



# UNIVERSITÀ DEGLI STUDI DI BERGAMO

Scuola di Alta Formazione Dottorale

Corso di Dottorato in

Economia e Diritto dell'Impresa – Business & Law

(D.M. 45/2013)

XXXV Ciclo

## **Accounting for SDGs: framework and practice**

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ANNO ACCADEMICO 2021/2022



*Ad Andrea, Ludovica e Clelia*

*“Considerate la vostra semenza:  
fatti non foste a viver come bruti,  
ma per seguir virtute e canoscenza”*

(Dante, *Inferno*, Canto XXVI, vv 118-120)



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## **Introduction**

The work titled "Accounting for SDGs: Frameworks and Practice" aims to explore the power of accounting and accountability techniques as crucial instruments for achieving the goals of the Agenda 2030. The study employs an institutional theory lens to analyze the role of accounting and accountability in driving sustainable development efforts. (Bebbington & Unerman, 2018; Breuer & Leininger, 2021) This section outlines the reasons behind the selection of this theme and highlights its significance within the field of accounting and sustainability.

Several significant factors drive the choice of the theme.

In recent years, sustainability has gained prominence as a critical global concern. (Bebbington & Unerman, 2020) The United Nations' Agenda 2030 and the Sustainable Development Goals (SDGs) outline a comprehensive framework for addressing pressing global challenges, including poverty, inequality, climate change, and environmental degradation. (Bebbington & Larrinaga, 2014; Bebbington, 2001) Given the urgency and complexity of these issues, it is imperative to examine how accounting and accountability can contribute to the achievement of the SDGs.

Accounting plays a vital role in capturing, measuring, and reporting sustainability-related information. (Bebbington et al., 2014; Bebbington, 2001) It provides organizations with tools to assess their environmental, social, and economic impacts, enabling them to make informed decisions and align their practices with the SDGs. On the other hand, accountability mechanisms (Gray et al., 2014) ensure transparency, trust, and stakeholder engagement, holding organizations responsible for their sustainable development efforts. (Gray et al., 2014; Bebbington, et al.,

2020) Understanding the power of accounting and accountability in promoting the SDGs is crucial for shaping effective policies and practices. (Bebbington et al., 2014)

The institutional theory (DiMaggio & Powell, 1983; Wooten & Hoffman, 2008) lens offers a valuable framework for analyzing the role of accounting and accountability within organizations and society. This theoretical perspective acknowledges the influence of institutional forces, such as norms, rules, and regulations, on organizational behavior and practices. (Brammer, Jackson, & Matten, 2012) By applying this lens, the work seeks to explore how accounting and accountability practices are shaped and influenced by institutional pressures and how they, in turn, shape organizational responses to the SDGs.

The selection of the theme aligns with the following research objectives.

The research aims to examine existing accounting frameworks and standards that enable organizations to measure, report, and monitor their performance of the SDGs. By critically evaluating these frameworks, the study seeks to identify strengths, limitations, and potential areas for improvement.

The research aims to investigate the effectiveness of accountability mechanisms in driving sustainable development efforts. It explores how accountability practices, including stakeholder engagement, assurance, governance, and regulatory frameworks, contribute to the achievement of the SDGs.

By adopting an institutional theory lens, the work seeks to uncover the institutional forces that shape accounting and accountability practices for the SDGs. It explores the interplay between organizational responses to institutional pressures

(Hardy & Maguire, 2017) and the potential for transformative change towards sustainable development.

The choice of the theme is driven by the growing importance of sustainability (Bebbington & Unerman, 2018), the significant role of accounting and accountability, and the relevance of the institutional theory perspective. By addressing the research objectives, the work aims to contribute to the understanding of how accounting and accountability can serve as essential instruments for achieving the goals of the Agenda 2030, thereby promoting sustainable development at both organizational and societal levels.





## **Chapter 1: Structure of the research work**

1.1 Significance of the theme - 1.2 Methodology - 1.2.1 Research design and data collection - 1.3 Institutional Theory application - 1.3.1 Organizational structures and procedures - 1.3.2 Organizational context - 1.3.3 Isomorphism - 1.3.4 Role of state and powerful figures - 1.3.5 Legitimacy - 1.3.6 Social acceptability and credibility - 1.3.7 Decoupling - 1.3.8 Accounting and accountability - 1.3.9 sustainability - 1.3.10 Resume of the theory application - 1.4 Expected results

Sustainable development aims to ensure a better quality of life for all, both now and for future generations, by pursuing responsible economic growth, fair social progress, and adequate protection of the environment.

Since the first conferences of the early seventies of the twentieth century (Streck et al., 2016), the world has confronted itself to try to answer this question: through comparisons, conferences, and protocols, nations have tried to give guidelines that could respond to the main problems that it was possible to highlight (Bebbington, 2001).

There is a growing literature on the concept of sustainability (Bebbington & Gray, 2001; Gray & Bebbington, 2001) and the development of sustainability and the role that accounting plays in implementing these issues (Gray et al., 1996; Gary et al., 2011). In fact, as Du Pisani argues:

"Sustainable development is a concept that emerged in the context of a growing awareness of an imminent ecological crisis; it seems to have been one of the engines of world history in the period around the end of the twentieth century" (Du Pisani, 2006)

### *1.1 Significance of the theme*

The concept of sustainable development received its first significant international recognition in 1972 at the United Nations Conference on the Human Environment held in Stockholm (Streck et al., 2016). The term was popularized 15 years later in "Our Common Future," the report of the World Commission on Environment and Development, which included what is considered the 'classic' definition of sustainable development: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (United Nations, 1987) The concept of sustainable development, which formed the basis of the United Nations Conference on Environment and Development held in Rio de Janeiro in 1992, also stands at the foundation of Corporate Social Responsibility<sup>1</sup>, from which firms show their primary contribution to the topic.

The summit marked the first international attempt to develop action plans and strategies to move towards a more sustainable development model. (Declaration on the United Nations Conference on the Human Environment, 2012) The purpose of the ensuing Brundtland Report was to investigate the numerous concerns raised in previous years, namely that human activity was having severe and negative impacts on the planet and that patterns of growth and development would be unsustainable if continued unchecked. (World Summit on Sustainable Development, 2003)

More recently, the World Summit on Sustainable Development was held in Johannesburg in 2002 and was attended by 191 national governments, United Nations

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<sup>1</sup> Corporate social responsibility (CSR) is a complex system of actions companies hold to be socially accountable to themselves, their stakeholders, and the public.

agencies, multilateral financial institutions, and other leading groups to assess Rio's progress. The Johannesburg Summit produced three key results: a political declaration, the Johannesburg Implementation Plan, and a series of partnership initiatives. Key commitments included those on sustainable consumption and production, water, sanitation, and energy.

"Sustainable development means using renewable natural resources so as not to eliminate or degrade them or otherwise diminish their usefulness for future generations." (Agenda 2030, p. 4) Furthermore, it involves using non-renewable (exhaustible) mineral resources in a way that does not unnecessarily prevent easy access to them by future generations. Finally, it requires a sufficiently slow rate of depletion of non-renewable energy resources to guarantee the high probability of an orderly transition of society towards renewable ones. (Hussain, Rigoni, Orij, 2016)

With the introduction of the 2030 Agenda<sup>2</sup>, the United Nations has further improved the concept of sustainable societies. Governments that have signed the 2030 Agenda have highlighted the positive impact of their "historic decision" (Agenda 2030, p. 6), especially about realizing human rights. They say that the SDGs are an "extremely ambitious and transformative vision" (Agenda 2030, p. 7), capable of "balancing the three dimensions of sustainable development: economic, social and environmental" and "realizing the human rights of all" (2030 Agenda, p. 5).

There are two aspects of the Sustainable Development Goals (SDGs), which seem at risk of contradiction. One asks humanity to achieve "harmony with nature" and to protect the planet from degradation, with specific goals set out in Goals 6, 12,

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<sup>2</sup> UN action program for people, planet and prosperity signed in September 2015 by the governments of the 193 UN member countries.

13, 14, and 15. The other calls for continued global economic growth equivalent to 3% per year, as outlined in Goal 8, as a method for achieving human development goals ". (Hickel, 2019)

SDG 17, "Partnership for Goals," reflects a comprehensive approach to the means of implementing the 2030 Agenda, including nineteen targets spanning finance, technology, capacity building, trade, and systemic issues. (Leal Filho, et al., 2018) Furthermore, the implementation methods are integrated into the other Objectives through dedicated targets, underlining their transversal nature. Achieving the SDGs will require a strengthened commitment to partnership and cooperation. (Leal Filho, 2020) To this end, policy coherence and an environment conducive to sustainable development at all levels are needed, fostered by the commitment of all development actors. Many developing countries have made targeted efforts to improve domestic resource mobilization and private-sector development. As a result, there are many more actors today who need to be carefully mapped and collaborated with. The interconnected nature of today's global challenges also calls for more coherent collaborative efforts globally. The challenge is not limited to simply increasing the number of resources for the SDGs but should also focus on improving quality and consistency. Doing so, it is immediate how a need for specific techniques seems useful.

## ***1.2 Methodology***

This section outlines the methodology employed in the research study that aims to analyze the role of accounting and accountability in the purpose of the Sustainable Development Goals (SDGs). The study in its entirety utilizes a mixed methods approach, combining

qualitative and quantitative techniques, to provide a comprehensive understanding of the topic. The research is conducted at three levels – Macro, Meso, and Micro- to capture the multifaceted aspects of accounting and accountability in contributing to the SDGs.



Figure 1: Structure of the research work

The research design for this research work involves different methods for each specific analysis, where both qualitative and quantitative data are collected and analyzed concurrently. With some qualitative analysis explicitly implemented in case study "1" and in the case study "3" and quantitative analysis in case study "2", the author tried to enhance the central aspect of the topic above exposed. This mixed approach allows for the integration of different data sources and perspectives, strengthening the validity and reliability of the findings.

Qualitative data is gathered through report analysis and semi-structured interviews. These methods facilitate in-depth exploration of the experiences, perceptions, and perspectives of key stakeholders, such as accounting professionals, sustainability managers, policymakers, and representatives from civil society organizations. (Strauss, Corbin, 1998) The sample selection for qualitative data

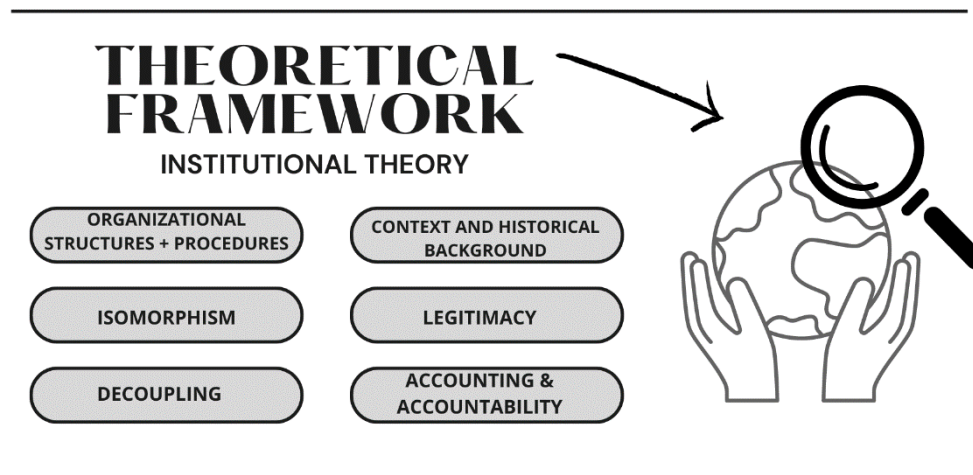
collection ensures diversity in terms of sector, organizational size, and geographic location. The methodological approach for the analysis of VNRs reports is exposed in the specific section "methodology," commented on and analyzed in Chapter 3, while regarding the interviews, the methodological process of recording, transcriptions, and thematic analysis of the interview is fully reported in the section "methodology" in chapter 5. Quantitative data is collected and analyzed through bibliometric analysis of the existing literature and is designed to capture specific information from small and medium-sized companies to figure out practices regarding accounting and accountability concerning the SDGs (Amaral et al., 2020); as far as this specific analysis is concerned, the process is exposed in the section "methodology" in chapter 4.

The analysis of qualitative and quantitative data is conducted separately and then integrated during the interpretation phases and reported in the conclusions of this work.

### ***1.3 Institutional Theory application***

This section provides a review of the scientific literature concerning the relationship between institutional theory and accounting concerning corporate social responsibility and sustainability. (Fernando & Lawrence, 2014) To theoretically frame the work then exposed, the main works that have investigated how institutional theory influences accounting practice and regulation will be explored, providing a theoretical framework for understanding the dynamics that drive the evolution of accounting in institutional contexts (Greenwood & Hinings, 1996), specific ones such as the

sustainable one, and emphasizing the main pillars of the institutional theory that have been highlighted over the years. (Greenwood, Suddaby, & Hinings, 2002)



*Figure 2: Theoretical framework focal points*

Before examining the application of institutional theory in accounting analysis, it is crucial to understand the foundations of this theoretical perspective. The institutional theory considers organizations as social actors immersed in an institutional context that includes socially shared norms, rules, and practices. The main goal of this theory is to explain how organizations respond to social expectations through conformity to institutional norms and practices.

The institutional theory sees its origins in the 70s. Despite this, its evolutions have been different, faithful to the first version: ontologically, in fact, the theory is based on a socio-constructivist vision, but over time it has undergone many changes. Meyer and Rowan (1977), in their initial work, drew on a broad extension of Berger and Luckmann (1967) and described institutions as social phenomena that gradually achieve an objectively provided status and that cause subjectively insensitive social constructions to social actors. Although Meyer and Rowan (1977) recognized the role

of collective human action in the reproduction and transformation of institutions, the emphasis on social constructions as a subjectively objective and immutable entity implies that the ontology underlying the social constructivist perspective is pronounced and realistic. Social actors personally shape institutions (see Battilana et al., 2009; Greenwood et al., 2011). This means a transition to an ontological form that places greater emphasis on the action involved in the domain of structural change without denying the persistent and consistently meaningful domain of pre-existing constructions in these changes. This represents an ontological form according to which social realities are hierarchically structured and at least partially independent of personal actors in a given moment (see, for example, the work of Leca and Naccache, 2006). The realistic conception of social constructions was reified as theory evolved in the early 1980s (Bowring, 2000; Meyer et al., 1994; Tolbert & Zucker, 1996), and institutional areas were described as subjective organizational field, stable and homogeneous, or famous, areas of social life that remain shaped by isomorphic institutional processes rather than resolved human actions (DiMaggio & Powell, 1983; Wooten & Hoffman, 2008). The creators of the institutional work approach have repeatedly stressed the need to conceive of agency as an institutionally embedded phenomenon (Lawrence et al., 2011; Hampel et al., 2015). Indeed, in terms of ontology, scholars focus on social actors and downplay notions of integrated agency or try to preserve a more profound feeling of the institutional root. Instead of conceiving of human agency as a fluctuating and subjectively unified phenomenon, most institutional theorists subscribe to a conception of agency as institutionally and commonly enmeshed in a complex relationship to historically contingent constructions. (Lounsbury & Boxenbaum, 2013; Lounsbury, 2008; Zilber, 2013) The



most central trend of institutional theory includes various approaches, mainly evolving under the institutional pillars of entrepreneurship (DiMaggio, 1988). Such concerns have, therefore, emerged in interdisciplinary accounting research (e.g., Modell, 2013, 2015a, 2015b) and management and organization literature (e.g., Okhuysen & Bonardi, 2011; Thompson, 2011).

The work "Institutional Theory: What We Know and Where to Go from Here" by Jeppesen and Lorange, published in 2010 as a chapter in the book "The Oxford Handbook of Management," offers an overview of the current state of institutional theory and indicates possible future directions of research. The authors emphasize the importance of institutional theory as a conceptual framework for understanding how social institutions influence the behavior and ethics of organizations. They examine the existing body of knowledge and fundamental notions of institutional theory, critically analyzing its theoretical perspectives and contributions to management research. Jeppesen and Lorange identify three main strands of institutional theory: institutionalization, Isomorphism, and agency. They explore how these concepts have been used to explain a variety of organizational phenomena, such as the adoption of symbolic practices, homogeneity in organizational structures, and the influence of institutions on individual and collective behaviors. The authors also highlight the challenges and criticalities of institutional theory, such as its descriptive rather than predictive nature and the need to integrate other theoretical perspectives for a more comprehensive understanding of organizational phenomena. Furthermore, Jeppesen and Lorange suggest possible future research directions for institutional theory. They invite a deeper understanding of the dynamics of institutional change, the resistance to change, and the interactions between institutions and organizational actors. (Scott,

Ruef, Mendel, & Caronna, 2000) They also encourage greater attention to contextual dimensions and cultural specificities in institutional analyses. Jeppesen and Lorange's article provides an exciting overview of institutional theory and its implications for management research. It offers a critical reflection on the current state of the theory and suggests possible future paths for further development and application of institutional theory.

### **1.3.1 Organizational structures and procedures**

Meyer and Rowan (1991) analyze how institutionalized organizations conform to socially accepted norms and expectations. The authors argue that the formal structure of an organization becomes a "myth" that justifies its existence, regardless of actual effectiveness or contingent needs. They also argue that organizations often adopt formal structures that are primarily symbolic and ritualistic rather than functional or rational. Such structures serve to confer legitimacy and maintain institutionalized norms and expectations. The authors also examine the concept of "ceremony", which represents the formal practices and rituals through which organizations show conformity to institutional expectations. These ceremonies help maintain order, coherence, and social legitimacy within the organization. Meyer and Rowan point out that adherence to such structures as myth and ceremony can lead to rigidity and resistance to change in organizations. However, they also recognize such structures ' vital role in providing stability, cohesion, and continuity in the broader social context. Meyer and Rowan's paper represents a significant contribution to institutional theory and organizational analysis, highlighting the influence of social norms and expectations on organizations and the role of formal structure in maintaining institutional legitimacy. The proposed approach offers a critical analysis of

organizational structures and invites a greater awareness of the importance of institutional norms and practices in organizations.

Another interesting work is that of Lawrence, Suddaby, and Leca (2009), entitled "Institutional work: Refocusing institutional studies of the organization," which focuses on the idea of "institutional work" as the intentional action of actors to influence, maintain or change the institutions within which the organizations operate. The authors argue that institutional work is critical in building, restructuring, and maintaining institutions. They identify three main types of institutional work: creation work, maintenance work, and change work. Creation work is concerned with the activity of actors in promoting new institutions or social norms, while maintenance work is concerned with preserving and strengthening existing institutions. On the other hand, change work concerns the activity of actors in modifying existing institutions or introducing new institutional practices. The authors underline that institutional work often involves collective actors, social networks, and power relations.

Furthermore, it can be carried out by both internal and external actors in organizations, which highlights the complexity of institutional dynamics. The work of Lawrence, Suddaby, and Leca (2009) contributes to the field of institutional studies by providing a clear theoretical and conceptual perspective on institutional work and its role in institution building and transformation. This article had a significant impact on the literature and stimulated further research into the theory and practice of institutional work in organizations.

Lounsbury's work, entitled "Institutional Rationality and Practice Variation: New Directions in the Institutional Analysis of Practice," published in *Accounting*,

Organizations, and Society, addresses the issue of institutional rationality and the variation of practices within organizations. The article is based on institutional theory and proposes new directions of analysis to understand how organizational practices are influenced by institutions and how the variation of practices develops in the institutional context. Lounsbury begins by exploring the concept of institutional rationality, which refers to how organizations interpret and adapt to social expectations and institutional rules. He emphasizes that institutional rationality is both a cognitive concept and a social phenomenon that manifests itself through organizational practices. The author also highlights the variation of organizational practices, emphasizing that organizations can adopt different ways of carrying out the same activities depending on the institutional context in which they operate. This variation can be influenced by factors such as culture, norms, values, and expectations of institutional actors. Lounsbury also explores the importance of analyzing organizational practices in context, taking into consideration the specific institutional context in which they occur. He suggests that studies of variation in practices should include analysis of the social relationships, power structures, and institutional dynamics that influence practical wings. Finally, the author proposes some new directions for research on institutional rationality and the variation of practices, including the use of interpretative approaches, the analysis of narratives, and the consideration of social networks. In summary, Lounsbury's work offers an in-depth perspective on the intersection between institutional rationality and variation in organizational practices. The article makes a significant contribution to understanding how institutions influence organizational practices and how the variation of practices can be analyzed in the broader institutional context.

### **1.3.2 Organizational context**

According to Meyer and Scott (1983), the organizational environment can be understood through two perspectives: the rational one and the ritual one. The rational perspective focuses on the logic and formal rules that guide organizational behavior in response to external demands. On the other hand, the ritual perspective highlights how organizations adopt symbolic and ritual practices to respond to social expectations and gain legitimacy. Meyer and Scott point out that both rationality and ritual play significant roles in the organizational environment. Organizations try to balance accommodating rational demands and adhering to ritual practices conferring social legitimacy. The authors also highlight that organizations often adopt symbolic practices, such as ceremonies, public events, and formal declarations, to demonstrate conformity to the ideals and norms of their environment. These ritual practices serve as a mechanism to create a positive image and communicate adherence to institutional expectations. Meyer and Scott's article represents a significant contribution to the analysis of the organizational environment, as it highlights the importance of considering both rational and ritual aspects in organizational dynamics. It illustrates how organizations adapt and interact with their environment through formal logic and practices and symbols and rituals that influence their legitimacy and reputation.

### **1.3.3 Isomorphism**

Institutional Isomorphism is a fundamental concept within institutional theory and is of significant importance to accounting analysis. It describes the process by which organizations tend to conform to the prevailing norms, rules, and practices within their institutional context. In accounting, this means that organizations adopt

similar control systems and accounting practices to meet social expectations and avoid legal or reputational penalties.

Institutional Isomorphism is the mechanism that drives organizations to conform to the norms and practices prevailing in their institutional context. In the accounting context, institutional Isomorphism has an influence on accounting choices and the diffusion of environmental and social reporting practices.

Burns and Scapens (2000) identify three mechanisms of institutional Isomorphism that influence change in management accounting: coercion, normative imitation, and mimetic rationality. Coercion refers to external pressures, such as government regulations or stakeholder requests, that force organizations to change their management accounting practices. Regulatory imitation refers to the tendency of organizations to imitate the practices of other organizations considered "successful" or "appropriate" in the industry. Mimetic rationality occurs when organizations adopt new management accounting practices without understanding the reasons for or the benefits those practices may bring.

Coercive and regulatory Isomorphism represent two forms of institutional Isomorphism that influence accounting practice. Coercive Isomorphism refers to compliance with accounting rules and practices due to external pressures, such as legislation or the expectations of regulators and auditors. For example, an organization may adopt specific accounting practices to comply with tax rules or accounting standard guidelines. (Collin, Tagesson, Andersson, Cato, & Hansson, 2009)

On the other hand, normative Isomorphism pertains to compliance with accounting practices due to peer or stakeholder expectations. For example, most

organizations in the industry adopt a specific inventory valuation method. In that case, other organizations may follow this practice to be considered "normal" or "acceptable" in the industry.

In their work *The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields*, published in 1983 in the *American Sociological Review*, DiMaggio and Powell explore the concept of institutional Isomorphism and its influence on organizations. Based on institutional theory, the authors analyze how organizations conform to prevailing norms and practices within their institutional contexts. Using the "iron cage" concept, inspired by the work of Max Weber, they argue that organizations tend to adopt similar formal structures, practices, and regulations to gain legitimacy and reduce uncertainty.

Researchers identify three main mechanisms of institutional Isomorphism: coercion, normative imitation, and mimetic rationality. Coercion refers to compliance with rules and regulations due to external pressures, such as laws and regulations. Regulatory imitation is about conforming to practices that are considered "normal" or "appropriate" in a given industry or context. Mimetic rationality occurs when organizations adopt successful practices without a complete understanding of why those practices work. Through the analysis of empirical data and case studies of organizations, DiMaggio and Powell provide evidence that institutional Isomorphism is a common phenomenon in different sectors and organizational contexts.

This process of Isomorphism is often driven by the need to adapt to stakeholder expectations, avoid social sanctions, or gain legitimacy in the institutional environment. The article underlines the importance of understanding the influence of

social institutions on organizations and offers a fundamental theoretical perspective for studying the interaction between institutional theory and organizations. DiMaggio and Powell's research helped establish institutional theory as an analytical lens essential for understanding organizational dynamics and conformity to socially shared norms and practices.

Furthermore, Scott (2014) points out that institutions play a crucial role in social organization, influencing the actions and decisions of organizations and their members. Scott defines institutions as "shared rules and norms, together with the cognitive resources that people use to give meaning to experience" and identifies them as crucial components of the contexts in which organizations operate. The author explores three fundamental elements of institutions: ideas, interests, and identities. Ideas represent the beliefs, values, and cultural models that guide the activities and choices of organizations. Interests relate to power relations and the dynamics of influence between organizations and external actors. Identities reflect belonging and the construction of a sense of belonging within an organization. Scott analyzes how institutions influence organizations through the process of Isomorphism, which refers to the tendency of organizations to conform to socially accepted norms and practices. This process can be driven by coercion, normative imitation, or mimetic rationality. Through examples and case studies, the author highlights the importance of institutions in determining organizational behaviors, social legitimacy, and the stability of practices. Scott also emphasizes the importance of understanding the institutional context in which organizations operate to explain the differences and dynamics in their functioning. Scott's work represents an essential contribution to institutional theory, offering a comprehensive theoretical framework and conceptual tools for



understanding the interaction between institutions and organizations. The work highlights the importance of considering ideas, interests, and identities in the institutional context to understand the complex dynamics that characterize the functioning of organizations in contemporary society.

#### **1.3.4 Role of state and powerful figures**

Institutional theory and the role of the state are closely related topics in the context of organizational and institutional studies. Institutional theory analyzes the influence of social institutions, including the state, on the behavior of organizations and their members, as well as on the dynamics of organizational change. In institutional theory, the state is considered one of the leading institutions influencing the environment and context in which organizations operate.

The role of the state can be understood through its ability to establish rules, norms, policies, and laws that regulate the behavior of organizations and their actors. Institutional theory emphasizes that organizations tend to conform to societal expectations and norms to gain legitimacy and acceptance. In this context, the role of the state can be crucial in defining social expectations and setting the rules of the game for organizations. For example, through legislation and regulation, the state can influence government practices, the market environment, personnel management policies, and other organizational dimensions.

Furthermore, institutional theory recognizes that organizations can influence the state through institutional work. Organizations may seek to influence public policy, participate in decision-making, and shape the political agenda to gain an advantage and maintain their legitimacy. The relationship between institutional theory and the

state's role can also be explored through institutional Isomorphism, which refers to the tendency of organizations to conform to dominant institutional norms, practices, and structures. As a key institution, the state can significantly influence institutional Isomorphism by promoting standards, rules, and practices that are considered legitimate and acceptable.

Furthermore, institutional theory examines the influence of social institutions on the behavior of organizations and their members. At the same time, "*power figures*" refer to individuals who wield significant power and influence within organizations or in society at large. Institutional theory recognizes that institutional norms, values, and practices can be influenced and shaped by the actions and positions of power figures.

These powerful figures may include organizational leaders, influential business leaders, prominent politicians, or other notable personalities who wield significant power and influence in critical decisions and decision-making. Influential figures can exercise their power and influence over institutions in various ways. They can influence the influencing social rules and norms, shape public policies, set the political agenda, and promote certain practices or organizational models. Through their status and resources, they can exert significant influence on organizations' compliance and adequacy with prevailing institutions.

At the same time, the institutional theory emphasizes that some institutions can influence influential figures by providing the context, norms, and expectations that limit or guide their behavior. Institutions can provide a framework of rules and norms that condition the actions and decisions of influential figures, influencing their behavior through social expectations and institutional practices. The relationship

between institutional theory and the role of influential figures can be examined through the concept of agency and institutional structures. Influential figures can be considered agents who act within institutional structures, negotiating and interpreting rules and norms to their advantage. At the same time, institutional structures influence the actions and behavior of influential figures by limiting or facilitating their power and influence.

In summary, institutional theory recognizes the importance of influential figures and the state in the context of organizations and institutions. Influential figures can influence and shape institutions through their power and influence. In contrast, institutions can influence the behavior of influential figures through the norms and rules that define the institutional context. The role of the state can influence the rules, norms, and policies that define the institutional environment in which organizations operate. At the same time, organizations can seek to influence the state through institutional work to shape public policies and achieve strategic advantages.

An example of how professional associations can play a significant role in promoting change within the de-institutionalized camps has been highlighted by the work of Greenwood, Suddaby, and Hinings (2002). This work is based on institutional theory and the concept of "*field*" as a set of actors, rules, relationships, and resources that define a specific area of activity. The authors analyze the mechanisms through which professional associations can foster change within institutionalized fields, including the creation and diffusion of new practices, the promotion of new professional standards, and the management of relationships with other organizations and key players. This work provides a theoretical and conceptual perspective on the

role of professional associations in the process of institutional change and has a significant impact on the institutional studies literature.

Another significant contribution to institutional theory is represented by the work of Lawrence and Suddaby on the concept of institutions and institutional work in organizations. The authors offer a broad and in-depth perspective on institutional theory and emphasize the importance of institutions in the organizational context. They define institutions as socially shared rules, norms, values, and practices that guide the behavior of people and organizations. They also explore the concept of institutional work as efforts undertaken to influence or transform existing institutions.

The work of Lawrence and Suddaby provides an in-depth theoretical framework of institutions and institutional work in organizations, analyzing the role of institutions in shaping organizational culture, organizational structure, and institutional dynamics.

In conclusion, the institutional theory emphasizes the interconnection between institutions, the state, influential figures, and organizations. The state and powerful figures influence institutions through their power and influence, while institutions provide the normative context and expectations that influence the behavior of influential figures and organizations. Professional associations can play a significant role in promoting change within institutionalized fields, while the concept of institutional work illustrates efforts undertaken to influence or transform existing institutions in organizations. These theoretical contributions offer an in-depth perspective on the role of institutions and institutional dynamics in the organizational context.

### 1.3.5 Legitimacy

The concept of legitimacy is central to the field of institutional theory, which seeks to understand how organizations gain and maintain the acceptance and approval of their external stakeholders. (Marrewijk, et al., 2004) Legitimacy plays a vital role in shaping organizational behavior, decision-making processes, and overall success. From the seminal works of DiMaggio and Powell (1983), Meyer and Rowan (1977), and Suchman (1995) up to the most recent studies, it emerges how the relationship between legitimacy and institutional theory is central in the field of organizational studies. While institutional theory deals with how organizations adjust to socially accepted expectations, norms, and values to acquire and maintain legitimacy, legitimacy represents their stakeholders' social recognition and acceptance of organizations. It is fundamental for their survival and success in the context in which they operate.

Zucker's work, entitled "Organizations as Institutions" (1983), explores the concept of organizations as institutions and analyzes the implications of this perspective for the study of organizational behavior. She, the author, argues that organizations cannot be considered just as rational economic units but as social institutions that are influenced by and influence their institutional context. Zucker uses the institutional approach to understand how organizations are institutionalized forms of social activity, with rules, norms, and practices that guide their behavior. The author analyzes how organizations are formed and developed over time through the process of institutionalization, which involves adapting to social expectations and creating legitimacy through the adoption of shared practices and norms. Zucker points out that institutionalization can lead to homogeneity between organizations within an

organizational field, as they tend to adopt similar structures and practices to achieve legitimacy and social acceptance.

Furthermore, the author highlights the role of interactions between organizations and external institutions in shaping their behavior, as organizations are influenced by social norms, stakeholder expectations, and institutional pressures that arise from government regulations, professional associations, and other external entities (Manetti, 2011). Zucker's article contributes to the understanding of organizations as social institutions and underlines the importance of considering the institutional context in which organizations operate. She, the author, highlights how institutionalized rules, norms, and practices influence organizational behavior and how organizations seek legitimacy through membership in these institutions.

The work of Scott (2014), however, explores how institutions influence the behavior of organizations, emphasizing the role of ideas, interests, and identities in the creation and maintenance of institutions. The book is divided into three main parts. In the first part, Scott introduces the concept of institution and provides an overview of different theoretical perspectives on institutional theory. She examines the concepts of institutional Isomorphism, institutional decoding, and institutionalization, highlighting how organizations adapt to social expectations and rules to acquire legitimacy. In the second part, Scott delves into institutional dynamics in organizations, focusing on how institutions influence organizational structure, management practices, culture, and decision-making. She also examines the mechanisms through which organizations respond to institutional pressures, including token membership, decoupling, and retrospective legitimation. In the third part, Scott explores the role of ideas, interests, and identities in the creation and dissemination of institutions. She analyzes how ideas

influence the formation of institutions, how the interests of different stakeholders shape institutional rules, and how collective identities develop through social interactions. Collectively, Scott's work provides a comprehensive overview of institutional dynamics and theories, emphasizing the importance of institutions for understanding organizational behavior. The book offers a solid foundation for scholars and researchers interested in exploring the role of institutions in organizations and society.

Finally, a third example concerns the work of Suchman, entitled "*Managing Legitimacy: Strategic and Institutional Approaches*," which provides an in-depth analysis of the management of legitimacy by organizations, exploring both strategic and institutional perspectives. In the article, Suchman examines how organizations seek to gain and maintain social legitimacy, which represents acceptance and recognition by various stakeholders. The author argues that organizations face the need to manage legitimacy as their survival and success depend on the approval and support of the social context in which they operate. In the first part of the work, Suchman explores strategic perspectives on legitimacy management. In this context, the author analyzes how organizations can use strategies such as information manipulation, retrospective legitimacy, image management, and stakeholder relationships to influence perceptions of legitimacy. Next, Suchman examines institutional perspectives on managing legitimacy. In this perspective, the author underlines how organizations adapt to social expectations and institutional rules to obtain legitimacy. This may involve adopting formal practices, adhering to industry standards, or aligning with shared social values.

Additionally, Suchman examines the tensions and challenges organizations face in managing legitimacy, including conflicts of values, inconsistent stakeholder expectations, and criticisms or threats to legitimacy. The author highlights the importance of proactive legitimacy management to avoid loss of support and to maintain organizational stability. Finally, Suchman offers some practical recommendations for legitimacy management, such as the importance of transparent communication, attention to public image, and active listening to stakeholders.

In summary, Suchman's work provides an in-depth perspective on organizations' management of legitimacy, exploring both the strategies and institutional dynamics involved. The article offers a practical, theoretical framework for scholars and practitioners interested in understanding how organizations can manage and maintain social legitimacy in the context in which they operate.

### **1.3.6 Social acceptability and credibility**

The literature on social acceptance and credibility of institutional theory has addressed many aspects, examining the link between social institutions, organizations, and their social legitimacy. One central area of research focuses on analyzing how organizations seek to gain and maintain social legitimacy through adherence to societal institutions and expectations. Studies have explored the strategies organizations use to conform to socially accepted norms and values, such as adopting practices similar to other legitimate organizations and complying with regulatory requirements.

The literature has investigated how social institutions influence the social acceptance of organizations (Meyer & Rowan 1977; DiMaggio and Powell, 1983; Scott 2001; Thornton & Ocasio 2008); these studies have shown that organizations can gain



social acceptance by aligning with culturally recognized institutions and conforming to societal expectations. Adherence to shared norms and values has been identified as a strategy to improve social credibility. Furthermore the processes by which organizations build and maintain social credibility has also been explored, and have been analyzed the importance of factors such as transparency, integrity, accountability, and social responsibility in determining credibility and social acceptance. The effects of communication practices and interaction with stakeholders on the perception of credibility were also examined.

The literature has investigated the effects of social credibility on organizations themselves. It has emerged that organizations with high social credibility can enjoy several advantages, such as a more significant attraction of customers or members, a better reputation, more accessible access to resources and finance, and a more remarkable ability to adapt to changing conditions of the social context. The characteristics of the institutional context influence the social credibility of organizations. Factors such as national culture, professional norms, laws, and regulations were explored, and how these affect societal expectations and perceptions of the legitimacy of organizations.

Collectively, the literature has demonstrated the importance of institutional theory for understanding the mechanisms by which organizations seek to gain social acceptance and credibility. Compliance with social institutions, alignment with societal expectations, and building legitimacy are vital elements to ensure the sustainability and success of organizations in the social context in which they operate.

