrieved from <https://asvis.it/goal-e-target-obiettivi-e-traguardi-per-il-2030/>

The UN Guiding Principles on Business and Human Rights (UNGPs) is one of the touched upon frameworks. It was introduced in 2011 by the UN Rights Council defining three pillars:

- I. Protect: this is the state's duty to protect human rights. Such pillar is relevant in CSR since it establishes that States have a duty to protect individuals against human rights abuses by third parties, including business and other organizations. This responsibility includes establishing laws, policies, and regulations that prevent, investigate and punish this kind of violations. In the CSR context, companies are legally expected to abide to national regulations.
- II. Respect: this is the corporate responsibility to respect human rights. Corporations are expected to conduct their due diligence processes to identify, measure and navigate the impact on human rights.
- III. Remedy: this is the access to remedy for victims of business-related abuses. This pillar puts an emphasis on ensuring that victims of such violations have access to effective remediation processes. From a CSR purposes, this involves establishing reparative mechanisms, which are legitimate, accessible, and transparent.⁵³

These pillars apply to all companies, regardless of their size, sector, or location. Non-compliance or lack of engagement can expose companies to litigation, consumer boycotts, and loss of investor trust.

The following framework is the OECD Guidelines for Multinational Enterprises, updated in 2023, is the “set of recommendations jointly address by governments and multinational enterprises to enhance the business contribution to sustainable development and address adverse impacts associates with business activities on people, planet, and society. The Guidelines are supported by a unique implementation mechanism, the National Contact Points for Responsible Business Conduct (NCPs), established by governments to further

⁵³ United Nations Human Rights Council. (2011). Guiding principles on business and human rights: Implementing the United Nations “Protect, Respect and Remedy” framework. United Nations.

the effectiveness of the Guidelines” (OECD, 2023). These Guidelines are implemented in 51 countries all over the world, with 51 NCPs currently existing.⁵⁴

Another framework mentioned is the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). It was last updated in 2022 by the ILO, outlining guidelines related to employment: employment promotion, social security, elimination of forced or compulsory labor, effective abolition of child labor (minimum age and worst forms), equality of opportunity and treatment, security of employment; training; conditions of work and life: wages, benefits, safety and health; and industrial relations: freedom of association and the right to organize, collective bargaining, consultation, access to remedy and examination of grievances, settlements of industrial disputes. While it is mainly directed at multinationals, its principles are applicable to national and smaller companies. Interestingly, this is the only global instrument in this area and the only one that was elaborated and adopted by governments, employers, and workers from around the world.⁵⁵

Moreover, ISO 26000 is not a certifiable or regulatory framework, it remains a key reference for organizations aiming to strengthen their CSR strategies. Published in 2010 by the International Organization for Standardization (ISO), the guidance on social responsibility provides holistic recommendations for integrating CSR into the core operations of any organization, whether it is private, public, or non-profit.

It emphasizes the importance of seven core subjects:

1. Organizational Governance: ensuring ethical conduct, accountability, and transparency in the decision-making process.
2. Human Rights: respecting and promoting human rights within the organization.
3. Labor Practices: focusing on working conditions, regarding health and safety.
4. Environment: also related to working conditions.

⁵⁴ Organizzazione per la Cooperazione e lo Sviluppo Economico (OCSE). (2023). Linee guida dell'OCSE destinate alle imprese multinazionali sulla condotta responsabile. OCSE Publishing. Retrieved from <https://www.oecd.org/publications/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct-9789264279130-en.htm>

⁵⁵ International Labour Organization. (2022). Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). International Labour Organization.

5. Fair Operating Practices: ethical conducts specifically regarding relationships with stakeholders, including anti-corruption efforts and responsible political involvement.
6. Consumer Issues: protecting consumer health, safety, privacy, while still promoting sustainable consumption.
7. Community Involvement and Development: contributing to socio-economic development of those community where organization operate in.

In short, ISO 26000 encourages organizations to go beyond compliance, fostering a culture of responsibility rooted in ethical values and stakeholder engagement. Its holistic approach supports long-term sustainability across all sectors.⁵⁶

The last previously mentioned document is the Global Reporting Initiative (GRI) Standards, governed by the GRI and most recently revised in 2021. This report supports organizations with sustainability guidelines, that expand to broader standards. They are applicable to any type of entity. Its indicators do not engage with financial or environmental metrics exclusively but take into account the importance of the triple-bottom-line reporting (people, planet, and profit). This is a tool designed to assist companies in reporting their economic, environmental, and social impact transparently and in consistency with one another. Since it is a set of voluntary achievements, not releasing any kind of official certification, it supports ethical governance that seeks to promote information disclosure, aiming at more efficacious and transparent decision-making. Interestingly, these standards touch in detail numerous different subjects, which is why they are divided into: Universal Standards, Sector Standards, and Topic Standards, allowing organizations to tailor their reporting according to industry-specific requirements and materiality principles. Respectively, firsts establish the general reporting requirements, then is provided guidance relevant to specific industries, and lastly, they address particular sustainability aspects like human rights, emissions, labor practices, and governance.⁵⁷

⁵⁶ International Organization for Standardization. (2010). ISO 26000: Guidance on social responsibility. ISO.

⁵⁷ Ibid. Global Reporting Initiative (GRI). GRI Standards. Retrieved from <https://www.globalreporting.org/standards/>

2.2. European Union Directives and Soft Law Instruments: Toward a Binding CSR Framework for Internal Stakeholders

The European Union's regulatory framework for Corporate Social Responsibility (CSR) has progressively transitioned from voluntary principles to binding supranational legislation, representing an effort to formally anchor the social dimension of business responsibility. In this evolution, attention has been drawn to the welfare of internal stakeholders, specifically the well-being, rights, and working conditions of employees. This section explores in detail the EU directives, communications, and strategic documents that influence corporate behavior in terms of employee-focused welfare. These kinds of influences will have national consolidation within each Member State's normative arena, as this thesis will discuss in the next chapter.

To meet the requirements of these initiatives, companies will need to provide considerable quantitative and qualitative information. They will be required to collect and report data on policies, impacts, risks, key performance indicators (KPIs), and targets associated with environmental, social, and governance (ESG) factors. The impetus for quantitative frameworks is becoming increasingly demanded, particularly with legally binding rules such as the Corporate Sustainability Reporting Directive (CSRD) requiring that companies provide reporting data in a regulated and auditable manner. This latest in this regard is the CSRD (passed in 2022), which is the most advanced legislative tool with the intent to control how CSR practices are communicated to external stakeholders and other agents. It is a commitment to embrace (social and more) duties in business practices, but also paves the way for consequential legislation that will cover other aspects of sustainability such as corporate sustainability (financial performance).⁵⁸

The origins of CSR in the EU context were defined in the Community Charter of the Fundamental Social Rights of Workers (1989) which recognized basic rights like fair pay, an occupational health and safety regime, equal opportunities and treatment, freedom of association, and access to labor-market vocational training.⁵⁹ These rights were reiterated

⁵⁸ European Commission. (2022). Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 as regards corporate sustainability reporting (Corporate Sustainability Reporting Directive).

⁵⁹ Council of the European Union. (1989). Community Charter of the Fundamental Social Rights of Workers.

again in the Maastricht Treaty (1992), which acknowledged the need for social dialogue and convergence of social policies throughout the Union.⁶⁰

A key turning point was the 2001 Green Paper, "Promoting a European framework for Corporate Social Responsibility". This foundational communication issued by the European Commission underscored CSR as a voluntary integration of social and environmental concerns into their corporate governance, and hence into their commercial activities as well.⁶¹ Though conceptual, it laid the basis for future normative interventions with far broader reaching. The follow-up 2002 Communication, "Corporate Social Responsibility: A business contribution to Sustainable Development", marked the start of the EU's strategy to embed CSR within the broader EU policy agenda. It emphasized dialogue among stakeholders, promoting collaboration among internal and external ones, including employees, civil society, and policymakers. Plus, it affirmed the compatibility of economic and social progress, positioning CSR as a driver for both competitive advantage and social welfare.⁶² By framing CSR as an integral component of sustainable business operations, the EU signaled a move toward embedding these practices in corporate governance, paving the way for subsequent legislative developments (including the previously mentioned CSRD).

This momentum continued in 2006, when the European Commission issued its Communication "Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on Corporate Social Responsibility" which developed this idea further still.⁶³ It built the link to the Lisbon Strategy for Growth and Jobs and identified CSR as a tool for encouraging innovation, competitiveness and social cohesion. The Lisbon Strategy was an overarching framework formulated by the European Council in 2000 which aimed at making the EU the most competitive and dynamic knowledge-based economy in the world, to create more and better jobs and to promote social cohesion.⁶⁴

⁶⁰ Council of the European Union. (1992). Treaty on European Union (Maastricht Treaty).

⁶¹ Commission of the European Communities. (2001). Promoting a European framework for Corporate Social Responsibility (Green Paper).

⁶² Commission of the European Communities. (2002). Corporate Social Responsibility: A business contribution to sustainable development (COM(2002) 347 final).

⁶³ Commission of the European Communities. (2006). Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on CSR (COM(2006) 136 final).

⁶⁴ European Council. (2000). Lisbon European Council. Presidency Conclusions.

Such strategy was renewed in 2005, which is what this communication refers to. This is particularly interesting in the perspective that sustainability is clearly not an ethical or façade issue anymore, but rather a value-creating core part of supply chains of any kind. This concept led to the formation of the European Alliance for Corporate Social Responsibility, a business-led political initiative for corporations and stakeholder cooperation in promoting voluntary social responsibility practices. The first High-Level Meeting of the European Alliance, held later in 2006, marked the start of a coordinated effort between businesses and EU institutions to embed CSR more systematically into corporate governance and policy.⁶⁵

In parallel, Directive 2006/54/EC on equal treatment of women and men in employment has strengthened the regulatory dimension of workplace equality, building on the EU's commitment to integrating social aspects into corporate responsibility. More specifically, the Directive prohibits direct and indirect discrimination, requires equal pay for equal work, and requires transparency in promotions and recruitment. It also introduces the concept of positive action. This refers to the ability of companies to temporarily adopt special measures so to favor of underrepresented groups, in such a way they would expedite the process to ensure inclusion of diversity, especially in management positions. Companies are therefore legally obliged to investigate and correct structural imbalances in gender representation and to ensure a discrimination-free working environment.⁶⁶

This trajectory was significantly influenced by broader economic shifts. The 2008 global financial crisis and its societal consequences were essential to creating and adopting the CSR discourse. The crisis unveiled a flawed economic model which had previously been thought to be infallible. It revealed excessive focus on short-term profit, risk occasioned by a lack of strong corporate governance, an absence of transparency, and a disconnection from society. This resulted in diminished public trust in corporations, along with an increasing common demand for companies to act more ethically, be more transparent, and be more sustainable. Responding to this growing pressure, the European Commission released the Renewed EU Strategy 2011-14 for Corporate Social Responsibility, which

⁶⁵ European Commission. (2006). First High-Level Meeting of the European Alliance for Corporate Social Responsibility.

⁶⁶ Directive 2006/54/EC. (2006). On the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation.

heralded a marked change in the EU's CSR framework. The Renewed EU Strategy 2011-14 defined CSR as the "responsibility of enterprises for their impacts on society" (European Commission, 2011) which remains in place today. It called for transparency, enhancing self- and co-regulation processes and embedding CSR into EU policies to promote sustainable growth and foster trust in business.⁶⁷ The document further added to the previous definition:

Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts (Commission, 2011).