### 1.3.7 Decoupling

In the context of institutional theory, the decoupling effect refers to a phenomenon in which there is a gap or disconnect between an organization's formal structures, rules, and practices and its actual behaviors and actions. This happens when organizations adopt formalized structures and practices to respond to external expectations or institutional pressures but still need to implement them in their day-to-day operations fully. The decoupling effect is a strategic response of organizations to manage contradictory institutional needs. (Hussain, Rigoni, & Cavezzali, 2018) By maintaining a facade of compliance with institutional expectations, organizations can preserve their legitimacy and secure the necessary resources while pursuing their internal goals and interests.

Several forms of decoupling can be seen within organizations:

- (a) **Structural decoupling:** This occurs when a disconnect is created between formal organizational structures and actual behavior. Organizations may adopt formal policies, procedures, and hierarchies that suggest adherence to institutional requirements, but implementation of such structures may need to be more robust or more consistent in practice. For example, an organization might have diversity and inclusion policies in place but need to promote diversity in its actual workforce composition.
- (b) **Procedural decoupling:** Refers to a situation where organizations have formalized procedures or routines that are not in line with their actual decision-making processes. Formal procedures can give the illusion of rationality and accountability, but in practice, decisions can be influenced

by informal networks, power dynamics, or personal preferences. This phenomenon can be seen in organizations where formal decision-making protocols are bypassed or ignored through informal channels.

- (c) Symbolic Decoupling: Symbolic decoupling occurs when organizations engage in symbolic action or superficial compliance without making any actual changes to their underlying practices. This may involve public relations efforts, such as promoting corporate social responsibility initiatives or publishing sustainability reports, to create an image of compliance and alignment with societal expectations. However, there may be little or no material changes needed to address the underlying issues.

The decoupling effect can be driven by various factors, including resource constraints, conflicting institutional rationales, or the need to manage requests from different stakeholders. (Jamali, 2010) Organizations can adopt a budget separation strategy to relieve pressures for compliance with the need to achieve internal efficiency or competitive advantage.

While decoupling can offer short-term benefits, such as maintaining legitimacy or protecting assets, it can also generate long-term challenges. It can create inconsistencies, erode trust, and undermine the expected outcomes of institutional interventions.

Understanding the decoupling effect is of crucial importance to scholars and practitioners interested in institutional theory, as it provides greater clarity on the complex relationship between formal structures and actual behaviors within organizations. By examining decoupling, researchers can explore how organizations

handle institutional pressures, manage contradictions, and maintain their legitimacy in the face of diverse and often conflicting institutional expectations.

### **1.3.8 Accounting and Accountability**

Finally, several studies have analyzed the implications of institutional theory for accounting regulation. This theory provides a conceptual framework for understanding the development and change of accounting rules and regulations over time, influenced by regulatory institutions and isomorphism processes. For example, a work conducted by Carnegie and Napier (1996) has highlighted how the evolution of accounting standards is influenced by institutional forces such as political and social pressures, which shape accounting regulation at national and international levels.

A key aspect explored in institutional theory and accounting is the effect of institutional Isomorphism on accounting practice. Several studies have analyzed how organizations tend to conform to the predominant accounting rules and practices in their institutional context through coercive, normative, and mimetic isomorphism mechanisms. For example, a work by Burns and Scapens (2000) has highlighted how organizations adopt similar accounting control systems to avoid legal or reputational penalties and to comply with stakeholder expectations. (Dillard & Vinnari, 2019)The institutional context in which an organization operates has a significant impact on accounting practice. The norms, laws, and cultural values of a country can influence the accounting decisions of organizations. For example, in an institutional setting with an emphasis on social responsibility, organizations may adopt environmental and social reporting practices to adjust to stakeholder expectations.

An article by Roberts entitled "*The Possibilities of Accountability*" (1991), published in the journal *Accounting, Organizations and Society*, explores the concept of accountability and its implications for organizations. The author underlines that accountability represents an essential tool for assessing the effectiveness and responsibility of organizations in achieving their objectives. Different perspectives of accountability, such as legal, managerial, and social, are examined, and it is highlighted how these perspectives can interact and influence each other. The author highlights the tensions and challenges associated with implementing accountability in organizations, considering aspects such as performance evaluation, outcome measurement, and balancing stakeholder interests. Roberts also examines the role of social institutions in promoting accountability, emphasizing how social norms, rules, and expectations influence the nature and effectiveness of accountability in organizations. The article invites a critical reflection on accountability in organizations, highlighting the need to consider not only the aspects.

### **1.3.9 Sustainability**

Institutional norms are social rules that dictate what actions are considered acceptable or desirable within a specific community or sector. In the context of accounting and sustainability accountability, these standards have a significant influence on the adoption of environmental and social reporting and reporting practices. Recent research has demonstrated that organizations tend to adopt sustainability accountability practices that reflect prevailing institutional norms in their industry or geographic context (Meyer & Rowan, 1977). For example, an organization operating in the energy sector could be influenced by institutional regulations that promote transparency and the reduction of greenhouse gas emissions. As a result, the

organization may adopt accountability practices that reflect these expectations, such as disclosure of CO<sub>2</sub> emissions and implementation of energy sustainability strategies. Institutional theory has also helped to understand the spread of accountability accounting practices. Studies have examined how organizations adopt environmental and social reporting practices to meet the expectations of their stakeholders and comply with institutional norms. For example, a study by Roberts (1992) found that the adoption of environmental reporting has been driven by regulatory Isomorphism, where organizations conform to the expectations of regulatory institutions to legitimize their business and reduce criticism.

In corporate social responsibility and sustainability, accountability plays a crucial role in ensuring that organizations are accountable for their actions and their social and environmental implications. The evolution of institutional theory has provided a practical conceptual framework for understanding how institutional norms, rules, and practices affect accountability for sustainability. According to this theoretical perspective, organizations are considered social actors immersed in an institutional context, which includes formal and informal rules that define the expectations and acceptable practices within a given society or sector. In the context of sustainability accountability, institutional theory provides a conceptual basis for understanding how organizations respond to social and environmental expectations through compliance with institutional norms and practices.

Institutional Isomorphism plays a significant role in the diffusion of environmental and social reporting practices among organizations in the field of sustainability accountability. For example, a study by DiMaggio and Powell (1983) has highlighted how adopting environmental reporting practices has been driven by

coercive Isomorphism, in which organizations conform to the expectations of regulatory institutions to avoid legal or reputational sanctions.

The institutional context in which organizations operate can influence accountability for sustainability. Differences in norms, laws, and cultural values between countries can lead to significant variations in reporting practices and accountability expectations. Research has demonstrated how the institutional context can shape the preferences of the various stakeholders regarding sustainability issues and influence the strategic choices of organizations regarding accountability (Hall et al., 2011).

Roberts' article "Determinants of Corporate Social Responsibility Disclosure: An Application of Stakeholder Theory," published in 1992 in the journal *Accounting, Organizations, and Society*, analyzes the factors influencing corporate social responsibility disclosure. The author argues that companies are influenced by a set of actors called stakeholders, who have a direct or indirect interest in the activities and performance of the company itself. Roberts explores several determinants of corporate social responsibility disclosure. One of the key factors identified is stakeholder influence. The requests and pressures of the various stakeholders can push companies to disclose information on their social responsibility to meet expectations and maintain positive relationships with stakeholders. Other factors examined include industry and firm characteristics, such as size, business sector, and financial performance. Roberts suggests that companies operating in sectors with a high environmental impact or with a large stakeholder base tend to be more likely to disclose information about their social responsibility.

Furthermore, companies with a bu on financial performance may be more inclined to disclose information about social responsibility as a form of empowerment and differentiation from the competition. The author concludes that the disclosure of corporate social responsibility is influenced by a complex combination of factors, including stakeholder demands, industry characteristics, and the company itself. Roberts' article represents a significant contribution to the literature on CSR disclosure by applying stakeholder theory to examine the factors that influence CSR disclosure. (Campbell, 2007) It provides a solid theoretical perspective and suggests possible guidelines for companies interested in improving their social responsibility disclosure.

### **1.3.10 Resume of the Theory Application**

Institutional theory provides a theoretical perspective helpful in understanding the context of development and analysis of the research topic of this research work. The scientific literature has highlighted how institutional norms, institutional Isomorphism, and the institutional context influence the environmental and social reporting practices of organizations. Understanding these dynamics is essential to develop effective accountability strategies and promote the social and environmental responsibility of organizations. The scientific literature has made an enormous contribution to understanding the relationship between institutional theory and accounting. Studies have highlighted the effect of institutional Isomorphism on accounting practice, the diffusion of accountability accounting practices, the interaction between the institutional context and accounting, and the implications of institutional theory for accounting regulation. These works provide a solid theoretical basis for understanding the dynamics driving the evolution of accounting in specific institutional contexts and for developing effective accounting regulatory strategies.



#### ***1.4 Expected results***

The research work conducted in this project aims to give an overview of the issues of non-financial reporting, sustainable development objectives, and the role of accounting techniques in achieving the targets set by the 2030 Agenda. To follow a line of method and coherent thought, the author sees the institutionalist theory as a lens capable of detecting various aspects of the analyzed topic and consequently supporting the whole analysis capable of interpreting its main results.

Therefore, the work expects to analyze the theme from points of view at various levels, starting from macro analyses up to the achievement of the most practical cases to try, without any pretension, to collect as many aspects as possible and to be able to draw complete conclusions.



## **Chapter 2: The role of accounting and accountability for sustainability**

2.1 Literature overview - 2.1.1 Assurance and verification issues - 2.1.2 Governance and board oversight - 2.1.3 Regulatory and Legal Framework - 2.1.4 Reporting, a dichotomy between Voluntary and Obligatory - 2.1.5 harmonization and comparability of results - 2.2 Making visible the invisible - 2.3 The need to analyze on multiple levels

In recent years, sustainability has emerged as a critical global concern, encompassing environmental, social, and economic dimensions. Organizations worldwide increasingly recognize the importance of integrating sustainability into their practices and reporting frameworks.



*Figure 3: Topics in Chapter 2*

Accounting plays a pivotal role in capturing, measuring, and reporting sustainability-related information. Furthermore, accountability is a cornerstone for fostering transparency and trust, enabling stakeholders to evaluate an organization's commitment to sustainability. This section explores the nexus between accounting and

accountability in the context of sustainability, highlighting the evolving role of accounting practices and the significance of accountability mechanisms.

## ***2.1 Literature overview***

Sustainable development was understood as social and economic development that must be environmentally sustainable. Since the concept of "three pillars" (Du Pisani, 2006; Cavagnaro, Curiel, 2012; Elkington, 1997) equally important (social-economic-environmental) was introduced, it has progressively been recognized that economic and social sustainability has its merits, as well as a specific and concrete meaning as part of human development, social, political, or economic.

"The most important question is: what values are needed to guide the self, organizations and societies on the path of continuous change towards sustainability and a better quality of life for all?" (Cavagnaro, 2012)

Environmental accounting quantifies and reports the environmental costs and benefits associated with an organization's activities. It involves carbon accounting, water accounting, and natural capital valuation techniques. (Bebbington & Larrinaga, 2014) Through environmental accounting, organizations can identify risks, measure their environmental footprint, and make informed decisions to reduce their negative impacts and enhance their sustainability performance. (Hopwood, 2009)

Social accounting encompasses measuring and reporting an organization's social impact and interactions with its stakeholders. (Bebbington & Tomson, 2013) It involves tracking social performance indicators, such as employee well-being, community development, human rights, and diversity and inclusion. (Contrafatto & Rusconi, 2005; Glavas & Kelley, 2014) By accounting for social factors, organizations

can better understand their societal responsibilities, address social issues, and enhance their reputation among stakeholders. (Retolaza, 2016)

Economic accounting for sustainability extends beyond traditional financial reporting by considering the broader economic impacts of an organization's activities. (Di Vaio, Varriale, Di Gregorio, & Adomako, 2022) It includes assessing the economic value created or destroyed through sustainable practices, such as cost savings from energy efficiency initiatives, job creation, or revenue generated from sustainable products and services. Integrating economic accounting with sustainability enables organizations to align their financial and non-financial goals, fostering long-term value creation. (Bebbington et al., 2007)

Sustainable societies, however, can only be achieved with organizations and individuals convinced of the need to be part of the sustainability project. (Newport, Chesnes, Lindner, 2013) National governments and multilateral institutions have begun to include sustainable development as a fundamental principle in their constitutions and treaties. Non-governmental organizations and business organizations are also increasingly considering sustainable development as an essential element of their vision and as a strategic goal. To achieve this higher level of conscientiousness, governments, institutions, and organizations need individuals to lead the process towards this superordinate goal: a better quality of life for all. This process of change towards sustainability depends on the choices made by people. It is, therefore, essential that not only companies and organizations choose sustainability but also individuals.

To address the growing demand for sustainability information, numerous reporting frameworks have emerged, such as the Global Reporting Initiative (GRI),

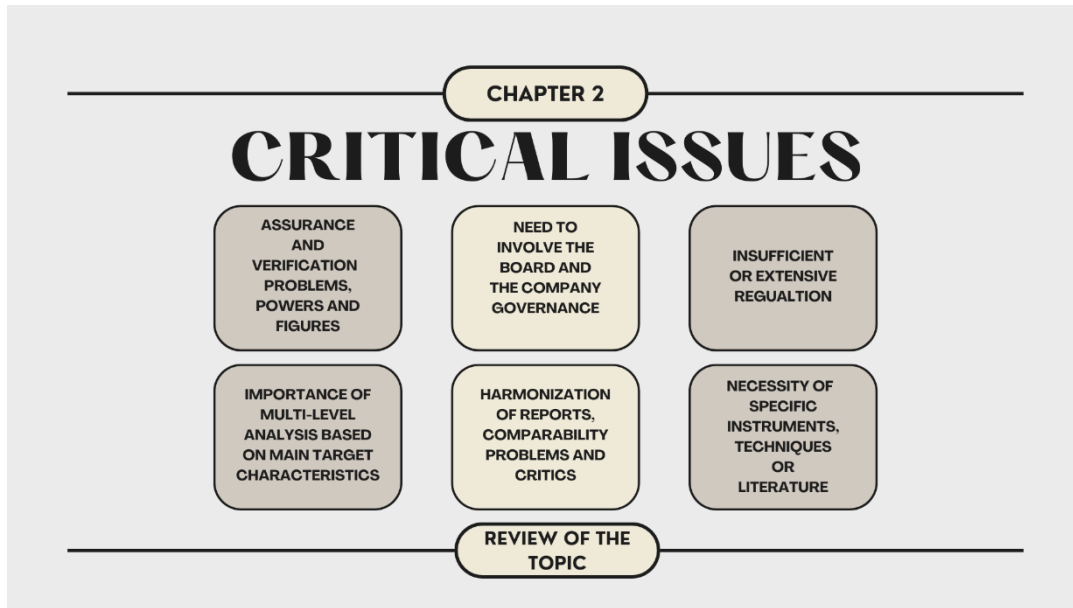
the Sustainability Accounting Standards Board (SASB), and the Integrated Reporting Framework (IRF). (Gallego-Álvarez, Lozano, & Rodríguez-Rosa, 2018) (de Villiers, La Torre, & Molinari, 2022) (Machado et al., 2021) These frameworks provide guidelines for organizations to disclose their sustainability performance, facilitating the integration of environmental, social, and economic indicators into financial reporting. By adopting these frameworks, organizations can effectively account for their sustainability efforts and communicate the impact of their operations on various stakeholders.

Stakeholder engagement is a fundamental aspect of sustainability accountability. (Herremans, Nazari, & Mahmoudian, 2016)

By actively involving stakeholders in decision-making, organizations can ensure that their sustainability initiatives reflect stakeholder expectations and address their concerns.

Transparent and inclusive stakeholder engagement fosters trust, facilitates knowledge sharing, and enables organizations to respond more to societal needs. (Herremans, Nazari, Mahmoudian, 2016)

In the following figure (Figure 4) the main issues enhanced by the literature are summarized. The various topic will be then described in next sections.



*Figure 4: Critical issues from the literature overview*

### 2.1.1 Assurance and verification issues

Assurance and verification processes provide independent assessments of an organization's sustainability performance and reporting. (Monsero, Le Blanc, 2019; Papadimitriou, Neves, Becker, 2019)

External assurance providers evaluate the reliability and accuracy of sustainability information, enhancing credibility and trustworthiness. (O'Dwyer & Owen, 2005) Verification mechanisms, such as third-party audits or certifications, validate an organization's adherence to specific sustainability standards, ensuring accountability and promoting transparency. (Monsero, Le Blanc, 2019)

### 2.1.2 Governance and Board Oversight

Effective governance structures and board oversight are crucial for sustainability accountability. (Azudin A, 2018; Cardoni et al, 2020) Boards of directors play a vital role in setting the strategic direction, monitoring sustainability

performance, and ensuring appropriate risk management. (García Martín & Herrero, 2020; Peng, Yang, Shao, & Li, 2021)

By integrating sustainability considerations into governance frameworks, organizations demonstrate their commitment to long-term value creation and reinforce accountability. (Azudin A, 2018)

### **2.1.3 Regulatory and legal framework**

Regulatory and legal frameworks play a significant role in promoting sustainability accountability. Governments worldwide enact laws and regulations requiring organizations to disclose their environmental and social impacts. (Bebbington & Thomson, 2013; Bebbington et al., 2017)

These frameworks establish minimum reporting requirements, standardize reporting practices, and provide enforcement mechanisms to hold organizations accountable for their sustainability commitments. (Machado, Dias, & Fonseca, 2021; Gallego-Álvarez, Lozano, & Rodríguez-Rosa, 2018)

### **2.1.4 Reporting, a dichotomy between voluntary and obligatory**

Sustainable reporting, in general, and that for the SDGs then, has always been a field of innovation and change for regulation. (Bebbington, 2001)

The Agenda 2030 is an intergovernmental agreement that aims to guide global development efforts over the next 15 years, from 2016 to 2030. Adopted by the United Nations General Assembly (UNGA) in September 2015, its core, the Sustainable Development Goals (SDGs), replaced the Millennium Development Goals (MDGs),



which stood still from 2000 to 2015. The SDGs are designed to build upon the MDGs and "complement what they have not achieved "(Rosati, Faria, 2018).

The United Nations has set 17 goals for sustainable development to achieve environmental, social and economic growth; the most significant goal of these goals is the satisfaction of basic human needs and desires, as essential human needs such as food, clothing, shelter and health care are still not accessible to the majority of people despite the tremendous pace of the world economy. (United Nations, 2015) The increase in waste products and the continuous depletion of natural resources have diverted human attention toward efficient, green, and transparent production technologies.

Therefore, the Sustainable Development Goals (SDGs) aim to supply these basic needs to all through the intelligent use of sustainable science. (Agenda 2030)

"Like their predecessors, the SDGs are a statement of aspirations: a voluntary agreement rather than a binding treaty. While this is a disadvantage to the extent that states may be more tempted to ignore their commitments, it also is an opportunity that states may be willing to adopt a more ambitious Agenda when this Agenda does not impose any obligations on them legally binding". (Carant, 2016) A group can collectively decide what to aim for and how to get there. Nevertheless, to have a common goal, this group must have a shared understanding of who needs to do what to implement.

To date, primarily on the part of the United Nations and then within the individual states, there is still a substantial lack of legislation towards the mandatory nature of non-financial reporting (Venturelli et al., 2017); most of the time leaving the

choice to individuals (states, companies, citizens) to decide whether and how to behave about it. (Pflieger, Fischer, Kupfer, & Eyerer, 2005; Allen, Metternicht, & Wiedmann, 2018; Tauringana & Moses, 2022)

It is, therefore, still considered a voluntary choice, aware and linked to ethical principles. (Pizzi, Del Baldo, Caputo, & Venturelli, 2022)

The world is racing to find an answer to sustainable problems, and the driving power of the choices of some unquestionably affects the choices of others as well. Choices of coercive, mimetic or regulatory isomorphism have a significant impact on nations and companies, as well as aspects of credibility towards those who use or are interested in the non-financial information that will be provided. However, aspects of strategy, marketing and visibility also weigh the choices of those deciding on a par with ethical, educational or cultural principles. (Pizzi, Caputo, Venturelli, & Caputo, 2022) Therefore, the choice of adhering to a type of non-traditional reporting far from the financial one is often a "voluntary and mandatory" choice that touches on many aspects that are often difficult to fully understand or be able to read within the reports themselves but guides every choice that will be made and taken from the first report onwards. (Balluchi, Furlotti, & Torelli, 2020)

#### **2.1.5 Harmonization and comparability of results**

"The quality of a report is defined by balance, comparability, accuracy, timeliness, clarity, and reliability. Balance promotes the reporting of both positive and negative sustainability indicators so that stakeholders can see the organization's overall performance ". (Moldan, Janouskova, 2012)

Since, as mentioned above, there is no obligation - above all legislative - nor equality of information to be provided, models to follow, and common indications, it becomes immediate to understand that, among the many problems related to non-financial reporting (Queenan et al., 2017), the main topics of discussion can be traced back to the problems of harmonization and comparability.

The desire to understand how to improve and where you are wrong is inexhaustible in the corporate and human DNA: Companies and nations often find themselves trying to understand what others are doing, how they are doing it to understand how to become more efficient in achieving their goals, and if it is not their choice, the company itself leads to comparisons: think, quite simply, of a competitive market where a consumer can make use of an almost unlimited supply of goods and services to satisfy his limited needs.

The choice of the good or service will fall into what can satisfy the need in a specific way, not only from a price point of view but also through the characteristics and intrinsic requirements of the consumer. It is a daily competition in which companies and organizations take part to try to get the better of others.

Within non-financial reporting, it becomes difficult to understand who is doing better and for what: precisely due to the lack of a common (and therefore mandatory) standard line (Hák et al., 2016), it is almost impossible to find a way to make results comparable or harmonizable. (Brockett, 2012) Furthermore, even if you try to follow the few standard guidelines prepared by the United Nations to inform the preparation of VNRs, the scope and extent of these voluntary reviews vary wildly. (Breuer & Leininger, 2021; Oda, 2019)

Comparative assessments show that VNRs vary in many aspects, such as length, structure, and thematic coverage. This reflects differences in national contexts and the different approaches countries take to gather information and prepare these reports. However, in most VNRs, greater recognition of the need for integrated strategies to achieve the seventeen goals marks a substantial contribution (Allen et al., 2018; Tosun & Leininger, 2017) and that the Agenda has already made to discussions on sustainable development at the national and international levels.

In response, many analysts have mapped the interactions between SDG outcomes, as described in the seventeen and 169 goals, showing that the SDG outcomes are highly interdependent with meaningful relationships between many goals and targets. (Tosun & Leininger, 2017)

They are certainly influenced by what they choose to "make visible and what not," by how much and how they describe their business, by the sector to which they belong, by the geographical place where they are operating, by the ethical and cultural values of those who prepare and write the report but also of those who are reading it, from the sensitivity towards certain aspects rather than others (Bebbington & Unerman, 2020) For example, in the adopted multilevel follow-up and review system, national monitoring efforts are "largely left to the discretion of individual countries, with the possibility for them to submit voluntary reviews." (Lee et al., 2012)

To see if countries are on track towards achieving the SDGs, it is crucial to understand their policy frameworks and commitments to the goals. (Allen, Metternicht, & Wiedmann, 2021; González, Mc Guinness, Murphy, Kelliher, & Hagin-Meade, 2023; Breuer & Leininger, 2021) A country that starts from poor sustainable

development results may have adopted the right mix of policies, including budgeting, regulation, and incentives for private investment, which puts it on track to achieve its goals by 2030.

Monitoring progress towards the SDGs requires prompt international data and monitoring of government policies and commitments to implement the goals. Measuring government SDG efforts is challenging due to the broad and complex nature of the aims. (Costanza, et al., 2016; Lafortune & Schmidt-Traub, 2019)

In addition, to make the process even more complex, the fact that the issue is constantly evolving from both a legislative and practical point of view makes it even more complicated to be able to compare the results not only between different nations (or companies) but also within the same country (or company) if taken into consideration under a longitudinal temporal aspect). (Schmidt-Traub, Kroll, Teksoz, Durand-Delacré, & Sachs, 2017)

Given the breadth of the aims, this requires more excellent investment in statistical roles in all countries and the development of national indicators of progress towards the SDGs. (Hák, Janoušková, Moldan, & Dahl, 2018) In addition to budgets, checking and stakeholder engagement, many other governance mechanisms must be used to achieve goals.

The SDG index and dashboards summarize countries' current performance and trends on the 17 SDGs as agreed by the international community in 2015. (Schmidt-Traub, Kroll, Teksoz, Durand-Delacré, & Sachs, 2017; Lafortune & Schmidt-Traub, 2019)

The SDG index is a noteworthy effort to summarize the 17 SDGs adopted in a single figure, even though the aims are universal and highly diversified, making aggregation work in a single number quite challenging from the point of view. (Lafortune, Fuller, Moreno, Schmidt-Traub, & Kroll, 2018) Indeed, the SDG index proposes a one-of-a-kind composite measure to check progress on the SDGs nationally and globally. However, communicating its results must be accompanied by a deep understanding its underlying components and their relationships. (Sachs et al., 2019)

All seventeen goals are weighted equally in the Index, and the score shows a country's position between the worst (0) and best or target (one hundred) performers. On the other hand, the SDG dashboards highlight each country's strengths and weaknesses on the 17 SDGs. (Lafortune & Schmidt-Traub, SDG challenges in G20 countries, 2019)

"Once defined, sustainable development indicators must be "measured" broadly using quantitative and qualitative techniques. Increasingly often, data availability, i.e., obtaining the value of sustainability indicators, is fine. The main difficulties concern the choice, interpretation, and use of indicators." (Moldan, Janouskova, 2012)

In interpretative and idealistic terms, if the indicators are applied over a period, they can be used to figure out a trend. While absolute values may not be entirely important, we need an idea of what is acceptable. Therefore, the most exciting idea is having a numerical value for sustainability. This reference value, therefore, gives meaning to the indicator and distinguishes it from the raw data. The most

straightforward reference point is a baseline. Baselines are starting points for measuring change from a given state or date.

The number of national indicators to check the SDGs varies from state to state. The European Union, through Eurostat, for example, has named one hundred indicators to check the implementation of the SDGs. Sustainability "goals" were figured out based on explicit/implicit SDG goals, science-based goals, or average performance of the best performers.

Despite these efforts, the index scores and rankings are different from earlier editions of the SDGs Reports due to changes in the basket of indicators. Further metrics, therefore, are also provided by the dashboards, which supply a visual representation of the performance of countries according to the SDGs to find priorities for action through a combination of "traffic light" colors (green, yellow, orange, and red). (Costanza, et al., 2016; Lafortune, Fuller, Moreno, Schmidt-Traub, & Kroll, 2018) As in any model, the development of indicators involves subjective assumptions and decisions. Therefore, the SDG index can be used as an overall aggregate score, but it should also serve as an access point to the underlying aims and indicators. The index score can, in fact, "reveal patterns that do not emerge directly by looking at the 17 goals separately, but a goal-level analysis can provide further insights". (Papadimitriou, Neves, Becker, 2019)

## ***2.2 Making visible the invisible***

It has been clear for some time now how accounting has become central in everyone's daily life, from companies to organizations to nations or individual citizens. (Bebbington & Larrinaga, 2014) The need to count and give a name (Carnegie &

Napier, 2017) to what surrounds us arose from the origins of man and is still central to all the operations that take place daily. When, precisely through counting and naming objects, we can collect their data, analyze them and report them (for us or to the outside), then what, until that moment, could be considered invisible to the eyes of a reader interested, now it is finally clear, precise, organized; in a visible word.

Therefore, an especially significant role is the ability of accounting (as well as accountability) to make "the invisible visible": it is thus possible to understand, study, plan, analyze, and structure. It is a role of primary importance that companies must keep in mind throughout the production cycle. (Contrafatto, 2013)

Within sustainable issues, it is now already clear that accounting has and must have a space: when one can make topics, issues, and problems visible, one becomes capable or at least aware of what is necessary (Contrafatto, 2013) to do and conduct to respond to the needs that the world (economic, social, and environmental) puts in front of us. Furthermore, combining often subjective themes and dealing with different approaches and techniques to make them readable under a unique and homogeneous key is a considerable advantage. (Adams, 2017)

### ***2.3 The need to analyze on multiple levels***

When we talk about sustainability within the public debate or in the literature, the association with environmental problems is often immediate: greenhouse gases, ozone holes, rising temperatures, safeguarding species, and the planet. Then, with a more in-depth reading, we also come across two other basic issues: the social impact and the economic impact.



The three pillars of sustainability, defined as the three aspects - environmental, social, and economic - form a unique and unambiguous theme (Hansmann et al., 2012): being able to read a problem, an event under the lens of all three indiscriminately is the key to implementing good practices. Sustainable. (Cavagnaro, Curiel, 2012)

The three levels of sustainability illustrate the three dimensions of sustainable development (Murphy, 2012): responsible economic growth, fair social progress, and adequate environmental protection. (Newport, Chenes, Lincher, 2003) These three dimensions refer to a sustainable society. (Elkington, 1997) As mentioned above, sustainable societies cannot be achieved without sustainable organizations and individuals. (Cavagnaro, Curiel, 2012)

A sustainable organization is committed to creating value on three dimensions: profit, people, and the planet. These three dimensions align with the three dimensions of sustainable development at the societal level: economic, social, and environmental value creation. (Cavagnaro, Curiel, 2012; Newport, Chesnes, Lindner, 2013)

The current global economic crisis has brought the economic pillar into focus (Hickel, 2019) and questioned the sustainability of development based on economic progress. This means fully addressing economic issues on their own merits and with no clear connection with environmental aspects.

Achieving sustainable development has been hampered by trade-offs favoring economic growth concerning social well-being and ecological sustainability, which can also influence the Sustainable Development Goals (SDGs) adopted by the United Nations member states.

Sustainable development can, therefore, only be achieved if the economic, social, and environmental dimensions of sustainable development are addressed equally and simultaneously. It has also been argued that the transition to a more sustainable form of development can only be guided by multilateral institutions acting from an understanding of sustainability as a three-dimensional concept. (Purvis, Mao, & Robinson, 2019)

When we talk about environmental, social, and economic problems, we often ask ourselves who or what the triggering cause of the problem is and then who and how we can solve it. It is, in fact, at once imaginable how being able to respond to all this is impossible (Newport et al., 2013): too many variations, cause/effect relationships, unknowns, and variables to which one is exposed daily.

To say that it is the task of all individual citizens seems as evident as it is broad, as does placing this blame and this resolving task on companies. (Crane, Matten, Glozer, & Spence, 2019) Moreover, even if it were companies, with what proportionality should they be able to give an answer or a solution based on which characteristics are sectorial and dimensional? (Dobson, 2007)

Nevertheless, the guidelines of the nations, so to whom are they addressed? The answer is complex.

For this reason, as there is a wide range of interpretations of the word "sustainability," it is difficult to define how it can be adequately implemented or to determine the proper instruments to use or the best goals to reach (Bebbington, 2001); furthermore, since it concerns various aspects of people's lives and concerns society as a whole, it is not easy to find a unique way to "model" these issues in terms of

correctness/inaccuracy of the implementation in the corporate environment.  
(Bebbington, Unerman, O'Dwyer, 2014)

Given these premises, and based on the answers given, it is unthinkable to foresee a univocal interpretation of the problem: based on who must do what, all aspects must be reviewed and reinterpreted to be used and studied.

As Bebbington (2018) said, the SDGs and their potential and relevance have just begun to appear in the accounting literature. There is a recognition that the SDGs are integrated, meaning that each goal incorporates social, economic, and environmental dimensions.

The accounting profession also quickly understood the importance and potential of the SDGs, the substantial engagement of businesses with the SDGs (Sorina-Geanina et al., 2018) and the role the accounting profession can play in pursuing meaningful action within the framework of the SDGs. (Adams, 2017; Campagnolo et al., 2018)

"Some professional accounting bodies, which have developed substantial commitments to sustainability and sustainability accounting for many years, have begun enrolling the SDGs to further their advocacy of sustainability accounting."  
(Bebbington, Unerman, 2018)

In the literature, as also underlined by Bebbington et al. (2017), an invitation to reflect on the results of social and environmental accounting has appeared, as well as to find the challenges that await us as the sector continues its commitment to the aim of Sustainable Development.

Conversely, (in) sustainability has also been conceptualized as an emerging feature of interconnected social, environmental, and economic systems.

## **Chapter 3: Agenda 2030 and VNRs, accounting in support of nations**

3.1 VNRs, overview and main aspects - 3.1.1 VNRs guidelines and highlights - 3.2 First level analysis: six years of VNRs - 3.2.1 methodology - 3.2.2 Reporting analysis and best practice - 3.2.3 Analysis results and future addresses

Voluntary National Reviews (VNRs) of implementing the 2030 Agenda for Sustainable Development at the High-Level Policy Forum on Sustainable Development (HLPF) are the cornerstone of the 2030 Agenda review and follow-up framework. They culminate in a national report and a presentation to the HLPF. They are most meaningful when they involve an inclusive, participatory, transparent, and thorough review process at national and sub-national levels, are evidence-based, produce tangible lessons and solutions, and are followed by concrete actions and partnerships that guide the implementation of the SDGs. (González, Mc Guinness, Murphy, Kelliher, & Hagin-Meade, 2023; Allen, Metternicht, & Wiedmann, 2021)

Within this chapter, 192 reporting documents for the SDGs produced by the nations that adhere to the VNRs are analysed. It is necessary to analyze some fundamental aspects to understand both the choices that guided the selection of the analysis sample and those that underlie the primary choice of joining the program.

The 2030 Agenda for Sustainable Development encourages member states to “conduct regular and inclusive reviews of progress at national and sub-national levels, which are country-led and country-led” (Agenda 2030, p.76).



Figure 5: Topics in Chapter 3

### 3.1 VNRS, overview and main aspects

Voluntary National Reviews (VNRS) aim to facilitate sharing experiences, including successes, challenges and lessons learned, to accelerate the implementation of the 2030 Agenda. VNRS also seek to strengthen the government's policies and institutions and to mobilize multiple stakeholders' support and partnerships to implement the Sustainable Development Goals. (Kaur & Lodhia, 2018) (Bellucci & Manetti, 2018)

Once a country has decided to conduct a review, the decision is communicated to the President of ECOSOC by letter from the Permanent Representative or other concerned official. Countries should consider several other steps when organizing and preparing the review. VNRS are state-led, government-prepared in a consultative, inclusive, and participatory process involving all large groups and other stakeholders. This includes all sectors and levels of government, civil society, the private sector, Members of Parliament, and other institutions.

Joint voluntary reporting guidelines for voluntary national review seek to support and guide countries in conducting VNRs. Initially prepared by the Secretary-General in December 2015, the guidelines have since been updated several times. It was last updated in 2020 to incorporate guidance on reporting new and emerging challenges, systemic issues, and transformational actions, as well as policy assessment, monitoring, and reporting arrangements when reporting the second and subsequent VNRs. (Tsalis, Malamateniou, Koulouriotis, & Nikolaou, 2020) They provide a framework for some common elements within the reports while allowing for flexibility so countries can adapt to their circumstances.

The guidelines are voluntary, but countries are encouraged to use them as they intend to introduce cross-country comparability to make the HLPF discuss good practices and monitor global trends more correct and functional; however, as reviews are voluntary, each country will decide on the scope of its review and the format in which it wishes to present its findings.

The scope of VNRs is expected to be as broad as possible and take into account specific country circumstances: they are required to report on the actions and measures taken to advance the implementation of the 2030 Agenda, including the Sustainable Development Goals (SDGs), and where available, to provide information on progress made, taking into account the principle of leaving no one behind, and on the impact of actions. Countries are strongly encouraged to report on all 17 SDGs or their priorities. Countries are also expected to share good practices, gaps and lessons learned related to implementing the 2030 Agenda and areas where they would need support or have identified potential for partnerships. The VNRs intend instead to present the implementation of the 2030 Agenda at the national level; therefore, countries are

encouraged to provide information on the progress and status of all the SDGs. However, some objectives that present a national priority could be addressed in more depth. Countries are also encouraged to illustrate innovative policies to achieve objectives or provide examples of particular interest to other countries and stakeholders engaged in implementing the 2030 Agenda at a national level.

VNR countries are encouraged to provide statistical and indicator-based analyses as much as possible. However, it is up to individual countries to determine how they wish to include statistics and indicators in their VNRs. Countries may wish to illustrate the main elements of the revisions with figures showing trends, as appropriate. Countries can include an annex with the data, using the Global Sustainable Indicators of the development goals and adding priority indicators identified at the regional and national levels where appropriate.

### **3.1.1 VNRs guidelines and highlights**

The standard reporting guidelines aim to support Member States in conducting VNRs. The Secretary-General initially prepared them in December 2015. They were first updated in December 2017 to reflect lessons learned during the following two years and most recently updated in 2021, considering the experiences of the cycles of the HLPF. They provide a framework for some common elements within the reports while allowing for flexibility so countries can adapt to their circumstances. According to the guidelines<sup>3</sup> When preparing voluntary national reviews, it is essential to consider these principles:

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<sup>3</sup> To collect full publications, tools and instruments for VNR preparation, please consider <https://hlpf.un.org/tools>



- Follow-up and review processes should be voluntary and country-led, consider different national realities, capacities and levels of development, and respect policy space and priorities.
- Track progress in implementing universal goals and targets, including means of implementation, in all countries to respect their universal, integrated, and interrelated nature and the three dimensions of sustainable development.
- Maintain a longer-term orientation, identify achievements, challenges, gaps and critical success factors and support countries in making informed policy choices.
- Open, inclusive, participatory, and transparent for all people and support reporting by all interested parties.
- Be people-centered and gender-sensitive, respect human rights, and pay particular attention to the poorest, most vulnerable, and most backward.
- Build on existing platforms and processes and evolve over time, considering emerging issues and the development of new methodologies.
- Be rigorous and evidence-based, informed by high-quality, accessible, timely, reliable national data and assessments and disaggregated by income, gender, age, race, ethnicity, migration status, disability, geographic location and other characteristics relevant to national contexts.

The VNRs need to be accompanied by an opening statement by the head of state or government, a minister or other high-ranking government official, which should highlight the current state of progress on the SDGs and how the government is responding to the transformative nature of the 2030 Agenda for Sustainable Development, including through its national development plans, strategies, policies or

other relevant documents, including sectoral policies and specific financial and action plans. (Bellucci & Manetti, 2018) (Herremans, Nazari, & Mahmoudian, 2016) It could highlight the outcomes/results achieved since adopting the 2030 Agenda and indicate the steps the country intends to take to accelerate the implementation of the 2030 Agenda for Sustainability. (González, Mc Guinness, Murphy, Kelliher, & Hagin-Meade, 2023)

Next should be a one or two page summary highlighting the key elements of the national review process; the implementation status of the SDGs based on statistical data, using the SDG indicators to the extent possible and outlining the success or failure factors in achieving progress; how government has responded to the integrated, indivisible and interconnected nature of the SDGs and whether this has helped address trade-offs and accelerate implementation; how the government has responded to the principle of leaving no one behind; two or three examples of good practices and lessons learned that could be relevant for other countries, preferably with a focus on measures with transformative potential, considering the interconnections and synergies between the SDGs; two or three examples of challenges encountered on which the country would like to know the experiences of other countries and other stakeholders, including the United Nations system; areas where the country would need support in terms of funding, capacity building, policy advice, data collection and analysis, technology, partnerships, etc. Hopefully, this will lead to mobilizing support through international cooperation and continued partnership/twinning with one or more other countries.

### ***3.2 First-level analysis: Six years of VNRs***

This section outlines the methodology employed to analyze six years of Voluntary National Reviews (VNRs) submitted by nations as part of the assessment of national progress towards the Agenda 2030. The analysis detects and extracts the main topics raised in the VNR reports from 2016 to 2023. By examining these reports, the research aims to gain insights into nations' priorities, challenges, and achievements in implementing the Sustainable Development Goals (SDGs). This section presents the methodology for the analysis, highlighting the critical steps in processing and interpreting the VNR data.

#### **3.2.1 Methodology**

The collection of 247 VNR reports from 2016 (first available) to 2023 (last available at the date of this research) forms the basis of this case analysis. The reports are obtained from official sources, national government websites and United Nations repositories.<sup>4</sup>

To ensure comprehensive coverage, VNR reports from a diverse range of countries representing different regions and levels of development are included in the analysis, but only the ones published in English have been included in the analysis; therefore, a database for the work of 192 VNRs.<sup>5</sup>

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<sup>4</sup>High-Level Political Forum platform at <https://hlpf.un.org/vnrs>

<sup>5</sup> The list of VNRs considered is in Appendix A

The collected VNR reports undergo a pre-processing phase to ensure consistency and compatibility for subsequent analysis. This phase involves several steps done by the author, including data cleaning, removal of formatting and non-textual elements, normalization of text (e.g., removing special characters, punctuation, and numbers), and standardization of the text encoding format.

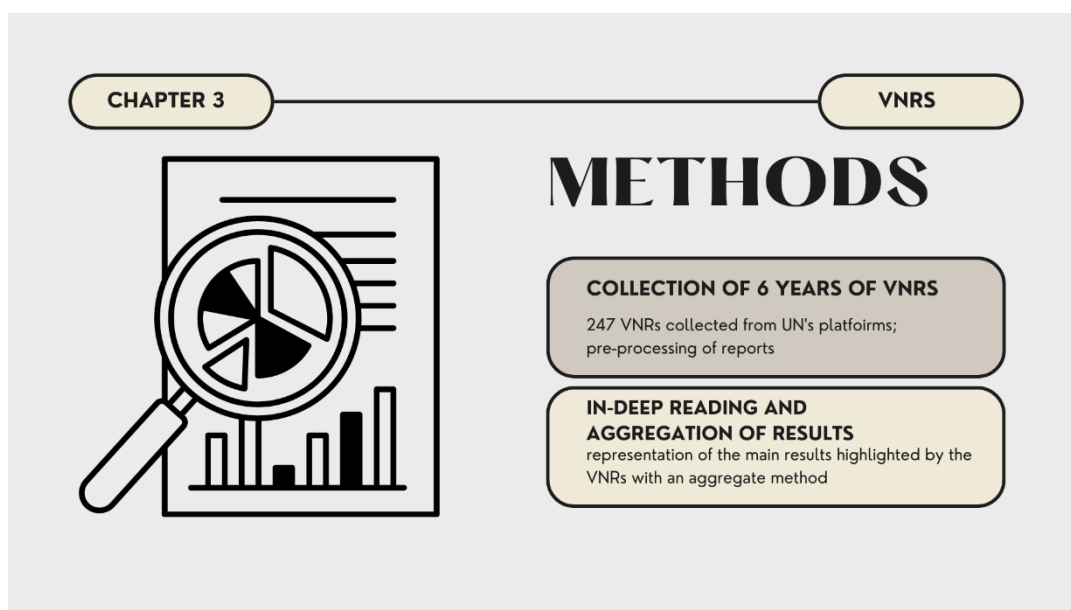


Figure 6: Methodology applied in chapter 3

This process involved the collection of data from the reports, mainly the parts dedicated to the topics "accounting," "accountability," "reporting," and "measuring." For this analysis, specific references to Nations and specific SDGs or targets have been removed to facilitate the identification of key areas of focus and to give equal weight to all nations/goals.

The results obtained have been analyzed through reading and interpreted to understand the trends, challenges, and achievements reported in the VNRs over the six years. This analysis includes a qualitative examination of themes and narratives emerging from the VNRs. Interpretation involves examining the context, subtopics,

and interconnections between topics to provide meaningful insights into countries' progress towards the SDGs.

The analysis extracted and categorized the main topics addressed in the VNR reports from 2016 to 2023 through this text classification. This approach enables a comprehensive examination of countries' progress, priorities, and challenges in implementing the SDGs, contributing to a better understanding of global efforts toward achieving the Agenda 2030.

### **3.2.2 Reporting analysis and best practice**

Through the results extracted from the VNRs, analyzing specific themes such as the accounting and reporting ones, some practices emerged that many nations found interesting in developing the reviews and reporting for SDGs.

Firstly, the review outlines how integrating the Goals into country legislation, policies, plans, budgets, and programs, including any sustainable development strategy, has contributed to successfully implementing the SDGs and goals.

## **IDENTIFY AND PRESENT GAPS OR CHALLENGES**

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**CYPRUS – 2021**  
**SIERRA LEONE – 2021**  
**INDIA – 2020**  
**PAPUA NEW GUINEA – 2020**  
**MEXICO – 2018**  
**EGYPT – 2016**



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*Figure 7: VNRs with specific reference to the identification of gaps or challenges*

This would include examining policy coherence and interconnections. Countries are encouraged to be specific in identifying the main challenges and difficulties encountered in implementing the Sustainable Development Goals as a whole and how they plan to overcome those obstacles.

Specifically, the country can describe how policymakers coordinate across national planning, budgeting, finance, and investment processes, for example, to achieve a deeper, faster, and more ambitious response to their economies' challenges. Countries are encouraged, even in case of incomplete data, to provide, as far as possible, a root cause analysis of their SDG implementation challenges and ways forward, including how the engagement of different actors can help fill these gaps.

## ENGAGE LOCAL GOVERNMENTS

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**EGYPT – 2021**  
**INDONESIA – 2021**  
**IRAQ – 2021**  
**ARGENTINA – 2020**  
**UGANDA – 2020**  
**INDONESIA – 2019**  
**JAMAICA – 2018**



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*Figure 8: VNRs with specific reference to the engagement of local governments*

Countries could consider outlining how cities, local authorities and communities have pursued the 2030 Agenda and how they have supported their efforts. Countries could also refer to the significant efforts undertaken by local authorities and non-state actors to implement the goals, the role of scientists and academia in advising government, and the benefits of multi-stakeholder partnerships. (Sanches, Souza Junior, Massaro Junior, Povedano, & Gaio, 2023)

They are also encouraged to integrate a gender perspective into all report sections. (Oda, 2019)

Then, most of the reviews discuss how the three dimensions of sustainable development (economic, social, and environmental) are doing. Countries may report on national institutional arrangements for implementing the 2030 Agenda and the degree of cooperation with government structures set up to coordinate reporting to other international and regional bodies. (Oda, 2019)

## INTEGRATING 3 DIMENSIONS OF SD

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**REPUBLIC OF NIGER – 2021**  
**PARAGUAY – 2021**  
**BOSNIA AND HERZEGOVINA – 2019**  
**TONGA – 2019**  
**ROMANIA – 2018**



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*Figure 9: VNRs with specific reference to the three pillars of sustainability*

In this sense, the review could discuss how the analysis, guidance and recommendations of regional and international mechanisms have been incorporated into national frameworks and policies in support of the integrated implementation of the SDGs and how sustainable development policies are being designed and implemented to reflect this integration, including an analysis of the relevant interconnections between the objectives and targets.

This may also include a review of progress and initiatives related to that year's T-Level Policy Forum theme.

Furthermore, the review could also assess how the principle of leaving no one behind has been integrated into the implementation of sustainable development goals. This would also address how this principle has been translated into concrete actions to address inequalities and discrimination, as well as efforts to ensure inclusive and effective participation in implementation efforts.



## **FACILITATE MULTI-STAKEHOLDER ENGAGEMENT**

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**CYPRUS – 2021**  
**CZECH REPUBLIC – 2021**  
**DOMINICAN REPUBLIC – 2021**  
**MARSHALL ISLANDS – 2021**  
**MEXICO – 2021**  
**THAILAND – 2021**  
**SAMOA – 2020**  
**MAURITIUS – 2019**  
**BENIN – 2017**  
**MALAYSIA – 2017**



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*Figure 10: VNRs with specific reference to multi-stakeholder engagement*

In this regard, the review could detail how the most backward individuals and vulnerable groups have been identified, including through improved data collection and disaggregation, as well as what policies and programs are being implemented to meet their needs and support their accountability.

Countries are encouraged to go beyond social policies and include macroeconomic policies and technologies that impact the situation of the most backward and provide support for the social and economic inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion, or economic status or whatever.

## **COMMUNICATION TO EXTERNAL PARTS**

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**JAPAN – 2021**  
**SPAIN – 2021**  
**NIGERIA – 2020**  
**ALGERIA – 2019**  
**GUATEMALA – 2019**  
**IRAQ – 2019**  
**PAKISTAN – 2019**  
**BAHAMAS – 2018**  
**JORDAN – 2017**  
**THAILAND – 2017**  
**TOGO – 2017**  
**ZIMBABWE – 2017**  
**NORWAY – 2016**  
**REPUBLIC OF KOREA – 2016**



*Figure 11: VNRs with specific reference to the importance of the communication and integration of external subjects*

The review often provides information on how the country has adapted its institutional framework considering the 2030 Agenda. This could include information on how the views of different ministries, agencies, levels of government and non-governmental stakeholders, including representatives of vulnerable groups, have been mobilized about the 2030 Agenda and how their views are considered.

## **INSTITUTIONAL SET UP AND DRAFTING REPORTS**

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**GHANA – 2019**  
**LESOTHO – 2019**  
**UNITED KINGDOM – 2019**  
**CABO VERDE – 2018**  
**GREECE – 2018**  
**GUINEA – 2018**  
**STATE OF PALESTINE – 2018**  
**CHILE – 2017**



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*Figure 12: VNRs with specific reference to the institutional set-up*

Countries may also consider including information on the institution(s)/mechanism(s) responsible for coordination and mainstreaming for implementing the 2030 Agenda, their interaction with relevant national bodies, such as national planning bodies, oversight bodies or reporting and follow-up mechanisms. It could also include a reflection on how the country has ensured that the institutional mechanisms supporting the implementation of the SDGs are effective, accountable, and inclusive.

## **ENGAGING ACADEMIA (ALSO AS REVIEWER)**

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**NORWAY – 2021**  
**SAN MARINO – 2021**  
**PANAMA – 2020**  
**ISRAEL – 2019**  
**VANUATU – 2019**  
**DOMINICAN REPUBLIC – 2018**



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*Figure 13: VNRs with specific reference to the engagement of academia*

The review might highlight how it has been possible to mobilize institutions around the Sustainable Development Goals successfully; it improves their functioning, making them more responsive, accountable, and transparent, and promotes collaboration and change to achieve policy coherence and integration between sectors.

## **MONITORING AND DATA VISUALIZATION**

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**CZECH REPUBLIC – 2021**  
**DENMARK – 2021**  
**QATAR – 2021**  
**BULGARIA – 2020**  
**ESTONIA – 2020**  
**HONDURAS – 2020**  
**SWEDEN – 2020**  
**UKRAINE – 2020**  
**LAO PEOPLES DEMOCRATIC REPUBLIC – 2018**  
**LATVIA – 2018**  
**SWITZERLAND – 2016**



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*Figure 14: VNRs with specific reference to the monitoring process and data representation*

Information can also be provided on how responsibility is shared between the various levels of government (national, sub-national and local) for a coherent implementation and review of the 2030 Agenda. This specific could highlight what has been done to ensure that the relevant data, information, and analysis are systematically collected, shared, analyzed, and used across all sectors and how this has contributed to the implementation of the SDGs.

## **ENGAGE SUPREME AUDIT INSTITUTIONS**

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**AZERBAIJAN – 2021**  
**COLOMBIA – 2021**  
**SOLOMON ISLANDS – 2020**  
**CROATIA – 2019**  
**HUNGARY – 2018**  
**DENMARK – 2017**



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*Figure 15: VNRs with specific reference to audit interventions*

It would be helpful to highlight how the country reviews progress in implementing the Sustainable Development Goals, including the mechanisms for monitoring and evaluating policies and measures.

The review could also highlight if and how the preparation and follow-up of VNRs are integrated into these ongoing processes. (Allen, Metternicht, & Wiedmann, 2021)

At this point of the analysis, it would be desirable to find in the reviews descriptions of the critical difficulties encountered in achieving them and how they could be addressed by referring to the data provided in a statistical annex.

## **SPECIFIC SDG-ORIENTED BUDGETS**

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**MALAYSIA – 2021**  
**FINLAND – 2020**  
**COLOMBIA – 2018**  
**BELIZE – 2017**  
**EL SALVADOR – 2017**  
**JAPAN – 2017**



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*Figure 16: VNRs with specific reference to SDGs oriented budgets*

The review could indicate whether a baseline for the (Goals Nations, 2015) has been established and, if not, what the remaining barriers to doing so are.

United Countries are encouraged to review all 17 SDGs; however, some could be addressed in more depth, for example, to illustrate innovative policies to achieve objectives or examples that could be particularly interesting for peer learning in an international or regional context. Considering goals could focus on trends, successes, challenges, emerging issues, and lessons learned and describe actions to address existing gaps and challenges. (Allen, Metternicht, & Wiedmann, 2021)

It could support the identification of gaps, solutions, best practices, synergies, trade-offs, spillovers, and areas that require advice and support from other countries or institutions.

## **REPORTING ON THE IMPACT OF COVID-19**

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**ANTIGUA AND BARBUDA – 2021**  
**BHUTAN – 2021**  
**CHINA – 2021**  
**JAPAN – 2021**  
**URUGUAY – 2021**  
**ZIMBABWE – 2021**



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*Figure 17: VNRs with specific reference to COVID-19 impact*

The review can look at agreed global SDG indicators and related targets. However, countries can also refer to complementary national and regional indicators; they should also be based on empirical evidence to have concrete elements to measure progress. (Costanza, et al., 2016; Breuer & Leininger, 2021)

## **IDENTIFYING STRATEGIES AND PRACTICES**

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**SWEDEN – 2021**  
**NEPAL – 2020**  
**SPAIN – 2018**



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*Figure 18: VNRs with specific reference to the identification of strategies*

Countries submitting the second and subsequent voluntary national reviews could report on the progress made and specific efforts undertaken to address the findings of the previous review. Countries could identify the steps they intend to take soon and in the coming years to accelerate progress towards the 2030 Agenda. (Oda, 2019; Breuer & Leininger, 2021)

Moreover, the review can discuss how the means of implementation are mobilized (e.g., funding, technology, capacity building), what challenges this process faces and what resources are needed to implement the 2030 Agenda, looking at the full range of sources of funding (public/private, national/international) and non-financial means of implementation, such as capacity building and needs for data, technology and partnerships.

### **VNR VALIDATION BY AUTHORITIES**

---

**AZERBAIJAN – 2021**  
**COLOMBIA – 2021**  
**NORWAY – 2021**  
**TUNISIA – 2021**  
**COSTA RICA – 2020**  
**GEORGIA – 2020**  
**NIGERIA – 2020**  
**PANAMA – 2020**  
**SOLOMON ISLANDS – 2020**  
**CHAD – 2019**  
**CROATIA – 2019**  
**VANUATU – 2019**  
**HUNGARY – 2018**  
**DENMARK – 2017**



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*Figure 19: VNRs with specific reference to validations by authorities and institutions*

Countries could develop their financing strategy/integrated national financing framework, where applicable, and the appropriate policies and reforms in place to finance their strategy.



## LEAVING NO-ONE BEHIND

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**ANGOLA – 2021**  
**CABO VERDE – 2021**  
**GERMANY – 2021**  
**NICARAGUA – 2021**  
**BRUNEI – 2020**  
**KYRGYZ REPUBLIC – 2020**  
**REPUBLIC OF MALAWI – 2020**  
**TRINIDAD AND TOBAGO – 2020**  
**REPUBLIC OF ZAMBIA – 2020**  
**GUYANA – 2019**  
**MONGOLIA – 2019**  
**TUNISIA – 2019**  
**FEDERAL REPUBLIC OF ETHIOPIA – 2017**



*Figure 20: VNRs with specific reference to "leave no one behind"*

Finally, the review could indicate how financial systems, statistics, and resource allocation are aligned to support the delivery of the 2030 Agenda and its commitment to leaving no one behind. (United Nations, 2015) Domestic resource mobilization coverage could include private sector input.

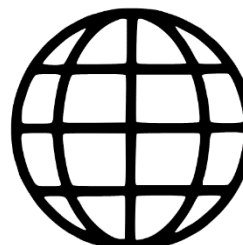
Countries are encouraged to cover technology, identify concrete technology and capacity building and data needs, and input from multi-stakeholder partnerships. Countries could also provide an overview of the institutional set-up and coordination mechanisms (within government and with other stakeholders) that help implement the funding strategy. Donor countries could describe how they have revised their development cooperation guidelines to align with the 2030 Agenda.

Countries are encouraged, also by guidelines, to include an annex with data, using the SDG global indicators and adding regionally and nationally identified priority indicators where appropriate.

## **ASKING FOR INTERNATIONAL SUPPORT**

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**CUBA – 2021**  
**LAO PEOPLE'S DEMOCRATIC REPUBLIC – 2021**  
**BANGLADESH – 2020**  
**ESWATINI – 2019**  
**PHILIPPINES – 2019**  
**UNITED KINGDOM – 2019**  
**GERMANY – 2016**



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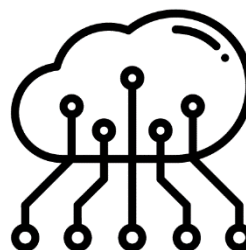
*Figure 21: VNRs with specific reference to requests for international support*

They can highlight whether statistics, including gender statistics, have been collected by the national statistical system and identify the main gaps in official indicator statistics.

## **PRESENTING NON-OFFICIAL DATA SOURCES**

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**SIERRA LEONE – 2021**  
**KAZAKHSTAN – 2019**  
**UGANDA – 2016**



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*Figure 22: VNRs with specific reference to non-official data sources*

### 3.2.3 Analysis results and future addresses

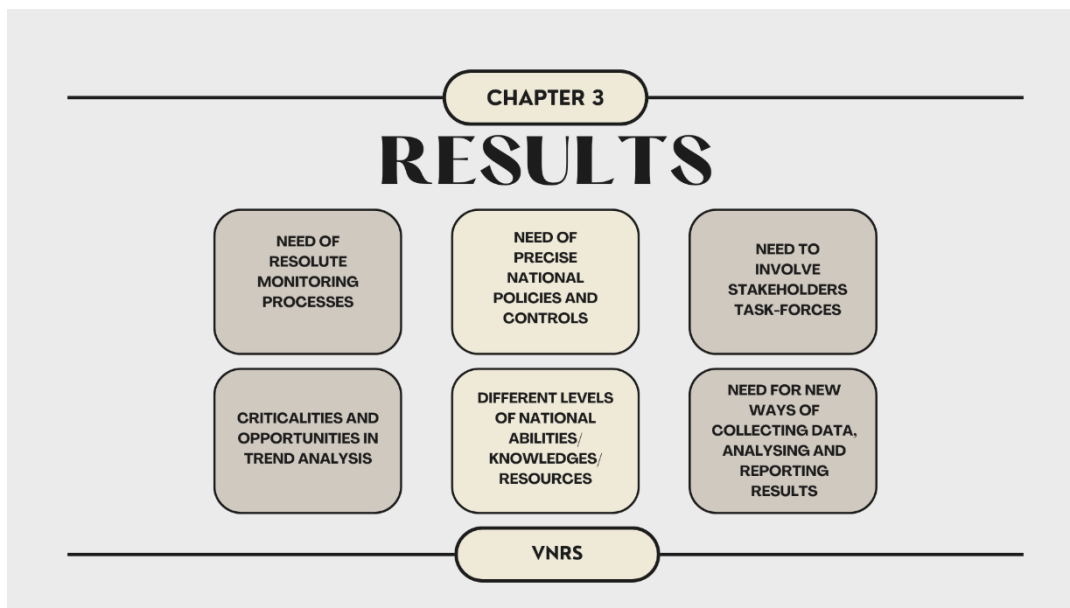


Figure 23: Results from the first analysis

Regarding governance, countries have highlighted the importance of having a resolute supervisory and coordination body to monitor the planning and financing of the SDGs. Such bodies need high-level leadership and should facilitate coordination at all levels of government while promoting multi-stakeholder dialogue to engage the private sector and other actors. Countries that had established high-level coordination mechanisms explained that they used existing mechanisms and forums.

Another lesson highlighted by Nations was that governance initiatives should include building the capacity of parliamentarians to support their ability to monitor and review budget and SDG implementation.

Overall, the discussions highlighted the challenges many countries still face in gathering all relevant information on financing for sustainable development. This underlines the role of institutional arrangements in facilitating collaboration within and outside national governments.

Countries also indicated that they would need further assistance to better align medium- and long-term plans with budgeting processes and less traditional forms of financing the SDGs. Countries also highlighted the significant additional challenges created by the COVID-19 pandemic (ASVIS, 2020) and how this has highlighted the need to incorporate risk into financing strategies better. (Ranjbari, et al., 2021)

The role of national statistical offices in monitoring the SDGs and some of the challenges in relation to data collection for VNRs. They are noted ways that countries can strengthen their national statistical capacity for evidence-based VNRs, such as creating data collection and reporting properties by designating the national statistical office as coordinator of the national statistical system; using technology to improve data collection, analysis and accessibility; mobilization and assistance from partnerships and other stakeholders; and identification of non-traditional data sources to fill data gaps.

With the adoption of the 2030 Agenda, the Member States pledged to leave no one behind and to catch up first with those furthest behind. However, those that are further behind should be counted.

VNRs should be not only for voluntary presentations but also an opportunity to show political will, strength of cooperation and internal coordination for the implementation of the 2030 Agenda and for peer learning on best practices.

Botswana's VNR, for example, stressed in 2020 that the most important and rewarding step in the process is the national preparation process. The VNR process is not only about presentations to the HLPF but is also significant as an inclusive internal consultation process rather than a one-off event. The VNR process is a key opportunity

to involve all branches of government and stakeholders, thus promoting a 'whole government approach' and reaching out to local authorities and all stakeholders. Submitting countries need to honestly assess where they stand nationally in implementing the SDGs.

Countries need to be encouraged to use the VNR preparatory process as a catalyst to accelerate economies' recovery from the devastating impacts of the COVID-19 pandemic and build back better.

One hundred sixty-eight countries have submitted a VNR at least once since 2016. Their reviews have provided an essential source of lessons learned and experience in implementing the SDGs.

Some of the best practices shared in VNRs include:

- Use the UN Guidelines as a framework, and share the guidelines, timetable, reporting media and sources with all involved.
- Integrate sustainability assessment into national policy planning, budgeting, and reporting, and incorporate the relevant information in the monitoring and review processes.
- Creation of a national task force including government, national assembly, private sector, universities, civil society organizations, NGOs, development partners, youth, and women. The task force aims to coordinate the entire VNR process, including drafting a roadmap and overseeing its implementation.

National reporting will improve the national process if the reporting is rigorous and is written by multiple stakeholders. The main challenges in preparing these reports include:

- Gaps in the data, their collection and use, and the subsequent archiving and recovery.
- Using the VNR for one's political gain rather than for common goals.
- Lack of clear and common rules agreed by consensus among all stakeholders from the outset.
- Language and presentation are understandable even for non-expert readers.
- Incorporate something new, such as a tool, a monitoring or reporting system, or a survey, to make VNR more attractive and promote VNR to contribute to national implementation.

A review of the report preparation processes would also be essential. It is highlighted, even within HLPF conferences, that it would be necessary to proceed with the drafting of the VNRs, starting from reviewing and incorporating the material received, including the data; following to secure missing material or further analysis; preparing the zero draft, including identification of remaining gaps, together with stakeholders; carry out quality control, allowing time to discuss controversial issues; circulate the draft internally and establish a period for public comments; provide opportunities for interested parties to comment and integrate comments at all stages of drafting; organize the English translation and the design and layout.

Therefore, it is observed that the main advantages of the VNRs derive from the preparation at the national level. VNRs can be used to identify data gaps and assess statistical capability. (Breuer & Leininger, 2021)

VNRs can help countries articulate policy priorities and adjustments, particularly considering the impact of COVID-19. VNRs can help mobilize support and funding for implementing the 2030 Agenda. He noted that some countries have used VNRs to conduct cost analyses of the SDGs and to create Integrated Financing Frameworks (IFFs) to mobilize resources for the implementation of the SDGs. VNRs can be used to identify groups at risk of being left behind and develop new ways of consulting civil society.

Countries could consider collaborating with other VNR countries to share and compare review processes. Each subsequent VNR may bring continuity, building on previous reviews and seeking to provide deeper analysis explicitly by drawing on gaps and challenges highlighted through previous reviews.

If the challenges identified in the first VNR persist, subsequent VNRs can elaborate on which measures, policies or alternative solutions can be considered and what impact those measures have had. Successive VNRs also offer the opportunity to optimize existing mechanisms, national policies, and practices and to develop short-, medium-, and long-term strategic plans to pursue sustainable development.



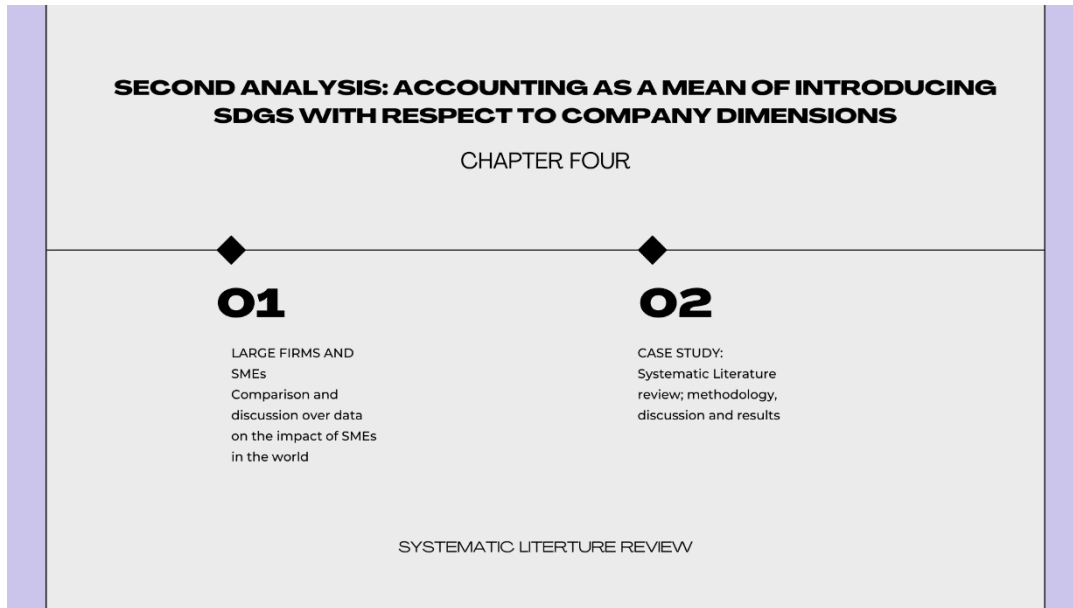


## **Chapter 4: Accounting as a Mean of Advancing SDGs in SMES**

4.1 Large firms vs SMEs: powers and differences - 4.2 Second level of analysis: SDGs and SMEs, what is the role of accounting? - 4.2.1 Methodology - 4.2.2 Discussion of the case - 4.2.3 Analysis results and future addresses

The 2030 Agenda, adopted by all United Nations Member States in 2015 (United Nations, 2015), demonstrates a shared level of awareness of the urgency to reconcile economic prosperity with the principles of environmental sustainability and social inclusion. As stated by the United Nations in 2015 and also underlined in literature, as in the work of Cavagnaro and Curiel (2012), the ultimate goal of sustainable development is to guarantee a better quality of life for everyone, both today and for future generations, pursuing Responsible economic growth, fair social progress and effective protection of the environment. To achieve this higher level of conscientiousness, governments, institutions, and organizations need everyone's cooperation to create better quality for everyone.

However, seven years after the adoption of the SDGs, there is still a significant debate among scholars on this theme relating to the right way to understand and share the education and techniques that will help achieve the objectives of the SDG (Babbington et al., 2017; Babbington & Unerman, 2018; Caido et al., 2018; Rosati & Faria, 2018). Most of the attention on this topic is linked to large companies, while SMEs (SMEs) are often neglected despite their potential relevance in achieving sustainable objectives at both the local and global levels (Aicpa et al., 2011; Falle et al., 2016; Azudin & Mansor, 2018; Asvis, 2019; Hoshino et al., 2020; Maldonado-Erazo et al., 2020).



*Figure 24: Topics in Chapter 4*

#### ***4.1 Large firms vs SMEs: Powers and differences***

In a Mondopmi report (2019), specific data on the environmental impact of SMEs, estimated from 60% to 70% of all industrial pollution, were collected, showing that "although the individual impact of each SME can be limited, collectively, the sector has significant potential (Corbetta & Montemerlo, 1999) to make cuts to satisfy government commitments on carbon emissions and the use of energy (Mondopmi, 2019). Although it should be important that any initiative focused on the involvement of the SME sector takes into account the differences between micro, small and medium-sized enterprises (Acca, 2012), in this work, the main differences between SMEs and large companies were considered, considering the SMEs any company with several employees of less than 250 people with total revenues of less than 50 million Euro (European Commission, 2003).

Starting from the issue of the size of the companies, for some authors, the size of the companies is not the main question. Falle et al. (2016) said that the strategic management of sustainability could help to maximize profits, such as reducing the use of rare resources or increasing the benefits for stakeholders in any company. However, studies such as Pekovic and Rolland (2020) and Pizzi et al. (2021) have suggested that the company's size is a contextual factor influencing sustainable innovation oriented to the customer. Although they have fewer resources (Aguilar-Fernández & Otegi-Holla, 2018), SMEs have recognized that "integration is an indispensable factor for innovation and sustainability." In the article by Choi et al. (2018), three reasons are summarized for studying SMEs: (a) the economic importance of SMEs, (b) large companies are becoming entrepreneurial, and (c) their characteristics.

Furthermore, it is not uncommon for SMEs to have a close link between the company itself and the territory in which they operate (Balluchi et al., 2011; ASvis, 2018; 2019), and this helps them to a deeper understanding of the environment's exterior in which they operate and to better understand the most significant aspects that must be implemented. How the great importance of SMEs has been demonstrated both in economic terms and in the field of sustainability may surprise that the SMEs "have been relatively marginalized in the debate on sustainability and corporate social responsibility, (Nigri & Del Baldo, 2018) and relatively ignored in the academic research on the CSR (Maldonado-Erazo et al., 2020) and on the high level of political initiatives "(Aicpa et al., 2011; Babbington et al., 2014). According to Spence (as mentioned in Hopwood et al., 2010), it is more likely that the personal values of the owners in the manager Determine CSR's activities in SMEs than in large companies. Extending these results could integrate the idea that sustainable development activities

in SMEs are determined by owners-generators based on their personal beliefs and moral principles. SMEs, such as those mentioned above, tend to be "local and integrated into the community" (Choi et al., 2018), influencing their decisions because of their reputation. SMEs need more resources to be encouraged to invest in sustainable techniques. Extending the reflection on CSR to the general question of sustainability (Venturelli et al., 2018; Van Marrewijk, 2003), it is less likely that they respond to the strategic and marketing potential of sustainable techniques since SMEs do not tend to develop formal standards, which do not allow managers and scholars to detect the level of integration sustainable correctly. SMEs are less subject to environmental regulations than larger companies and, due to their organizational structure, comparing laws, practices and techniques is extremely difficult (Aicpa et al., 2011; Aguilar-Fernández & Otegi-Holla, 2018; European Commission, 2019; Maldonado-Erazo et al., 2020). The ASAP report (2019) showed that SMEs could be interested in participating in accounting practices and sustainability reporting to save money or follow legislation.

In Aicpa, Cica, and Cima (2011), the critical elements for implementing sustainable commercial practices in SMEs are presented and discussed. Companies should (a) have a broad vision of sustainability; (b) define in detail what sustainability means for one's company; (c) involve all interested parties; (d) remember that they are not alone; (e) establish responsibilities and communicate widely; (f) proceed step by step; (g) carry on the speech; (h) sustainability as a means for profit; (i) measure, monitor and review; and (j) invest in the future. All companies had the necessary relationships with an accountant for compliance with the law (Acca, 2010), and studies

have shown that most owners-dealers had entrusted the advice of non-compliance with their accountants. (Saraswati, Erel, & Anjani, 2021)

Recent data from the European Commission have highlighted SMEs' enormous impact on the world trade economy. Understanding the role of SMEs in the game of sustainable development and SDGs and the tools they need to expand their potential must be a global question (Azudin & Mansor, 2018; Choi et al., 2018; Asvis, 2019; Cardoni et al., 2020) for the enormous and fundamental weight they have in the world economy (European Commission, 2019).