Clearly, this Communication shows a modern and brighter understanding of CSR, one that puts a strong emphasis on a set of internationally recognized principles and guidelines in favor of employees. Additionally, it affirms that any EU policy promoting CSR should be made coherent and consistent with the supranational values. On the global level, it takes into consideration: the OECD Guidelines for Multinational Enterprises, the ten principles of the UN Global Compact, the ISO 26000, the ILO Tripartite Declaration on Principles Concerning Multinational Enterprises and Social Policy, and the UN Guiding Principles on Business and Human Rights.

As the EU's CSR framework continued to evolve, greater prominence was placed on ensuring social justice across borders, especially in light of labor mobility. In this sense, legislative activity aimed at advancing equitable treatment and equal working rights temporarily posted to the Member States. One of the key legislative responses to this need was Directive (EU) 2018/957, which amends Directive 96/71/EC concerning the posting of workers in the framework of the provision of services. This regulation is intended to ensure that workers that have been temporarily assigned to provide services in another EU Member State, referred to as "posted workers," receive the same employment rights

⁶⁷ European Commission. (2011). A renewed EU strategy 2011–14 for Corporate Social Responsibility (COM(2011) 681 final).

and working conditions as workers residing in the country. In this way, through the regulation, the posted workers receive the same salary scales, bonuses, overtime payments, and other employment conditions as the local or country workers, ensuring that the principle of equal pay for equal work at the same location is supported. The idea of "long-term posting" is presented, according to which postings longer than 12 months, or 18 months with a valid reason, because the host nation's labor laws to be applied.⁶⁸

Building further on this social trend, the EU also turned its attention to promoting gender equality and improve workers' quality of life when they have family obligations. Part of this improved social commitment was the Directive (EU) 2019/1158 that addressed work-life balance for working parents and carers. This aims at improved work-life balance for working parents and carers while fostering higher gender equality in both the workplace and family environment. By establishing a minimum level of parental leave, paternity leave, and leave for carers, this directive aims to reach a more equal balance of the childcare responsibilities among both women and men. Employers are responsible for providing a minimum of four months' parental leave per parent, with two months as non-transferable, thus encouraging fathers to use this right and be actively involved in childcare. Moreover, the directive obliges a minimum of ten days of paternity leave on birth and a minimum of five days of carers' leave each year for all workers. Other than establishing the entitlements on leave, the directive underlines the right to request flexible forms of working including remote working, flexible working times, and working part-time, for carer workers.⁶⁹

Completing these-rights based directives, the Working Time Directive 2003/88/EC remains a cornerstone of employee welfare in the EU. It limits weekly working hours to 48 (including overtime), mandates at least 11 consecutive hours of daily rest, and guarantees four weeks of paid annual leave. Employers must maintain accurate working time records and provide compensatory rest where necessary.⁷⁰

⁶⁸ Directive (EU) 2018/957. (2018). Amending Directive 96/71/EC concerning the posting of workers.

⁶⁹ Directive (EU) 2019/1158. (2019). On work-life balance for parents and carers.

⁷⁰ Directive 2003/88/EC. (2003). Concerning certain aspects of the organization of working time.

In parallel, the EU Framework Directive on Safety and Health at Work (89/391/EEC) obliges employers to evaluate all workplace risks, inform and train workers accordingly, and establish preventive measures. It was further operationalized through sector-specific daughter directives, such as those dealing with manual handling of loads, use of display screen equipment, and chemical agent exposure.⁷¹

Noting that welfare also means ongoing professional development, vocational training and skills development most certainly contribute to social protection and economic inclusion. The EU, through the European Social Fund Plus (ESF+), co-finance programs that facilitate lifelong learning, upskilling and digital literacy. The ESF+ also supports social inclusion projects, including for disadvantaged groups, aiming to reduce inequality and support labor market integration.⁷²

In this regard, mental health and psychosocial risk management in the workplace have increasingly gained recognition under the Strategic Framework on Health and Safety at Work 2021–2027. This strategy prioritizes preventing work-related illnesses such as depression and anxiety; adopting digital technologies while safeguarding work-life boundaries; and reinforcing national labor inspectorates' capacity to monitor psychosocial risks.⁷³

Notably, in addition to legislative instruments, strategic documents, like this previous one, shape the normative environment. The latter builds directly on the European Pillar of Social Rights (2017) sets out 20 principles, including "Secure and adaptable employment", "Work-life balance", and "Healthy, safe and well-adapted work environment".⁷⁴ These principles guide all EU-level initiatives and serve as a benchmark for evaluating Member States' policies and takes inspiration from the Agenda 2030 (explored in the previous subchapter).

This trend was reinforced by the Porto Social Commitment (2021) which asserts the EU's commitment to make the European Social Pillar a reality by recommending inclusive recovery strategies from the COVID-19 pandemic and placing high-quality work options

⁷¹ Directive 89/391/EEC. (1989). Framework Directive on Safety and Health at Work.

⁷² European Commission. (2021). European Social Fund Plus (ESF+): Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the ESF+.

⁷³ European Commission. (2021). Strategic Framework on Health and Safety at Work 2021–2027.

⁷⁴ European Parliament, Council of the European Union. (2017). European Pillar of Social Rights.

and fair conditions at the center of economic thinking and planning.⁷⁵ Similarly, the 2020 Action Plan on the European Social Pillar also identifies many concrete actions and targets, e.g., reducing the gender employment gap and improving access to early childhood education, which are very much related to internal corporate welfare orientation.⁷⁶

At last, the European Semester, the EU's cycle of coordination of economic and social policies, embeds national reforms to EU's social priorities, such as labour market resilience, workforce transformation, and strengthening social protection systems. National Recovery and Resilience Plans (NRRPs) funded through the NextGenerationEU fund, often include investment in occupational health, digital skills training, and flexible working arrangements, evidence the embedding of the EU's priorities infused into the corporate environments of the Member States.⁷⁷

In conclusion, the European Union's legal and strategic approach to CSR demonstrates a profound commitment to advancing employee welfare. From legally binding directives to high-level policy strategies, the EU ensures that internal stakeholder needs, which range from gender equality and work-life balance to health and skills development, are prioritized in corporate governance. This comprehensive normative landscape provides a picture of how to analyze the national implementation and assessment - in this case, Italy's CSR movement and welfare policies, as will be elaborated in the next chapter.

⁷⁵ European Council. (2021). The Porto Social Commitment.

⁷⁶ European Commission. (2020). Action Plan on the European Pillar of Social Rights.

⁷⁷ European Union. European Semester. Retrieved from https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester_en

CHAPTER 3

The Italian Legal Framework on Employees' Rights within Corporate Social Responsibility

The gradual evolution of Corporate Social Responsibility (CSR) from a voluntary, philanthropic, social conscience-based exercise to a defined, and regulated area has had significant implications for the Italian legal system. In its early stages, CSR could be defined as an enterprise's voluntary commitment to social and environmental issues. Over time, social inertia (in the form of institutional, societal, and market pressures) has systematically pushed the formal legislation in the national system to define and adopt CSR principles into enforceable legislation.⁷⁸

This shift in Italy tracks an international and European movement (as seen in Chapter 2) demonstrating how supranational actions (i.e. United Nations Global Compact principles) and institutions (i.e. EU directives) are reinventing the connection between corporations and internal and external stakeholders. The Italian model of regulation of CSR is complex, constituting a structure built in layers: constitutional values, sectoral legislation, national plans of action, and incorporation of European standards combine together to create a legal framework that is comprehensive and dynamic.

This chapter presents a systematic analysis of the Italian legal instruments that govern and influence CSR, with particular emphasis on the protection of internal stakeholders, notably, employees. The outline begins with the core constitutional principles, which affirm economic activity fulfilling a social function and workers' rights, and then moves on to important laws and decrees including Legislative Decree No 231/2001 on corporate liability, National Action Plan on Business and Human Rights, and the application of the European CSR and ESG directives with national decree implementations.

This chapter will focus particularly on labor law protections, including the *Statuto dei Lavoratori* (Law No. 300/1970), anti-discrimination provisions with a specific emphasis on gender equality, and the regulation of smart working in light of recent transformations in the world of work. Special attention will also be given to Law No. 92/2012 (commonly

⁷⁸ Aureli, S., Baldarelli, M. G., & Del Baldo, M. (2021). Corporate Social Responsibility in Italy: Current and Future Developments. In *Current Global Practices of Corporate Social Responsibility* (pp. 213–237). Springer.

known as the *Legge Fornero*), which redefined employment protections and introduced new social welfare and training measures, contributing to the development of a more inclusive and stable labor market. Finally, the chapter will analyze the evolution of corporate welfare through the Stability Law of 2016 (*Legge di Stabilità*) and related implementing measures, highlighting how fiscal incentives have supported the integration of social well-being into internal CSR strategies.

This third chapter serves two purposes: first, to map the current legal landscape that enterprises operating in Italy must navigate when structuring their CSR policies; and second, to lay the normative groundwork for the subsequent case study analysis of ENI S.p.A., illustrating how a leading Italian multinational not only complies with the legal obligations, but also develops best practices that extend beyond mere compliance and includes a proactive and strategic orientation to CSR.

In doing so, this chapter offers a critical understanding of the strengths and gaps in the Italian CSR regulatory framework, preparing the terrain for a deeper reflection on the practical and strategic implementation of internal CSR in the Italian context.

3.1. General Regulatory Foundations for CSR in Italy

3.1.1. Constitutional Principles as Normative Foundations of Internal CSR in Italy

The Italian Constitution lays the foundational legal basis for CSR, particularly regarding the protection of internal stakeholders (i.e. employees). Specific constitutional provisions embed principles of social solidarity, equality, labor protection, and health promotion, causing CSR initiatives to evolve from voluntarist commitments to normative duties. This section analyzes the key constitutional articles that regulate corporate responsibilities towards workers and assess how the fundamental rights and the social function of private enterprise endowed within constitution affect CSR duties in Italian law.⁷⁹

The importance of labor in Italy is shown from the very first article of the Constitution. “*L’Italia è una repubblica democratica, fondata sul lavoro*” (Costituzione della Repubblica Italiana, Art. 1). It marks a deliberate choice to overcome the State’s neutrality over market dynamics, taking a stance of protection, promoting and recognizing freedom

⁷⁹ Bellisario, A. (2020). Responsabilità sociale d’impresa e diritto: profili normativi e applicativi. Giappichelli.

and equality for all its citizens. Labor is conceived as a socio-economic relation, a cornerstone of democratic participation and social dignity. This article lays the groundwork for internal CSR in Italy, highlighting how the entire legal framework is built upon an ethical-legal foundation. This base reflects the compromise reached among Catholic, secular-republican, and socialist-communist influences, not only at the institutional level, but also in terms of the value system underpinning the model of the social market economy. Within this model, the values of efficiency and social cohesion are expected to coexist and be held in careful balance.⁸⁰

At the heart of this constitutional framework lies Article 2, which articulates and guarantees the inviolable rights of the individual, both as self and within the social organizations. It affirms the “Personalist Principle”: the State exists for the individual, not the other way around, and places human dignity at the base of all legal and institutional arrangements. Crucially, Article 2 imposes a comprehensive understanding of the person within its scenario, which can be public and private, and concerning political, economic, and social life. Applied to the business context, this builds on fostering inclusion, and actively supporting the social and personal development of individuals in the workplace.⁸¹ In light of this, internal CSR initiatives are much more than instruments of corporate image or strategic philanthropy, they reflect constitutional imperatives rooted in the Italian Republic’s commitment to democratic coexistence and social cohesion. Thus, the internal practices of a company must be aligned with market goals and the constitutional demands.