SMEs represented 99.8% of all companies in the EU-28 non-financial companies (NFBS) sector, generating 56.4% of the NFBS added value and 66.6% of NFBS employment. Overall, the NFBS represented 54.5% of the EU-28 GDP and 61.4% of the total EU employment of the EU. (European Commission, 2020). Expanding the context, SMEs constitute about 97–99% of companies and work at 50–70% of the workforce in the United States, the United Kingdom, Germany, the EU, Asia, and other regions (Choi et al., 2018).

By focusing attention on Italy over the last few years, this observation is confirmed by the data provided by the National Statistical Institute, according to which only companies with less than 20 employees amount to about 4.3 million units, for a total of approximately 10 million employees and a total added value of around 318 billion euros (Istat, 2020).

In this dimensional class, the Italian production structure brings together 99% of the total companies, 81% of the employed, and 70% of the turnover. As regards the production sectors, the service sector is the predominant one (Istat, 2021). In fact,

companies are no longer within the national markets only but expand their boundaries outside, and the impact that companies have, therefore, is no longer limited only to the nation or the sector to which they belong but also compared to international choices, especially with a perspective of collaboration towards sustainable goals.

#### ***4.2 Second level of analysis: SDGs and SMEs, what is the role of accounting?***

Observing the aforementioned specific differences between SMEs and large companies (not only for the dimensions but also for all the intrinsic characteristics of which SMEs are made) means that the results of the research, the studies and the protocols of large companies are no longer applicable to the organizations structures in which most of the population works. Although there are many reviews and meta-analyses on sustainability practice-performance relations for large companies, reviews on SMEs could be more varied. (Malesios et al., 2021)

For these reasons, it is indispensable to guide governments, businesses, and society towards including sustainable development in SMEs. A potential role in promoting sustainability could be attributed to SDGs, whose role is recognized in numerous accounting studies (Babbington et al., 2017; Aguilar-Fernández & Otegi-Holla, 2018; Babbington & Unetman, 2018; GRI, UNGC, 2018; Asvis, 2019; Sobkoviak et al., 2020). For their economic, social, and environmental impacts, SMEs are necessary to progress the 2030 Agenda for sustainable development.

##### **4.2.1 Methodology**

This analysis sees a quantitative approach focused on data and a qualitative approach focused on content. Both approaches try to connect the theme of the

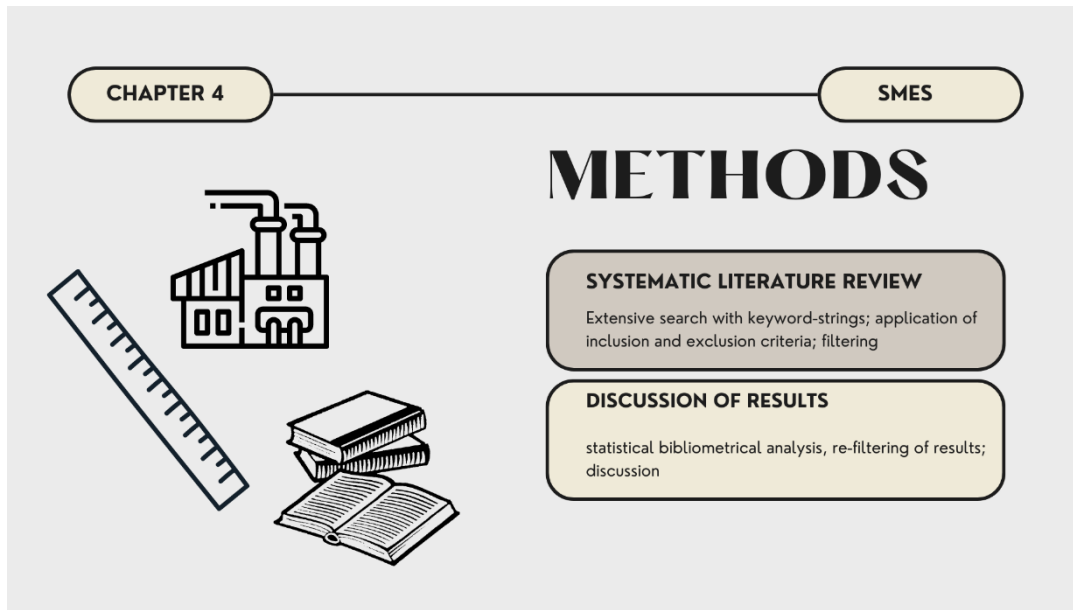


Figure 25: Methodology applied in Chapter 4

accounting discipline to the emerging and stimulating theme of the SDGs from the point of view of SMEs.

A systematic approach to a literature review has been used. To conduct the review, Web of Science (WoS) and Scopus databases were chosen due to the quality of their peer-reviewed journals (Chadegani et al., 2013; Gavel & Iselid, 2008).

The champion articles were collected with a systematic review of Scopus and Web of Science (WOS) databases.

The methods employed in this research study, incorporating qualitative and quantitative techniques, ensure a comprehensive analysis of the role of accounting and accountability concerning the purpose of the SDGs in SMEs. (Transfield et al., 2003)

This chapter focuses on two related theoretical aspects: the role played by SMEs in sustainable development and if and how accounting can help make the results of SDGs visible in SMEs. A systematic research process was first conducted to examine the two research issues and explore the primary studies.

This approach was chosen because (1) it allows you to conduct a more objective revision than the only review of traditional literature, and (2) it is considered the best option to investigate whether there could be a gap in the literature (Transfield et al., 2003). Consequently, a systematic revision of literature is structured in four phases: (a) selection of research questions, bibliographic database, and keywords; (b) definition and use of revision criteria for the inclusion/exclusion of relevant literature; (c) development and application of a methodological review protocol; and (d) synthesis of the results.

*(a). selection of research questions, bibliographic databases, and keywords*

During process one, the research applications were identified as: "What is the relevance pursued by SMEs in the SDG field?" Moreover, "What is the potential role of accounting in making the results of the SDGs visible in SMEs?"

The data, in particular articles and books/book chapters, were extracted from both WOS and Scopus, representing two primary databases in this specific academic field. The choice to use two databases was made after recognizing that the information found with only one needed to be completed. In the two options, a significant distortion of the documents was found. For this reason, it was agreed to integrate the results of both sources to develop more complete research.

The second step concerned the creation of the keyword strings. Observing some of the keywords of the main authors and considering the two research questions, the selected set of keywords and research strings has been identified by combining the PMI-SDGs-accounting triad:



- Keyword 1: ((“Account\*”) AND (“Sustainable development objective\*” OR “SDG\*”)))
- Keyword 2: (("Account\*") AND ("SME\*" or "small and medium enterprise\*"))
- Keyword 3: ((“Account\*”) AND (“Sustainable development objective\*” OR “SDG\*”) and (“SME\*” OR “small and medium enterprise\*”)))
- Keyword 4: (('account\*') AND ('PMI\*' OR 'small media enterprise\*') AND ('CSR' or 'corporate social responsibility\*'))
- Keyword 5: (("account\*") AND ("SME\*" OR "small and medium enterprise\*") AND ("sustainable\*"))

*(b). Inclusion/exclusion criteria of relevant literature*

After the definition of databases, research questions and keywords, the inclusion/exclusion criteria in:

- Research areas in WOS: Economy and business management.
- Search areas in Scopus: business management and accounting.
- Research limits in both databases: Keywords authors, title, and topic.
- Language: English is the most representative language in international accounting magazines.
- Type of document: articles, books, and book chapters.
- Year of publication: At this level, time limits have occurred to the research process to acquire all the contributions developed between 2015 and 2023.

This period was selected because SDG entered into force in 2015, and to consider as many more Contributions as possible and to better define the

current picture, the contributions published in the first months of 2023 have also been considered. (Phillips et al., 2015).

This initial search retrieved 309 pertinent articles from 152 sources, using the keywords mentioned above either in the titles or abstracts or as keywords flagged in the articles.

*(c). development and application of a revision and methodological exclusion protocol*

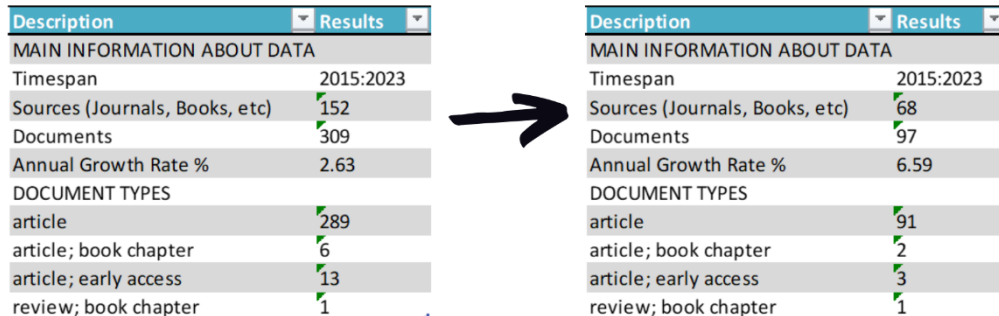
This process aims to understand and immediately highlight some of the primary information of the extracted documents and to understand if it may be necessary to have a second punctual filtering. (Aria & Cuccurullo, 2017)

After a first analysis of the database, it became clear to the author that an in-depth reading of each record was needed. Subsequently, it was considered that other filters were necessary in addition to the above considerations and to extract only inherent articles. We have decided to apply new inclusion/exclusion criteria as regards the presence of at least one of the specific terms in the titles, keywords or abstracts: SME\*, small and medium size enterprise\* small size\*, medium size\*, SDG\*, sustainable development goal\*.

After the latter filtering, the number of documents found was 97 (listed in Appendix B)

## MAIN INFORMATION

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Description	Results
MAIN INFORMATION ABOUT DATA	
Timespan	2015:2023
Sources (Journals, Books, etc)	152
Documents	309
Annual Growth Rate %	2.63
DOCUMENT TYPES	
article	289
article; book chapter	6
article; early access	13
review; book chapter	1

Description	Results
MAIN INFORMATION ABOUT DATA	
Timespan	2015:2023
Sources (Journals, Books, etc)	68
Documents	97
Annual Growth Rate %	6.59
DOCUMENT TYPES	
article	91
article; book chapter	2
article; early access	3
review; book chapter	1

Figure 26: Dataset Main information

It was decided to start a primary investigation of the data set by applying statistical analysis. With the Bibliometrix statistical software, some analyses of the K structure have been developed to improve data analysis through scientific mapping.

The primary information on data is collected in Figure 26.

The five main reference magazines in the database are (Figure 27): Sustainability, Journal of Asian Finance Economic and Business, Corporate Social Responsibility and Environmental Management, Journal of Entrepreneurship in Emerging Economies and Accounting Auditing and Accountability Journal.

# BRADFORD LAW

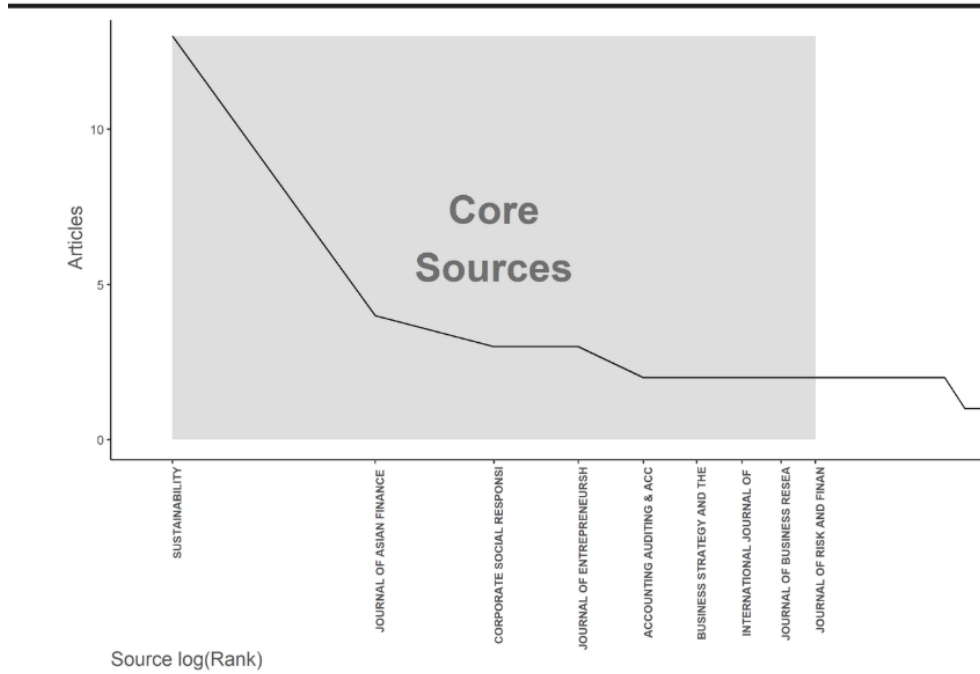


Figure 27: Bradford Law

Together, these magazines represent more than 30% of the magazines present in the data set and expressions of the central area of the topic. The contributions to the remaining individual magazines are marginal in numerical terms.

# MOST RELEVANT SOURCES

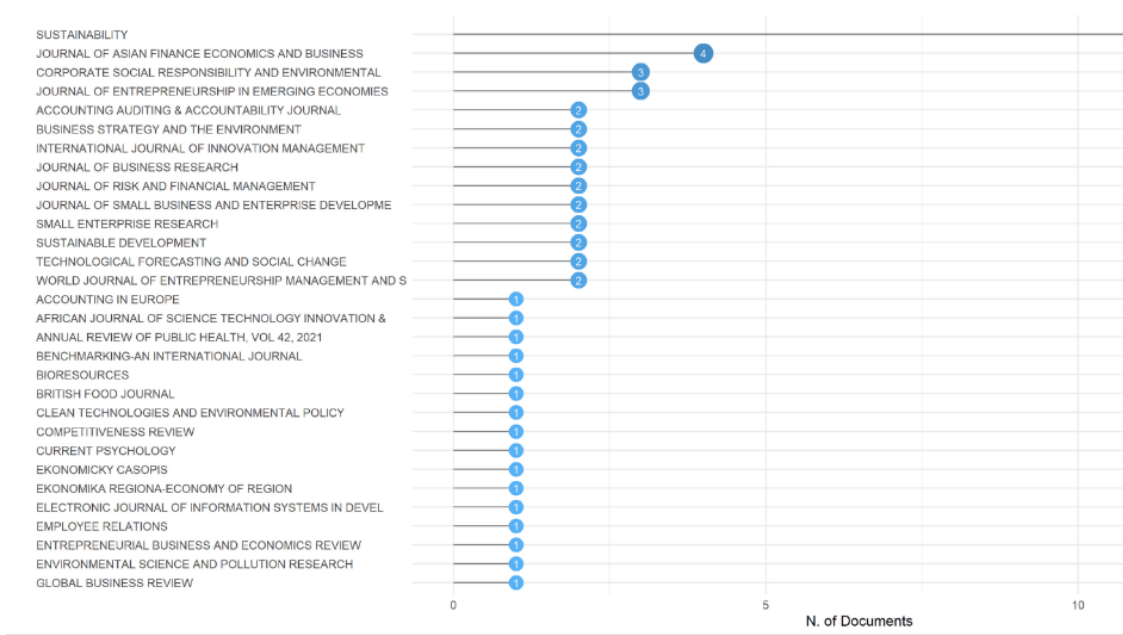
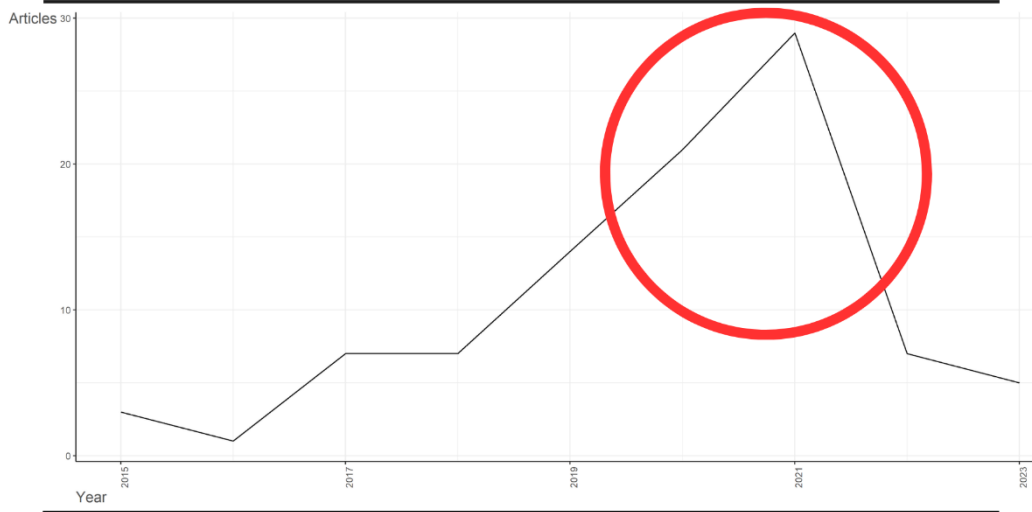


Figure 28: Most relevant sources

The centrality of magazines (Figure 28) is evident in the managerial area, while the first accounting magazines are still developing. This concerns the annual scientific production (Figure 29) and the relevant and increasing number of publications in 2020-2021.

## ANNUAL SCIENTIFIC PRODUCTION



*Figure 29: Annual scientific production*

To also consider the documents' context, Figure 30 and Figure 31 represent the national scientific production and the most cited states. The eastern part (China and India), North America, and Western Europe (Italy, Spain, and the UK) are among the states that produce or are cited the most within the dataset through publications that concern country-focused case studies.

## COUNTRY SCIENTIFIC PRODUCTION

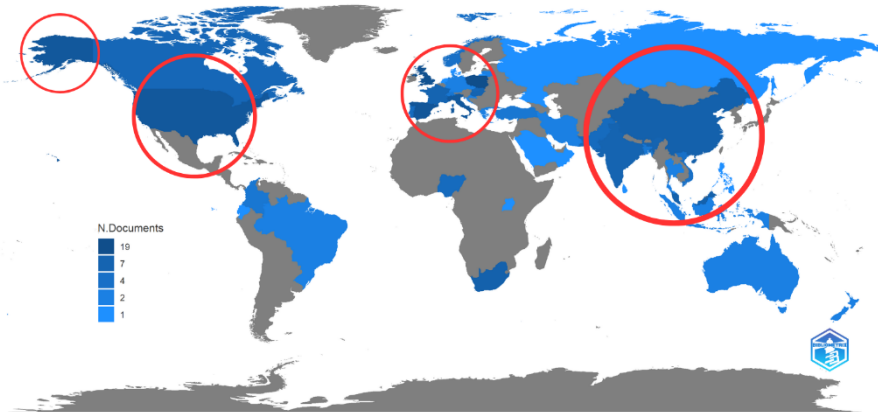


Figure 30: Country scientific production

## MOST CITED COUNTRY

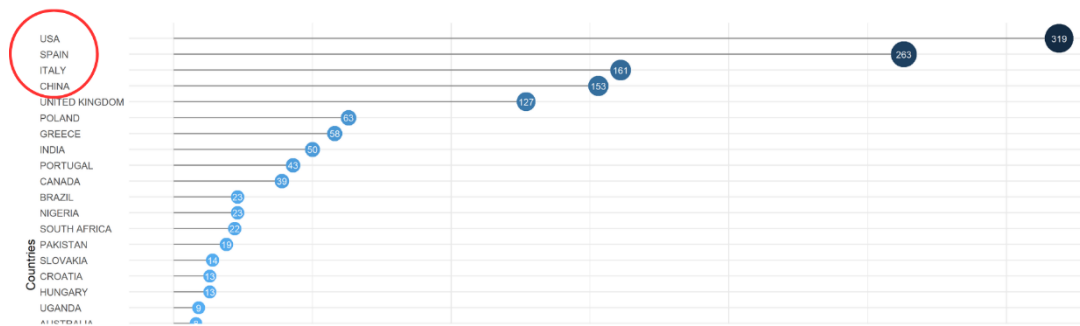


Figure 31: Most cited country

## WORDCLOUD

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*Figure 32: Word cloud*

Although wider research has been implemented, the field has increased only in recent years. At the center of the field is the "performance" keyword, as highlighted in Figure 32, in which a world cloud of the fifty more recurrent terms from the document represents their presence in the data set with different dimensions of the words.

Using the word clouds method, a visual representation of the terms' frequency counts in the data set is undertaken to identify sustainability practices and performance criteria. (Brockett R., 2012)

In this way, a more extensive visual representation of a particular term implies that it was used more frequently than the rest of the analyzed terms. Although the SMEs were a central research point, in this image, they have a marginal position in the discussion.

Moreover, it can be seen from the word cloud (Figure 32) that the term 'performance' is the most prominent. Performance is mainly focused on the economic and environmental structures of the companies' sustainability measurement. Hence,



there is a clear indication that most of the research in sustainability modeling of SMEs is focused primarily on measuring the economic performance and secondary the environmental performance, with much less attention being paid to the third pillar of sustainability, i.e., the social performance.

Terms that appear more frequently in the outcome part of the related models are associated with economic aspects of a company's performance, such as "financial," "operational," "cost," "profit," "market," "competitiveness," "quality" and "growth.". Also, frequently used terms are those of "innovation," "recycling," "customer," "manufacturing," "firm," "orientation," and "responsibility." A general finding from the above results is that prior research on SMEs' sustainability primarily investigates the causal effects of sustainability management practices related to environmental and social criteria with economic and environmental performance.

## THEMATIC MAP

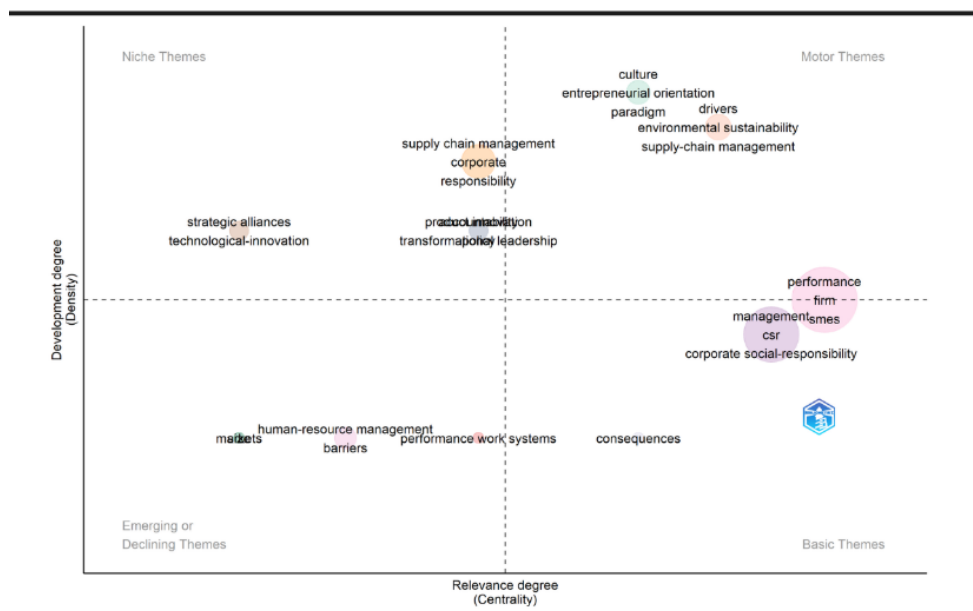


Figure 33: Thematic map

Considering the thematic map (Figure 33) of the documents under analysis, it is evident that among the driving themes, there are those concerning "culture," "leadership," and "entrepreneurial orientation," while among the niche ones "technological innovation": the figure above depicts a clearer view on the directions of mainstream of research, since that additionally to the previous word clouds, it further depicts frequencies of the examined associations between the practice criteria and the performance criteria, which most often appear in the reviewed papers.

This review reveals that most of the prior research emphasizes deriving the correlation between environmental and social practices with economic and environmental performance in SME businesses (Malesios, 2021)

Finally, the last step, the "d" synthesis of the results, will be illustrated and discussed in the results and discussion section, also combining the results of the subsequent search process.

#### **4.2.2 Discussion of the case**

Today, it is no longer enough to account for and report only through data or standards; it is necessary to find new methods that can help collect all the issues related to sustainability, which are both economic and non-economic, the two with the same salary in company decisions daily. (Bebbington, 2013)

Accounting companies and other governmental organizations also play a key role in supporting and promoting sustainable development, conducting environmental reporting analysis, and proposing useful and relevant sustainability reporting criteria. (Herremans & Nazari, 2016)

"Today's organizations are increasingly open to pressure to be more socially and environmentally responsible when they lead their activities. Accounting and reporting on social and environmental aspects has become widespread for most leading organizations."(Contrafatto, Burns, 2013)

The organizations are integrated into larger groups of organizations that can be defined in terms of product lines, markets, or size. The other organizations in the environment can influence the actions of a given organization both through network connections and various dependence relations.

Addiction refers to material resources and social relations involving legitimacy, competition, or cooperation. "In an organizational scope in which competition actions can have consequences for their market share, dependence also exists because the action of others will influence its position." (Powell, DiMaggio, 1191: 313)

Literature showed how sustainable development and the request for powerful accounting tools, reporting and review are increasing and becoming fundamental (Babbington et al., 2017; Babbington & Unetman, 2018; Sobkoviak et al., 2020). With growing awareness of the idea of sustainability and sustainable development, the need for an accounting system that could help nations could also have been raised, and therefore companies, in "counting, reporting and controlling" for sustainability. (Sturucu et al., 2018; Sinkovics, et al., 2021; Azudin & Mansor, 2018) Large companies are becoming more responsible regarding sustainability issues and must face legal obligations to report their impact on the environment ( Marco-Fondevila et al., 2018). On the other hand, for SMEs, this is optional. Therefore, there is a gap

between large companies and SMEs regarding sustainability accounting issues (Falle et al., 2016; Dalton, 2020). However, academic research still needs to recognize SMEs' value in sustainable development sufficiently. As shown above, new disciplines are still needed in SMEs to integrate sustainability and SDGs (Azudin & Mansor, 2018; Rosati & Faria, 2019; Caputo et al., 2021). The problems concern the high heterogeneity of SMEs, the limits in the data collected and analyzed in cases of study and gaps in the literature.

As pointed out in the work of Drury (2008), "Accounting is the process of identifying, measurement and communication of financial information (non-financial) on an entity to allow information and decisions informed by users of information". It follows that accounting is not only a valid tool capable of focusing the attention of management on fundamental aspects but also a necessary tool to measure and return a value. Therefore, accounting is a language through which economic and non-economic information is communicated to subjects who are interested in an entity's activity. Gray et al. (1995) and large-González et al. (2001)

They said that accounting, for sustainability, is a window within the organizations through which the outside world can see companies. It can also empower the interested parties and stimulate company change. Following the idea that sustainability must be implemented in the reports and regulations of the countries (Qin et al., 2019), there is also the need for sustainability procedures which, starting from the organizations, can lead to a greater awareness of practices and methods (from Silva and Imoniana, 2021).

This could help countries to obtain sufficient information to achieve sustainability objectives (Contrafatto & Burns, 2013; Kareem et al., 2021). Furthermore, accounting professionals, their knowledge, role, and ethical commitment to place financial and management accounting in the planning and implementation of SDG (Rosati & Faria, 2019; Dalton, 2020).

As pointed out in the literature, the need for accounting research in the SDG field is emerging. In this regard, Babbington and Unetman (2018) said: "The problems covered by other SDGs do not yet seem to have stimulated research projects related to accounting but could be potential sites for future interactions".

Although the accounting profession is regulated and despite numerous accounting and reporting standards, the differences between traditional accounting and reporting toward sustainable development and reporting still need to be overcome. (Sturucu et. Al, 2018)

IFAC members concluded that accountants must be more active in promoting sustainability as a long-term approach to corporate services. (Hasle, Bager, & Granerud, Accountants as an intermediary for health and safety in small enterprises, 2010) "The organization's framework for sustainable development has three interacting perspectives: corporate strategy, operational and reporting.

The operational perspective concerns how organizations can achieve strategic objectives incorporating sustainable development. This perspective covers all performance and change management areas in the pursuit of sustainable development ". Since organizations often require commitment and time to achieve long-term sustainable development, the internal perspective offers a guide in achieving some

ways to obtain quick and straightforward short-term rewards. (Allen, Metternicht, & Wiedmann, Initial progress in implementing the Sustainable Development Goals (SDGs): a review of evidence from countries, 2018) The efforts to obtain the reduction of waste and energy are excellent examples of some short-term gains.

The internal structuring of the organization is both a source of great power and, at the same time, a constraint to action. "The formal authority refers to a position in a hierarchical structure, while the informal authority refers to claims by the actors of power and skills that potentially allow them to direct the organization's resources." (Powell and DiMaggio, 1991: 313) In this regard, changes in organizational objectives can only occur when a new set of actors acquires power or when it is in the interest of these powers to alter the organization's objectives.

Another necessary condition to get to the result (the achievement of SDGs in SMEs) is the involvement of top management. The management and entrepreneur are the designers of the mission's reorientation from maximizing profits to optimizing value (Del Baldo, 2009; Yadav et al., 2021; Gerwanski, 2020).

Sustainability in this work could sometimes be disconnected from economic performance (Azudin & Mansor, 2018; ASAP, 2019; Cho et al., 2020; Azmat et al., 2021; Caputo et al., 2021). Although it becomes "sustainable," this could be seen as an introduction into corporate life as a "new process to be implemented" through correct procedures. The revision and reporting are necessary to highlight the correctness and errors that occurred; Otherwise, the company could not discover any usefulness from implementing the process itself. (Herremans, Nazari, & Mahmoudian, 2016) In addition, the process through which an audit is conducted questions the solidity of an

organization's internal controls and processes (Johnstone, 2020), providing an external perspective and precious feedback and creating external value for the company in the perception of the company. (Yadav et al., 2021; Yáñez-Araque et al., 2021)

In Del Baldo (2012) there is a further distinction, that concerning the managers, “the entrepreneur is rarely motivated by purely economic factors, [...] experiences wider stimuli from a social point of view, is characterized by a strong identification with the organization and receives a personal power linked to authority, as is typical in Stewardship Relations”.

On the contrary, the research suggested that when SME managers perceive sustainability as a strategy, they undertake sustainable actions in their companies (Stal & Babri, 2018). Therefore, always in SMEs, the transmission of values is simplified by the organizational structure (Gerwanski, 2020), which, as regards personal entrepreneurial and managerial beliefs, can be conducted through the issues of sustainability (Del Baldo, 2009; Caputo et al., 2021).

Educational interventions could be a starting point to convey the problems of sustainability and SDGS (Huebscher et al., 2022) in the realities of SMEs (Swirko et al., 2021). However, in the interaction between educators and entrepreneurs or managers, "Power matters how knowledge and educational interventions are little studied, especially when they are led by the University" (Stal & Babri, 2018).

### 4.2.3 Analysis results and future addresses

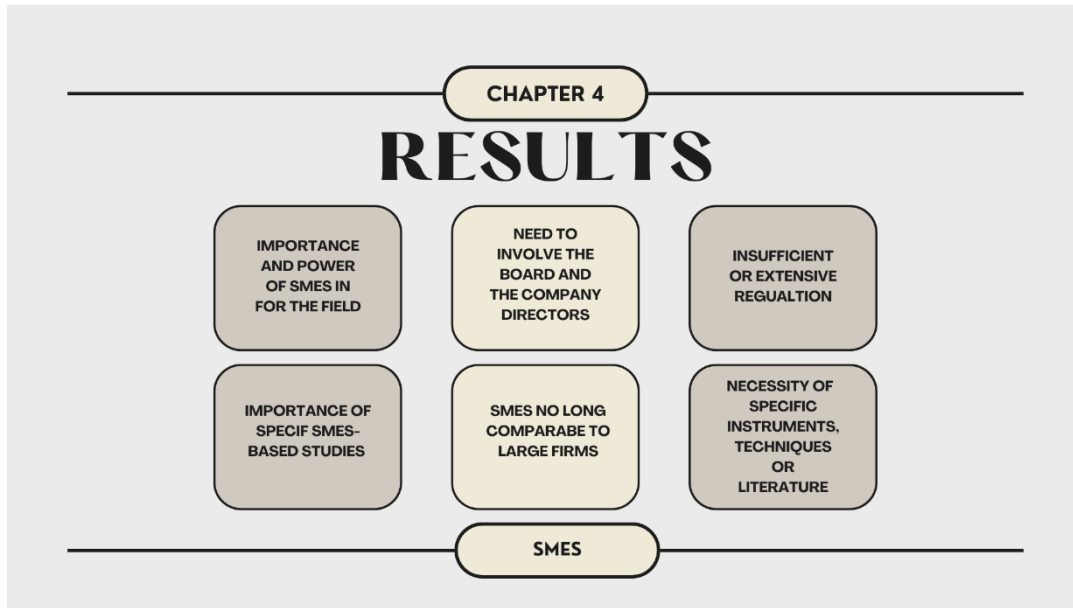


Figure 34: Results from the second analysis

Since the seventies, with the first conference on sustainability held in Stockholm by the UN, the world has tried to reach different goals, and the nations have tried through agreements and protocols to modify the countries' regulations to support sustainable growth.

Despite this, the succession of new conferences and protocols has shown a growing necessity (Bebbington & Larrinaga, Accounting and sustainable development: An exploration, 2014) not only to define increasingly specific objectives but also to find tools for their measurement and reporting suitable for the purposes listed above (United Nations, 2015; Asvis, 2019; Sachs et al., 2019; Papadimitriou et al., 2019).

About Agenda 2030 and its 17 SDGs, the 2020 United Nations Report and the relative audit document have shown that even today. However, more than six years have passed since defining the objectives and targets, and there are no correct indices,



valuable tools, and techniques for an effective and comparable analysis. In addition, it also emerges that the collected data (especially those of the early years) are influenced by previous regulations (for example Millennium Goals) and therefore that the actual results referable only to SDG cannot yet be measured adequately.

To the extent that becoming "sustainable" could be seen as an introduction into corporate life as a "new process to be implemented" through correct procedures, the audit and reporting are necessary to highlight equity and errors (Allen et al., 2021; Pflieger et al., 2005);

Otherwise, the company would not be able to discover any usefulness from the implementation of the process itself (Babbington & Unetman, 2018; Marco-Fondevila et al., 2018; Al-Htaybat et al., 2019).

As shown above, new disciplines are still needed to integrate sustainability and SDGs in SMEs. One of the priorities is to create personalized standards for sustainability in SMEs, align the existing standards, and guarantee comparability (Acca, 2012) regarding their impact mentioned above, which could impact achieving the SDGs' objectives and objectives.

For this reason, accounting could be a tool capable of making the challenges of sustainable development visible (Sobkoviak et al., 2020). Stanescu et al. (2018) said that the accountant profession should reconsider and renew its contribution to achieving SDGs and involve all the phases of the decision-making processes in companies.

Professional accountants are becoming increasingly important for organizations (Hasle et al., Small enterprises–Accountants as occupational health and

safety intermediaries, 2010), as they are uniquely positioned to cross all departments and areas of activity. In the literature, it is believed that accounting (and responsibility), as a discipline and scholarship, must expand its boundaries and become even more interdisciplinary (Babbington & Unetman, 2018; Hopwood et al., 2010; Van Staden et al., 2011; Tregidga et al., 2012; Parker, 2011; Lehman & Kuruppu, 2017). Developing a profound understanding of what SDG can strategically enhance an organization could lead to new business opportunities.

For Hopwood et al. (2010) and ASAP (2019), Integrating SDGs in corporate strategies can facilitate the development of innovative solutions to deal with global challenges and innovate the business model. (Aureli, Del Baldo, Lombardi, & Nappo, 2020)

To achieve these results, the focus will undoubtedly be on the request for accounting techniques and reporting methodologies more oriented to sustainability. (Acca, 2012; Falle et al., 2016; Babbington et al., 2017; Babbington & UNEMAN, 2018).

This could represent a challenge not only for SMEs but also for the profession of accountant, since up to now, entrepreneurs and accountants have faced many problems translating costs, impacts, and results in comparable sustainability data. However, three Main techniques represent the leading way to introduce sustainability in SMEs: Scorecard of the Sustainability Budget (Fallen et al., 2016), vision-oriented toward budget and full cost accounting (Babbington et al., 2007).

"The concept of sustainability was developed in response to the requests of stakeholders." (Herremans et al., 2016) One of the fundamental mechanisms to involve

stakeholders is disseminating sustainability, often in the form of a report. In the document "Stakeholder Relationships, Engagement, and Sustainability Reporting" (Herremans et al., 2016), the idea that the reporting of sustainability is a tool for learning and organizational change opens another research opportunity (Covaleski et al., 1996) relating to sharing transparent knowledge and how sustainability reporting can be more beneficial for the decision -making process. (Balluchi, Furlotti, Mazzieri, Torelli, & others, 2019)

Research, incredibly evolving in recent years, has been giving some evidence and results that can be useful to companies to become sustainable companies. The subsequent and open steps for the field concern analyses also highlight the contributions that accounting education can offer to the Council in SMEs to implement their sustainable results. (Balluchi, Furlotti, & Petruzziello, 2011)

The contributions the stakeholders make as they drive for the external environment can also provide these small realities, both as third parties are concerned and as qualifiers of the company's work, which are also fundamental. (Ayuso, Rodríguez, García-Castro, & Ariño, 2011; Bal, Bryde, Fearon, & Ochieng, 2013) Without the contribution of small and medium-sized enterprises, achieving Agenda 2030 appears particularly difficult. However, a substantial contribution from the accounting discipline is also necessary to support and spur them to integrate and achieve their objectives. (Camilleri, 2015)

Due to the recent economic crisis (Busso, 2018), organizations are facing daily challenges in conducting their activities to be economically sustainable. (Balluchi, Furlotti, & Petruzziello, 2011)

However, although sustainable development is not always the "more profitable" option, organizations could find a way to obtain a competitive advantage. (Cardoni et al, 2020) The accounting and reporting of sustainability, as a measurement practice, dissemination and responsibility for internal and external stakeholders for organizational services towards the objective of sustainable development, implies the count and representation of how an organization includes issues of sustainability in its operations and its environmental, social, and economic impacts.

The interested parties can exercise pressure on the SMEs in their way (Krasodomska et al., 2021; Thomson, 2017) based on which attributes they have (power, legitimacy or urgency) and can be a focal decision-making question that must be taken into consideration (Babbington et al., 2014; Aguilar-Fernández & Otegi-Oleo, 2018; Abboubi et al., 2021).

In addition, sustainable development strategies may also derive from the obligation to comply with legislation and create pressure from the interested parties (Da Silva & Imoniana, 2021). For all these reasons, stakeholders play a fundamental role in helping companies and SMEs achieve SDGs.

Confirming studies such as Choi et al. (2018), if SMEs are ignored in academic research, an essential part of the companies in the global economy is ignored, those entities that could really be the strategic center of any sustainability decision.

During the analysis of the documents, it has become clear how some "needs" are developing this field of research and could be summarized in (i) the need for specific literature for SMEs, (ii) the need for specific accounting techniques oriented

to PMI, (III) the need for a specific formation of the management and the board of SMEs and (IV) the need for greater involvement of the stakeholders.



## **Chapter 5: The role of accounting within five companies in Bergamo**

### **(Italy)**

5.1 The territory: firms, cultural features and the impact of COVID-19 - 5.2 Company choices and reasons - 5.2.1 Company A: “Company A” SPA - 5.2.2 “Company A” SPA sustainability reports overview - 5.2.3 Company B: “Company B” SPA - 5.2.4 “Company B” SPA sustainability reports overview - 5.2.5 Company C: “Company C” SPA - 5.2.6 “Company C” SPA sustainability reports overview - 5.2.7 Company D: “Company D” - 5.2.8 “Company D” sustainability reports overview - 5.2.9 Company E: “Company E” - 5.2.10 “Company E” sustainability reports overview - 5.3 Third level of analysis: aggregate results from semi-structured interview to five companies in Bergamo (Italy) - 5.3.1 methodology - 5.3.2 Background and history - 5.3.3 isomorphism - 5.3.4 Role of state and professional bodies - 5.3.5 legitimacy - 5.3.6 Social acceptance and credibility - 5.3.7 Decoupling - 5.3.8 Accounting techniques - 5.3.9 Analysis results and future addresses

This section presents the methodology and objectives of the third analysis conducted as part of the research. The analysis focuses on examining the role of accounting within five companies located in Bergamo, Lombardy province and their contribution to delineating best practices and accounting techniques for introducing Sustainable Development Goals (SDGs) in business.

The study employs a semi-structured interview approach to gather insights from key stakeholders within the selected companies. The findings from this analysis shed light on how accounting practices can effectively support the integration of the SDGs into corporate strategies and operations. (Miller & O'Leary, Making Accountancy Practical, 1990)

The third analysis aims to achieve the following research objectives: (i) understanding Current Accounting Practices, (ii) Identifying Best Practices, and (iii) Informing Policy and Practice.

The analysis explores the accounting practices adopted by the selected companies with the SDGs. This involves investigating the extent to which accounting systems and frameworks are aligned with sustainability principles and the SDGs. It also aims to identify the challenges and barriers the companies face in integrating the SDGs into their accounting practices.

The analysis aims to identify best practices in accounting for the SDGs within the five selected companies by conducting semi-structured interviews with key stakeholders. This includes examining innovative approaches, tools, and techniques to measure, monitor, and report on the company's contributions to the SDGs. Additionally, the analysis seeks to identify any unique challenges and opportunities specific to the context of the province of Bergamo.

The findings from the analysis will contribute to the broader knowledge and understanding of how accounting practices can facilitate the successful implementation of the SDGs in businesses. The insights gained will inform policy recommendations and guide organizations seeking to enhance their accounting approaches to support sustainable development objectives.

The third analysis adopts a qualitative research approach utilizing semi-structured interviews with key stakeholders from the five selected companies in the province of Bergamo, Lombardy. The following steps outline the methodology:





*Figure 35: Structure of Chapter 5*

Ethical considerations are given due importance throughout the research process. Informed consent is obtained from participants before conducting interviews, ensuring confidentiality and anonymity. The research adheres to ethical guidelines and regulations to protect the rights and privacy of the participants.

### ***5.1 The territory: firms, cultural features and the impact of COVID-19***

Lombardy is the central Italian region, both from a demographic and an economic point of view. Its population, equal to 9.9 million inhabitants in 2011, represents 16.4% of the Italian one, and its GDP, exceeding 337 billion euros in the same year, represents over 20% of the national GDP. It is the most competitive Italian region.

Its industrial added value was equal to 26.7% of the national one, while in terms of employment, Lombardy absorbs 23.8% of the employees of the entire national industry.

Nevertheless, Lombardy also plays a leading role in agriculture, presenting the second agricultural added value, equal to 10.4% of the Italian one. (ISTAT, 2021) Lombardy is also among the most competitive regions in Europe.

This result is even more significant if we consider the numerous obstacles and the unfavorable context (Baussola, 2007) in which Italian companies operate in general, including those from Lombardy, even if the structural context of Lombardy is undoubtedly among the best in the Italian nation.

A context which is characterized by excessive bureaucracy, high tax burden, high energy costs, legal uncertainty, and infrastructural deficit: significant constraints inherent in the country's system that have weighed on businesses and discourage foreign investment (Baussola, 2007; Busso, 2018); to which must be added, in recent years, the collapse of domestic demand generated by the excessive austerity policy which has inflicted a further blow on the purchasing power of Italian families and has hurt the very dynamics of industrial production and investments, leaving industry with a very high bill to pay in terms of loss of production capacity. (ISTA, 2021)

With 9.9 million inhabitants, Lombardy, compared with the equivalent European regions of NUTS2 rank, is, from a demographic point of view, the second most populous European region after Île de France, which has 11.9 million. (Baussola, 2007) Lombardy is at the top of the rankings for the generation of added value in total and the main economic sectors. (ISTAT,2021)

It occupies these positions in comparison with the equivalent NUTS2 European Regions and the NUTS1 macro-regions, which have a similar population and are often higher than that of Lombardy and even in comparison with the 28 EU countries

(NUTS0). Considering the NUTS2 European regions, Lombardy ranks second in total added value generation.

However, the weight of the individual provinces in the Lombardy economic-productive fabric is quite different, with Milan having a predominant role, followed by the provinces of Bergamo and Brescia. (ISTAT, 2021) The province of Bergamo is an area with high performance in the Italian context, which can count on the presence of advanced manufacturing.

In recent years, it has produced innovation and growth and enabled most of Bergamo's population. The driving elements are the widespread industrialization, the tradition of industrialism, and the entrepreneurial ability of the people of Bergamo. Almost a third of the added value is produced by manufacturing, one of the highest shares at a national level. (Baussola, 2007)

Although small businesses are deeply rooted and constitute a driving force for development, Bergamo can count on the critical presence of a nucleus of medium-large companies that have focused on initiative-taking entrepreneurial strategies and have been able to grow over time.

The economic system in the province of Bergamo shows a prevalence of micro and small enterprises. In 2019, micro-enterprises accounted for 81%, small enterprises 14%, medium enterprises 3.8%, and large enterprises 0.8%three. The remaining 0.4% are companies with a negative production value. (Busso, 2018; Corazza, Funari, & Gusso, 2016) This composition is also almost constant from the medium-term analysis (2017-2019). The same data, analyzed in the last ten years, reveal partially different trends. The incidence of large and medium-sized enterprises in Bergamo had a constant

trend. On the other hand, the share of small businesses suffered a slight decline in the years 2014-2015, returning to growth only in the last four years. In 2019, the production value recorded a total of fifty billion euros. (Busso, 2018) The added value – i.e., the difference between the value of production and the cost of external production factors – is worth 12.6 billion euros. EBIT4 was worth €2.7 billion, pre-tax income €3.4 billion and net income €2.6 billion. (ISTAT, 2019)

In the pre-Covid context, Lombardy experienced a phase of moderate economic expansion when compared with other areas of the country with a more fragile productive fabric in which the legacy of the 2008-2014 crisis was a longer and deeper stagnation. (Busso, 2018; Corazza, Funari, & Gusso, 2016)

The COVID-19 crisis has had severe repercussions for families and businesses (Martín-Blanco et al., 2022): The province of Bergamo, first among those affected by the pandemic in Italy, is the province that has had the highest number of cases both in terms of severity and deaths; in recent months the negative signals have alternated with more comforting assessments, due to the succession of development cycles of the pandemic. (Martín-Blanco, Zamorano, Lizárraga, & Molina-Moreno, 2022)

During the third quarter of 2020, when the anti-COVID restrictive measures were eased, the country's economy, especially that of Bergamo, got back on track; the rebound was robust and occurred earlier than expected. (Martín-Blanco, Zamorano, Lizárraga, & Molina-Moreno, 2022) The province of Bergamo has shown strong reactivity to the pandemic crisis, albeit in the context of the limits and criticalities of the economic system highlighted above.

The rebound in the third quarter, which occurred following the summer reopening of all economic activities and documented in the previous economic analysis, demonstrates that the Bergamo economic system while showing lower than the regional average reactive capacities in some sectors, was nonetheless able to recover much of the lost ground. Resilience was satisfactory relative to production performance.

Industrial companies with at least ten employees recorded a growth of +21.3%, and artisan companies with at least three employees increased by +22.7%, highlighting a significant reactivity of the Bergamo manufacturing sector in reconnecting supply chains and business relationships interrupted by the lockdown. However, the trend change in the indicator (comparison with the third quarter of 2019) shows how this leap forward has yet to allow the pre-COVID production levels to be fully recovered (3.4% for industry and -7.2 percent for crafts).

The recovery was most outstanding in the food, chemical-pharmaceutical and rubber-plastic sectors. (ISTAT, 2021) A similar trend was observed for foreign trade. The value of Bergamo's exports in the third quarter of 2020 amounted to 3,585 million euros, which marks strong economic growth (17.4%), however slightly lower than the regional value (17.9%) and Italy as a whole (24.1%).

Even in this case, on a trend level, the deviation from the pre-pandemic period is still enormous: -9.2% annually compared to -7.9% in Lombardy and -4.9% in Italy. Imports amounted to 1,971 million (-11.7% on a trend basis against -10.7% in Lombardy and -11.1% in Italy). (ISTAT, 2020)

## ***5.2 Company choices and reasons***

A purposive sampling technique (Callon, 1984; Corbetta, 1999) is employed to select companies actively engaged in sustainability efforts and have made progress in integrating the SDGs into their business strategies.

The selection criteria include companies from various industries, varied sizes, and a demonstrated commitment to sustainability practices (Ritchie et al., 2003).

To analyze what has been seen and found in the previous chapters, the author has decided to interview three influential companies for the territory of the province of Bergamo, both in terms of economic results and in terms of virtuosity in experience and leadership in the field of non-financial reporting.

Three companies<sup>6</sup> have expressed interest in participating in the project and have been identified among the many in the area belong to three competitive sectors. (Silverman, 2019)

The author believes in this analysis project to bring an intra-sector contribution, which does not result in a competitive comparison between companies, but rather an integration of methods, practices and techniques that can contribute to the literature of the topic of interest.

Furthermore, to have a more excellent critical analysis of the context, two trade associations<sup>7</sup> These were included in the analysis, which are of extreme importance in the area and were analyzed both from the point of view of representation,

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<sup>6</sup> “Company A” S.P.A; “Company B” S.P.A; “Company C” S.P.A.

<sup>7</sup> “Company D”; “Company E” trade associations.

association, and reference for the Bergamo area both as structured companies and with needs to be achieved.

Semi-structured interviews (Strauss & Corbin, 1998) are conducted with key members within each company, such as sustainability managers and accounting professionals. The interviews are designed to gather insights on the company's accounting practices (Denyer & Tranfield, 2006) related to the SDGs, including data collection methods, measurement frameworks, reporting mechanisms, and integration of sustainability targets and indicators into financial reporting. (Cardoni et al, 2020)

Thematic analysis (Silverman, 2019) uses the lens of institutional theory (as exposed in previous chapters) to analyze the interview data. The transcribed interviews are coded, categorized, and grouped into key themes and sub-themes (Silverman, 2019; Denyer & Tranfield, 2009) related to SDG accounting practices. This analysis identifies common patterns, emerging best practices, challenges, and opportunities across the five companies (Strauss & Corbin, 1998).

### **5.2.1 Company A**

“Company A” Spa was born in 1961 as a small mechanical workshop. Already three years later, the company begins a process of innovation, producing the first brake records that will make it famous. In 1972, the “Company A” brand was seen on the first European motorcycles, and after a brief time, the company's name appeared in international car and motorcycle competitions.

In the eighties, the natural period of technological and expansive innovation began, until 1995, the year of the listing on the stock exchange. In 2021, the group celebrated 60 years of history, which began in 1961, leading “Company A” to be a

global excellence. Overall, during 2021, “Company A” consolidated net revenues of 2,778 million euros, with an increase of 26% compared to the 2.209 million euros in 2020. (“Company A”, 2022)

Today, "Company A," also thanks to its scattered companies worldwide (for example, in Mexico, India, China, USA, and Eastern Europe), has become a world leader and recognized innovator of the technology of disc braking systems for vehicles.

The “Company A” group not only deals with commerce but also conducts study, design, development, production, assembly and sale of braking systems and wheels for vehicles, as well as light leagues and metal mergers. It is the supplier of the most prestigious manufacturers worldwide, including cars, motorcycles, and commercial vehicles for braking systems, friction, and other components for the racing sector. It operates in fifteen countries on three continents, with more than 12,000 collaborators. (“Company A”, 2022)

The “Company A” reference market is represented by the foremost world builders of cars, motorcycles, and commercial vehicles and by the producers of cars and competition motorcycles.

The main area for “Company A” includes the design and creation of brake discs, brake calipers, wheel side modules, and complete braking systems, including integrated engineering services that accompany the development of new models for car manufacturers.

In addition, “Company A” also addresses the car replacement market with a wide range of products. In addition, it offers components for first equipment braking systems for the manufacturers of commercial and industrial vehicles of all kinds and



components for spare parts and maintenance of the braking systems of commercial vehicles. In addition to what has already been illustrated, the company also deals with the design and production of braking and friction systems for the Racing sector, addressed to the teams engaged in the primary motor competitions.

### **5.2.2 Company A sustainability reports overview**

“Company A” Spa's non-financial reporting can be found in extended (more than two hundred and fifty pages) and reduced forms. It is a very structured report, which starts with contextualizing the company in its history and in the territory in which it operates.

With this first section, it is also possible to deduce which sector and reference market are for the company and the immediate organizational structure of the company. Immediately, there is the section dedicated to "sustainability" with an initial account of the company's sustainable values and the representation of the materiality matrix.

Already in this section, there is a reference to the 2030 Agenda and the relationship between the company and the objectives themselves. At the center of the subsequent analyses stands the sustainability pyramid, and the three pillars, social, environmental, and economic, are transparent. The appendix is decidedly full-bodied and helpful, in which all the methodological, quantitative, and qualitative notes are summarized, as well as the processes that have made it possible to draw up the non-financial report.

### **5.2.3 Company B**

“Company B” SPA company operates in the Bergamo area within the air transport sector. It started its business in 1911, shortly before the First World War, and over the years, it has expanded its connections and services to become a reference point for regional transport.

Starting as a military airport, the company has seen increased civilian and cargo transport demand. Initially with a collaboration with the nearby Linate airport, and subsequently independently, “Company B” begins to increase the number of annual passengers exponentially, then finding in collaboration with Ryanair the strategic impetus that will lead the company to achieve it in 2019 of 13.8 million passengers in one year and the ascension to third place in the ranking of Italian airports. (“Company B”, 2022)

### **5.2.4 Company B sustainability reports overview**

“Company B”’s sustainable report is configured in about two hundred pages, in which the materiality matrix is immediately highlighted as if it were the leitmotif of the entire report.

Only in the second place is the company presented in the form of strategic, ethical values and organizational cornerstones. The entire non-financial report is then clearly structured in favor of the stakeholders as if it were a natural economic balance drawn up in favor of interested third parties.

Each chapter concerns different actors and contains the main quantitative and qualitative results that can be useful to those who read it. Competitors, supervisory authorities, and the territory also stand out among the leading players the report addresses.

### **5.2.5 Company C**

“Company C” rediscovers its origins in the early twentieth century thanks to the work of a transporter and seller of door-to-door textile items in Italy and Europe. In 1941, “Company C” was founded, entrusted a family conduction in management.

Right from the start, the company stood out for its ability to integrate processes and innovation: between the 60s and 70s the production of polymers and synthetic fibers began; in the 90s, a energy company was created; the early 2000s saw instead the evolution on the chemical level, until today where the company is among the most active Italian chemical companies at the international level, whose products are used in the most disparate sectors: from clothing to sports, in furniture, in the automotive, electrical and electronic sectors.

The company currently boasts about 3,000 employees, a turnover of 1,508 million euros in 2021 and a network of production units and commercial offices in Europe, North and South America and Asia. (“Company C”, 2022)

#### **5.2.6 Company C sustainability reports overview**

More compressed but no less full of information, the non-financial report of “Company C” expresses right from its first sections the desire to see the group as a united and, simultaneously, distinct system of companies that cooperate towards the same ethical objectives and principles.

Again, in this case, a section is reserved explicitly for the materiality matrix and ample space is dedicated to "case histories," concrete actions carried out by the company during the year which allow the company to be represented as an economic point of reference and social within the territories in which it operates.

#### **5.2.7 Company D**

“Company D” is an association of interests whose key role is to simplify and ensure interaction with companies in the Bergamo area.

It reports to “Company D” Nazionale as the contact person for the territory of the province of Bergamo in front of the country's government institutions. (“Company D”, 2022)

“Company D” sees in its mission a role of protection and promotion of associated companies and acts as a reference not only bureaucratic but also regulatory for the real-time updating of associated companies concerning frequent legislative changes. Furthermore, “Company D” also boasts human capital and is organized according to the corporate strategic principles in conducting its business as a service provider.

### **5.2.8 Company D sustainability reports overview**

“Company D”'s non-financial report as the first section a predominant collection of information about the identity vision of the association, both in terms of trade association and in terms of non-profit company.

Then, three significant chapters stand out that reflect "the three pillars of sustainability," with a summary of the economic commitments and sectors in which the association operates; a social structure both in terms of internal impact on employees but also external in terms of training provided to associates; the environmental impact of the organizational reality and the value on the territory.

The annexes include the summary tables on the indices and data collected using the GRI standards.

### **5.2.9 Company E**

“Company E” is a trade union organization that protects artisan enterprises, representing small and medium-sized enterprises.

It is a non-profit organization and aims to provide Members, individually and collectively, with assistance in every field related to their business and to encourage the development and progress of their entrepreneurial activity.

Another task is providing services to the more than 14,000 associated entrepreneurs ("Company E," 2022), providing concrete support and specific assistance to craftsmen in all sectors, both production and service, in solving the problems that characterize the company's daily life.

Representation and Services for Small and Medium Enterprises is the main task of "Company E," which works every day with its experts alongside Bergamo companies to help them develop their businesses, dialoguing with local municipalities and institutions and, through “Company E” Lombardia and “Company E” Nazionale, with the Region and the Government.

All entrepreneurs who turn to the association also receive support in Start-up, accounting and financial statements, management control, tax and tax consultancy, payroll, environment, and safety.

### **5.2.10 Company E sustainability reports overview**

The "social report" of “Company E” takes the form of a paper brochure of just under a hundred pages, with captivating colors and immediate graphics, through which the company's message is represented in various aspects. First, an introductory section,

"identity," contains the primary references regarding the corporate object, its associates, and the form of governance.

Secondly, a section is dedicated to internal organization and an economic summary. Finally, the section is dedicated to employees, areas of activity, and projects in progress.

The report is not configured as a "standard" sustainability report and does not make specific references to the sustainable development goals. Despite this, there is information that, if reprocessed, could fully represent the corporate sustainability vision.

### ***5.3 Third level of analysis: aggregate results from semi-structured interviews with five companies in Bergamo (Italy)***

This specific analysis aims to highlight the processes, models and techniques that can contribute to a correct representation, within the non-financial reporting, of the results concerning the sustainable development objectives; moreover, to contribute to the research with business practices, the exploratory study is based on the perceptions of the business professionals involved (Corbin & Strauss, 1990; Gephart, 2004).

Since the interview is a data collection technique to understand the perspective of the other (Patton, 2014), semi-structured interviews were conducted with area managers involved in sustainability reporting (Pizzi et al., 2020) to gather their perceptions on this process in general and, more specifically, on measuring and reporting in favor of the 2030 Agenda. (Costanza, et al., 2016)

The use of semi-structured interviews provided access to the participants' perceptions and experiences and the meanings they gave them.

### 5.3.1 Methodology

To better conduct this analysis, information was collected from corporate and non-corporate websites, documents, and preliminary interviews to design a correct semi-structured interview guide consisting of open-ended questions. (Callon, 1984)

This guide<sup>8</sup> was subsequently modified to consider some of the issues raised by the respondents that needed to be identified in the first phase of the data collection regarding specific processes or positions specific to the individual companies under study.

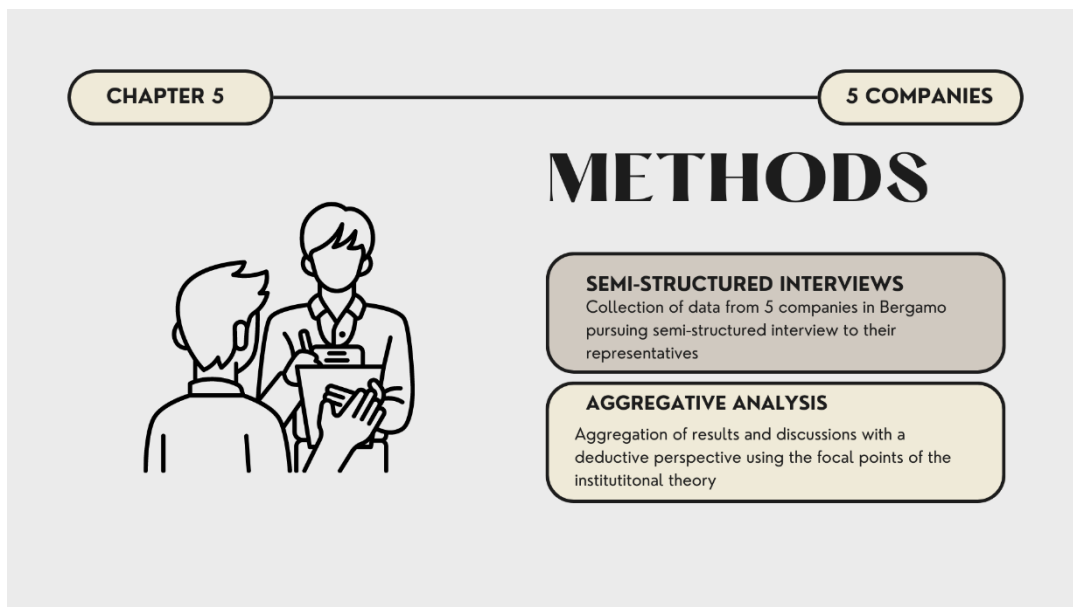


Figure 36: Methodology applied in Chapter 5

<sup>8</sup> the structure of which can be seen in Appendix C

The evolution of the interview guide about the reality of field research is an essential element of most qualitative inductive and deductive studies (Charmaz & Belgrave, 2007). Before participating in our study, participants were well informed about the extent of their participation and were required to sign a consent form by university requirements. (Corbetta, 1999; Crotty, 1998; Spencer et al., 2003)

The semi-structured interviews covered various topics, such as participants' backgrounds, the non-financial reporting process, methodologies, techniques and expectations about regulations or the future. (Ritchie, Spencer, O'Connor, & others, 2003) After the transcription of the interviews, they were codified using the key themes of the institutionalist theory, and they are analyzed and commented on in the following chapters. (Corbetta, 1999; Crotty, 1998; Spencer et al., 2003)

### **5.3.2 Background and history**

Sustainability is seen as something linked to the corporate mentality: the words "intrinsic," "culture," "attention," and "a matter of business" emerge.

The reporting activity is seen as a value that the company has from the outset. It then develops day by day, not only with the regulations but also with the evolution of the sector and the expectations of third parties.

Despite this, it is interesting to pay attention to the lexical choices used by the companies in these interviews: continuous sentences built around the "buts" ["the objectives are gorgeous BUT difficult ...", "conveniently, companies are free to decline their choices BUT ..."], to the "difficulties" ["the difficulty is in transposing..."; "it is very complicated..."] and the "conditional" ["it would be nice if..."; "it would be useful if ...;"].



Within the theme, since this primordial analysis, various themes are already beginning to open up, which cannot simply be linked or summarized to mere company choices of what one wants to do or what one considers essential to carry forward, but rather a complex construct of variables – and not entirely objective ones – that must be considered if we want to read the situation at 360°. Examples can be read that also touch the perceptions (of individuals and of the company itself), which in one way or another shape the results of the reports of interest to this work

For some companies, sustainability seems to have become "a business deal."

*"It is not new that phenomena in their environments structure organizations and tend to become isomorphic with them. They are matched to their environments by technical and exchange interdependencies." (Powell, DiMaggio, 1991: 47)*

When one delves into the concept of the corporate context<sup>9</sup>, the issues of values, principles and the corporate mission become the focal points as driving guides for choices of sustainability and related reporting.

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<sup>9</sup> Organizational field, or organizational environment, is defined by Powell and DiMaggio (1991) as those organizations that collectively constitute a recognized area of institutional life: key suppliers, consumers of resources and products, regulatory agencies, and other organizations that produce similar services or products. Moreover, they are characterized by elaborating rules and requirements that may derive from nation-state regulations, professional or trade associations, generalized belief systems that define how specific types of organizations should behave, and similar sources.

## **ORGANIZATIONAL STRUCTURES AND PROCEDURES**

- *[over time] a mentality towards [internal] sustainability was born*
- *There is strong attention [from the company]*
- *Small actions resulting from an environmentalist culture*
- *Internal attention should grow more concerning the finished product [the sustainability report], and not only towards data collection or the correctness of procedures*
- *The SDGs are lovely but very high goals [difficult to achieve]*
- *It is convenient that [the company] is accessible to decline them [the SDGs], but on the other hand, it is also very complicated*
- *Our difficulty in implementing the SDGs is to identify them concerning the different levels of business in which we operate*
- *By now, [sustainability] has become a business issue*
- *It is imperative that the whole supply chain gets on board [in sustainable reporting] because it is needed*
- *At very favorable conditions compared to those of the market, SMEs have the possibility of drawing up sustainability reports with Deloitte [service offered by the company]*
- *It is nothing more beautiful to bring a company that has no rule on what is needed*

- *The majority of companies, the 99%, are SMEs or micro-SMEs, but they are not considered [in terms of values for the economy]*
- *The concept of the “artisan” has evolved*
- *[one of the goals is ] the protection and improvement of the territory in which it operates*

*Figure 37: Organizational context - Excerpts from interviews*

The introduction of sustainable, economic, environmental, and social issues impacts the company (or is already born in this way, depending on the case), transforming the essence itself and directing it totally in the choices that will be made, also in terms of objectives in the medium and long term.

Institutional environments are, by definition, those characterized by the elaboration of rules and requirements that individual organizations must comply with to receive support and legitimacy. (Fernando & Lawrence, 2014)

Requirements may derive from nation-state-sanctioned regulatory agencies, professional or trade associations, generalized belief systems that define how specific types of organizations should behave, and similar sources. Whatever the source, organizations are rewarded for conforming to these rules or beliefs.

A decisive point would seem to be the role also played by the context (the external environment) in which the company lives and is located: the sector to which it belongs, but also the surrounding territory, the culture of a country or the socio-economic conditions would guide corporate lines and sustainable awareness in ways that are always different and that need to be considered.

## **ROLE OF HISTORY AND CONTEXT ANALYSIS**

- *Need to collect environmental, social and economic performance in a single document*
- *Always carried out many actions, works and initiatives without ever finalizing them in a document*
- *Please note that what we are talking about is before the covid [COVID-19 pandemic]*
- *[Effective disclosure of the report] could not be done due to the pandemic, and we suffered a lot*
- *[within the report] there is a report on the history, mission, vision, values and corporate and how we are organized*
- *We have identified the most suitable themes because analyzing all of them [the 17 of the SDGs] would be too many*
- *[concerning the adequacy of the topics of interest and materials] It is useless to protect the sea if we are not at sea; I think we all think this way*
- *After the advent of the [COVID-19] pandemic, it became more critical that the airport was a safe place rather than [a place] that acoustically pollutes [the surrounding area]*
- *It is all [every aspect of reporting] to report against the segments you offer. Belonging to a group in the chemical sector and the fact that chemistry was perceived as an "ugly, dirty and bad" sector led us to work hard to clean up the way people perceived us*

- *As in any sector, some are good, and those are bad*
- *The concept of sustainability had evolved, and we had to change the standard on which to base ourselves [...]. It had an international value for all sectors*
- *The company has always paid attention to its employees and the local area, and this is inherent in the culture of the company itself*
- *It is essential for the company to carry out social initiatives in the area [examples in the various production sites around the world]*
- *The 2030 agenda has become central, not only at the European level but also globally, and we have implemented them globally through the Italian legislation contained in the PNRR*
- *[the choice of which SDGs to include in the sustainability report] is somewhat guided by the sector to which it belongs; each macro-sector has its sensitivity and its way of interpreting sustainability*
- *As in any sector, some are good, and those are bad*
- *The concept of sustainability had evolved, and we had to change the standard on which to base ourselves [...]. That it had an international value for all sectors*
- *The company has always paid attention to its employees and the local area, and this is inherent in the culture of the company itself*
- *It is essential for the company to carry out social initiatives in the area [examples in the various production sites around the world]*

- *The 2030 agenda has become central, not only at the European level but also globally, and we have implemented them globally through the Italian legislation contained in the PNRR*
- *[the choice of which SDGs to include in the sustainability report] is somewhat guided by the sector to which it belongs; each macro-sector has its sensitivity and its way of interpreting sustainability*
- *Regulatory decision-makers often lack knowledge of that specific sector*
- *It is necessary to consider the context within which the measurements take place*
- *Better less rigor and pique but more understanding of the scenario*
- *In 1999, the company decided to undertake the balance of intangible capital, and it was one of the very first cases in Italy*
- *Attention to these aspects [of sustainability] is intrinsic [in the company]; in fact, even the environmental and safety certifications came before anyone asked us*
- *In 2011, we adhered to the Carbon Disclosure even if it was not mandatory*
- *With the pandemic [COVID-19] and the war now [Russia-Ukraine], I will not hide that steps backward have been taken*
- *The issue of contextualizing information is fundamental*
- *The pandemic [from covid-19] has blocked many initiatives*
- *Now, even with the [Russia-Ukraine] war and energy price hikes, companies have other more important issues to deal with [than sustainability reports]*

- *The last period [related to COVID-19] has traced a physiological path [through which companies are changing]*
- *Values that are intrinsic in artisans [about sustainability values]*
- *The COVID-19 and the energy crisis have impacted [the choice of sustainability by companies]*

*Figure 38: Role of history - Excerpts from interviews*

*“The historical and political events in each country are fundamental to explain the development of the different organizational forms.” (Powell, DiMaggio, 1991:366)*

Lastly, regarding the sustainability objectives, from an initial analysis, issues of objectivity and generalization of the objectives of the 2030 Agenda begin to emerge, as well as their number and the dichotomy between what is legislated and what is then actually implemented.

### **5.3.3 Isomorphism**

Spontaneously and from the very first questions, the theme of comparing companies emerges.

The company feels compelled to confront itself not only with its direct competitors in a market of perfect competition, but it also sees how the need is to understand, to test at what point it is compared to the others, and to draw useful information to be able to improve one's way of doing sustainability.

*"Isomorphism is a binding process that forces one population unit to resemble other units facing the same environmental conditions. Indeed, as Aldrich (1979: 265) put it, "the main factors organizations need to consider are other organizations." Organizations compete not only for resources and clients but also for political power and institutional legitimacy, for social as well as economic fitness." (Powell, DiMaggio, 1991: 66)*

The isomorphism, intrinsic to all these companies, does not only have negative meanings in terms of competition and the race towards the top but unfolds in many other facets, which also concern the need to make up for shortcomings - legislation or practice - trying to learn and train from those who are further ahead or who set themselves as a point of reference.

Coercive isomorphism arises from problems of political influence and legitimacy. Indeed, it results from both formal and informal pressures exerted on organizations by the third parties they depend on and from cultural expectations: pressures can be felt as forces, persuasion, or invitations to join. In some circumstances, organizational change directly responds to a government mandate.

When we delve into the issues around the comparison between companies, we can see how some companies feel they are the spokespersons of a sector that sees them as protagonists in being leaders in sustainable reporting. Often, this condition coincides with the ability of the company itself to have anticipated a trend, that of sustainability today, and to have learned to manage it in the best possible way;



### **COERCIVE ISOMORPHISM**

- *We feel we have absolutely a responsibility to all third parties [in terms of non-financial reporting]*
- *Let us carry on a discourse of coherence also towards them [stakeholders]*
- *Much of the information is in the report for anyone to read and understand what is being done*
- *Based on the type of stakeholder, we have different attentions concerning the report*
- *The GRI standards are much simpler [than reporting for the SDGs] because they are well-defined*
- *Companies today feel the need for sustainability reports because we continuously receive requests from customers for sustainability information*
- *There is the country around us; we do not escape the watchful eye of the local communities [...] of all our stakeholders, of those who work in the company*
- *Even our production chain is increasingly attentive to specific issues*
- *We have seen increasing interest from our colleagues in the [sustainability] report*
- *There is always greater attention from the outside in the request for data*
- *Not all readers of the financial statements have the same technical knowledge to be able to understand the issue*

- *The sustainability report serves more and more both externally and internally*
- *Our territories certainly have an impact on expectations towards us*
- *These expectations fall on the whole chain, even on the supply and production chain [...] we are very integrated upstream*
- *At the local level, sustainability is increasingly identified through the 2030 agenda*
- *[concerning the materiality analysis] we did it both internally and externally, on some key suppliers and also on residents*
- *[through internal and external analysis] we have collected the two perceptions, also involving external stakeholders, customers and suppliers, together with insurance companies, trade associations*
- *We have participated in some congresses in which sustainable issues were addressed*
- *We have also included members of corporate bodies, the BoD, the board of statutory auditors and investors in the analyses*
- *We have always needed to gather the point of view of the stakeholder*
- *There are reasonably continuous and open channels of communication*
- *Customers solicit us with an increasingly important punctuality and frequency*

- *[regarding the importance recognized by stakeholders towards the SDGs]  
Since they are not crucial for everyone and it depends on the types of stakeholders,  
as a company, we act as spokespersons and try to make them important*
- *The company participates in stakeholder consultations*
- *We have also identified a particular speaker who is the new generation, and  
we also pay attention to the company's employees*
- *[to promote attention to the SDGs] we have tried to link the critical topics of  
our report to the corresponding objectives to contribute to their achievement*
- *We carry out workshops with both internal and external stakeholders*

*Figure 39: Coercive Isomorphism - Excerpts from interviews*

other times, however, the company itself feels responsible for the external environment in which it is inserted: "We have a country around which we cannot escape the watchful eye." A sort of double-faced responsibility: on the one hand, the need to respect the territory in which one is located - both to work and to live, on the other, to be able not to make mistakes which would then impact the credibility and general image of the company itself.