Building on this premise, Article 3 of the Italian Constitution introduces a dual dimension of equality, both formal and substantive. What differs the two is that formal equality prohibits arbitrary discrimination; on the other hand, substantive equality imposes an active duty on both public institutions and private actors to dismantle economic and social barriers that hinder the full development of individuals in their collective life. This

⁸⁰ Italian Parliament. (1948). Costituzione della Repubblica Italiana. Gazzetta Ufficiale. Retrieved from <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:costituzione:1947-12-27;000>

Proia, G. (2025). Manuale di diritto del lavoro (6th ed.). P. 21. Page Giuffrè Francis Lefebvre. Del Punta, R. (2024). Diritto del lavoro (16th ed.). pp. 141- 147. Giuffrè Francis Lefebvre.

⁸¹ Ibid. Italian Constitution, Art. 2. Retrieved from Normattiva: <http://www.normattiva.it>.

Bertole, A. (2008). Commentario alla Costituzione. Art. 2.

Ibid. Del Punta, R. (2024). Diritto del lavoro (16th ed.). pp. 147-148. Giuffrè Francis Lefebvre.

principle is aimed at correcting structural disadvantages, which, in the corporate context, implies that companies are to provide equal opportunities in hiring, promoting, and remunerating. In addition, said companies are constitutionally encouraged to implement targeted initiatives for vulnerable or marginalized groups, such as women, persons with disabilities, older workers, and linguistic or religious minorities.⁸² Thereby, this article invites companies to actively construct workplace environments that take into consideration social differences.

Furthermore, Article 4 establishes the right to have a job, announcing that the State has the obligation to promote the conditions that make working available to everybody. This is more of a programmatic provision, than a preceptive one, meaning that meaning that it outlines a guiding principle for public policy rather than imposing an immediately enforceable and specific obligation. This reflects the constitutional intent to orient other later legislative and administrative actions toward the realization of full employment, aligning the broader framework of social justice and internal CSR. Explicitly posing this right shows the compliance to activist movements of 1848. In order to make this article more inclusive, in the 1990s this has been expanded to the outsiders of the job market, meaning that the right was guaranteed not only to the ones already having a job, but also to the ones that still needed to access it. This amend shows the progressive and inclusive attitude of the country towards internal CSR.⁸³

Moreover, Article 32 has the function to elevate health to the status of a fundamental right of the individual and a primary interest of the community. This dual nature reinforces the idea that health protection is both a personal entitlement and, at the same time, a shared societal responsibility, with implications that extend into the corporate field. Relevant to note is that this Constitutional Article is complementary with the Legislative Decree No. 81/2008, which provides a baseline, to include proactive efforts to prevent harm, reduce stress, and address psychosocial risks, especially for workers in vulnerable conditions. Thereby, highlighting the closeness between physical and mental health, including within

⁸² Ibid. Italian Constitution, Art. 3. Retrieved from Normattiva: <http://www.normattiva.it>.

Ibid. Bertole, A. (2008). Commentario alla Costituzione, Art. 3.

Ibid. Del Punta, R. (2024). Diritto del lavoro (16th ed.). pp. 148-151. Giuffrè Francis Lefebvre.

⁸³ Ibid. Italian Constitution, Art. 4. Retrieved from Normattiva: <http://www.normattiva.it>.

Ibid. Bertole, A. (2008). Commentario alla Costituzione, Art. 4.

Ibid. Del Punta, R. (2024). Diritto del lavoro (16th ed.). pp. 151-152. Giuffrè Francis Lefebvre.

the workplace. Crucially, such article emphasizes the intrinsic collective interest, meaning that both the State is bound to guarantee essential care and protect public health for its citizens and private employers are, at the same time, implicated in fostering a healthy organizational ecosystem. Said measure includes investing in wellness programs, preventing occupational diseases, promoting work-life balance, and respecting the employee's right to autonomy in matters of personal health, all of which are extension of the legal framework.⁸⁴

Article 35 further adds on the internal CSR context establishing the Republic's duty to protect labor "in all its forms and applications" and to promote the professional development and dignity of workers. This principle affirms labor is not merely an economic activity, but also a vital means of personal fulfillment and democratic participation, which expands upon the solidaristic and personalist vision already embedded in Articles 1, 2, and 4 of the Constitution. In relations to the *all* forms and applications of labor, the following article, Article 36, is concerned to its proportionate remuneration. It provides that the salary needs to be calculated in regarding to work quantity and quality, and, crucially, sufficient to guarantee a "free and dignified existence".⁸⁵ This article is essential because it provides a strong baseline for companies to align human dignity to any form of labor on the market, the salary is not only up to the market competitiveness but needs to comply with the guiding metric for employment conditions.

Furthermore, Article 37 deepens the Diversity and Inclusion attention of companies, embedded in the main functions of the Human Rights department of each corporation. This article specifically recognizes the needs of working women and minors, asserting the right of women to conditions that enable them to fulfill essential family responsibilities. The recognition of care and labor as equals, translates the dignified dimensions of human life, solidifying it into a constitutional imperative for enterprises to structurally support the balance between professional and familial obligations. Some

⁸⁴ Ibid. Italian Constitution, Art. 32. Retrieved from Normattiva: <http://www.normattiva.it>.
Ibid. Bertole, A. (2008). Commentario alla Costituzione, Art. 32.

⁸⁵ Ibid. Italian Constitution, Arts. 35, 36. Retrieved from Normattiva: <http://www.normattiva.it>.
Ibid. Bertole, A. (2008). Commentario alla Costituzione, Arts. 35, 36.
Ibid. Del Punta, R. (2024). Diritto del lavoro (16th ed.). pp. 152-153. Giuffrè Francis Lefebvre.

examples of policies that are concrete and direct manifestation of a constitutional mandate are: parental leave, flexible working hours, reintegration programs after maternity or paternity leave, and accessible childcare services. Moreover, on the minors' side, it emphasizes the need to shield them from exploitation and to guarantee conditions appropriate to their development. This reinforces the corporate obligation to design internship, apprenticeship, or early employment schemes that are educational, extractive, centered on growth and maturation, instead of only being aimed at corporate productivity alone. The logic of Article 37 insists on a workplace ethic that is responsive to vulnerability and developmental needs across life stages, because women must not be penalized for their caregiving roles and minors must not be reduced to cheap labor options.⁸⁶

The constitutional framework culminates with a set of provisions that broaden the scope of workplace responsibility by embedding social protection and participatory democracy directly into the employment relationship. Article 38 affirms the right of every citizen to receive social support in cases of infirmity, old age, or involuntary unemployment, circumstances that may exclude individuals from the productive sphere but do not diminish their inherent dignity. This constitutional recognition reframes vulnerability as a collective concern, implicitly extending to enterprises the responsibility of creating mechanisms of corporate solidarity.⁸⁷ In the context of internal CSR, this translates into the development of supplementary welfare measures that go beyond the public system, reinforcing the company as a site of social protection. Initiatives such as pension funds, disability coverage, employee hardship relief, or temporary income support serve to mitigate personal crises and furthermore to stabilize the internal community as a whole. These instruments contribute to a model of corporate resilience that internalizes social risk and distributes care, aligning business practice with constitutional guarantees.

The logic of protection of vulnerability is further reinforced by Articles 39 and 40, with a participatory and aggregate dimension. Said articles enhance the freedom to organize trade unions and the right to strike, demonstrating that these rights are embedded as

⁸⁶ Ibid. Italian Constitution. Art. 37. Retrieved from Normattiva: <http://www.normattiva.it>.
Ibid. Bertole, A. (2008). Commentario alla Costituzione. Art. 37.

⁸⁷ Ibid. Italian Constitution, Art. 38. Retrieved from Normattiva: <http://www.normattiva.it>.
Ibid. Bertole, A. (2008). Commentario alla Costituzione. Art. 38.

constitutional mechanisms for democratic inclusion within the economic public sphere. The first guarantees the freedom of trade union organization and provides the legal recognition of unions that meet representation thresholds, enabling them to sign collective labor agreements even bound by law. This is highly relevant since it displays an alternative to the atomic individualism of workers. It rather recognizes the workers are collective subjects, capable of shaping the conditions of labor through organized representation and negotiation. The second article expands on the right to strike, which is the expression and acknowledgement of the previous. The right to strike is thereby recognized to be of public interest, not a disruptive and individual tool. On the internal CSR perspective, to implement these elements, corporations should integrate within the democratic workplace architecture mechanisms such as joint committees, employee forums, and negotiated agreements (when establishing corporate governance by-laws).⁸⁸

The constitutional discourse on corporate responsibility reaches a decisive synthesis in Article 41, which governs the legitimacy and boundaries of private economic initiative. It affirms freedom for the latter, but it states that it cannot be overlapping with social utility or damage, in any way, safety, liberty, human dignity. In this way, Article 41 offers a powerful corrective to any conception of the market as an autonomous or self-justifying domain. It prohibits business managers, owners, shareholders, to act for their own gains, in contrast with this workers' rights. This law is crucial in embedding the private enterprise dimension within the broader constitutional project of solidarity and human development.

For internal CSR, this provision holds profound implications. It redefines the purpose of business beyond the pursuit of profit, grounding it in a public ethic that prioritizes social benefit. The requirement of social utility demands a structural alignment of corporate operations with the constitutional values of inclusion, sustainability, and respect for the person. A socially responsible enterprise, therefore, is one that actively organizes its practices to promote the well-being of its workers, stakeholders, and the broader community. Moreover, the reference to safety, liberty, and dignity as inviolable thresholds introduces substantive limits to managerial discretion.

⁸⁸ Ibid. Italian Constitution, Arts. 39, 40. Retrieved from Normattiva: <http://www.normattiva.it>.
Ibid. Bertole, A. (2008). Commentario alla Costituzione. Arts. 39, 40.

Significantly, this last provision echoes Article 16 of the Charter of Fundamental Rights of the European Union, which guarantees the freedom to conduct a business in accordance with Union law. This parallelism highlights the coherence between national and supranational legal orders in their shared effort to reconcile economic initiative with social justice, while acting as close as possible to the people directly interested with such measures, surely both advantages and duties.⁸⁹ The convergence suggests that internal CSR practices grounded in constitutional values are not only domestically legitimate but internationally resonant, reinforcing a European model of enterprise where freedom is exercised responsibly, and corporate power is bound by the common good.

Taken together, these articles affirm that social responsibility cannot be reduced to paternalistic care or managerial discretion. It must be rooted in reciprocity, solidarity, and co-determination. The enterprise, in this constitutional vision, is a space where risk is shared, voice is respected, and every worker, regardless of capacity or position, is guaranteed dignity, protection, and participation.

3.1.2. Legislative Decree No. 231/2001 and Organizational Models of CSR Compliance

The second key pillar in the regulatory architecture of CSR in Italy is Legislative Decree No. 231/2001, which introduced the principle of corporate administrative liability for certain criminal offences committed by its managers, employees or third parties, whenever they act in or for their own gain. This legal bound demonstrates increasing direct accountability for companies, resulting in further integration of compliance, ethics, and risk prevention into corporate governance decision-making and practices.⁹⁰ In 2008 it has been added the Article 25-septies of the Decree, through Law No. 123/2007, which specifically addressed corporate liability for manslaughter and serious bodily harm resulting from lack of compliance of occupational health and safety regulations. Moreover, in 2003 it was firstly added Article 23-quinquies, through Law No. 22/2003, later amended by Law No. 199/2016, including in the initial provision crimes such as illegal intermediation and exploitation of labor. This law is relevant in the CSR context,

⁸⁹ Ibid. Italian Constitution, Art. 41. Retrieved from Normattiva: <http://www.normattiva.it>.
Ibid. Bertole, A. (2008). Commentario alla Costituzione. Art. 41.