*"The more centralized Organization as resource offering is, the greater the extent to which Organization will change isomorphically to resemble the organizations it depends on for resources." (Powell, DiMaggio, 1991: 74)*

Therefore, the broad theme of stakeholders becomes central, according to the definition of Freeman (1986), as those who are influenced by and influence the company during its production activity.

This is a theme that, since its definition, sees the introduction of internal and external contacts with the company and encompasses many subjects that must be considered and which the companies interviewed feel they must consider. Among the many, they also mention customers, suppliers, the territory, and the new generations: large-scale impacts that guide sustainable choices and for which companies must be able to account.

Here, then, the sustainability report is not just a mere statement of the company's "green" activities but becomes an actual disclosure document towards third parties (as, on the other hand, the economic balance already is); information that must be detailed, precise and punctual but which at the same time must be told so that all users are able both to understand it but also to contextualize it. (Balluchi, Furlotti, Mazzieri, Torelli, & others, 2019)

Not only do industries vary enormously in size, export dependence, product and market lifecycle differences, labor, and capital intensities, but "certain government policies apply to all or most organizations, and therefore many policies are not specific to the sector or do not have the same impact." (Powell, DiMaggio, 1991;195) Thus, while these demands may appear remarkably similar, few organizations will face the same pressures organizationally, and there may be wide diversity in form and practice.

A specific case is then that of comparing companies that belong to the same sector: the analysis shows that it is not so much a dimensional difference that has an

impact on sustainable reporting choices (or rather, it is not only dimensional), but there is a need /duty (depending on the case) to conform to the sector in which one finds oneself and in which one also competes.

Organizations tend to model themselves on similar organizations perceived as more legitimate and successful. Indeed, "the more uncertain the relationship between means and ends, the greater the extent to which an organization will model itself on organizations it perceives to be successful. The more ambiguous an organization's goals are, the greater the extent to which the organization will model itself on organizations it perceives to be successful. (Powell, DiMaggio, 1991:75)

From a strictly positive point of view, companies seek guidelines in the sector from companies that appear to be leaders in sustainable reporting: even trade associations emerge as a fundamental role played by groups of companies that together try to understand how to improve themselves in reporting financial and who also try to find a voice within the regulatory tables to advance the interest of the whole sector.

From another point of view, however, the comparison takes on a negative meaning if inserted in a context – the sustainable one – which is considered by the companies themselves to be still young and in a growth phase, where there is a multitude of different ways of making and reporting and which fails to guarantee a comparison between companies that are homogeneous and harmonized.

### ***MIMETIC ISOMORPHISM***

- *In the sector, there is greater attention to sustainability and a strong focus on all the evolutions to pollute less*
- *We surveyed to see if the relevant material topics were the same as those identified by the others; we made a comparison*
- *The sector in which we operate is not yet solid enough concerning sustainable issues*
- *[with the issuing of guidelines, we would arrive] at homogeneity of the sector, with suitable standards*
- *You should always try to compare yourself to your kind*
- *[thanks to the harmonization of sustainable financial statements] it will be positive that many others like us will put themselves in the same positions of transparency, making it easier to compare companies, not from a strictly negative point of view, but rather from a benchmark, of continuous improvement and contamination mutual*
- *We researched how our counterparts perceive them [the SDGs] to understand where we were*
- *[compared to competitors] the degree of engagement [of the SDGs] is the most varied*
- *We are members of trade associations that work mainly from a pre-competitive perspective, as they pursue even divergent interests to lobby in a positive sense*

- *Having harmonized guidelines would make it possible to understand if, for example, my competitors do better than I do or to identify the smart ones, those who are not green, for example*
- *We realized that a more harmonious approach was needed to make the performance of one company and another comparable*
- *Today, there is a high risk in the comparison [between companies] because perhaps the required indices are the same and must be calculated in the same way, but then the companies belong to completely different sectors and with verticalized processes that cannot be taken into account*
- *[concerning the rules and requests for sustainable reporting] attention must also be paid to the sectors of the sector to which the economic activities belong, regardless of their size*
- *More than a distinction between small and medium-large enterprises, a distinction between companies that work in susceptible sectors [and companies that work in other sectors] would be more helpful.*
- *The guidelines should also be diversified according to the size of the class*
- *some companies act as a reference and try to dictate good practices to raise awareness on various issues*
- *In terms of competitiveness [it is important to look at sustainability]*

*Figure 40: Mimetic isomorphism - Excerpts from interviews*

According to the theory of Powell and DiMaggio (1991), organizations are increasingly homogeneous within certain domains and increasingly organized around rituals of conformity to larger institutions, and, at the same time, they are structurally determined in a decreasing way by constraints posed by technical activities and less and less held together by controls on output.

Uncertainty is also a powerful force that encourages imitation. When organizational technologies are poorly understood (March & Olsen 1976), when goals are ambiguous or when the environment creates symbolic uncertainty, organizations may model themselves on other organizations. (Powell, DiMaggio, 1991:69)

The problem arises of finding more specific indicators that can consider the business context, as well as the mere calculation of results, and that eliminate some of the risks today when facing a comparison between companies also belonging to the same sector.

Furthermore, guidelines, specific methodologies, and precise rules for some would guarantee to demonstrate who is sustainable and who instead uses sustainability as a strategic facade.

Words such as harmonization, adaptation, and obligation take hold throughout all the interviews and highlight one of the main problems that must be answered if we want to proceed along the path of sustainability.

Within the companies interviewed, both companies are obliged to sustainable reporting, while others exercise it voluntarily: in both cases, however, the main observation is that of feeling a regulatory lack to which it refers; companies often feel called to adapt quickly to systems and requests to which they are unable / or are not



structured to respond. Furthermore, precise and authoritative indications are often lacking, and the arbitrariness in choosing different methods generates more problems than facilitations.

Universities, and the academic world in general, should/could set themselves up as emanators of more defined theoretical practices, even if this makes rationalizing them into feasible best practices difficult.

*"The greater the reliance on academic credentials in the selection of management and personnel, the greater the extent to which an organization will become like other organizations in its field. The greater the participation of the organization's leaders in trade and professional associations, the more likely the organization will be, or become, like other organizations in its field." (Powell, DiMaggio, 1991: 76)*

To the extent that executives and key personnel are drawn from the same universities and filtered on a standard set of attributes, *"they will tend to view issues analogously, see the same policies, procedures, and structures as legally sanctioned and legitimized, and approach decisions in much the same way. The professionalization of management tends to go hand in hand with structuring the organizational field."* (Powell, DiMaggio, 1991: 72)

Furthermore, it is highlighted that the issues addressed are too young to be considered static. The continuous evolution of information and new methodologies does not allow constant reporting but transforms it uniquely yearly.

### ***NORMATIVE ISOMORPHISM***

- *We do not have the regulatory conditions that require us to report [sustainable]*
- *If it were mandatory, we expect a guideline [...] to also facilitate the choice of data*
- *If [the VNF report was mandatory], I must have a model to follow*
- *Not all [stakeholders] are interested in the sustainability report because not all are aware of [what it is]*
- *The university has held training courses for top and middle management*
- *There is a lack of information, dissemination and training*
- *As long as [the sustainability report] is not mandatory, month plus month minus does not change [in the timing of preparation and publication of the work]*
- *It is necessary to create standards, practices and guidelines*
- *There is a lack of clear theory*
- *We gave them [the managers of the various company sites around the world] training*
- *[In the event of new directives to be followed] Not too drastic changes are expected, as it would involve many companies, and otherwise it would not be possible to implement it*
- *It might be interesting to have academic practices as a stimulus for knowledge and inspiration*

- *[again concerning the academy] we do not expect too many academic/theoretical requests because we often sin with excessive scruple and detail in the calculations, perhaps neglecting the macro-important* •

*We brought forward by one year, with the first [sustainability] report of 2016, the decree 254 which asked us to report a non-financial declaration*

- *At the regulatory level, there is little support [concerning introducing the 2030 agenda objectives]. It is terrible to say, but when something is not mandatory, it is often left to chance*

- *Companies are called to report on news overnight and are not structured. Even more, small companies need personal time and tools, and the obligation of specific reports could be a disadvantage*

- *The international guidelines are unable to cover all the information, and since the history of sustainability is relatively recent [compared to the economic one], it will take time for it to stabilize and define itself*

- *We hope that the innovations in sustainable reporting are not too complex and take into account those who have never approached this type of reporting*

- *The expectation [towards the European regulation of sustainable reports] is that it also allows SMEs to train and take measures of all the innovations, having never had to use them*

- *[to achieve the objectives of the 2030 agenda] more incentives should be given to the economic actors [businesses, citizens] because if there is no bottom-up movement, the results will not be achieved [...] a more significant push is needed for certain behaviors to be internalized*

- *[the legislator] should understand that companies need support, and the state should be a helper*
- *Usually, when there is a regulatory obligation, the approach to specific issues is faster*
- *[we offer] consultancy for all regulatory aspects and news*

*Figure 41: Normative Isomorphism - Excerpts from interviews*

### **5.3.4 Role of state and professional bodies**

*“The role of the state<sup>10</sup> In the institutional environment, it is a vital source of resources and coercive power and often imposes uniform structures and procedures on organizations. The state is an essential source of isomorphism in organizational fields and in shaping the demographics of organizational populations. (Powell, DiMaggio, 1991:391)*

Two crucial aspects of isomorphism (Powell, DiMaggio, 1991) are (i) the rest of formal education and legitimacy in a knowledge base produced by university specialists; (ii) the growth of the elaboration of professional networks that embrace organizations and through which new models spread rapidly. Therefore, Universities

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<sup>10</sup> In Powell and DiMaggio's 1991 understanding, the state is the dominant organization within society, with a fundamental need to maintain control and order. The challenges they may face in maintaining internal order and the organizational resources they may be able to draw upon and deploy are characteristics of the state that help explain its autonomous action.

and training institutes are essential for developing organizational standards among professional managers and their staff.

When the issues related to the roles played by the actors in the context of sustainable reporting are touched upon, it also becomes clear from what emerges from the interviews, which depends a lot on the question of perspectives.

*“The state is a great source of stability or change” (Powell, DiMaggio, 1991: v 314). The state is thus an essential source of isomorphism in organizational fields and in shaping the demographics of organizational populations.*

*“Recent analyses of the state see it as a dominant organizational structure attempting to control a problematic international and national environment” (Powell, DiMaggio, 1991:236).*

If, for some, the apical role of management and guidance is entrusted to the state in a broad sense, concerning specific laws and regulations, for others instead, it is necessary to grant to other subjects (universities, sector leaders, large auditing firms) the task of addressing these issues.

### ***ROLE OF STATE AND PROFESSION***

- *We are not among the companies that have an obligation [of sustainable reporting]*
- *We have adopted the basic model of the GRI*
- *We do not have an external certifier*
- *We have participated in the drafting of the guidelines that are used in Europe*
- *If the report became mandatory [the image and role towards third parties would change]*
- *We do not have KPMG [or other big names] that give us [sustainability] reports*
- *To comply with the law, I have to ask the law to help me*
- *Achievement of United Nations Goals [SDGs]*
- *We used a company in Milan specialized [in administering questionnaires]*
- *I would like to have a book with guidelines, also in Italian*
- *It will be necessary to adapt the report according to the regulatory evolution*
- *I prefer to be followed by the academic world rather than one [of the big out]*
- *We need a more academic approach to sustainable budgeting rather than a certifier's approach*

- *As a starting reporting model, we used the already existing Responsible Care model, a voluntary protocol of excellence for the chemical sector*
- *Directives around harmonized reporting will likely change some aspects of reporting and transform our [sustainable] budget from voluntary to mandatory*
- *[of the obligation] I am more concerned about the bureaucratic aspect upstream*
- *For the first time, the United Nations [with the 2030 agenda] is addressing companies and not just governments or citizens in general*
- *Selected the GRI as a reference*
- *The GRI standards are the most recognized and used [...], and we have also added indicators from the World Economic Forum*
- *Since our financial statements are certified, we need processes that can be confirmed and verified by an auditor and that the authorization process was correct*
- *We are supported [in the preparation of the sustainable report] by KPMG*
- *Unfortunately, the regulations are never clear, and we ask KPMG for support in interpreting the legislation as well*
- *Fortunately, the big players have the opportunity to access and sit at international tables and to have clarity on how to apply specific rules*
- *The contribution of the board of directors is tangible*
- *As a company, we always move on novelties or frontier issues*

- *We must be the point of reference for companies, and we must provide adequate disclosures [...] serve as an inspirational model, educate and showcase best practices*
- *We must be able to make people understand the opportunities of confident choices, what benefits [...] and what threats and challenges can be encountered*
- *The company itself [compared to the innovations in the European regulation on sustainability reporting] had anticipated the times, trying to build guidelines for the approach to this type of reporting*
- *Among our associates, we have companies that are points of reference in their sector*
- *We offer agreements to be able to draw up [at controlled costs] the first sustainability reports supported by Deloitte*
- *The change of presidency that will involve us [in the following months] will change things and give new indications on the path to take forward*
- *The big problem [in sustainable reporting] is that there is a total lack of professionalism [...] even the same consultancy firms that now support companies will not be able to support an increase in requests*
- *The university should have anticipated the times and trained more specialized figures*
- *In the company, you will find yourself with hybrid figures, who [in addition to everyday work] will also have to deal with sustainability* • *[respect to normative rules or impressions by the state] there is discrimination against a whole part of small realities*



- *We believe as fundamental the partnership with the academic world*
- *[it is exciting and valuable] the fact of making tables together or planning coaching courses for businesses*
- *In the academic world, we always have pleasant surprises in every web interface*

*Figure 42: Role of state and professional bodies - Excerpts from interviews*

Policymakers often do not directly experience the consequences of their actions, and policy decisions are applied across entire classes of organizations, thus making those decisions less adaptive and flexible. (Ali, Bekiros, Hussain, Khan, & Nguyen, 2023) The organization in institutional sectors will be successful to the extent that it can acquire types of personnel and develop structural arrangements and production processes that confirm the specifications of established norms and authorities within that sector.

In any case, the company itself feels at the mercy of decisions that fall upon it and to which it must be able to respond. Nothing is worth the internal drive or the corporate values if I am capable and structured enough to express them at their best.

Social models can also reproduce themselves without active intervention when practices and structures "are taken for granted, thus not questioned or confronted with alternatives." (Powell, DiMaggio, 1991:192)

Starting from the choice of reference standards in sustainability reporting, although the leading choice falls on using GRI standards, there is a constant problem

in being able to convert and adapt them to one's business activity. (Gallego-Álvarez, Lozano, & Rodríguez-Rosa, 2018)

## ***POWERFUL FIGURES***

- *We contacted the university who took us by the hand and explained*
- *The Minister of Infrastructure or Civil Aviation [as possible bodies that should issue specific guidelines]*
- *A hand would be needed [help in drafting/identifying how and what to report]*
- *The territory, the population, and the representatives of the local communities are those who have the greatest expectations*
- *The top management figures of the company were called upon to do a job to identify the critical issues*
- *It is crucial that sustainability has become a subject of study in universities*
- *[it is our role] to sensitize our interlocutors, our counterparts on the market*
- *[compared to the 2030 agenda] there is a significant paradigm shift because the company is no longer seen as the ugly and bad one but the one that can bring about change and that can do something to change things [in terms of sustainability]*
- *It is vital that those who deal with the sector 24 hours a day work on the sustainability indications [and not just the legislators]*
- *It is always essential for us to have relations with the university even though company times are always stringent*
- *Our first contact person is the CSR committee, including the president and the managing director, who dictate the guidelines to us*

- *we also have a control and risk committee for sustainability issues*
- *a little communication [concerning the 2030 agenda] does not hurt, and the visible company can be a strong point in making this issue important*
- *we chose Deloitte [as a partner in the sustainable reporting project]*
- *we knew [thanks to the presence in working tables] of the new directives on the matter*
- *the lack of achievement of the objectives is a problem of the states that had to regulate before*
- *we need the academy to be able to conduct exercises on small realities*
- *we can have power in the national tables*

*Figure 43: Powerful figures - Excerpts from interviews*

To solve this and other problems, universities (meaning the academic world in a broader sense) can play a role as bearers of innovative studies, specific techniques, and well-structured methodologies in favor of companies.

Despite this, however, the contradiction can be seen when lofty expectations are also poured on the famous auditing firms (the big four), to which we rely - often wholly - both for updates or help and for the real work of drafting the reports themselves.

Large organizations choose from a small set of large consultancies, which spread some organizational models across the country. (Azudin, 2018) Models are powerful because structural changes are observable, while changes in policy and

strategy are less easily noticeable. The primary motivation is that these companies, highly structured and rich in resources, are also present in the main discussion tables. Therefore, they are continually updated with news and can be a helpful support.

In any case, the increase of companies that are and will be called upon to report through non-financial reports is destined to increase, and the concern is that there are neither suitable nor trained resources to conduct these tasks, much less sufficient resources to support the new directives.

*“Institutional processes contribute to shaping the very structure of economic arrangements.” (Powell, DiMaggio, 1991: 181)*

The rules of the larger environment determine not only what organizations can do but also which organizations can exist: an unfolding process in which basic choices are constrained and shaped by institutional processes and politicians who construct and legitimize organizational goals, standardize and allocate resources, and develop and maintain systems of bureaucratic control. (Contrafatto, Ferguson, Power, Stevenson, & Collison, 2020)

An interesting aspect that will then also be taken up again in the section dedicated to "decoupling," where we refer to subjects who conduct sustainable reporting activities in the company as hybrid figures, who for a good part of the year, conduct other services and who therefore occasionally they deal with accounting.

### 5.3.5 Legitimacy

According to Powell and DiMaggio (1991), the conception of a differentiated and competitive institutional environment also supports the idea that organizations are not passive actors imprinted by cultural patterns; instead, just as within their technical environments, organizations can be expected to exercise 'strategic choice' about their institutional environments, with normative effects, ideas, conceptions, 'preconscious understandings,' myths, rituals, ideologies, theories or accounts.

As anticipated in the previous sections, sustainable activity (not only that reporting and object of this work) is guided by the company's and the board's intrinsic values.

*"An associated change in models or how organizations relate to environments is the renewed emphasis and partial reconceptualization of the concept of legitimacy. The values organizations pursue must be congruent with broader social values. If the organization is to receive legitimacy and a recognized claim to society's resources, legitimacy has been widely interpreted as social evaluations of organizational goals."*  
(Powell, DiMaggio, 1991:169)

The involvement of top management, even in larger companies, is a fundamental condition in pursuing these issues (in terms of action planning and approving the documents themselves).

Words such as "vision," "mission," and "values" are cornerstones of corporate organization and, from a strategic planning perspective, once again become cornerstones for sustainable activities and choices; on the contrary, sustainability also seems to have the ability to enter.

## ***LEGITIMACY***

- *It is always a choice of the company and the management [do voluntary sustainable reporting]*
- *The internal culture of sustainability has improved*
- *Increased sensitivity towards the report tool internally*
- *A mindset of sustainability was born*
- *The board is involved and approves, and wants to read [the report]*
- *Without the approval of the board, nothing comes out*
- *The board is very involved, sensitive, attentive, and satisfied with the work done*
- *[important ethical values] not of the individual, but of society*
- *We also administered the [materiality] questionnaires to employees and the Board of Directors and also to external stakeholders [population, local community representatives, journalists and entrepreneurs]*
- *Inside [the sustainable report], there is a section linked to the company's values, vision, and mission, which act as a background to the choices*
- *I [company] know you, I know the area and your/its needs, and I try to respond*

*Respect for people, for the territory, derives from the fact that [the family at the head of the company] continues to live in the territory itself, and sustainability gives a medium and long-term perspective of their visions*

- *We have not even included some topics [related to entrepreneurship and profit] as they are essential to the company's activity.*
- *The company has issued a series of codes that describe this way of proceeding and behaving ethically*
- *Adherence to the 2030 agenda is an aspect that is close to our hearts, and we have tried to match our material issues to the objectives [SDGs]*
- *At the company level, we have launched an initiative called "Support SDGs," where we welcome the challenge of disseminating information on the topic*
- *We firmly believe that the goals [of the 2030 agenda] can be achieved with the contribution of all collaborators, factories, and families*
- *We have introduced the theme of sustainable development to the corporate purpose*
- *The foundations and principles that the company deems fundamental are also fundamental for you who work there because if you marry the company, it is because you essentially believe in the same principles*
- *If we do something, it is because we believe in it, not because someone forces us*
- *The sensitivity and values of specific sectors have influenced [the sustainable choices of some companies]*
- *[as a company], we have the opportunity to create value for the local area*

*Figure 44: Legitimacy - Excerpts from interviews*



companies tend to "modify even their social objects," an irrepressible force that seems difficult to remain unchanged and which, as previously mentioned, becomes a real "business affair."

All institutions "embody rationales or social accounts," institutionalized beliefs, rules and roles, and symbolic elements capable of influencing organizational forms independently of resource flows and technical requirements. REF

It, therefore, seems strange then, reading the interviews, how, on the other hand, it is still inherent in the minds of all those interviewed, that sustainability is, however, an accessory: or rather, that the primary purpose of the company is that of profit creation and that, only consequently, can choices also be made in terms of sustainability; in fact, it is highlighted how "without profit, there is no sustainability" or that the main activities of the company "are not included in the materiality matrix since they are essential."

A contrast, evidently also unconscious, to which, however, it is necessary to pay attention from the moment in which sustainability is then seen not as a fundamental part of the company's activity (as one thinks) but rather as an additional choice, after the achievement of profit maximization and which must then be accounted for in terms of efficiency and economic result.

Parker (2005) interprets environmental and social accounting as an improvement on traditional accounting and reporting over more radical theories. Bebbington (Bebbington et al., 2008a; Unerman, 2000) points out that legitimacy can be perceived as relative and has been used for reputation in social and environmental accounting.

Alongside these aspects of "sentiment," we can see how all the activity, which revolves around sustainable reporting, is often carried out in a "teamwork" perspective, where it is not just the individual who deals with all operations but a set of figures (both of higher and lesser roles) who must work in synergy to produce a streamlined and understandable document for interested third parties.

### **5.3.6 Social acceptability and credibility**

The key word in this part of the analysis is "transparency," which was used numerous times throughout the interview process; it seems to be one of the main points of the discussion. For companies, "transparency" takes on different meanings: (i) to be visible, to show oneself through the report; (ii) make the actions conducted clear to third parties; (iii) compare yourself with competitors; (iv) as synonymous with the correctness of the procedures and the results obtained.

*"The organization has increasingly become the vehicle of numerous 'grants, needs and preferences so that many groups within and outside the organization seek to use it for ends which limit the return to the masters.' (Powell, DiMaggio, 1191:79)*

In fact, by investigating the answers, the need for companies to show themselves in the "best way" to third parties is visible: a search for social acceptance concerning what has been done, which may concern an interest in appearing "cleaner" or "better than others in the same sector," "stronger" or even "more trustworthy."

This, together with the issue of sustainability report certifications, fits into a context of seeking stakeholder approval to recognize a more significant value (ethical but also economic) to the company that deals with and reports in sustainable terms)

Moreover, it allows the company to position itself differently within the market in which it operates. (Schoeneborn, Morsing, & Crane, 2020)

Companies also feel obliged to conduct these reporting activities since they are visible and function as examples within the sector or field in which they operate. This is also evident from the desire and desire of companies to get involved through press conferences, workshops, and conferences to show) their results and their good practices.

In addition, alongside the mere results, the theme of the need to tell the "story of the data, the result, and the action" is also addressed to contextualize it and allow readers to better understand what has been conducted.

## ***SOCIAL ACCEPTABILITY AND CREDIBILITY***

- *Documents must be publicly accessible*
- *The airport is [a sector] very technical; it is tough to make people understand what you are doing*
- *We have a company website where we talk about environmental policies*
- *We have decided not to certify [the sustainability report]*
- *[the image of the company that reports on sustainability to stakeholders] is not the discriminating factor in the choice of voluntary reporting*
- *If the sustainability report were mandatory, it would help the company's image*
- *It would be nice to have the possibility to talk about it [the sustainability report] at a press conference*
- *We have seen that [for social acceptance] the environmental issue is in the background, and they pay more attention to health and safety at the airport*
- *[a goal] to finalize the [sustainability] report in a summary to allow for streamlined disclosure*
- *A certification [of the report] would be a value not so much internal but as an external official of the report itself*
- *I believe that [the sustainability report] is a world that deserves a small quantity of storytelling and explanation and that it is not just numbers*

- *We started drawing up sustainability reports because we felt ready and mature to show ourselves to the outside world and because of a need for transparency*
- *There is a desire and need for transparency, which is expected in all markets*
- *We want to sell [through this reporting] the value of transparency*
- *For us, sustainability has been a strategic choice to enhance what we did [...] to clean up our reputation, the honesty to demonstrate what we do*
- *a person who decides to read us [through the reports] can see an evolution*
- *[concerning the supply chain] we pay particular attention to sustainability, but being such large groups, we are also relatively safe because they are often even more evolved than us*
- *[sustainability] is now a factor that discriminates the solidity of the company*
- *Even the entire commercial area is now aware that sustainability is no longer a separate thing*
- *Once [sustainability] was marketing, today it cannot be anymore, at least for companies of a particular type, because it is all verified and demonstrated*
- *[concerning publishing sustainability reports] means being aware of being evaluated and receiving a positioning*
- *With certifications, I have someone confirming if I am on the right path or if I am just internally reporting the actions*

- *[company's role in advancing information on the 2030 agenda] is important because our company is visible*
- *We have chosen a universal guideline [the GRI standard] to be transparent*
- *If I want, I can tell how I want information and construct it in my favor, but the fact of choosing interaction guidelines demonstrates that what I am doing is correct*
- *The company that invests in sustainability sees its value progressively increase over time [in terms of brand and brand recognition]*
- *To prevent the [sustainable] balance sheet from being too self-referential, it is essential that it is verified before exposing it to the public, even if this is more important for certain companies [e.g., listed companies/those who approach the request for capital from banks] than for others*
- *We promote weeks for the energy or the circular economy*
- *Entrepreneurs want certifications to be able to put them on their business cards or their websites*

*Figure 45: Social acceptability and credibility - Excerpts from interviews*

### 5.3.7 Decoupling

The classical economic theory of profit maximization sees the company's fundamental role as creating and maximizing its profit by conducting business activity. (Marx, 1910) The most correct term that can be combined with this is efficiency, achieving results through the least expenditure of resources.

Therefore, when, as also seen in the previous sections, sustainability is not part of the main objectives but is an investment (among many) that must/can be chosen (Di Vaio & Varriale, 2018), then companies move differently and according to what becomes more important or "essential" in certain moments of corporate life. In fact, alongside the issues of sustainable choices, the terms "investment," "cost," and "effort" can be read, demonstrating the (economic) commitment that the company must make to pursue these choices.

*"Organizations built around efficiency seek to maintain close alignments between structures and activities." (Powell, DiMaggio, 1191:57)*

*"The assumption is that the work of formal structures is buffered by the consistencies and anomalies involved in technical activities". (Powell, DiMaggio, 1191:58)*

As integration is avoided, disputes and conflicts are minimized, and an organization can mobilize support from a broader range of external constituents. Decoupling allows organizations to maintain standardized, legitimized formal structures while their activities vary in response to practical considerations. Organizations in institutional sectors will not seek to closely control or coordinate their

production activities but will seek to buffer or decouple these activities from organizational structures.

Sustainability, seen as an investment and not as a corporate objective, therefore finds space in the set of decisions that the board/management must take in terms of both short-term planning but also medium-long-term strategies (Bebbington J., 2001); or, sustainability is a obligation (not only regulatory but also coercive on the part of stakeholders) which must necessarily be met. (Kaur & Lodhia, 2018; Bellucci & Manetti, 2018; Stocker, de Arruda, de Mascena, & Boaventura, 2020)

Furthermore, to minimize the associated costs, it seems interesting for companies to find ways that allow them to reduce the resources used (in terms of time, deadlines, extra work, and dedicated energy) and also try to exploit what has already been collected and analyzed in economic and financial terms. Also, for this reason, the figures who, within companies, deal with sustainable reporting are often "hybrid" figures, who during the ordinary course of company life cycles, deal with and are included in other tasks and who, for a few weeks a year they meet to produce the sustainability document.



## ***DECOUPLING***

- *Strong attention from the company even though economically it is not the best choice*
- *You no longer think only of buying for today, but you think more in the long term*
- *Valuing sustainability efforts is also important*
- *To improve, an investment in terms of economic resources, personnel, professionalism, and know-how is necessary*
- *Within the sustainability report, there is an entire part relating to investing in sustainability in financial terms*
- *Our goal is to sell and make a profit, but if there is no sustainability today, we have no contracts and, therefore, no profit*
- *When the company does not earn or create profit, all aspects [of sustainability] disappear.*
- *[also given the overlapping of financial and non-financial issues within both the economic and sustainable financial statements] it becomes expensive for the company to prepare both documents*
- *some threats and situations are of greater interest and primary to the company [than sustainability]*

- *[reported sustainability] can be a strategic key to allocating resources and budget differently because there is a double reading*
- *It is an investment [reporting for sustainability]*
- *Although there are incentives [small companies tend not to participate in specific interventions]*

*Figure 46: Decoupling - Excerpts from interviews*

### **5.3.8 Accounting techniques**

Finally, the analysis to which we wanted to arrive with these interviews was to decipher the methods, techniques, and accounting practices that allowed sustainable reporting (and sustainable reporting). Several observations emerged which are attractive to report.

When an organization faces a problem with ambiguous causes or unclear solutions, problem research can provide a viable solution at little expense (Cyert & March 1963).

First, the discourse of comparison between the economic balance and its diversity with the sustainable one opens. (Bebbington & Unerman, 2020)

“The centralization of funding decision-making, in the absence of a centralized programmatic or instrumental decision-making process, is associated with the development of interlevel vertical controls exercised through accounting mechanisms.” (Powell, DiMaggio, 1991:130)

The comparisons conducted by the companies touch on the issues of obligation, timing, and structure of the information, as well as the representation of the added value to third parties. The sustainability report is compared with the economic balance, seeing it as an additional document that must (or should, depending on the case) follow very precise and outlined practices with specific times and flows. Sustainable reporting would demonstrate the added value of investing in sustainability through a transparent representation of the company's "green" activities.

*"The accounting profession should reconsider its contribution to the achievement of the Sustainable Development Goals and commit to the incorporation of sustainable development criteria at all levels of decision-making - strategic, operational, and tactical - as well as in business activities (management, projection budgeting, evaluation, and reporting)." (Stănescu et. al, 2018)*

Indeed, the value of the "make visible" accounting techniques of highlighting and bringing to light sustainable information and making it visible (read, accessible) to interested third parties is recognized. (Contrafatto, 2013) As a side dish to this, the themes of the complexity of these new schemes are touched upon, of the new and not easily schematized structure, which often makes them very voluminous and not very immediate schemes which deserve a solution to make them more agile and comparable to read without however lose context.

*"Modelling is a response to uncertainty." (Powell, DiMaggio, 1991:76)*

Secondly, the concept of belonging context (or sector) takes up space again, highlighting how often the techniques chosen by companies result from an assessment of what is already in use in the sector and, therefore, of a mere formal alignment. As

conglomerate companies increase in size and scope, standard performance criteria are not necessarily imposed on subsidiaries (de Villiers, La Torre, & Molinari, 2022). However, it is common for subsidiaries to be subject to a standardized reporting mechanism (Coser et al., 1982).

We, therefore, find ourselves dealing with already existing and tested reporting systems (by leading companies in the same sector). We also expect to be able to use them for our own company. In reality, then, as can be seen, this is not always possible, and what could have seemed like a benchmark activity concerning competitors and a check on the company's performance becomes an unfeasible or unfair comparison, both because the models they are not always able to take into account various subjective variables (also expressed in the previous sections) and due to lack of internal structure to be able to use them.

One, therefore, wonders whether models dictated by homogeneous guidelines and which can be used without distinction by all companies (but with a high degree of generalization) are helpful or whether they are better than "custom-made" models on and for the company but which however, they suffer from the difficulty of comparability and the lack of harmonization.

Even more, it is noted that every year, there are innovations (regulatory, academic) that lead companies to have to get back into the game with new models or tools or information that were not present in previous years; here, it is even less possible to evaluate companies not only among themselves but also within them in terms of improvements. (Costanza, et al., 2016; Lafortune & Schmidt-Traub, 2019) On the other hand, when the sustainability report manages to give the company

information about the results and trends, then it is also used by the companies themselves as a medium-long term planning and strategy tool, not only on the actions to be taken and related results but also on budget and resource allocation choices.

In approaching sustainable reporting, it is highlighted how teamwork is essential, especially in large companies, where there are multiple company sites or, for example, large data exchanges to collect and analyze or where, for example, there are more areas with different referents to report to.

Added to this is also a complexity around the need to approach in a precise way the identification of workflows that take into consideration the tasks and times of each actor, as well as the flows of responsibility both in the collection and management of data and their approval. A constructive collaboration of elements must be transparent to avoid deficiencies or errors.

To the rescue of companies, there would seem to be technological advancement and investment in management and IT software capable of collecting, storing, and managing thousands of data and making them accessible and usable by report managers efficiently when necessary. (Arroyo et al., 2022; Kharrazi, Qin, & Zhang, 2016)

As highlighted by the companies themselves, it is no longer possible to resort to the simple use of spreadsheets and text because it becomes risky, especially for preparing certified financial statements, which need verifiable and controllable data.