Ibid. Del Punta, R. (2024). Diritto del lavoro (16th ed.). pp. 154-155. Giuffrè Francis Lefebvre.

⁹⁰ Sandulli, P. (a cura di). (2023). Commentario al decreto legislativo 231/2001. IPSOA-Wolters Kluwer.

because even though the decree was initially designed to pursue economic crimes such as corruption, fraud, and market abuse, it has widely expanded its scope to include offences that are of internal CSR relevance, such as environmental crimes, violations of occupational health and safety regulations, and human rights abuses. As such, it has become a crucial instrument for embedding CSR principles into the legal and operational framework of Italian organizations.⁹¹

More closely, a central feature of the decree is the adoption of the Organizational, Management, and Control Model (*Modello di Organizzazione, Gestione e Controllo*), which is commonly referred to as “Model 231”. This is a tool that companies may choose to implement voluntarily, with the benefit of preventing the commission of crimes and potentially qualify for exemption from liability.⁹² Far from being a mere compliance mechanism, Model 231 represents a proactive and structured approach that aligns directly with CSR values. It is built upon tools such as risk assessment processes, codes of ethics, internal protocols, employee training programs, and whistleblowing systems. Together, these elements incentivize integrity, transparency, and responsible corporate conduct.

Aligning with the European Directive on Whistleblowing, Italy has implemented Legislative Decree No. 24/2023, which has the purpose to establishing secure and confidential internal reporting channels for whistleblowers. It provides that there must be independent channels and personnel to handle such reports, ensuring the protection of the whistleblower’s identity and prevent any form of retaliation.

Additionally, the decree mandates the establishment of a Supervisory Body (*Organismo di Vigilanza*, OdV), an independent and central entity with the responsibility of overseeing the implementation and continuous improvement of such Model 231. This

⁹¹ Italian Republic. (2001). Legislative Decree No. 231 of 8 June 2001: Regulation of the administrative liability of legal persons, companies and associations. Normattiva. <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:2001-06-08;231>

Pandolfini, V. (2022, 2 novembre). Il D.lgs. n. 231/2001 sulla responsabilità degli enti. Assistenza Legale Imprese. Retrieved from <https://assistenza-legale-imprese.it/d-lgs-n-231-2001-responsabilita-enti/>

Balluchi, F., Furlotti, K., & Torelli, R. (2020). Italy Towards Mandatory Sustainability Reporting: Voluntary Corporate Social Responsibility Disclosure of Italian Companies and Legislative Decree 254/2016 Statements. SSRN.

⁹² Cassa Depositi e Prestiti. Modello di organizzazione, gestione e controllo. Retrieved May 2, 2025, from https://www.cdp.it/sitointernet/it/modello_organizz_gest_contr.page
Softplace S.r.l. Il Modello Organizzativo 231. Retrieved May 5, 2025, from <https://www.dlgs231.eu/it/web/il-modello-organizzativo-231-25/>

body ensures that the model remains responsive to evolving risks and societal expectations (even though the OdV is not addressed by the Legislative Decree No. 231/2001). In this way, Legislative Decree No. 231/2001 reinforces the role of ethical governance in Italian companies, making CSR an integral and enduring component of their overall risk management and strategic orientation.⁹³

3.1.3. The National Action Plan on Business and Human Rights

The third foundational instrument that strengthens the regulatory basis for CSR in Italy is the *National Action Plan on Business and Human Rights* (NAP), which has a biennial valence. It was first adopted in 2012, then kept being updated five more times. The Italian NAP, developed in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs), is a strategic policy document aimed at translating international human rights standards into concrete national measures applicable to both public and private actors. Plus, this record belongs to a broader set of inter-governmental initiatives, which together form the named “Open Government Partnership (OGP IT). The latter defines a series of strategic actions regarding open government practices, in this way Italy (through its Prime Minister’s Office) adheres to the commitment to make its decision-making and actions transparent and accessible.⁹⁴

The Italian NAP (6NAP today) signals a normative shift from voluntary adherence to human rights principles towards a coordinated, multi-level approach to corporate responsibility, in collaboration of the public administrations (PAs) and civil society organizations (CSOs). It addresses a wide range of human rights risks associated with business activities, particularly those affecting internal stakeholders, including issues related to occupational safety, non-discrimination, work-life balance, and freedom of association.⁹⁵ The plan calls for corporate due diligence in identifying, preventing, mitigating, and accounting for adverse human rights impacts, thereby integrating human rights compliance into everyday business practices.⁹⁶

⁹³ Vega Formazione. (n.d.). Organismo di Vigilanza (OdV) D.Lgs. 231/01: compiti e composizione. Vega Formazione. Retrieved from <https://www.vegaformazione.it/PB/organismo-di-vigilanza-231-p242.html>

⁹⁴ Italia Open Gov. Italia in OGP. <https://open.gov.it/governo-aperto/italia-ogp>

⁹⁵ Marrella, F. (2022). La responsabilità sociale d’impresa tra diritto internazionale e diritto interno, in *Diritto del commercio internazionale*, 36(2).

⁹⁶ Italia Open Gov. Piano d’Azione Nazionale. <https://open.gov.it/governo-aperto/piano-azione-nazionale>

The NAP's focus on safeguarding particularly vulnerable groups of workers, including migrants, women, and persons with disabilities, as well as the commitment to grievance mechanisms and reporting requirements; increases transparency and accountability. The NAP encourages businesses to produce workplace policies and codes of conduct that reflect international human rights standards into their supply chains and company hierarchy. Interestingly, the newest version of the document takes into consideration also the relationship of internal stakeholders with the use of Artificial Intelligence (AI). All this information demonstrates the Italian effort to be aligned with changing times, expectations, civil society demands, technological and sociological advancements, and, last but not least, communitarian and international commitments towards ESG practices, while using soft law mechanisms.

3.2. Italian Implementation of European CSR and ESG Directives

Building on the last passage, and thereby, on the national implementation of EU directives and soft law measures in the internal stakeholder department of CSR, this section of the chapter delves into the various implications.

3.2.1. Legislative Decree Implementing the CSRD

The Corporate Sustainability Reporting Directive (CSRD), formally Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, entered into force in January 2023 and introduced a significantly enhanced framework for corporate sustainability disclosures within the European Union (as explored in the previous chapter).

In line with these established objectives, Italy transposed domestically the CSR through Legislative Decree No. 125/2024, which established detailed binding obligations for large companies, listed small and medium-sized enterprises (SMEs), and, in general, any company, even non-EU operating within the Italian jurisdiction. The decree implements the previously existing corporate reporting duties by mandating the disclosure of detailed and comparable sustainability information based on the principle of double materiality, meaning both how sustainability issues impact the company and how the company's activities affect its people (internal and external stakeholders), as well as the environment.

Department of Public Administration. (2024). 6th National Action Plan for Open Government 2024–2026. Italia Open Gov. <https://open.gov.it/en/open-government/national-plan/6nap>

The national decree fully aligns with the European Sustainability Reporting Standards (ESRS) adopted by the European Commission, to ensure methodological uniformity that applies to all sectors of the economy, using the European Single Electronic Format (ESEF). Italian companies subject to the law are now required to include sustainability disclosures, directly integrated within their management report, to submit this information to mandatory limited assurance by an independent third party, reinforcing the credibility, reliability, and legal value of sustainability reporting.⁹⁷ A distinctive characteristic of this new framework is the requirement of third-party limited assurance on reported data. Until the European Commission adopts a common assurance standards, which is expected to happen by October 2026, national authorities retain the power to choose procedures and designate certified assurance providers. In Italy, the Ministry of Economy and Finance and the National Commission for Listed Companies and Stock Exchange (*Commissione Nazionale per le Società e la Borsa, CONSOB*) are in charge of overseeing, investigating, and sanctioning economic and social responsible practices. Moreover, this legislative decree closely aligns with Article 41 of the Italian Constitution (as seen at the beginning of this chapter), in defining sustainability reporting as a central element to conduct business.⁹⁸

3.2.2. Compliance with the EU Work-Life Balance Directive

The transposition of the EU Work-Life Balance Directive (Directive (EU) 2019/1158) into the Italian legal system was carried out through Legislative Decree No. 105/2022, which amended several provisions of the consolidated Act on maternity and paternity, Legislative Decree No. 151/2001, and other related labor regulations. This reform significantly strengthens the protection of internal stakeholders by introducing enforceable minimum standards aimed at improving the reconciliation of professional and private life, especially concerning parents and informal caregivers. In particular, the decree identifies significant rights, including compulsory and paid paternity leave of ten working days, individual and non-transferable parental leave quotas for each parent; plus, expanded entitlements to request flexible working arrangements. These provisions also

⁹⁷ Tarquinio, L., Raucci, D., & Rapposelli, A. (2018). Corporate Governance and Corporate Social Responsibility Reporting and Assurance: An Empirical Study of Italian Companies.

⁹⁸ DirittiComparati.it. (2024, April 10). Fotografando la responsabilità sociale dell'impresa: La disciplina della direttiva n. 2264/2022/UE nel decreto legislativo n. 125 del 2024. Retrieved from <https://www.diritticomparati.it/fotografando-la-responsabilita-sociale-dellimpresa-la-disciplina-della-direttiva-n-2264-2022-ue-nel-decreto-legislativo-n-125-del-2024/>

entail further protections which prohibit discrimination and retaliation, making sure that workers can exercise these rights without suffering related consequences.⁹⁹

By embedding these standards into national legislation, Italy has aligned its labor framework with broader CSR principles related to gender equality, diversity, and social inclusion. The reform affirms the role of corporate responsibility in addressing demographic changes and promoting equitable participation in the workforce.

3.3. Labor Law and Internal Stakeholders' Protection

Labor law plays a central role in safeguarding internal stakeholders within the Italian CSR framework, exploring further details on the foundations posed by the Italian Constitution. This subchapter outlines three key components of the Italian legal framework in this area: the Workers' Statute, anti-discrimination laws with a focus on gender equality, and the regulation of smart working in light of post-pandemic reforms.

3.3.1. Workers' Fundamental Rights (*Statuto dei Lavoratori*, Law No. 300/1970)

Law No. 300 of 20 May 1970, commonly referred to as the *Statuto dei Lavoratori* (Workers' Statute), remains one of the most significant laws for the worker protection in Italy. Despite having some partial reforms, most notably through the Jobs Act reform package, the Statuto continues to define essential guarantees that safeguard workplace democracy and CSR-driven labor practices.