## **ACCOUNTING SYSTEM**

- *We tell in a simple and complete way*
- *[the university explained and asked] who is obliged, what is our mission, our vision, and our values*
- *We did a materiality analysis*
- *The leading indicators of the model are in line with those used by other airports*
- *Collection of data, comments, and list of implemented actions that must be written in the report [with requests to all the figures involved]*
- *Staggered data and indicators [due to the COVID-19 pandemic] will have an asterisk to distinguish them*
- *We have transparent data [always available]*
- *Each paragraph of the report states which are the objectives of the United Nations [agenda 2030] that we want to achieve*
- *[Concerning the SDGs] we have 11 [out of 17] that we want to pursue*
- *We identified the material topics [...] and used them to carry out an investigation of materiality both inside and outside, and we identified five areas divided into five sub-themes to build the matrix*
- *We used questionnaires [for stakeholders and also internally] to gather information about materiality*
- *Periodically, we make updates [compared to the data collected from the interviews]*

- *We participate in a working table*
- *We use the models of previous years; we keep the indicators and add new ones if necessary*
- *[any collected data] must be commented*
- *We have three directives [in sustainable reporting]: consistency with previous models, the data must be commented and notify me and talk to me [in case of problems or needs]*
- *The first draft of the report is submitted [to the area contacts] for approval and then passed on to the management for initial approval*
- *The timescales are after those for preparing the [financial] financial statements*
- *We have an internal procedure, not written but codified*
- *We start collecting data in early January to be able to publish it in early June*
- *The data is delivered already structured and already commented on by the area contacts*
- *[the Sustainability Report working group] deals with making the structure homogeneous*
- *The [economic] balance helps because the exact relationships are also used in the sustainable balance*
- *the economic balance sheet and the report on the economic balance and the sustainable one have points in common and are, therefore, tools that help*

- *environmental certifications are also a basis for the sustainability report*
- *[they are valuable tools for drawing up the sustainable report] the infra-annual reports [e.g., half-yearly], as well as all data collections*
- *We self-taught some indicators that we needed and measured aspects that were useful to us*
- *The distribution of added value and economic performance are also fundamental when viewed under the lens of sustainability*
- *At the beginning of the chapter [of the sustainable report], we have a methodological note concerning the formula for the distribution of added value*
- *It would be interesting to work with cost/benefit analysis concerning environmental indicators*
- *We [company] do many concrete things [actions], but we do not know how to apply the [theoretical/academic] model to be able to tell about them]*
- *We drafted the first social report in 2003, but we did not publish it*
- *The first [published social report] is from 2004*
- *We built on similar existing reporting models*
- *[need to find] a new form of reporting*
- *Within our report, we have 23 production sites that send us data from around the world*



- *In 2010, we changed our way of reporting [sustainable], and we chose the GRI standard to have a 360° view of sustainability*
- *We needed to read data under the same unit of measurement*
- *We needed a modern system that would push us to improve*
- *we have structured ourselves; we have created a working group to work on the aggregated data*
- *the [economic] balance sheet gives us a snapshot of an evolving situation*
- *in the new reporting lines, we are asked for medium and long-term objectives in terms of sustainability*
- *before [the sustainable report] was one more document. Now, it is a fundamental document in the relationship with the customer and with the market*
- *we try to improve and monitor a variety of parameters in all our companies*
- *for three years, we have had two versions [of the sustainability report]: the full one, which has all the data, and a short version*
- *through the photograph that makes the economic balance, weaknesses that can be improved are also highlighted*
- *the sustainability report has been seasonally adjusted*
- *at the moment, the main difficulties concern the concept of sustainability in general, [...] in the concreteness of the action*

- *the GRI is the general standard, which says for some indicators how they must be calculated, while for other indicators, it only says what result must be obtained, but the process to get there is yours*
- *through European directives, greater comparability would be achieved to be able to invest, reassure, and keep track*
- *since the SDGs must fit a little bit for everyone, they suffer from a certain degree of genericity*
- *we would prefer something [standards] more related to our business, but we understood that we could freely decline them [the SDGs] concerning our needs*
- *within the various company sites, we have representatives who coordinate the language of sustainability and many others who deliver the data [...] It is a cooperation that involves everyone to a certain extent*
- *until now, we have acted through Excel, but with the evolution of the sustainable balance, we need an increasingly automated system for entering data and their subsequent processing, such as the aggregation or division of data to study their trends*
- *an automated system would be less time-consuming and expose to fewer errors*
- *we decided to create software tailored to our company to manage the sustainable balance sheet better*
- *digitization will help a lot*

- *there is no sustainability without measurement*
- *[an action] is not sustainable if it is not measurable through scientific isolation, rigorous, replicable, and also certifiable by third parties* •
- *[since we knew of the entry into force of the decree in 2017] we anticipated with the first publication as a practice to prepare for reporting on these [sustainable] issues*
- *We have tried to identify indicators capable of demonstrating the company's performance, and by finding the material issues*
- *We involved the CSR commits and top management in the material analysis*
- *We also did a benchmark analysis against our reference pillars*
- *We did both external and internal analyses*
- *Different guidelines lead to different and incomparable results; for this reason, in addition to the mandatory aspects, we have also added descriptive parts to explain our contributions and projects better*
- *On specific issues, there is an overlap [between the economic and sustainable budget]; if simplifications were possible, it would be a good thing*
- *With both documents [financial and otherwise], it is possible to have a 360° view of the company, even if the next goal is to make them homogeneous and more streamlined*
- *Work will be needed to define flows, responsibilities, and data governance*
- *Once some SDGs had been selected, we interviewed managers to confirm that the choice was correct*

- *[as regards non-financial reporting] We started with a group of technicians who somehow work on sustainability issues by creating a sort of task force*
- *As we are tied to several functions around the world, we also collect data from various plants*
- *Initially, a large amount of data was collected on Excel and Word sheets [...] Subsequently, it became essential to purchase an IT tool capable of managing the amount of information*
- *The authorization workflow is obvious and evident, and the timing is reduced*
- *[through the purchase of the computer software] we are sure of the accountability and certainty of the data and their traceability*
- *With the auditor, the verification activities are significantly reduced*
- *Every year, we reevaluate the indicators and add any new features*
- *[since every year there is also a legislative revolution] we must constantly update and restart [in non-financial reporting]*
- *In some cases, we are not structured to provide certain information, or it is confidential; therefore, we have to understand how to do it to comply with the information in any case*
- *The collection of quantitative data takes place at the end of the financial year and is subsequently integrated with qualitative/descriptive data*
- *We follow the flow and timing of the consolidated financial statements and all related approvals [BoD, colleges, shareholders' meetings]*

- *The auditor issues an opinion and reports any problems*
- *We have also started to address the subject of taxonomy, but the regulations keep changing fast, and it is not easy to apply them*
- *We also have very close collaborations with customers to whom we send periodic engagement surveys*
- *Each indicator, each piece of information has different aggregation methods, and we have tried to make them objective so that the auditor can then retrace them*
- *The fact of having a guideline was a safety reason for us*
- *The indicators increase every year, and this means that increasingly punctual and precise processes are structured upstream*
- *We are in the world of data, but we need to understand which data are necessary and valuable and which are the side data*
- *The problem is to compose it [the data] in the right way, to know how to handle and use it*
- *It is not enough to have the information; you also need to know how to use it*
- *It is necessary to structure an internal control system that checks the correctness of the data and calculations*
- *When there are more precise indicators, then the results will also be more objective*
- *We organize workshops in the presence of information*

- *The objective of some roundtables is to understand how to be able to report [on sustainability] all in the same way, even if it is better to understand how to report in the right way for one's own company*
- *The company's internal processes have an impact on the results and data collected; in fact, the problems do not concern the calculations but the way to contextualize the information through the story correctly*
- *Some indicators are acceptable as they are but may not reflect comparisons or boundary situations*      • *We have invested in the renewal of the management software to facilitate monitoring*
- *Through interviews with area managers, we collect information about innovations to be reported*
- *With the new headquarters, we have all movements recorded, and data collection is easier*
- *Deloitte writes the text of the report, which is then validated by management*
- *We intend to renew the materiality matrix to have a new strategic planning*
- *What we do is to bring together all the norms and activities to make visible things [in our companies]*
- *We put together norms, and we try to use them in small realities*
- *We were able to coordinate more than companies during the lockdown*
- *We do not have a formal sustainable report, but we are trying to elaborate on*

Figure 47: Accounting techniques - Excerpts from interviews

We then discuss the methods of drafting the report themselves, trying to understand how new models and systems suitable for business needs can be introduced.

However, as seen in the previous sections and chapters, it is difficult for the company to understand the concept of sustainability. Since it is seen as a subjective process and susceptible to differences linked to various variables, each company tries to identify it best using the materiality matrix tool. This system is widely used to identify the material constructs for the company (also in the case of the SDGs) trying to align itself with its corporate reality.

In particular, to collect and understand what valid data are, companies invest not only in well-structured company management systems but also turn to the outside, trying to collect information thanks to workshops, interviews, surveys, or by using data already collected at other times such as those collected for the economic balance or environmental certifications. (Bebbington, 1997)

In the era of big data, it is also essential to understand whether a piece of data is helpful to the company and how (Arroyo et al., 2022); the risk expressed by the interviewees is that of having very voluminous reports that transmit little value to the outside world. (Kharrazi et al., 2016)

More than a company is dimensionally large and located at different points of the globe; it becomes essential to collect data that are as congruous, precise, and correct as possible. (Wooten & Hoffman, 2008) For example, in the case of company sites that use accounting with different units of measurement, data collection must, therefore, consider harmonization to avoid running into evaluation errors.

Accountability, therefore, becomes a central and fundamental theme in the path toward the sustainability report. (Brunelli & Di Carlo, 2020)

Another consideration concerns the issue of data collection timing: companies that are not obliged to prepare a sustainable report and which, therefore, prepare it voluntarily do not feel bound to comply with well-defined times (Wooten & Hoffman, 2008). often, data collection is made after the closure of the economic balance sheet and the drafting of the report itself is often postponed to the approval of the financial one.

On the other hand, for obliged companies, the timing of presentations means that the company is structured in such a way as to collect the data at the same time as they are generated and to have them available to be able to structure and publish them according to the pre-established deadlines. This certainly also affects the company's human resources involvement because specific and ad hoc roles are created to be always informed and prepared on the topic of interest.

Although there seems to be a defined structure and practice, all the companies have expressed doubts, perplexities, and concerns about the correct application of indicators and, therefore, about the results they produce themselves. In fact, in the absence of unambiguous and defined guidelines, companies are faced with the choice of which system of indicators to use (sometimes even to create new ones) with the uncertainty of correctness and correct application. Even concerning the SDGs themselves, which are a detailed area, after seven years, there is still no precise guideline of indicators to follow. Although these targets seem specific, all companies define them as too generic and susceptible to freedom of application and choice that is



too broad, which leads to problems in terms of harmonization and application and approach to corporate realities.

Precisely for these reasons listed above, the companies have expressed that following the quantitative results expressed in the financial statements, descriptive support is always vital, allowing the results to be contextualized and explain the underlying constructs.

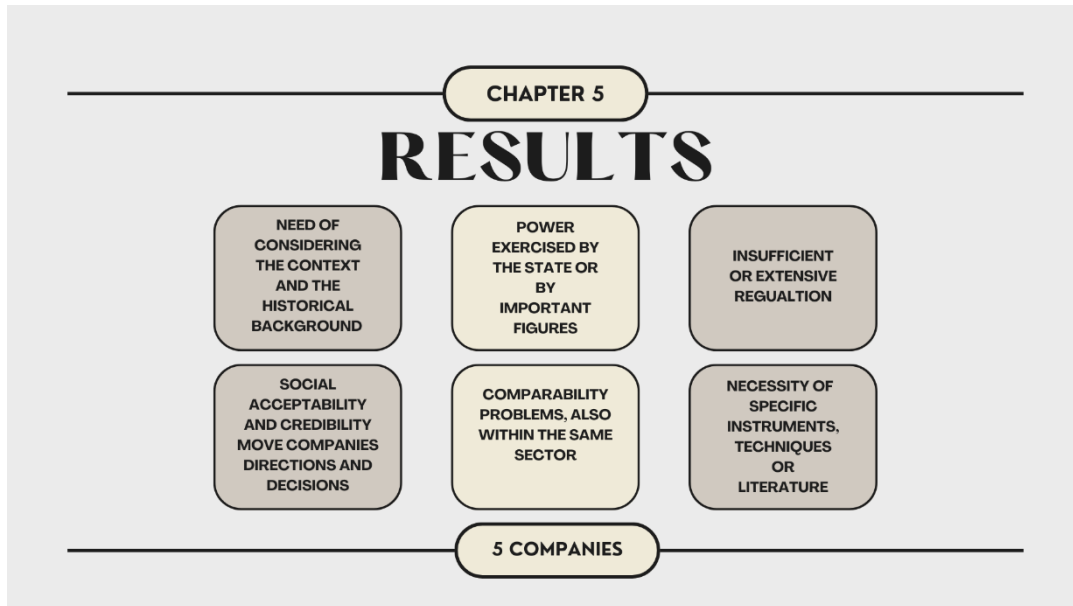
The role of professional accountants is becoming increasingly important to the organization as they are uniquely placed at the intersection of all departments and business areas and have the capacity and authority to set standards, develop models, and generate information according to reports, bringing the organization in line with the principles of sustainable development. (Stănescu et. Al, 2018) Some of this research identifies and develops the stimulating effects of commitment in an SDG framework in guiding policy and action organizations.

Finally, the presence of an auditor and an internal control system that certifies the adequacy of the data collection, processing, and reporting processes seems valuable and practical.

*"Complex accounting control systems are employed because there is a lack of more direct command and compliance authority." (Powell, DiMaggio, 1991:177)*

A figure who, independent of the company, can understand if and how the entire process reported has been applied and who certifies, even to the latest users of the sustainability report itself, that the information contained therein is transparent and compliant with standards of reference (Which, however, it is still necessary to understand what they are).

### 5.3.9 Analysis results and future addresses



*Figure 48: Results from the third analysis*

Sectors are made up of functionally interconnected units even if geographically remote (Powell, DiMaggio, 1991:118), as seen, for example, in companies such as “Company C” SPA or “Company A” Spa. The sector concept is broader than that of the industry as it includes the diverse types of organizations to which these similar suppliers refer.

Organizations in technical fields will seek to control and coordinate their productive activities, protecting themselves from environmental influence. Organizations in technical fields will be successful to the extent that they develop efficient production activities and effective coordination structures. (Powell, DiMaggio, 1991:125) What has been deduced from the “Company C” Spa analysis shows how the technical nature of the sector to which it belongs is what influences it along all the choices made, not only in economic-financial terms but also in sustainable choices. From the analysis proposed above, it is confirmed that the organizations that

will develop in advanced sectors, both from an institutional and technical point of view, will develop more complex and elaborate administrative systems (Powell, DiMaggio, 1991: 126).

Companies such as “Company B” and “Company A” show a high tendency to attempt to report in a timely, precise, and "academic" way. Their tendency to be highly technical and organized is also demonstrated in non-financial reporting, with the search for tailored accounting structures that can meaningfully represent their reality. However, organizations operating in sectors that could be more developed technically or institutionally, such as the two trade associations analyzed above, demonstrate less attention to technical accounting detail but still need to consider the environmental influence surrounding them (Powell & DiMaggio, 1991).

The more highly professionalized a sector is, as seen in “Company C” Spa, the more likely it is that instrumental and programmatic decisions are decentralized. (Powell, DiMaggio, 1991:130) Instead of organizations appearing in sectors with centralized decision-making processes, such as “Company A” Spa, unified and concentrated, they should be closely interconnected and have small administrative components at each level. (Powell, DiMaggio, 1991:133)

The organizations that are emerging in sectors with fragmented or federalized political decision-making processes, such as “Company D” and "Company E," show complex interlevel connections and administrative components elaborated and expanded at each level, with a vital imprint characteristic that is placed at a political-decision-making level and of a national nature. The more central, unified, and concentrated financial and political decision-making within an industry, the greater the

extent to which organizations within that industry will be limited and specific in the functional activities they perform. (Powell, DiMaggio, 1991:134)

## **Conclusion**

The work titled "Accounting for SDGs: Frameworks and Practice" has explored the crucial role of accounting and accountability in driving sustainable development efforts and contributing to achieving the Sustainable Development Goals (SDGs) outlined in the Agenda 2030. Through a comprehensive analysis, the research has shed light on the power of accounting and accountability techniques as essential instruments for reaching the goals of the SDGs.

The research has highlighted the significance of accounting in capturing, measuring, and reporting sustainability-related information. Accounting frameworks and standards have been examined, and their strengths, limitations, and potential areas for improvement have been identified.

The research has emphasized the role of accountability mechanisms in ensuring transparency, trust, and stakeholder engagement, holding organizations accountable for their sustainable development efforts.

The findings from the Voluntary National Reviews (VNRs) case analysis have provided insights into nations' priorities, challenges, and achievements in implementing the SDGs. The analysis has revealed the main topics raised in the VNR reports and contributed to a better understanding of global efforts towards achieving the Agenda 2030.

Countries emphasize establishing resolute supervisory and coordination bodies to monitor SDG planning and financing. These bodies should have high-level leadership, promote multi-stakeholder dialogue, and engage the private sector.

Building the capacity of parliamentarians to monitor budget and SDG implementation is also essential.

Many countries need help gathering relevant financial information. Institutional arrangements are crucial in facilitating collaboration within and outside national governments.

Countries require assistance aligning medium- and long-term plans with budgeting processes and exploring non-traditional SDG financing methods. The COVID-19 pandemic further underscores the need to incorporate risk into financing strategies.

National statistical offices play a vital role in monitoring the SDGs, but challenges exist in Voluntary National Reviews (VNRs) data collection. Countries can enhance their statistical capacity by designating the national statistical office as the coordinator of the national statistical system, leveraging technology for data collection and analysis, seeking assistance from partnerships and stakeholders, and exploring non-traditional data sources.

Sharing experiences from VNRs has yielded valuable lessons. Some best practices include using the UN Guidelines as a framework, integrating sustainability assessment into national policies and budgeting, establishing national task forces involving various stakeholders, and ensuring rigorous reporting written by multiple stakeholders.

The main challenges in preparing VNRs include data gaps and their collection, avoiding political manipulation, establishing clear and consensus-based rules, using

understandable language and presentations, incorporating innovative tools or systems, and improving the review process.

VNRs have multiple benefits, such as facilitating cooperation within governments, incorporating SDGs into national plans, identifying data gaps and statistical capabilities, articulating policy priorities and adjustments (especially considering COVID-19), mobilizing support and funding, conducting cost analyses, identifying at-risk groups, and collaborating with other VNR countries. Successive VNRs allow for continuity, deeper analysis, and optimization of existing mechanisms and policies. (Martín-Blanco, Zamorano, Lizárraga, & Molina-Moreno, 2022)

Overall, the findings emphasize the importance of effective governance, collaboration, capacity building, data collection, and learning from previous VNRs to support the implementation of the SDGs and foster sustainable development.

The results and discussions from the second analysis have highlighted several points. Firstly, it is evident that there is a growing need for specialized literature focusing on small and medium-sized enterprises (SMEs) concerning sustainability and the integration of the SDGs. This research gap should be addressed to provide tailored guidance and support for SMEs adopting sustainable practices.

Secondly, specific accounting techniques oriented towards SMEs must be developed. Existing standards and methodologies may need to be more suitable and easily applicable to SMEs' unique characteristics and resource constraints. Therefore, there is a need to design accounting techniques that are practical, accessible, and effective for SMEs to measure and report their sustainability performance (Bebbington & Larrinaga, 2014).

Thirdly, the training and education of SME management and boards should be emphasized to enhance their understanding of sustainable development (Gull et al.) and the SDGs. Targeted training programs can equip SME leaders with the necessary knowledge and skills to implement sustainable strategies effectively and make informed decisions aligning with the SDGs. (Tarquinio & Posadas, 2020)

Lastly, greater involvement and engagement of stakeholders are crucial for SMEs to achieve the SDGs. Stakeholders, including external parties and interested individuals, exert influence and pressure on SMEs. Therefore, understanding stakeholders' expectations, concerns, and priorities related to sustainability is essential. Future research should explore effective stakeholder engagement strategies (Kaur & Lodhia, 2019) and the role of sustainability reporting in facilitating transparent communication and decision-making processes. (Christensen, Morsing, & Thyssen, 2017)

The findings from this part emphasize the need for ongoing research and exploration in these areas to foster sustainable practices and SDG integration within SMEs. By addressing the identified research needs, scholars, practitioners, and policymakers can contribute to developing practical and relevant approaches that support SMEs in their sustainability journey and drive progress towards the Agenda 2030 goals.

The last case, the analysis of five companies in the province of Bergamo, Lombardy, has demonstrated how accounting practices can support the integration of the SDGs into business strategies.



Best practices in accounting for the SDGs have been identified, including innovative approaches, tools, and techniques the companies employ to measure, monitor, and report their contributions. This analysis discusses the relationship between sectors and organizations within them, highlighting the influence of technical and institutional factors on their operations and decision-making processes.

The concept of a sector is broader than that of an industry, encompassing several organizations with similar suppliers. Organizations in technical fields strive to control and coordinate their production activities, seeking efficiency and effectiveness.

The analysis of the companies demonstrates how the technical nature of the sector influences its choices, including sustainable decisions. The level of development in a sector, both institutionally and technically, affects the complexity of organizational administrative systems. Advanced sectors tend to have more elaborate administrative structures and tend towards timely and precise reporting. In contrast, organizations operating in less developed sectors may demonstrate less attention to technical accounting details but still need to consider the surrounding environmental influences.

The level of professionalization in a sector impacts the decentralization of instrumental and programmatic decisions. Highly professionalized sectors are more likely to have decentralized decision-making processes. (Wooten & Hoffman, 2008) On the other hand, sectors with centralized decision-making tend to have closely interconnected organizations with small administrative components at each level. Sectors with fragmented or federalized political decision-making processes exhibit complex interlevel connections and expanded administrative components at each level. (DiMaggio & Powell, 1983; Wooten & Hoffman, 2008) These organizations

have a strong national-level political influence. The concentration of financial and political decision-making within an industry restricts the range of functional activities organizations perform.

Overall, this case highlights the interplay between sectors, technical factors, institutional factors, and organizational characteristics. The findings suggest that the nature of the sector and its level of development have implications for organizational structures, decision-making processes, and functional activities within organizations.

Areas for future research have also emerged from this work. First, there is a need for further exploration of the institutional influences on accounting and accountability practices for the SDGs. Understanding how external forces shape organizational responses and the potential for transformative change is essential.

Second, more research is required to investigate the impact of accounting and accountability practices on achieving specific SDGs, such as poverty eradication, climate action, or gender equality.

Third, the conclusion calls for continued examination of emerging accounting technologies and their potential to enhance sustainability reporting and decision-making processes.

In conclusion, this research has demonstrated that accounting and accountability are crucial in advancing sustainable development efforts and realizing the SDGs. By identifying best practices and addressing areas for future research, this research hopes to contribute to the ongoing dialogue on leveraging accounting and accountability as critical instruments for achieving a sustainable future.

The findings of this work could provide initial insights or starting points for policymakers, organizations, and researchers seeking to align their practices with the SDGs and promote sustainable development at local, national, and global levels.



### **Appendix A: List of VNRs for the first analysis (Chapter 3)**

<b>STATE_CODE</b>	<b>YEAR</b>	<b>LANGUAGE</b>	<b>ACCEPTED</b>
Afghanistan	2017	english	yes
Albania	2018	english	yes
Algeria	2019	english	yes
Andorra	2018	english	yes
Angola	2021	english	yes
Antigua and Barbuda	2021	english	yes
Argentina	2020	spanish	no
Argentina	2017	spanish	no
Armenia	2020	english	yes
Armenia	2018	english	yes
Australia	2018	english	yes
Austria	2020	english	yes
Azerbaijan	2021	english	yes
Azerbaijan	2017	english	yes
Azerbaijan	2019	english	yes
Bahamas	2021	english	yes
Bahamas	2018	english	yes
Bahrain	2018	english	yes
Bangladesh	2020	english	yes
Bangladesh	2017	english	yes
Barbados	2020	english	yes

Belarus	2017	russian	no
Belgium	2017	english	yes
Belize	2017	english	yes
Benin	2020	french	no
Benin	2017	french	no
Benin	2018	french	no
Bhutan	2021	english	yes
Bhutan	2018	english	yes
Bolivia	2021	english	yes
Bosnia and Herzegovina	2019	english	yes
Botswana	2017	english	yes
Brazil	2017	english	yes
Brunei	2020	english	yes
Bulgaria	2020	english	yes
Burkina Faso	2019	english	yes
Burundi	2020	english	yes
Cabo Verde	2021	english	yes
Cabo Verde	2018	english	yes
Cambodia	2019	english	yes
Cameroon	2019	english	yes
Canada	2018	english	yes
Central African Republic	2019	french	no
Chad	2021	english	yes

Chad	2019	english	yes
Chile	2017	spanish	no
Chile	2019	spanish	no
China	2021	english	yes
Colombia	2021	english	yes
Colombia	2018	english	yes
Colombia	2016	spanish	no
Comoros	2020	english	yes
Congo	2020	french	no
Congo	2019	french	no
Costa Rica	2020	spanish	no
Costa Rica	2017	spanish	no
Côte d'Ivoire	2019	english	yes
Croatia	2019	english	yes
Cuba	2021	english	yes
Cyprus	2021	english	yes
Cyprus	2017	english	yes
Czech Republic	2021	english	yes
Czech Republic	2017	english	yes
Denmark	2021	english	yes
Denmark	2017	english	yes
Djibouti	2021	english	yes
Dominican Republic	2021	english	yes

Dominican Republic	2018	english	yes
Ecuador	2020	spanish	no
Ecuador	2018	spanish	no
Egypt	2021	english	yes
Egypt	2018	english	yes
Egypt	2016	english	yes
El Salvador	2017	spanish	no
Estonia	2020	english	yes
Estonia	2016	english	yes
Eswatini	2019	english	yes
Ethiopia	2017	english	yes
Fiji	2019	english	yes
Finland	2020	english	yes
Finland	2016	english	yes
France	2016	english	yes
Gambia	2020	french	no
Georgia	2020	english	yes
Georgia	2016	english	yes
Germany	2021	english	yes
Germany	2016	english	yes
Ghana	2019	french	no
Greece	2018	english	yes
Guatemala	2021	spanish	no



Guatemala	2017	spanish	no
Guatemala	2019	english	yes
Guinea	2018	english	yes
Guyana	2019	english	yes
Honduras	2020	english	yes
Honduras	2017	english	yes
Hungary	2018	spanish	no
Iceland	2018	english	yes
Iceland	2019	english	yes
India	2020	english	yes
India	2017	english	yes
Indonesia	2021	english	yes
Indonesia	2017	english	yes
Indonesia	2019	english	yes
Iraq	2021	arabic	no
Iraq	2019	arabic	no
Ireland	2018	english	yes
Israel	2019	english	yes
Italy	2017	english	yes
Jamaica	2018	english	yes
Japan	2021	english	yes
Japan	2017	english	yes
Jordan	2017	english	yes

Kazakhstan	2019	english	yes
Kenya	2020	english	yes
Kenya	2017	english	yes
Kiribati	2018	english	yes
Korea	2021	english	yes
Korea	2016	english	yes
Kuwait	2019	english	yes
Kyrgyz Republic	2020	english	yes
Lao	2021	english	yes
Lao	2018	english	yes
Latvia	2018	english	yes
Lebanon	2018	english	yes
Lesotho	2019	english	yes
Liberia	2020	english	yes
Libya	2020	english	yes
Liechtenstein	2019	english	yes
Lithuania	2018	english	yes
Luxembourg	2017	french	no
Macedonia	2020	english	yes
Madagascar	2021	french	no
Madagascar	2016	french	no
Malawi	2020	english	yes
Malaysia	2021	english	yes

Malaysia	2017	english	yes
Maldives	2017	english	yes
Mali	2018	english	yes
Malta	2018	english	yes
Marshall Islands	2021	english	yes
Mauritania	2019	english	yes
Mauritius	2019	english	yes
Mexico	2021	spanish	no
Mexico	2018	spanish	no
Mexico	2016	spanish	no
Micronesia	2020	english	yes
Moldova	2020	english	yes
Monaco	2017	french	no
Mongolia	2019	english	yes
Montenegro	2016	english	yes
Morocco	2020	french	no
Morocco	2016	french	no
Mozambique	2020	english	yes
Myanmar	2021	english	yes
Namibia	2021	english	yes
Namibia	2018	english	yes
Nauru	2019	english	yes
Nepal	2020	english	yes

Nepal	2017	english	yes
Netherlands	2017	english	yes
New Zealand	2019	english	yes
Nicaragua	2021	english	yes
Niger	2020	french	no
Niger	2021	french	no
Niger	2018	french	no
Nigeria	2020	english	yes
Nigeria	2017	english	yes
Norway	2021	english	yes
Oman	2019	english	yes
Pakistan	2021	english	yes
Pakistan	2019	english	yes
Palau	2019	english	yes
Palestine	2018	english	yes
Panama	2020	spanish	no
Panama	2017	spanish	no
Papua New Guinea	2020	english	yes
Paraguay	2021	spanish	no
Paraguay	2018	spanish	no
Peru	2020	spanish	no
Peru	2017	spanish	no
Philippines	2019	english	yes

Philippines	2016	english	yes
Poland	2018	english	yes
Portugal	2017	english	yes
Qatar	2021	arabic	no
Qatar	2017	arabic	no
Qatar	2018	arabic	no
Romania	2018	english	yes
Russia	2020	english	yes
Rwanda	2019	english	yes
Saint Lucia	2019	english	yes
Saint Vincent and the Grenadines	2020	english	yes
Samoa	2020	english	yes
San Marino	2021	english	yes
Saudi Arabia	2018	french	no
Senegal	2018	english	yes
Serbia	2019	english	yes
Seychelles	2020	english	yes
Sierra Leone	2021	english	yes
Sierra Leone	2019	english	yes
Sierra Leone	2016	english	yes
Singapore	2018	english	yes
Slovakia	2018	english	yes

Slovenia	2020	english	yes
Slovenia	2017	english	yes
Solomon	2020	english	yes
South Africa	2019	french	no
Spain	2021	english	yes
Spain	2018	english	yes
Sri Lanka	2018	english	yes
Sudan	2018	english	yes
Sweden	2021	english	yes
Sweden	2017	english	yes
Switzerland	2018	english	yes
Switzerland	2016	english	yes
Syria	2020	english	yes
Tajikistan	2017	english	yes
Tanzania	2019	english	yes
Thailand	2021	english	yes
Thailand	2017	english	yes
Timor-Leste	2019	english	yes
Togo	2017	french	no
Togo	2018	spanish	no
Togo	2016	french	no
Tonga	2019	english	yes
Trinidad and Tobago	2020	english	yes

Tunisia	2021	english	yes
Tunisia	2019	english	yes
Turkey	2019	english	yes
Turkey	2016	english	yes
Turkmenistan	2019	english	yes
Uganda	2020	english	yes
Uganda	2016	english	yes
Ukraine	2020	english	yes
United Arab Emirates	2018	french	no
United Kingdom	2019	english	yes
Uruguay	2021	spanish	no
Uruguay	2017	spanish	no
Uruguay	2018	spanish	no
Uzbekistan	2020	english	yes
Vanuatu	2019	english	yes
Venezuela	2016	spanish	no
Vietnam	2018	english	yes
Zambia	2020	english	yes
Zimbabwe	2021	english	yes
Zimbabwe	2017	english	yes





## **Appendix B: List of papers from systematic literature review (Chapter 4)**

<b>AUTHOR</b>	<b>PY</b>	<b>SOURCE</b>	<b>TITLE</b>
ABISUGA-OYEKUNLE OA;PATRA SK;MUCHIE M	2020	AFRICAN JOURNAL OF SCIENCE TECHNOLOGY INNOVATION & DEVELOPMENT	SMES IN SUSTAINABLE DEVELOPMENT: THEIR ROLE IN POVERTY REDUCTION AND EMPLOYMENT GENERATION IN SUB-SAHARAN AFRICA
ADSHEAD D;THACKER S;FULDAUER LI;HALL JW	2019	GLOBAL ENVIRONMENTAL CHANGE-HUMAN AND POLICY DIMENSIONS	DELIVERING ON THE SUSTAINABLE DEVELOPMENT GOALS THROUGH LONG-TERM INFRASTRUCTURE PLANNING
AGBURU JI;ANZA NC;IYORTSUUN AS	2017	JOURNAL OF GLOBAL ENTREPRENEURSHIP RESEARCH	EFFECT OF OUTSOURCING STRATEGIES ON THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES (SMES)
AHMAD I;THURASAMY R;SHAHZAD A;ULLAH MI;HUSSAIN A;ANSARI HWA	2023	SOUTH AFRICAN JOURNAL OF ECONOMIC AND MANAGEMENT SCIENCES	COVID-19 IMPACT ON DAIRY SECTOR: THE MEDIATING ROLE OF KNOWLEDGE SHARING AND TRUST ON INNOVATION CAPABILITY
AKIN-ADETORO A;KABANDA S	2021	ELECTRONIC JOURNAL OF INFORMATION SYSTEMS IN DEVELOPING COUNTRIES	FACTORS AFFECTING THE ADOPTION OF BYOD IN SOUTH AFRICAN SMALL AND MEDIUM ENTERPRISES
ALBLOUSHI B;ALHARMOODI A;JABEEN F;MEHMOOD K;FAROUK S	2023	MANAGEMENT RESEARCH REVIEW	TOTAL QUALITY MANAGEMENT PRACTICES AND CORPORATE SUSTAINABLE DEVELOPMENT IN MANUFACTURING COMPANIES: THE MEDIATING ROLE OF GREEN INNOVATION
ALI MM;RATTANAWIBOONSOM V;PEREZ CM;KHAN AA	2017	EKONOMIKA REGIONA-ECONOMY OF REGION	COMPARATIVE POSITIONING OF SMALL AND MEDIUM ENTERPRISES IN BANGLADESH, THAILAND AND THE PHILIPPINES
ALI Y;YOUNUS A;KHAN AU;PERVEZ H	2021	INTERNATIONAL JOURNAL OF PRODUCTIVITY AND PERFORMANCE MANAGEMENT	IMPACT OF LEAN, SIX SIGMA AND ENVIRONMENTAL SUSTAINABILITY ON THE PERFORMANCE OF SMES
AVRAMPOU A;SKOULOUDIS A;ILIOPOULOS G;KHAN N	2019	SUSTAINABLE DEVELOPMENT	ADVANCING THE SUSTAINABLE DEVELOPMENT GOALS: EVIDENCE FROM LEADING EUROPEAN BANKS
BAJDOR P;PAWELOSZEK I;FIDLEROVA H	2021	SUSTAINABILITY	ANALYSIS AND ASSESSMENT OF SUSTAINABLE ENTREPRENEURSHIP PRACTICES IN POLISH SMALL AND MEDIUM ENTERPRISES
BARBIER EB;BURGESS JC	2019	WORLD DEVELOPMENT	SUSTAINABLE DEVELOPMENT GOAL INDICATORS: ANALYZING TRADE-OFFS AND COMPLEMENTARITIES
BARBIERI R;SANTOS DFL	2020	JOURNAL OF CLEANER PRODUCTION	SUSTAINABLE BUSINESS MODELS AND ECO-INNOVATION: A LIFE CYCLE ASSESSMENT
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BERNIAK-WOZNY J;KWASEK A;GASINSKI H;MACIASZCZYK M;KOCOT M	2023	SUSTAINABILITY	BUSINESS CASE FOR CORPORATE SOCIAL RESPONSIBILITY IN SMALL AND MEDIUM ENTERPRISES-EMPLOYEES' PERSPECTIVE

BIADACZ R	2021	TQM JOURNAL	QUALITY COST MANAGEMENT IN THE SMES OF POLAND
BONGOMIN GOC;YOURUGOU P;MUNENE JC	2020	JOURNAL OF ECONOMIC AND ADMINISTRATIVE SCIENCES	DIGITAL FINANCIAL INNOVATIONS IN THE TWENTY-FIRST CENTURY DO TRANSACTION TAX EXEMPTIONS PROMOTE MOBILE MONEY SERVICES FOR FINANCIAL INCLUSION IN DEVELOPING COUNTRIES?
BOTCHWAY GO;BRADLEY OJ		SUSTAINABILITY ACCOUNTING MANAGEMENT AND POLICY JOURNAL	THE DIFFUSION OF THE SUSTAINABLE DEVELOPMENT GOALS (SDGS): AN EXAMINATION OF PREPARER PERCEPTIONS
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CANTELE S;ZARDINI A	2020	CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL MANAGEMENT	WHAT DRIVES SMALL AND MEDIUM ENTERPRISES TOWARDS SUSTAINABILITY? ROLE OF INTERACTIONS BETWEEN PRESSURES, BARRIERS, AND BENEFITS
CENTOBELLI P;CERCHIONE R;ESPOSITO E	2020	TECHNOLOGICAL FORECASTING AND SOCIAL CHANGE	PURSuing SUPPLY CHAIN SUSTAINABLE DEVELOPMENT GOALS THROUGH THE ADOPTION OF GREEN PRACTICES AND ENABLING TECHNOLOGIES: A CROSS-COUNTRY ANALYSIS OF LSPS
CHOWDHURY P;SHUMON R	2020	SUSTAINABILITY	MINIMIZING THE GAP BETWEEN EXPECTATION AND ABILITY: STRATEGIES FOR SMES TO IMPLEMENT SOCIAL SUSTAINABILITY PRACTICES
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DE LA FUENTE-CABRERO C;DE CASTRO-PARDO M;SANTERO-SANCHEZ R;LAGUNA-SANCHEZ P	2019	SUSTAINABILITY	THE ROLE OF MUTUAL GUARANTEE INSTITUTIONS IN THE FINANCIAL SUSTAINABILITY OF NEW FAMILY-OWNED SMALL BUSINESSES
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ENIOLA AA	2020	SMALL ENTERPRISE RESEARCH	ENTREPRENEURIAL SELF-EFFICACY AND ORIENTATION FOR SME DEVELOPMENT
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GUPTA S;DANGAYACH GS;SINGH AK;MEENA ML;RAO PN	2018	BENCHMARKING-AN INTERNATIONAL JOURNAL	IMPLEMENTATION OF SUSTAINABLE MANUFACTURING PRACTICES IN INDIAN MANUFACTURING COMPANIES
GUPTA SL;HODA N	2021	JOURNAL OF ASIAN FINANCE ECONOMICS AND BUSINESS	PERCEIVED MOTIVATORS AND BARRIERS FOR ENTREPRENEURSHIP: AN EMPIRICAL STUDY OF SMES IN OMAN
HANIFZADEH F;TALEBI K;SAJADI SM	2018	JOURNAL OF ENTREPRENEURSHIP IN EMERGING ECONOMIES	THE ANALYSIS OF EFFECT OF ASPIRATION TO GROWTH OF MANAGERS FOR SMES GROWTH CASE STUDY: EXPORTING MANUFACTURING SMES IN IRAN
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JAYAWARDHANA K	2020	RISUS-JOURNAL ON INNOVATION AND SUSTAINABILITY	OPEN INNOVATION ORIENTATION AND SUSTAINABILITY OF SMES: DO ENTREPRENEURIAL ORIENTATION AND RESOURCE BRICOLAGE MATTER?
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KARBASI BJ;RAHMANSERESHT H	2020	INTERNATIONAL JOURNAL OF INNOVATION MANAGEMENT	PARTICIPATIVE STRATEGIC PLANNING AND INNOVATION CAPABILITY: MODERATING ROLE OF IDEATION STRATEGY
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LE TN;NGUYEN DD	2020	JOURNAL OF ASIAN FINANCE ECONOMICS AND BUSINESS	AN IMPACT OF BUDGETARY GOAL CHARACTERISTICS ON PERFORMANCE: THE CASE OF VIETNAMESE SMES
LITVAJ I;DRBUL M;BUZEK M	2023	SUSTAINABILITY	SUSTAINABILITY IN SMALL AND MEDIUM ENTERPRISES, SUSTAINABLE DEVELOPMENT IN THE SLOVAK REPUBLIC, AND SUSTAINABILITY AND QUALITY MANAGEMENT IN SMALL AND MEDIUM ENTERPRISES
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MALA D;SEDLIACIKOVA M;KASCAKOVA A;BENCIKOVA D;VAVROVA K;BIKAR M	2017	BIORESOURCES	GREEN LOGISTICS IN SLOVAK SMALL AND MEDIUM WOOD-PROCESSING ENTERPRISES