The *Statuto* affirms key principles including freedom of expression, protection of dignity, the right to privacy in the workplace, and freedom of association. Importantly, it limits the unjustified surveillance of employees, regulates disciplinary measures against them, and protects from retaliation to persons who organize and engage in union activities. In particular, Articles 4 governs the use of audiovisual and other similar equipment that may enable remote surveillance of workers. In later reforms it has been included more limitations of it, such as the possibility of using monitoring tools for organizational or

⁹⁹ Italian Republic. (2022). Legislative Decree No. 105 of 30 June 2022: Implementation of Directive (EU) 2019/1158 on work-life balance for parents and carers. Normattiva. <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:2022-06-30;105> Vallauri, M. L. (2022, november 8th). Il d.lgs. 30 giugno 2022, n. 105 di attuazione della Direttiva (UE) 2019/1158. Lavoro Diritti Europa. Retrieved from <https://www.lavorodirittieuropa.it/dottrina/diritto-comunitario-e-diritto-del-lavoro/1139-il-d-lgs-30-giugno-2022-n-105-di-attuazione-della-direttiva-ue-2019-1158>

security needs, given that trade union agreements or administrative authorizations are in place. Moreover, Article 8 of the *Statuto* prohibits employers from collecting or using personal information on workers' political, religious, or trade union affiliations, making secure that hiring, promotion, or disciplinary actions are not based on ideological or associative grounds. Furthermore, Article 15 specifically nullifies any retaliatory measures taken against employees who rightly exercise their protections under the statute. Lastly, Article 18 is particularly relevant for its amendment through the "Jobs Act", the Legislative Decree No. 23/2015. This reform has been thought to flexibilize the labor market and incentive permanent hiring. At first glance, it may seem that such reform marks the shift from the abandonment of the centrality of reinstatement protection in favor of a logic of greater predictability and less rigidity for companies. In this way, employers would be much less reluctant to sign permanent contracts, a trend that in Italy was lacking before 2015. Monetizing this decision, making it more market-oriented and efficiency-driven left more room for smaller companies to manage employment risks and legal exposure. Paradoxically, the financial mechanism ended up benefiting employees first.¹⁰⁰ On note is the statute's emphasis on worker representation and the right to be informed and consulted about matters that affect them as workforce. Through work councils and union representatives, employees can engage in dialogue with management, fostering transparency and accountability in corporate decision-making.¹⁰¹ In this way, the *Statuto* creates a defensive greater rights framework to protect workers, while also developing a normative position for workers to be proactively included in the life of the enterprise so common to internal CSR objectives.

3.3.2. Equal Treatment and Non-Discrimination: Legislative Decree No. 198/2006 (*Codice delle Pari Opportunità*)

A central aspect of internal stakeholder protection in Italy is the promotion of equality and the prevention of discrimination, particularly on the basis of gender. These objectives

¹⁰⁰ This information reflects the legal framework as it stood prior to the abrogative referendum scheduled for June 2025.

¹⁰¹ Italian Republic. (1970). Law No. 300 of 20 May 1970: Workers' Statute. Normattiva. <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:legge:1970-05-20;300>

Italian Republic. (2015). Legislative Decree No. 23 of 4 March 2015: Provisions on open-ended employment contracts with increasing protections. Normattiva. <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:2015-03-04;23>

Ibid. Del Punta, R. (2024). *Diritto del lavoro* (16th ed.). pp. 96-101, 183-184. Giuffrè Francis Lefebvre.

are codified in Legislative Decree No. 198/2006, known as the *Codice delle Pari Opportunità* (Code of Equal Opportunities) between men and women, which consolidates and strengthens existing anti-discrimination norms.

The Code prohibits both direct and indirect discrimination in recruitment, training, career advancement, remuneration, and working conditions. It also addresses harassment and sexual harassment as forms of unlawful conduct. Employers are required to adopt organizational and management models that promote equal treatment and support female participation in the labor market.¹⁰²

Since 2022 there has been a significant improvement in the Code, as prescribed by Law No. 162/2021, companies with more than 50 employees are obliged to prepare and submit a biennial report on the status of male and female employees, including details in recruitment, promotions, training, remuneration, and use of work-life balance tools. To make results effectively tangible, this provision introduced the Gender-Equality Certification (*Certificato sulla Parità di Genere*), granting certified companies access to tax relief and scoring advantages in public tenders, thereby strengthening the incentive to adopt substantive equality policies.¹⁰³

3.3.3. Smart Working Regulation: Law No. 81/2017

Smart working, or *Lavoro Agile*, has become a defining feature of modern labor relations in Italy, especially in the wake of the COVID-19 pandemic. The law that currently governs smart working in Italy, Law No. 81 of 22 May 2017, introduced a flexible type of employment that allows workers to perform their duties partially or even entirely

¹⁰² Italian Republic. (2006). Legislative Decree No. 198 of 11 April 2006: Code of equal opportunities between men and women, pursuant to Article 6 of Law No. 246 of 28 November 2005. Normattiva. <https://www.normattiva.it/uri-es/N2Ls?urn:nir:stato:decreto.legislativo:2006-04-11;198>

Cerullo, P. (2021, December 28). Amendments to the Code of Equal Opportunities (Legislative Decree No. 198/2006): New provisions on workplace gender gap. Lavoro Diritti Europa. <https://www.lavorodirittieuropa.it/dottrina/parita-e-non-discriminazione/873-le-modifiche-al-codice-delle-pari-opportunita-d-lgs-n-198-2006-nuove-disposizioni-in-tema-di-gender-gap-sul-lavoro>

¹⁰³ Italian Republic. (2021). Law No. 162 of 5 November 2021: Amendments to the Code of Equal Opportunities between men and women (Gazzetta Ufficiale No. 275, 18 November 2021). Normattiva. <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:legge:2021-11-05;162>

Gallo, G. (2023). La parità di genere nel contesto aziendale: analisi delle modifiche al Codice delle Pari Opportunità. In: Lavoro e Diritto, 2.

outside company premises, using technological equipment and subject to results-based performance objectives (instead of only time-based objectives).

The law legitimizes in its elements smart working agreements, which must be formalized in writing and cover aspects such as working hours, rest periods, health and safety protections, and the right to disconnect, as a new frontier in worker conditions. Even though work is met not on-site, employers remain responsible for ensuring occupational health and safety, highlighting the crucial capstone that employees maintain all rights associated with their employment relationship at any time, location, situation.

Later on, the enactment of emergency legislation during the pandemic further expedited access to smart working, across both public and private sectors, triggering a widespread shift in work organization. These changes prompted a wider rethink about corporate responsibility regarding flexibility, work-life balance, and digital well-being. As the emergency period was phased out, new regulations along with collective agreements began to regularize hybrid work arrangements, often linked to broader corporate social responsive strategies of sustainability, inclusion, and organizational innovation.¹⁰⁴

In particular, Law No. 52/2022 converted the Law Decree No. 24/2022 (*Decreto Riapertura*), finding the emergency phase regulations for smart working applicable beyond the time of crisis, especially for workers belonging to vulnerable categories or parents of children under the age of fourteen.

Additionally, the 2023 Budget Law confirmed the extension of simplified access to remote work for certain categories of employees, while reaffirming the need for formal individual agreements in ordinary cases.¹⁰⁵

In this evolving context, smart working is no longer perceived as a temporary solution or a discretionary benefit, but as a structural component of responsible employment practices, even though debate is still on.

3.3.4. On Employment Stability: Law No. 92/2012 (*Legge Fornero*)

The legislative reform introduced by Law No. 92 of 28 June 2012, widely known as the *Legge Fornero*, represents a keystone in the evolution of Italy's labor law framework with

¹⁰⁴ Ministero dell'Istruzione e del Merito. (2017). Lavoro agile. Retrieved from <https://www.mim.gov.it/lavoro-agile>

¹⁰⁵ Italian Republic. (2022). Law No. 197 of 29 December 2022: State Budget for the Financial Year 2023 and Multiannual Budget for the Three-Year Period 2023–2025. *Gazzetta Ufficiale* No. 303. Retrieved from Normattiva: <https://www.normattiva.it/>

direct implications for internal CSR. The reform responded to changing economic dynamics and aimed to modernize the labor market while strengthening protections for internal stakeholders through measures designed to promote stable employment, fair transition mechanisms, and inclusive workforce participation.

Among its central pillars, the *Legge Fornero* redefined the use of fixed-term contracts and collaboration agreements, encouraging a shift towards more secure and continuous employment relationships. By increasing the cost of dismissal for open-ended contracts and reinforcing requirements for justification, the law incentivized companies to invest in long-term employment strategies, aligning with CSR principles of loyalty, career development, and economic dignity.

The reform also introduced the concept of ASpI (*Assicurazione Sociale per l'Impiego*, Social Insurance for Employment), later integrated into the broader NASpI system. The latter is the “New Social Insurance for Employment” (*Nuova Assicurazione Sociale per l'Impiego*) a form of universal unemployment insurance aimed at ensuring income continuity for workers undergoing involuntary job loss. This was added through the Legislative Decree No. 22/2015, known as the *Jobs Act*¹⁰⁶. This expansion of the social protection net reinforced the constitutional principles enshrined in Articles 38 and 36, promoting resilience and economic inclusion among employees during periods of transition.

In addition, Law No. 92/2012 emphasized the importance of active labor policies, with specific incentives for companies to hire women, young people, and individuals from disadvantaged categories. These measures reflect the broader commitment of the Italian system to combat inequality in the workplace and support diversity and inclusion as essential dimensions of sustainable business conduct.¹⁰⁷

Moreover, the reform strengthened lifelong learning and employability by introducing obligations for continuous training and professional development. These provisions

¹⁰⁶ This information reflects the legal framework as it stood prior to the abrogative referendum scheduled for June 2025.

¹⁰⁷ Italian Republic. (2012). Law No. 92 of 28 June 2012: Provisions on labor market reform in a growth perspective. Normattiva.
<https://www.normattiva.it/urires/N2Ls?urn:nir:stato:legge:2012-06-28;92>
Ibid. Del Punta, R. (2024). *Diritto del lavoro* (16th ed.). pp. 93-96. Giuffrè Francis Lefebvre. Avvocati Foggia. La riforma Fornero in pillole. Retrieved May 5, 2025, from <https://avvocatifg.it/la-riforma-fornero-in-pillole/>

resonate with Article 35 of the Constitution and further validate the role of companies in supporting human capital formation, both as a public interest and as a central axis of internal CSR strategies.

3.4. On Fiscal Incentives, Law No. 208/2015 (*Legge di Stabilità*)

A significant legal milestone was introduced with Law No. 208 of 28 December 2015, commonly known as the *Legge di Stabilità*¹⁰⁸ for the year 2016 (the 2016 Stability Law), which redefined the regulatory status of welfare benefits by providing fiscal incentives for companies. Specifically, the law amended Article 51 of the Income Tax Consolidated Act (*Testo Unico delle Imposte sui Redditi, TUIR*) expanding the range of in-kind benefits that employers could offer tax-free to employees. These benefits, provided within structured welfare plans accessible to all employees or specific categories, include services such as childcare, education, healthcare, and recreational activities. The intent of this reform was to encourage companies to adopt comprehensive welfare programs by offering fiscal incentives. Additionally, the law introduced a preferential tax treatment for performance bonuses (*Premio di risultato*). Under certain conditions, such bonuses could be taxed at a flat rate of 10%¹⁰⁹, replacing the standard progressive income tax rate. This measure aimed to promote productivity by incentivizing performance-based compensation.¹¹⁰

¹⁰⁸ Notably, a Stability Law (former Financial Law), together with the Budget Law, forms the key legislative measure for government's economic and budgetary strategy each year. It has the purpose to set spending limits, revenue forecasts, and introduces fiscal measures, such as tax changes, or new funding for public programs. These two must be aligned with the EU fiscal rules and it is essential to maintain financial stability while planning the country's economic priorities. (Camera.it)

¹⁰⁹ Notably, today the tax on the bonuses is at flat rate of 5%; such number is confirmed or changed every year by the Stability law. It has been 5% since the Stability Law for 2023. Moreover, this tax rate is applicable under certain limits.

Stern, P., & Petricca, G. (2024, November 15). Premi di risultato: confermata l'aliquota al 5% anche nel 2025. *QuotidianoPiù*. Retrieved from <https://www.quotidianopiu.it/dettaglio/11028313/premi-di-risultato-confermata-laliquota-al-5-percento-anche-nel-2025>

¹¹⁰ KPMG in Italy. (2016, February 2). Italy – Tax highlights of the 2016 Budget Law. KPMG International. Retrieved from <https://assets.kpmg.com/content/dam/kpmg/pdf/2016/02/tnf-italy-feb4-2016.pdf>

Italian Republic. (2015). Law No. 208 of 28 December 2015: Provisions for the formation of the annual and multi-year state budget (Stability Law 2016). *Normattiva*. Retrieved from <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:legge:2015-12-28;208>

Further clarification came with the Decree of the Ministry of Labor and Social Policies of 25 March 2016, completing the process to concretizing the Stability Law for 2016.¹¹¹ This measure established operational guidelines for welfare plans, particularly with regard to "Flexible Benefits". These are customizable welfare options offered through digital platforms, enabling employees to select the services most relevant to their personal and family needs. The decree confirmed the eligibility of various categories of expenditure, including tuition, summer camps, elderly care, and supplementary healthcare.¹¹²

In the following years, subsequent Budget Laws, in particular Law No. 160/2019 and Law No. 197/2022, further increased the non-taxable threshold for certain in-kind benefits and extended the scope of eligible expenses.¹¹³ Moreover, in Law No. 85/2023 it was included an exceptional increase in the exemption limits for fringe benefits especially for parents of dependent children.¹¹⁴

By fostering personalization and inclusivity, flexible benefit schemes have enhanced the effectiveness of welfare programs as CSR instruments. They help companies address the diverse needs of a modern workforce while promoting social protection, work-life balance, and employee engagement. In doing so, corporate welfare becomes a structural tool of internal CSR, aligned with both legal compliance and strategic value creation.

¹¹¹ In short, the Italian legislative system, in this case, provides that the Stability Law is the primary source which introduces the provision and defines its broader impact. Moreover, in order to be enacted correctly, mechanisms shall be administered. Such processes are published in separated documents, which in this scenario, it is an interministerial decree arranging regulations more in detail.

¹¹² Zucchetti S.p.A. (2016). Come introdurre un piano di Flexible Benefit in azienda. Retrieved from https://www.zucchetti.it/website/dms/LP/Whitepaper/guida_welfare_flexible_benefit.pdf

¹¹³ Italian Republic. (2019). Law No. 160 of 27 December 2019: State Budget for the Financial Year 2020 and Multiannual Budget for the Three-Year Period 2020–2022. Gazzetta Ufficiale No. 304. Retrieved from Normattiva: <https://www.normattiva.it/>

¹¹⁴ Ibid. Italian Republic. (2022). Law No. 197 of 29 December 2022: State Budget for the Financial Year 2023 and Multiannual Budget for the Three-Year Period 2023–2025. Gazzetta Ufficiale No. 303. Retrieved from Normattiva: <https://www.normattiva.it/>

CHAPTER 4

ENI S.p.A.'s Corporate Welfare as a Case Study of Internal CSR Implementation

In today's corporate world, internal stakeholder engagement is increasingly recognized with a vital duality: as a compliance obligation, emphasized by present institutions using tools of hard and soft law, and core strategic asset contributing to sustainable business performance, meaning directly affecting profit and outcomes. Building upon the legal and conceptual frameworks analyzed in the previous chapters, this section explores how Eni S.p.A. has developed an integrated model of corporate welfare, aligning internal CSR practices with broader sustainability goals and stakeholder expectations.

It is particularly relevant to note that in a country like Italy, currently not shining in the European Union for its performance regarding employee satisfaction, discussing CSR is fundamental to help fostering progressive measures towards its people in the guise of employees. To provide a few illustrating data, the *European Workforce Study 2025* states that the European Union has an overall percentage equal of 59% regarding employee satisfaction for their workplace. Northern European countries such as Denmark (75%), Norway (73%), Sweden (68%) present the three most positive numbers. Italy places itself as 16th in this scale, with only 43% workers' satisfaction rate for the year 2024, well below the communitarian mean.¹¹⁵ In this context, Eni S.p.A. provides an example of forward-looking corporate welfare, which could be a wise manual for more companies to come, moving away from far too old traditional hierarchical and profit-based models. Thereby, the decision to analyze Eni as a case study derives from its relevance within both the Italian and international business contexts. Eni is one of the prides of Italian industry, carrying on its activities in a multinational environment, as an influencing corporation. That is why Eni exemplifies the way global regulatory frameworks and sustainability principles, such as those promoted by the European Union and international organizations, are concretely implemented at the national and corporate levels. Furthermore, Eni's long-standing tradition of employee-centered initiatives, since the ideas of its very founder Enrico Mattei, combined with its strategic alignment to concepts

¹¹⁵ Great Place to Work. (2025). *European Workforce Study 2025: Time for High-Trust Leadership*. Retrieved from <https://europeanworkforcestudy.com/>

such as Just Transition, stakeholder engagement, and Culture of Health, offers an exemplary model of how internal CSR practices can evolve into strategic tools for resilience, competitiveness, and shared value creation.

Throughout this chapter, Eni's welfare policies will be analyzed thematically across several dimensions: psychophysical health, work-life balance, family support, and economic protection. This structure not only reflects the company's commitment to holistic employee care but also highlights how internal CSR policies are leveraged as dynamic instruments of organizational sustainability. By linking welfare, strategic governance, and the pursuit of long-term social value, Eni illustrates how the social dimension of business activity does serve as a critical driver for innovation, organizational legitimacy, and sustainable corporate success.

4.1. Eni's Governance and Strategic Foundations of the Internal CSR Model

The integration of internal CSR within Eni's organizational structure is rooted in its governance order and strategic policy plans, which is the prime motor of subsequent implementation regarding business conduct and employee engagement. According to the broader international and communitarian efforts, guidelines, and principles (analyzed in the second chapter), Eni has evolved its ethical standards, human rights preservation, and compliance culture into its characteristics defining its corporate identity. This strategic set of maneuvers supports the company's commitment to achieving sustainable value-creation through the active promotion of employee well-being, dignity, and engagement.

4.2.1 Code of Ethics, Human Rights Policy, and Zero Tolerance Principles

At the center of Eni's governance design stands its Code of Ethics, adopted in 2002 and periodically updated to reflect emerging international best practices, with an evolving and adaptive mindset. The Code sets out the values of legality, integrity, transparency, and respect for human rights as essential elements guiding the company's relationships with all stakeholders, especially employees.

The Code of Ethics establishes the fundamental values of protection of human and workers' rights, which is a priority commitment, coherent with the principles established in international guidelines like the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human

Rights. Thereby, this morale layout represents the capstone in establishing a correct and prepositive approach to the Triple Bottom Line.¹¹⁶

Notably, setting up a fair and square ethical approach to business, starting from its very governance, assures a strategic top-down leadership approach, resulting in a capillarized system of sustainability permeating all corporate functions.

Once established C-level strategic aims, operational terms are to be designed and assigned to the proper departments and managers, whose are closer to employee engagement and monitoring. In such terms, Eni has formalized its dedication to human rights through the adoption of the “Policy Respecting Human Rights” (Policy ECG, *Rispetto dei Diritti Umani*), which explicitly affirms the company’s responsibility to prevent, mitigate, and, where necessary, remediate potential consequences and impact on individuals arising from its activities. Particular attention is paid to protecting vulnerable groups, combating discrimination, ensuring decent working conditions, and promoting diversity, equity, and inclusion in the workplace.¹¹⁷

This policy represents a systematic application of the Respect pillar of the UN Guiding Principles on Business and Human Rights (2011), thereby aligning Eni’s internal governance with international CSR guidelines.

Complementing these commitments is the Zero Tolerance Policy (Policy ECG – Zero Tolerance), aimed at bolstering a culture of legality, ethics, and compliance. The internal policy sets out clear mechanisms to prevent and address unlawful or unethical behaviors, including harassment, discrimination, retaliation, and any violations of dignity and personal freedom within the workplace.¹¹⁸

By implementing whistleblowing systems, continuous monitoring activities, and targeted training programs Eni seeks to maintain a corporate environment where respect for rights is actively protected and promoted. Together, these compliance practices combined with proactive initiative position Eni as at the forefront of human capital valuation, through

¹¹⁶ Eni S.p.A. (2023). Code of Ethics. Retrieved on May 6 from <https://www.eni.com>

¹¹⁷ Eni S.p.A. (2023). Policy Respecting Human Rights. Retrieved from <https://www.eni.com>

¹¹⁸ Eni S.p.A. (2023). Zero Tolerance Policy. Retrieved from <https://www.eni.com>

various and high-quality benefits, while providing a fine service and profit-making business for the country and its taxpayers.¹¹⁹

4.2.2 "Eni for 2023" and the Strategy for a Just Transition

The "Eni for 2023 – A Just Transition" is an environmental commitment and a social one. Regarding the first, it is intended for the gain of both external and internal stakeholders, meaning that it is designed to provide environmentally conscious practices, which undoubtedly affect the people where plants are in and people working in such sites. This document is thought to leave none behind on sustainability advancements. Concerning the second, the protection and empowerment of internal stakeholders, particularly employees, emerge as a crucial asset. Eni outlines four main pillars for implementing its Just Transition model internally: promoting decent work opportunities and lifelong learning; supporting professional development and upskilling pathways; guaranteeing occupational health and safety at the highest standards; ensuring active listening and social dialogue with employees.¹²⁰ Through this strategic orientation, Eni embraces a vision where corporate welfare initiatives are aligned with broader societal needs and contribute to the company's overall value chain. This is why, Eni's approach opens the door for a numerous economic interests, such as access to local resources, smoother project implementation, strengthened stakeholder relationships, and enhanced social license to operate, all of which can generate long-term economic returns and risk mitigation for the company. Thus, ENI's governance and strategic policies provide the essential framework within which corporate welfare practices are designed, implemented, and continuously improved. The next sections will explore in detail first the legal compliance of such frameworks and then the economic returns of investing in human capital growth.

4.3. Legal Foundations of Corporate Welfare

Eni's internal arranges of CSR practices take shape through a complex and long-standing legal framework. While the third chapter established the broader Italian normative context, covering from constitutional principles to labor law and fiscal incentives, this

¹¹⁹ Enriques, L. (2020). CSR e diritto delle società quotate: un'analisi alla luce della prassi di ENI e altre grandi aziende italiane. In: *Orizzonti del Diritto Commerciale*.

¹²⁰ Eni S.p.A. (2024). *Eni for 2023 – A Just Transition*. Retrieved from <https://www.eni.com/assets/documents/eni-for-2023/eni-for-2023-just-transition-eng.pdf>

section analyzes how Eni translates that structure into a strategic welfare model. Here, legal compliance function as a threshold to be met, then Eni builds on that by adding a layer to be interpreted, integrated, and expanded upon through managerial innovation and forward-looking planning.

The Italian normative backbone for CSR begins at its Constitution. As detailed in section 3.1.1, Articles 32 and 35 to 38 articulate protections of health, labor, and social solidarity which overcome sole legal obligations. Eni's welfare system already acknowledged some of these rights even before they were made into provisions by the Italian country, thanks to the progressive thinking of its founder Enrico Mattei and the footprint that he left for the future of his company. Thereby, such preservations, rights, and sustainable procedures have long been part of the company's everyday operations and decisions. For instance, starting from Article 32 of the Italian Constitution is implemented through a series of welfare plans, such as with trainings in people management and leadership transferring effective appreciation for corporate welfare horizontally throughout the organization.

Similarly, while the Workers' Statute (Law No. 300/1970), Legislative Decree No. 81/2008 on occupational safety, and other key instruments (discussed in sections 3.3.1 and 3.3.3) provide a minimum legal baseline, and then its implemented considering the high-risk sector, like energy sector.

Moreover, Eni integrates the provisions of Law No. 104/1992, which ensures time-off and stability for employees assisting family members with disabilities. This Diversity & Inclusion attention aligns with other recent developments such as Law No. 162/2021, which introduced a voluntary certification to show for gender equality.

A further expression of Eni's internal stakeholder orientation is its engagement with whistleblowing protection, as provided under Legislative Decree No. 24/2023, which transposed the EU Whistleblowing Directive in Italy. The company has adopted structured channels for confidential reporting and protection from retaliation, strengthening a trustworthy environment encouraging participatory safety.¹²¹ These

¹²¹ Eni S.p.A. (2023). Privacy Information Notice – Whistleblowing. Retrieved from <https://www.eni.com/content/dam/enicom/documents/eng/governance/management-reports/privacy-information-notice-whistleblower.pdf>

Fioritto, A. (2022). Whistleblowing, modelli 231 e responsabilità sociale: l'approccio delle grandi imprese italiane. In: *Il diritto dell'economia*, 105(3).

practices are consistent with broader governance models, such as the Organizational, Management, and Control Model under Legislative Decree No. 231/2001 (as seen in section 3.1.2).

Eni's interpretation of privacy regulation also reflects a CSR-conscious stance. In compliance with the GDPR (EU Regulation 2016/679) and the Italian Privacy Code (Legislative Decree No. 196/2003), the company ensures responsible management of employee data within its welfare and smart working systems. Especially when handling sensitive information, such as health conditions, family responsibilities, or digital activity logs, Eni applies a principle of proportionality and purpose limitation, recognizing data protection as a component of organizational dignity and psychological safety.¹²²

One illustrative example of legal-strategic alignment is Eni's response to Law No. 208/2015 (the 2016 Stability Law), discussed in section 3.4. While many firms adopt transactional welfare models to benefit from tax incentives, offering basic vouchers or childcare services, Eni constructs an expansive welfare infrastructure. The company integrates non-monetary benefits into a broader human capital strategy that includes psychological support, telemedicine, family care services, and digital access tools. This vision reframes welfare as an enabler of organizational performance, not just as a cost-saving or compliance measure.¹²³

Eni's alignment with Legislative Decree No. 254/2016, which mandates non-financial reporting, also exemplifies this shift in perspective. As noted in Chapter 3, this decree forms part of a broader European effort to institutionalize ESG accountability. Eni does not merely comply with these reporting requirements; it uses them to publicly articulate its welfare philosophy and to enhance stakeholder trust. Transparency thus becomes a reputational asset, transforming legal duty into strategic advantage.

Likewise, the regulation of smart working under Law No. 81/2017, already examined in section 3.3.3, serves as another case in point. Eni's interpretation of this legislation extends beyond the framework's minimum rights. The company has established a flexible

¹²² Eni S.p.A. (2020). Internal Control and Risk Management System – Annex C: Whistleblowing Reports. Retrieved from <https://www.eni.com/assets/documents/segnalazioni/msg-whistleblowing-anti-corruption.pdf>

¹²³ Eni. Our Compensation & Welfare policies. Retrieved from <https://www.eni.com/en-IT/careers/welfare.html>

and adaptive system of remote work, tailored especially to employees with caregiving responsibilities or health conditions. Here, privacy and digital well-being are actively safeguarded in line with GDPR principles, reinforcing a CSR approach based on autonomy and trust.

In addition, the company's welfare model is influenced by collective labor agreements (CCNLs) applicable to the energy sector, which often include contractual provisions on training, supplementary healthcare, and work-life balance. Eni complies with these terms using a platform for co-designing welfare tools in dialogue with trade unions, in line with constitutional rights to participation and representation.

Finally, Eni systematically integrates international frameworks into its welfare strategy, including the United Nations Sustainable Development Goals, the ILO Conventions, the UN Guiding Principles on Business and Human Rights, and ISO 45001 on occupational safety. As explored in the second chapter and later in section 3.1.3 and 3.2, these frameworks function as soft-law reference points. Eni, however, treats them as *de facto* normative standards, meaning voluntarily internalized and implemented through structured governance, reporting mechanisms, and operational procedures.

4.4. Translating Strategy into Practice: Eni's Operational Welfare Architecture

The process through which Eni's strategic vision and legal adherence matures into tangible internal CSR practices is characterized by a dynamic architecture of welfare initiatives. Such measures are shaped by the principle that employee well-being is more than a collateral dimension of corporate activity, it is rather a central axis of sustainability and competitiveness. This operationalization phase, deeply embedded in the company's managerial web, echoes the top-down logic initiated by governance and refined through legal interpretation. At Eni, corporate welfare is designed as a living entity, constantly reworked, responsive to internal and external expectations and demands, and strategically deployed to reinforce the social foundations of business continuity.

One of the most emblematic fields of application is the domain of psychophysical health. Occupational health and safety measures, mandated under Legislative Decree 81/2008, are observed and expanded upon, with preventive healthcare emerging as a strategic priority. Eni offers programs such as *Previene con Eni*, which provides age- and gender-

specific screening for major pathologies, entirely free of charge and available to all employees on the Italian premises. These screenings are complemented by periodic vaccination campaigns and routine medical checkups at on-site clinics and affiliated hospitals. Physical health is treated in a preventive way. Equally relevant to the physical is the support provided for psychological well-being. Eni has developed a multi-channel infrastructure that includes 24/7 counseling services, help lines dedicated to victims of violence or harassment, and structured support programs in collaboration with external health organizations. Furthermore, aligning with both ISO 45001 standards and the WHO Healthy Workplaces model, these offerings are treated as structural components of a broader Culture of Health. Plus, integrating telemedicine platforms and personalized digital health plans further extends the reach of care, particularly in response to the changing nature of work and employee expectations in the post-pandemic era.¹²⁴

Another fundamental attention Eni has promoted in recent times is financial security and economic protection, which now constitute a crucial pillar of the company's operational welfare model. Recognizing income stability and financial support as core elements of a personal and family well-being, and thus productivity, the company has invested in a vast range of monetary welfare tools. Thereby, through specific guidelines, employees are encouraged to participate in complementary pension schemes, which are supported by the initial employer contributions designed to facilitate early enrollment. In addition to that, facilitated access to private health insurance, accident coverage, and access to low-interest loans for various life needs, including first-home purchases provides more layers of economic security. Furthermore, Eni's flexible benefits digital platform allows employees to convert performance bonuses into personalized welfare packages, which is a solution that combines fiscal efficiency with individual choice. Using this tool, employees can articulate their own welfare plan according to their specific needs, choosing on a wide range of options (beyond legal compliance).¹²⁵

This integrated approach is further shown in Eni's commitment to work-life balance and workplace flexibility. The legislative framework introduced by Law No. 81/2017

¹²⁴ Eni S.p.A. *Preveni con Eni; Prevention and health for employees*. Retrieved from <https://www.eni.com/en-IT/just-transition/health.html>

¹²⁵ Pinto, M., & Spagnuolo Vigorita, R. (2021). *Il bilancio sociale tra obblighi normativi e accountability: il D.lgs. 254/2016*. Milano: Egea.

provided the legal platform for smart working in Italy, which Eni strategically implemented firstly in 2017, and then expanded in 2021. Eni's program regarding *Lavoro Agile* has become a cornerstone of organizational adaptability, especially during and in the aftermath of the Covid crisis. Because of that, employees are enabled to choose their own work locations and times based on personal and family needs, posing even more attention in the moment they have caregiving responsibilities to accomplish within their households. This model reinforces a culture of autonomy and accountability while also enhancing employee satisfaction, trust, and long-term engagement. Moreover, these family-oriented welfare initiatives are also implemented in line with international standards, such as the ILO parental standards. On this regard and in more practical terms, the company operates educational and childcare facilities, supports employees financially through direct subsidies for early childhood care, and eases access to nationwide babysitting platforms. These services are sided with parental guidance programs, academic support for children, and thematic summer camps aimed at welcoming intercultural awareness and sustainability values in younger generations.

Notably, these numerous initiatives have an underlying logic connecting them: corporate welfare at Eni is treated as a coherent and comprehensive system, in which no human need is left behind and stakeholders show significant satisfaction with the way the system is evolving. Each area of intervention reflects a growing attention to every minority belonging to Eni's People, aligning ethical principles to operational daily functioning following sustainable ambitions. In doing so, Eni constructs a welfare model that is compliant, competitive, adaptive, participatory, and capable of generating shared value at multiple levels of the organization. The following section explains how this complex legal system actually translates into economic and lasting benefits, which undoubtedly create a virtuous circle for internal CSR implementation.

4.4.1. Focus on Smart Working: Eni's Strategic Use of Agile Work

The information presented in this document was gathered thanks to the direct contribution of professionals within Eni: Dr. Maria Romaniello (Head of Natural Resources Legislative Analysis and Institutional Positioning and Cross Themes), Dr. Giusi Manfroni (Human Resources Director for Eni S.p.A. Italy – Policy and Management Methods), Dr. Paola Branciforte (Human Resources Manager – Employment and Labor Law), Dr. Patrizia Marsicovetere (International Human Resources Coordinator), Dr. Ester Lagattola

(Head of Methodologies and Management Tools for Eni Italia Staff); and with the help of Dr. Bruno Serra (Head of Human Resources Management and Development CS&FO and TECH, Industrial Relations, Welfare Coordination), Dr. Marco Coccagna (Head of Human Resources Policy and HRO Cross Cutting Initiatives), and Prof. Cristina Fasone. Furthermore, following discussions held via email and in meetings, I was granted access to intranet resources and documentation to further develop my understanding.

Over the past few years, the transformation of work models has taken on a central role in rethinking corporate organization, with increasing focus on employee well-being and work-life balance. In this evolving scenario, Eni has stood out as one of the first major Italian industrial companies to implement a forward-looking, well-structured smart working model, even before national legislation on the matter was introduced. Smart working is centrally managed across the entire Eni group, following a unified, coordinated approach that ensures consistency and equal access to policies, regardless of the specific subsidiary.

A key driver in this evolution has been the Human Resources department. At Eni, HR is far more than just an administrative or managerial function, it's seen as a cultural, strategic, and relational hub that operates across the organization. HR leads innovation in work models, guides listening and engagement processes, coordinates welfare policies, and promotes psychosocial well-being. It supports company leadership in adopting tools capable of responding to the evolving nature of work.

The first pilot smart working project at Eni dates back to 2017, prior to the approval of Law 81/2017 on agile work. This initiative, initially proposed by Eni Holding employees and made possible through collaboration between HR and company administration, allowed up to four remote workdays per month. From the outset, the model was designed not merely as an organizational solution but as a form of social support, specifically for parenting, laying the groundwork for what would later become formally known as "smart working welfare & sustainability". In its early stages, smart working was not yet an organizational tool, but purely a welfare measure.

This early adoption ahead of the legislative curve demonstrated Eni's ability to anticipate and lead change. An internal survey carried out in July 2017 revealed remarkable results: 100% of participating employees recommended the initiative to colleagues, 82% of

managers hoped to see it expanded, and only 3% reported a drop in productivity, a negligible figure that confirmed the model's viability.

In 2018, the model was extended to other Eni group companies, and the results continued to be overwhelmingly positive, with extremely high satisfaction rates, improved focus (94%), and better work quality (92%).

In 2019, the Bilateral Smart Working Commission was established, including representatives from Eni and the main trade unions in the Chemical and Energy (including Oil & Gas) sectors. The involvement of trade unions in this structure became, by Eni's own choice, crucial. The Bilateral Commission, unique in the national landscape, is the official body through which changes to the smart working model are assessed, approved, and implemented. Industrial relations are managed by a dedicated HR unit, playing a constant mediating role. The commission collects anonymous feedback and proposals, acting as a meeting point between the needs of the company and those of its workforce.

It's important to note that Eni is not legally required to involve trade unions in discussions about its internal welfare policies. However, the company has chosen to do so, having seen the tangible, long-term benefits of this collaboration over the years. As a result, the first official agreement was signed in 2019 and updated in 2021 to introduce the current model, known as "New Smart Working".

Then came the Covid-19 emergency. Eni responded with a wide-ranging emergency smart working plan, supported by health, psychological, technological, and organizational measures. Among them, psychological support for employees was strengthened with the launch of a 24/7 active listening service, managed by a specialized provider offering access to a network of psychologists with diverse expertise. Social workers were also made available, creating a holistic system to support mental well-being.

Although psychological conditions are not among the formal criteria for accessing smart working welfare, Eni put in place a series of tools for those experiencing distress—outside the traditional smart working framework. Laptops were distributed, remote software installed, monitors and hotspots provided, and support services were offered in the areas of psychological care and HSE (Health, Safety & Environment), which covers all

company activities related to safeguarding workers' health, ensuring safety, and protecting the environment in Eni's operational contexts.

As the emergency subsided and normal operations resumed, Eni stabilized its model through individual agreements managed via the DAM system, which allow:

- 8 days/month (plus 2 rollover days) for corporate employees
- 4 days/month (plus 1 rollover day) for industrial site employees
- 8 days/month (plus 2 rollover days) for non-operational staff at industrial sites
- 12 days/month (plus 1 rollover day) for employees at EniProgetti, Plenitude, Eni New Energy, and Eniverse
- 8 days/month (plus 2 rollover days) for AGI print staff and 4 days/month (plus 1 rollover day) for AGI journalists

Eni's current smart working structure is based on two parallel models:

- Organizational smart working, available to all employees whose roles are compatible with remote work
- Smart working welfare & sustainability, designed to meet specific needs related to parenting, health, and work-life balance

Some of the available welfare options include:

- New Parenthood: 12 days/month until the child turns 3
- Rosa – Pregnancy: 12 days/month until the 6th month of pregnancy, then 5 days/week until maternity leave
- Welcome Mom/Dad: 5 days/week for 4 consecutive weeks within 5 months of birth or adoption
- Summer Kid: 5 days/week for 4 weeks between June 1 and September 30, provided vacation criteria are met
- Child Health Protection: 12 days/month for children with disabilities
- Employee Health Protection: 12 days/month for those recognized under Law 68/99
- Get Well: Up to 5 days/week for employees or cohabitants experiencing serious but temporary health situations

Each option has specific eligibility criteria and, except for rare cases like *Summer Kid* (which can be combined with others under proportionality rules), they cannot be used in

conjunction with New Smart Working. In case of overlap, the most recently activated option prevails.

The smart working system is fully digitized via the DAM portal, integrated with the attendance tracking system and accessible on mobile devices. While requests are handled automatically, more complex cases involve HR, the employee's manager, and the personnel administration team.

Agile working hours run from 8:00 AM to 7:00 PM, with mandatory presence slots from 10:00 AM to 12:00 PM and 2:15 PM to 4:15 PM. Lunch breaks can last between 30 and 90 minutes. Overtime, night work, or work on holidays is not allowed unless explicitly authorized.

The work location must be within Italy and ensure safety, privacy, and appropriate health conditions. Public places are not permitted, except for approved co-working spaces. All HSE and data protection rules must be followed as set out in Eni's training documents.

The right to disconnect is a cornerstone of Eni's model, and is based on Article 19 of Law 81/2017, which requires companies to define rest periods and organizational measures that allow employees to disengage from digital devices. Eni actively protects this right: disconnection is respected from 7:00 PM to 8:00 AM, during lunch, and during other authorized breaks. Company communications must occur within standard working hours. There is no remote monitoring of employee activity, the entire model is built on mutual trust between employee and manager. Despite some gaps in Italian law on the subject, Eni is committed to defending this right and promoting the mental and physical health of its employees.

As of today, Eni employs around 23,000 to 24,000 people in Italy, with about 15,000 individual smart working agreements in place. Around 5,000 employees work in shifts, another 5,000 benefit from parenting options, and more than 8,000 to 9,000 are covered under various welfare provisions. The *Get Well* option has been used by a few hundred employees. Without an advanced information system, managing this level of complexity would be unthinkable.

Notably, Eni central corporate headquarters in Rome suggest best-practices guidelines to share with the offices and industrial plants all over the world. At that point, such sites may decide to follow them in accordance with national regulations and cultural trends.

Looking ahead, new developments are already on the horizon. On June 3, 2025, the Bilateral Commission is called to evaluate the implementation of a new model that would extend the protections also to other living partners and family members, further expanding the inclusive scope of smart working. The intention is to replicate the rights currently granted to employees with children under specific conditions, including for those assisting elderly or living parents with disabilities or serious illnesses, Recognizing the evolution of family needs beyond traditional forms of family life, such as marriage.

Moreover, the most major trend and challenge for Eni for the future is to keep implementing benefits that ease work-life balance. Among the proposals under discussion is the idea of allowing employees to request additional smart working days, without necessarily having to justify the request with specific requirements or special conditions. This orientation is based on the principle of mutual trust and the desire to recognize, even in working time, a space for individual needs and uncoded personal initiatives, enhancing a corporate culture based on widespread responsibility.

This integrated approach, where organizational flexibility is deeply intertwined with employee rights and well-being, represents not only a competitive advantage for Eni but also a core pillar of its contemporary corporate culture.

4.5. Economic Benefits and Competitive Advantages of the Eni Model

For Eni, social sustainability is a driver for market competitiveness, it far more than a cost to be contained, a reputational tool. Instead, sustainability reports provide much relevant standpoints to evaluate different key performance indicators, which are surely helpful for business. Taking into account internal CSR, through this mindset, is a fully-fledged strategic investment, designed to reinforce the organization's economic stance, both in regard to its internal functioning and to external market positioning over time. This perspective, shaped by top-level governance and refined through cross-functional and operational integration, enhances the idea that a robust internal CSR system generates both tangible and intangible returns, which are not in spite of its human-centered focus, but precisely because of it.

In more detail, the first dimension in which such returns are concretized is organizational efficiency, by addressing health, flexibility, family care, and financial stability as all interconnected factors of workers' well-being. Promoting these benefits, Eni is able to foster high levels of engagement, loyalty, and productivity. This directly devolves into evident reductions in absenteeism and turnover, two phenomena which, both in large and small industrial contexts, can potentially result in significant economic losses when not addressed properly. For instance, workplace absenteeism linked to stress-related disorders, musculoskeletal conditions, or family-care overload is proactively mitigated through early detection, counseling support, ergonomic interventions, and flexible scheduling. It becomes clear that investing against such issues does not provide only a qualitative result, such as increased overall employee satisfaction, but rather responds to much broader and economically relevant factors, which can be measured and directly relevant to better continuity of operations. Furthermore, retention, as opposite of high-rate employee turnover, emerges as a major lever of cost optimization. The technical nature of Eni's operations requires a highly specialized and experienced workforce most of the times, where the loss of tacit knowledge and team cohesion due to high turnover can have disruptive effects on project implementation and safety. Employees who perceive their company as attentive to their needs, not only in guise of workers, but as individuals as members of social and familial networks, are statistically more inclined to remain, to invest discretionary effort, and to sympathize with corporate objectives. In this sense, Eni's welfare architecture operates as a hedge against human capital erosion.

In parallel, the welfare model supports Eni's strategic positioning in the labor market. In a context marked by demographic shifts, evolving expectations of younger generations, and increasing demand for purpose-driven employment, companies are evaluated on compensation levels or brand prestige. They are also judged on their capacity to create environments of psychological safety, flexibility, and inclusiveness. Eni's integrated welfare platform, with its attention to health, diversity, work-life balance, and digital access, functions as a powerful surplus value in attracting and retaining high-potential talent, whose sometimes even difficult to find in the first place, especially within sectors like energy and technology where global competition for skills is fierce. The employer branding effect of welfare, in this regard, extends beyond traditional HR standards,

contributing directly to the company's intellectual capital and long-term innovation capacity.

The economic relevance of Eni's internal CSR model must also be read in terms of long-term adaptability. Welfare becomes, in this context, a form of infrastructure, social and organizational, that enhances the company's capacity to absorb shocks, manage uncertainty, and capitalize on change. Programs such as lifelong learning, upskilling pathways, and reskilling for emerging roles do not only benefit the employees involved; they prepare the organization to face the future with adaptability, allowing Eni to remain agile in the face of technological and regulatory evolution.

In conclusion, this chapter has highlighted the internal CSR legal obligations and beyond-compliance initiatives Eni adopts across all levels of seniority in the Italian country, providing a more than significative example that employee satisfaction is possible, although not easy to achieve. Embedding such practices from the very beginning of corporate governance ensures a level of facilitation in designing operational efficiency at a higher level. Altogether, these practices form a value-creation system deeply relevant in today's globalization landscape, considerably contributing to company's market positioning. Eni thus makes every day the choice to put ahead and at the center of the corporations its employees: "Eni's People are the first true form of energy".

Conclusion

This thesis has examined internal Corporate Social Responsibility through a legal and regulatory lens, highlighting how the development of the subject is increasingly shaped by national and supranational frameworks and guidelines. A growing number of companies has been adopting CSR policies, building on the binding legislative obligation with purely voluntary initiatives. Such entities serve as examples for normative implementation and precedent for more to come. The analysis has underlined how contemporary legal instruments, both communitarian and Italian, are progressively codifying expectations for corporate behavior. Such regulatory evolution is much more than a response to market shifts, it is rather a deliberate effort to embed social responsibility and accountability in the hands of structured and functioning enterprises.

Legal compliance, therefore, is the essential groundwork upon which any meaningful CSR strategy is and must be built. In absence of it, corporate actions risk remaining sporadic, symbolic, or merely reputational. The internal dimension of CSR requires standards, consistency, accountability, transparency, which only the law is able to guarantee. In this context, CSR is not charity, it is structural, conditioned by legal standards, economic pressures, and societal demands.

This evolution has prompted a shift from asking whether to apply these principles, to companies being compelled to consider how to integrate them effectively. Such integration is not automatic nor universal, in fact, some enterprises struggle to align profit objectives with broader ethical and social imperatives, and the risks of superficial compliance or strategic opportunism remain high. Nevertheless, for those companies really willing to engage with CSR, the benefits do extend beyond reputation, they instead involve operational resilience, workforce stability, and sustained competitiveness.

The thesis has paid particular attention to the interdependence between public regulation and private initiative, showing how institutional hard and soft guidance interacts with corporate strategies. To anchor this reason, this thesis has presented the case of Eni S.p.A., so to illustrate how structured corporate responsibility, grounded in legal compliance and organizational design, can become a real integral part of business practice.

In conclusion, internal CSR today is not to be seen as a marginal component of businesses. It is a contested, evolving, and highly regulated field, which demands attention, resources, and strategic vision. Corporations are expected to comply with relevant law, and to contribute meaningfully to the welfare of their employees and broader society. In a landscape of growing legal obligations and societal expectations, CSR remains an active challenge, not a guarantee, that if properly addresses, offers a path toward more resilient, responsible, and forward-looking enterprises.

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