MARKUS G;RIDEG A	2021	COMPETITIVENESS REVIEW	UNDERSTANDING THE CONNECTION BETWEEN SMES' COMPETITIVENESS AND CASH FLOW GENERATION: AN EMPIRICAL ANALYSIS FROM HUNGARY
MATSOSO ML;NYATHI M;NAKPODIA FA	2021	JOURNAL OF ACCOUNTING IN EMERGING ECONOMIES	AN ASSESSMENT OF BUDGETING AND BUDGETARY CONTROLS AMONG SMALL AND MEDIUM-SIZED ENTERPRISES: EVIDENCE FROM A DEVELOPING ECONOMY
MEAR F;WERNER RA	2021	EMPLOYEE RELATIONS	SUBSIDIARITY AS SECRET OF SUCCESS: "HIDDEN CHAMPION" SMES AND SUBSIDIARITY AS WINNING HRM CONFIGURATION IN INTERDISCIPLINARY CASE STUDIES
MENGISTU AT;PANIZZOLO R	2023	MEASURING BUSINESS EXCELLENCE	TAILORING SUSTAINABILITY INDICATORS TO SMALL AND MEDIUM ENTERPRISES FOR MEASURING INDUSTRIAL SUSTAINABILITY PERFORMANCE
MOSES O;HOPPER T	2022	ACCOUNTING AUDITING & ACCOUNTABILITY JOURNAL	ACCOUNTING ARTICLES ON DEVELOPING COUNTRIES IN RANKED ENGLISH LANGUAGE JOURNALS: A META-REVIEW
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NIGRI G;DEL BALDO M	2018	SUSTAINABILITY	SUSTAINABILITY REPORTING AND PERFORMANCE MEASUREMENT SYSTEMS: HOW DO SMALL- AND MEDIUM-SIZED BENEFIT CORPORATIONS MANAGE INTEGRATION?
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ORTIZ-MARTINEZ E;MARIN-HERNANDEZ S	2020	SUSTAINABILITY	EUROPEAN FINANCIAL SERVICES SMES: LANGUAGE IN THEIR SUSTAINABILITY REPORTING
PANIGRAHI SS;RAO NS	2018	RESEARCH JOURNAL OF TEXTILE AND APPAREL	A STAKEHOLDERS' PERSPECTIVE ON BARRIERS TO ADOPT SUSTAINABLE PRACTICES IN MSME SUPPLY CHAIN: ISSUES AND CHALLENGES IN THE TEXTILE SECTOR
PAOLONI P;MODAFFARI G;PAOLONI N;RICCI F	2022	BRITISH FOOD JOURNAL	THE STRATEGIC ROLE OF INTELLECTUAL CAPITAL COMPONENTS IN AGRI-FOOD FIRMS
PAULI U;POCZTOWSKI A	2019	ENTREPRENEURIAL BUSINESS AND ECONOMICS REVIEW	TALENT MANAGEMENT IN SMES: AN EXPLORATORY STUDY OF POLISH COMPANIES
PEREIRA MA;CAMANHO AS;MARQUES RC;FIGUEIRA JR	2021	OMEGA-INTERNATIONAL JOURNAL OF MANAGEMENT SCIENCE	THE CONVERGENCE OF THE WORLD HEALTH ORGANIZATION MEMBER STATES REGARDING THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOAL 'GOOD HEALTH AND WELL-BEING'
PFISTERER S;VAN TULDER R	2021	SUSTAINABILITY	NAVIGATING GOVERNANCE TENSIONS TO ENHANCE THE IMPACT OF PARTNERSHIPS WITH THE PRIVATE SECTOR FOR THE SDGS

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RAO P;KUMAR S	2018	SMALL ENTERPRISE RESEARCH	REFLECTION OF OWNER'S ATTRIBUTES IN FINANCING DECISIONS OF SMES
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RODENBURG K;DE SILVA V;HUGHES JC	2021	SUSTAINABILITY	SDGS: A RESPONSIBLE RESEARCH ASSESSMENT TOOL TOWARD IMPACTFUL BUSINESS RESEARCH
ROY M	2019	JOURNAL OF WORLD TRADE	ELEVATING SERVICES: SERVICES TRADE POLICY, WTO COMMITMENTS, AND THEIR ROLE IN ECONOMIC DEVELOPMENT AND TRADE INTEGRATION
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SANDOR A;GUBAN A	2021	MANAGEMENT AND PRODUCTION ENGINEERING REVIEW	A MEASURING TOOL FOR THE DIGITAL MATURITY OF SMALL AND MEDIUM-SIZED ENTERPRISES
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SOBKOWIAK M;CUCKSTON T;THOMSON I	2020	ACCOUNTING AUDITING & ACCOUNTABILITY JOURNAL	FRAMING SUSTAINABLE DEVELOPMENT CHALLENGES: ACCOUNTING FOR SDG-15 IN THE UK
SODAN S;BARAC ZA	2017	ACCOUNTING IN EUROPE	THE ROLE AND CURRENT STATUS OF IFRS IN THE COMPLETION OF NATIONAL ACCOUNTING RULES - EVIDENCE FROM CROATIA
SOLBERG E;SVERDRUP TE;SANDVIK AM;SCHEI V	2022	HUMAN RELATIONS	ENCOURAGING OR EXPECTING FLEXIBILITY? HOW SMALL BUSINESS LEADERS' MASTERY GOAL ORIENTATION INFLUENCES EMPLOYEE FLEXIBILITY THROUGH DIFFERENT WORK CLIMATE PERCEPTIONS
SOLILOVA V;NERUDOVA D;LITZMAN M	2019	EKONOMICKY CASOPIS	APPLICATION OF THE CCCTB AND SAFE HARBOURS TO EUROPEAN SMES: CAN THE DECREASE IN COMPLIANCE COSTS SUPPORT BETTER SME PERFORMANCE?
STJEPIC AM;BACH MP;VUKSIC VB	2021	JOURNAL OF RISK AND FINANCIAL MANAGEMENT	EXPLORING RISKS IN THE ADOPTION OF BUSINESS INTELLIGENCE IN SMES USING THE TOE FRAMEWORK
VAISMAN ED;PODSHIVALOVA MV;ALOLA AA	2022	BUSINESS STRATEGY AND THE ENVIRONMENT	EXAMINING THE INTERACTION OF SUSTAINABLE INNOVATION ACTIVITY AND THE LIFE CYCLE OF SMALL HIGH-TECH ENTERPRISES
VARGAS B;MINO G;VEGA P;MARINO J	2019	MADERAS-CIENCIA Y TECNOLOGIA	APPLICATION OF RESOURCE EFFICIENT AND CLEANER PRODUCTION THROUGH BEST MANAGEMENT PRACTICE IN A PALLET MANUFACTURER SAWMILL LOCATED IN THE CITY OF PUYO-ECUADOR
VASQUEZ JCD;GALLO JAO;PELAEZ MMM	2015	UN GLOBAL COMPACT: FAIR COMPETITION AND ENVIRONMENTAL AND LABOUR JUSTICE IN INTERNATIONAL MARKETS	FIRST CONTACT PILOT PROGRAM: A CONTRIBUTION FOR THE DISSEMINATION OF THE GLOBAL COMPACT IN MEDELLIN, COLOMBIA

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WANIAK-MICHALAK H;MICHALAK J	2019	MANAGEMENT-JOURNAL OF CONTEMPORARY MANAGEMENT ISSUES	DEVELOPMENT OF A SUCCESSFUL MICROFINANCING SYSTEM - ACTOR-NETWORK THEORY PERSPECTIVE
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## **Appendix C: Guidelines for semi-structured interviews**

*Topic "A": the first sustainability report: when and how*

1. Sustainable reporting is increasingly on the rise, with the world - academic and non-academic - pushing for companies that are increasingly oriented towards environmental protection, but also social and economic. When did you as a company feel the urge to start reporting to third parties?
2. How did this process start?

*Topic "B": ideas, values and expectations (also legislative) with regard to starting / continuing reporting for sustainability.*

3. At the legislative level, Italy - also pushed by European legislation - is advancing towards company's specific requests with respect to non-financial reporting. With respect to your sector, how much impact do these choices have on your position?
4. Has your reporting been / is it currently voluntary?
5. Have you noticed any differences - managerial, resources, choices - from the moment in which non-financial reporting became an active part of the company?
6. Do you think that non-financial reporting can be a springboard towards a more "appreciated" image of the company with respect to the community?
7. For the purposes of corporate budget choices, does sustainable reporting have an important impact (in terms of human and financial resources)?
8. What government regulations would make your non-financial reporting work easier?

*Topic "C": sustainability and relationship with the company board area*

9. How important is it for your company to have a board that is involved and aware of the work behind this kind of reporting?

10. Do you feel that the ethical values of the board have an influence with respect to the NF reports?

*Topic "D": expectations towards stakeholders*

11. As a company, do you feel you have a NF reporting responsibility to your stakeholders?

12. If so, how much weight does this responsibility have in choosing to undertake this type of reporting?

13. Which stakeholders do you think have higher expectations than the annual sustainability report?

14. Have you found yourself facing specific requests from your key stakeholders in the field of non-financial reporting?

15. What weight do you imagine the SDGs could have for stakeholders, compared to the weight of sustainability in general?

*Topic "E": the introduction of the sdgs within the company's sustainable reporting*

16. The 2030 Agenda, which since 2015 has replaced the millennium goals, established the 17 sustainable development goals (SDGs), has tried to renew itself as a precise and articulated point of reference with respect to the request to governments - and companies - for a corporate reporting that is finally towards sustainable dimensions of the environment, economy and society. Within your company, do you believe that this institution of defined objectives has been a driving force in the sustainable budget?



17. Do you believe that, compared to what is dictated by the United Nations, as a company there are still deficiencies - legislative and otherwise - to be efficient in reporting?

*Topic "F": ethics vs compliance report*

18. Do you think you are making a choice solely of compliance in reporting the SDGs?

*Topic "G": which SDGs and why*

19. The SDGs, seventeen and their 169 targets, are - even only numerically - an important amount that can be considered in their entirety. As far as your company is concerned, have you made any priority choices on which objectives - or targets - to spend your attention?

20. How did you implement the choice and through what methods?

21. Did the company values influence the choice?

22. Has your sector in some way guided you towards a selection of goals that are more important than others?

23. Within the sector in which your company operates, do you believe that there is such cooperation as to allow sharing of business practices with respect to the non-financial reporting of the SDGs?

*Topic "H": data collection process: duration, times, procedures, and responsibilities*

24. Can you explain to me which techniques underlie the collection of the data that are part of the sustainability reports?

25. Is there a pyramid of responsibility?

26. In what times and ways does the data collection phase take place?

*Topic "I": data analysis process: duration, times, procedures, and areas involved*

27. How does the data analysis phase take place?

28. Who are the corporate subjects involved?

*Topic “J”: process of aggregation and reporting: times and procedures*

29. The last phase is that of aggregation and reporting. Who and how is dealing with this aspect? What times must it respect?

*Topic “K”: accounting techniques (both data collection and reporting) that have been useful for the company in sustainable reporting*

30. This is the aspect I would like to focus on more. We have seen NF reports that, over the years, have left room for the reporting of the SDGs as requested by the United Nations.

31. Do you think it is easy to identify and report the SDGs?

32. What is your position regarding the compliance obligations imposed by the legislation? Do you think they can be improved?

33. Which accounting techniques in the data collection phase are fundamental for an effective success of the reporting of the SDGs?

34. What accounting techniques, on the other hand, in the aggregation and reporting phase?

35. Are there accounting tools that you have created ad hoc and tailored and that you use within the NF reporting?

36. Do you think the targets - or the goals in general - are well defined?

37. Do you think there is a need for accounting techniques that are common - to the sector or to the size of the company?

38. Do you think that techniques dictated at the legislative level are / would be useful and that they can therefore be shared on a large scale by all companies?

39. Do you believe that academic research should focus more on the analysis of business best practice techniques?

*Topic "L": conclusions*

40. In conclusion, what are your future goals regarding what is being addressed today?

41. Do you have any questions to ask me, not just as an interviewer, but as an academic?

42. Are there any issues that you consider important and that we did not touch on in the interview?



## **Appendix D: Script from “Company A” Spa interview**

*Interviewer*

*I will take Two minutes thanking her also from the university and from my tutor, Professor Stefania Servalli, for allowing us to know your reality and to do this job which is important for the academic world. So, thank you very much because we know that every company has its own problems and timing. Getting these things together is never easy, so thank you very much.*

### **Responsible for “Company A”**

I must say that, like “Company A” for us, it is always a pleasure to have relations with the university, we also make interventions on some courses, we always have the door open. Of course, as she said, unfortunately company times are a little tight, priorities always follow one another, so it is always a bit complicated, but here, when possible, it is a pleasure for us. And indeed, we always need internships, people who want to get involved, who want to experience the life of the company a little. So, here, I am in contact with the professor gentlemen who sometimes tells me about the curriculum, but here, I also mention her professor, that if it is a topic of your interest, she also works with the Internal audit department, some time. And we too can be a contact, in short. And then I leave a bit random, there. The real news is we are online. Our non-financial statement, new therefore from 2021, obviously from last year's reporting, was published a week ago. We are immensely proud of it, in the sense that ours is a path that began internally in 2015, so in 2016 we began to think about where “Company A” was positioned. In 2015 we obviously were not working, but we have collected what is available. We have structured ourselves internally to get the information. We selected the GRI as a guideline

to follow and then in 2016 we drafted / We began to draft the first full sustainability report that was not published. It was simply as I said, an exercise in evaluating what we should have built in order to be able to have a complete report and we have officially issued the 2016 sustainability report and in any case one year before the entry into force of decree 254 which asked us to report a non-financial declaration, therefore, as it is including in the document a series environmental, social and governance issues related to human rights, corruption on diversity, etc. Um, we expected it a bit for our practice, that is, in order not to get to the last second without having clear ideas. Precisely to prepare ourselves to report on these issues with respect to what was the corporate organization model, of what were the policies, the internal policies.

With respect to these issues and trying to find indicators that could prove the company's performance on these issues. So, it was quite an important job, but it paid off. Clearly because we arrived prepared the moment it became mandatory e. The first step, as I imagine he studied, was to find "Company A"'s specific material issues. So, we did a materiality analysis, supported by an external consultant. By involving our top managers primarily. We have a committee called the Sustainability Committee. It is called, it was called the CSR Committee, made up of the President and Vice President. All the directors of the functions that deal with sustainability, therefore the personal environment. And we shared some sort of list of potential issues with them. In this sense we had done together, precisely the consultant, a benchmark analysis, an identification of those that are the solicitations that were received most often with the most attention from stakeholders. A benchmark comparison with our Reference pillars. We have therefore done, let us say a cauldron of all these main themes. From there, we asked our Committee members to conduct an assessment by finding which of these aspects could be materially Relevant for

the company, both from a business point of view, then in the role of director. Both from the point of view of the stakeholders with whom they had more frequent contact; therefore, for example, the law of personnel has interpreted the feelings, expectations of employees rather than the purchasing manager, that of suppliers and so on. So, in this we had the two feelings, trivially we asked them to find one evaluation based on a scale ranging from one to five in order of relevance; so obviously five was the most relevant value and based on this we have identified several material issues. So, as I said in the first place, we did it only internally. And then we also began to involve external stakeholders, so customers and suppliers, of course, who are our main stakeholders. We then involved insurance companies and trade associations. Because, however, like “Company A”, we are lucky enough to take part in some fora of a certain type, in which issues are discussed that are truly relevant for the automotive sector and therefore also have the external point of view of these bodies. it could help. And then this year we have also included the members of the corporate bodies, therefore the members of the CDA, of the board of statutory auditors. And investors, because an extraordinarily strong component of investors is increasingly attentive to sustainability issues, in the sense that, as you know better than me, and now it is a factor that discriminates the solidity of the company, therefore clearly one of the focuses fundamental and concerning this type of issues. After that, in fact, after selecting the themes, we placed the evaluations on the matrix and from the IN our materiality matrix appeared. We took let me say for granted. Of the themes that are clearly the theme of the achievement of economic goals, clearly of good governance and business cities, because we take them for granted. We do not need to matrix them, because those are essential anyway. To the concept of a company, then that is the basis from which to start.

*Interviewer*

*Could we therefore call them your corporate values, precisely of governance, best practices?*

**Responsible for “Company A”**

Exactly about company management, which is “Company A”, you have put in a series of codes that describe this way of proceeding; therefore, to behave in an ethical manner is inherent in the concept of business. The fact of having a profit of course, because if the company does not make a clear profit, then all those aspects that are beautiful but do not stand up are lost. So, those are taken for granted. We talk about them in the document, because in any case they are critical issues, even if they are not part of the materiality matrix. And these are combined with the elements of the materiality matrix. After that, as I said, we chose the guideline of the Global Reporting Initiative, which is clearly the most recognized to identify, for each material issue, what could be the ways to represent company performance to monitor it over time. We said to ourselves, at least one per area, clearly, we have much more, you can find them in our Index spinner and there are several. They are also well identified for a couple of years we have also introduced the concept of the indicators of the World Economic Forum and in the sense that it is a very gradual approach, i.e. the GRI remains our main guide, however we realized that to make the performance of one company comparable rather than another, there is a service company versus an industrial company. Clearly it has different findings, hence these studies, which are leading to several side considerations. They were important to us and so here too we began to approach the question of guidelines a little bit. So, as I said in our document, which today we call a non-financial statement but that they do not forget, let us not stop



calling the sustainability report, both the non-financial statement is included, so the aspects that we are required to comply by law. more of discursive, of storytelling, of description of the projects that we like to tell because obviously connected to these issues, so it is a slightly more voluminous package, but it is also a little more pleasant to read. Obviously we are now facing the new legislation that is being promoted these days, even if we feel we have always shared the opportunity to have a separate document from the economic balance sheet, because the interlocutors were distinct up to a certain point, in the sense that the investor he needed certain data, while the customer needed other data rather than we are, in fact, as I said before, realizing that in the end there are many common interests and therefore having two documents is perhaps no longer the solution. So, however, the approach, the integrated reporting is now a matter of these days. Define if we leave at once, we will wait because it is postponed to the next year. But we realize that there is a bit of overlap on certain issues; therefore, I do not tell you how expensive it is from the point of view of time. To create the two documents, therefore, if simplifications can be made, they are always welcome, obviously with transparency. As the first value to be pursued.

*Interviewer*

*So, this would also allow, allow me to interrupt, what he said before integrating those basic values that you already have of the economic profit of ethics, which are therefore already represented in your balance sheet or in any case in your financial document, because they are the company. how is it, and to integrate these sustainable aspects which in any case, if perhaps not very efficiently or very effectively, still have an economic result, an economic impact for the company?*

## **Responsible for “Company A”**

Absolutely yes, it is an opportunity, because in any case the 360 ° vision of the company comes from, from, from the contents of the two documents, obviously with a slightly different cut. Now the goal will be to make them homogeneous, to find a way not to burden them because the problem is that I tell you that today our 250 page document is therefore the financial one, it's not that different, the problem is not having a tome of 500 because otherwise no one will ever read it, of course. So, it will be a beautiful job of defining the flows, of the responsibilities, of the data governance, so there will be an excellent job to do to have a certain type of result. We will like it, I think to keep a brochure anyway, something a little lighter, let us say. To present the company there is already a small booklet. We will put a little more information on them, but it is all a project in progress. So here, I am not out of balance. Besides, you will find it on our site. Another aspect is that I see that we are talking about an aspect that has always been dear to us is adherence to the 2030 Agenda, so since 2018 certainly, but perhaps also 17, We have tried to combine our material themes with sustainable development goals, therefore, the fact that “Company A” decided to join until last year, actually without signing up to join the Global compact, last year also in this more formal sense, but to adhere to the principles of 'Agenda 2030, basically. We have always followed the directions. So we established that the goals were consistent with the company goals, initially we had selected some priorities, in reality over time we realized that “Company A”, perhaps to a greater extent on some less on others, affects everyone, therefore substantially all 'inside the document may find that the issues that are material for us are combined with certain sustainable development goals, because by pursuing the goal of achieving our best in the material issue, we also contribute to the achievement of the sustainable development goal,

therefore, in this sense we have integrated precisely, it seems to me from 2017/18. I do not know, I must look, but anyway he finds that for some time we have had a matrix. In seventeen we represented it precisely by identifying precisely dot by dot in the matrix to which objective it was referring to, in any case, however, it always finds one matrix understood as Excel, let us say, where all the material issues are brought back to the sustainable development goals?

So, in this sense we really believe in it, then eighteen, surely in my opinion since the slays in the seventeen we have really matched them within the matrix. This also leads me to tell you that at a company level we have for quite some time launched a project called support SDGs, in which we have taken up the challenge of the Global compact to promote the culture of sustainable development goals for which basically we have decided once a month to issue a technical sheet that describes the stories even to those who are not in the trade. What is the content of the aim but accompanying it with a project sheet. So, the goal is this, I show you that “Company A” has projects that help the pursuit of the goal and therefore company projects that support a specific goal. It was a genuinely nice job, which is ending in this first phase just in these days and now we have launched a second phase. This is precisely because we passionately believe that with the contribution of all our collaborators, the factories, the families of the collaborators, it is necessary precisely to achieve the goals. As I said at the beginning, we had selected some, we had interviewed our managers to identify them but clearly they had selected those most connected to the business, So the employment growth is the innovation because first it is as strong as responsible consumption, then we have integrated education, that is, we have integrated others, but substantially we have shown that “Company A” is attentive to both climate change and the use of water resources, we have always been connected to educational

issues, for example, in relations with universities. In short, there are the technical bodies that have pushed them enough, they develop their own projects together, over time, as I said, it has emerged that not only these are our goals, but we contribute a little to everyone. Compared to the reporting activity that I think is what interests her a little, then we started, I said in 2015 with a working group made up of technicians from the various functions who in some way collaborate, collaborate, work on issues sustainability, therefore the environment, human resources, the legal area, investor relations, quality. now I do not want to shoot a number, but there are about twenty people who work for entities other than our area, but who in some ways were called to report the results of the information that would then be declined within the document. We have created this team that called task maybe here in our document you can find all the governance of sustainability That describes a bit how we are organized we are basically a very small direction, in reality, with our manager that the CSR officer who reports to the President of the board of directors, we are linked to a series of functions around the world, because “Company A” has several plants all over the world, they are responsible for disseminating our projects, our requests to collect for us what comes in the various plants formulated, so it is a bit of a kind of connection and then we have this task force of which I was saying that it is composed of people from various corporate bodies who collaborate with us on specific projects, and are then in charge of collecting information and for their area of competence, so initially we only worked with this central task force, after which and therefore were in charge. After which, in short, the information exchange on the indicators, how was it? So, on Excel sheets on Word files and the complication of managing information. Lots of information. by these means It was quite clear, in the sense that the data obviously had to be certified by the director of competence. Then it had to get to me, but if something

changed, he had to retrace the tour and then basically, for heaven's sake, the garrison was there, but it was quite tormented. We have. Here is one thing that I did not say, our financial statements are certified so therefore an auditor at a certain point verifies that the processes are correctly followed, and that the data is authorized with a correct authorization process. So, we bought an IT tool that was fundamental for us, because then the data, instead of asking only this taskforce, especially for human resources data related to human resources, health, safety and environmental. We went to ask them locally to the various Plants, so it was necessary, Absolutely necessary to have a tool that would support us in this and I must say that we made the right choice because as in all the latest generation computer systems, let's say, the process has become simplified. , the authorization workflow is very clear and very evident and the duration have been reduced. So we had the certainty / accountability of the data, the traceability of everything that had been the history of the data and then the finalization of the information in the data that we then see on our consolidated declaration, therefore, in this sense, the support of a tool, in my opinion, if the company is of a certain level it is absolutely necessary, also because precisely then with the auditor the verification activities are considerably simplified, as well as the collection of verification. The timing, we have found at least one indicator for each material topic, it is not one but there are n indicators, and we do this activity now, before the summer, we re-evaluate all the new indicators proposed. Because then the luck is that in this field every year there is a revolution, every year there is a new regulation, no, every year that is there is something more to evaluate so every year we have to start over again, therefore, basically an evaluation is made of the indicators present and of the new indicators, let's call them deriving precisely from the requests of the regulations rather than the availability, Also because in some cases, perhaps the first year we are not

ready, we are not structured to provide certain information, or we decide that they are confidential information, so we limit ourselves, but then things evolve and then maybe the following year it comes back. We can therefore report this sense, we do this preparatory work, and This information obviously has some burdens, then the burdens are found, it is evaluated with them how to collect it with what contents, with what organization we collect them only once a year. The institutions may then have some information already for their internal organization or that they take the opportunity to implement a system of collection and formulation of information that they had not evaluated and that therefore they must implement. From September we begin to baste a bit. KPMG supports us. So, let us start to set up the activity a little and then meet the various bodies to define how the year went to contextualize a bit what the activity will then be. And by the beginning of December we ask you to start reporting on I don't know if you know the GRI guidelines, there are some indicators that are quantitative, others that are more descriptive, so basically to formulate a bit of the activities of the year, so that are harvested by the beginning of December. After that, at the beginning of the year, because the quantitative data as of 31/12 obviously must be closed, we start with the qualitative and quantitative collection that goes in fact often and willingly locally. Then it must go back up, that is, there is a whole approval flow of various kinds, because depending on the type of entity there are different information flows, until we, as financial statements, as a consolidated non-financial statement, follow exactly the approval flow and the timing of the consolidated financial statements, therefore, with exactly the same frequency for the end of February. We must be ready in early March. There is a CDA that approves the text. Then the approval takes place in the board of directors, then it is presented as an illustration, therefore, not as an approval, but simply as information. And

on the Assembly, usually towards the end of April, in fact, we have already published on the site where you can already find our document. This year it will be presented in the Assembly on April 21st. The information is there and is already available, it has already been approved by everyone, from all levels. They have already been verified. Here, in all this there is the work of the auditor, what does he do? He does a preparatory course, in fact, also there around October November, in which he evaluates the changes compared to the previous year together with the various entities. Generally with our agreement, we have a limited review, so they go to select a couple of Plants every year that are physically visited to evaluate all the processes Of that Plant, therefore, all the data collection processes, therefore, how it is generated and evaluated , shared and then aggregated with local information, so that it is then consistent with the final data, therefore, interviews are carried out, the evidence is collected, the factory tour is made to see the health centres and environmental safety and so on. Evaluations are then made at a corporate level, so two Plants are either punctually data, but then all the data are verified centrally. Then a letter is put, an opinion that is published at the end of the document of the verification and of the fact that there are no reports to be made. Up to now they have never received any reports, if not precisely the ideas for improvement that we have taken and that we continue to carry forward from year to year.

*Interviewer*

*Are the auditors of your financial statements EY and of the non-financial one KPMG?*

**Responsible for “Company A”**

exact. We had begun to tackle the issue of taxonomy, unfortunately it is a regulation that is not yet noticeably clear, which is not yet, that is, it is very clear, in the sense that the

problem is very good at a high level, then lower it into the corporate reality. Not all companies have Within the technical documents, ease in finding which activities are, eligible not eligible to be selected, to be evaluated; therefore, there was an excellent job and we asked them to interpret the legislation as well, because we just did not know where to start. However, here we are, we make use of the advice of KPMG, precisely because the updates on the legislation are so frequent, that fortunately the big Four have the opportunity to sit at international tables and therefore have mental clarity on how to apply certain regulations with a speed , because the theme is the speed that allows us to be prepared. This is why it is easy to make a regulation, but then making it applicable is not the same thing and therefore companies in some cases really struggle to produce the right information, in short, to arrive at a correct answer is certain; therefore, we have this advantage of having this support that helps us anticipate, in short, being punctual in reporting. Here, I see the stakeholders among the questions, then we have a table that can probably help you that greatly simplifies expectations and requests towards and from the stakeholders, in the sense that we have always had the need to collect the stakeholder point of view, a little because in the way of working of this type of activity, however, also to understand precisely, we have very close collaborations with customers, there is attention to the needs of the staff that are periodically collected through an engagement survey. We have a person who deals exclusively with investor relations, so anyway I listen to him there. Exchange is always especially important. In this sense, in fact, we have schematized it, let me say, we have found the main stakeholders, we have schematized there a bit what the expectations are, clearly, they are quite identifiable, it is not that there are lofty expectations, that is, surprises. And in short, there are continuous communication channels open precisely because the survey is very, very important for us in assessing



which issues are important. Respect I am looking at what I did not tell her. The reporting aggregation process is done through the tool in the case of quantitative information we have set up in such a way that we clearly have, depending on the type of indicator, the emissions with the calculation made in a certain way, rather than the number of employees, therefore each indicator, each piece of information has a different aggregation method. We tried to make them today. Active using a computer system and just so that they were viable by the auditor for us they were certain in the resultant. It was an important process that, however, I must say, it has made our life much easier because human error is amazingly simple to happen. And since so many data are new, that is, the company without the non-financial declaration did not collect them, the fact of collecting them and completing them in a certain way was not objective. So, the fact that we chose a guideline was also a reason for us to be sure, that the data was correct, well, we did not invent it, but we selected the guideline for this very reason.

*Interviewer*

*Excuse me with respect to this sentence that you said to me and that I find very central. The company, without a financial statement, did not collect this type of data. Now, however, yes; So, since we are now talking about five more or -6 years of non-financial reporting, you have found it useful to introduce the non-financial statement precisely because it has highlighted the aspects that you may not consider, and you have found important precisely. also in business, then in the pure financial of corporate profit.*

**Responsible for “Company A”**

Absolutely yes, in fact I tell you I give you some examples. We have had various indicators for some time, I am not saying that they did not exist. In absolute terms,

however, they were not used at the level of function but were not the subject of discussion on certain tables. So, the fact of having the request to choose which indicators to motivate, why collect certain valuable information to discuss having the visibility of how it has gone over time and so what is the trend. It was absolutely very useful, in fact the fact that every year information is added means that processes are structured in a very punctual and precise way, so I say today the customers urge us with an increasingly important punctuality and frequency and not having had the preparation to have given order to certain information, probably would have made us unprepared, instead having structured processes and therefore identified indicators helps us often and willingly in responding to the information that is requested of us. Today the content of the non-financial statement but also of the CDP, of the carbon Disclosure project, in which a whole series of environmental information is included. Very punctual, they help us to respond to customer requests where you can find this information and therefore it is a demonstration that the attention of the company and in any case for this type of data are now essential.

*Interviewer*

*Of course, even if he says that they are data that go into a non-financial statement, when, however, they are financial data - because then we should then enter the topic of what is financial and what is not. in our financial statements also the management of resources has a significant fiscal impact that often, without the financial declaration, is not so careful to see in detail, as well as the skill of the company or in what it can improve precisely even to be more efficient.*

**Responsible for “Company A”**

Yes, we are in the world of data, that is, today everyone is in a spasmodic search for data, but we need to understand which data necessary and useful and which ones are are instead surrounding, otherwise we risk drowning in the infinite amount of data that we all are by now. ready to generate. The problem is also to compose them in the right way, to understand which are confidential, which are not, that is, there is a lot of work that must then be done on the data. It is not enough to have information, you also need to know how to manage it, how to use it.

*Interviewer*

*And how to read it, then, in what perspective*

**Responsible for “Company A”**

Yes.

*Interviewer*

*A huge job. the larger and more complex a company is like yours, the more I imagine it is a job that always evolves in a complex way and not easy.*

**Responsible for “Company A”**

Here is another thing. The pleasant thing is precisely that we do not always do the same job anyway, so we have to be very creative in trying to above all we also like to give support to other bodies, because obviously the other bodies are perhaps more technical but Give them that extra inspiration, giving him that extra idea many times leads to collaborations that bear fruit at the company level that might not exist if there were no point of view, even if I have to be honest, having this task force produces the effect that

they themselves they are part of sustainability and therefore they see things in a different perspective.

*Interviewer*

*However, with a view to having to account for certain things, then a management process is also set up, which is beyond the single reporting.*

### **Responsible for “Company A”**

I told you about the customers, now even the whole commercial area is now aware that sustainability is no longer a separate thing, because once let's face it, it was just a not a marketing solution, however, it was a bit of a chore, today it is not it can be more, that is, at least for companies of a certain type, it cannot be more. Because first because they come to check what you declare, but above all because to be on the business we must demonstrate that we are structured in a certain way. It has now become a business issue, it is no longer just a matter of reputation, it has become its substance. we do a great campaign to raise awareness of suppliers as well. For us it is a fundamental aspect that our supply chain gets on board, because in any case it is a relevance towards us that then leads us to be able to make declarations, to be able to have green products, in short, products of a certain type to be able make considerations on how we produce our products, so they are not in the calculation of the emissions, trivially they have the most important part that we have to go to work on, therefore the relationship, then with the partners, both on one side and on the other. 'Other. It is important. So, we said knowing what direction they are taking and being able to work in partnership to achieve the same goals.

*Interviewer*

*Of course, also because then this is how we will have a real impact on the themes of ideal Sustainability? No? small pieces that, however, if they collaborate, begin to create sustainable and ethical supply chains in the way of working at 360 ° and which then actually bring results. Otherwise, there is a risk of reporting exclusively for an end.*

**Responsible for “Company A”**

We are working a lot on the supply chain area, why? Why is it necessary? Because it is necessary for us to do well.

*Interviewer*

*I ask her if she still has a few minutes and if I can quickly scroll through the questions that I had prepared in a more specific way to understand if she has a lot of interest in all the topics, but I really think so. we have therefore seen that it is not voluntary reporting, but mandatory reporting.*

**Responsible for “Company A”**

We started as a volunteer, as I said, and then we were ready with the most mandatory reporting from 2017, so in any case let us say that we have moved forward.

*Interviewer*

*However, we have seen that the board is absolutely involved and aware of the processes and work that underlies this type of reporting.*

**Responsible for “Company A”**

Yes, then I do not know if we have entered. substantially gives the guidelines, on the activities about us; our CSR officer proposes projects, proposes activities that are

confirmed by the committee, so let us say that at a managerial level we are, we are in contact with them. In addition, the same committee on sustainability issues was also appointed within the control and risk committee, therefore all the more so with the introduction of the theme of sustainable development into the corporate purpose. This committee, which is within the board of directors, supports the board of directors in the assessment of the sustainability issues of sustainability activities, in the assessment of the non-financial statement and also the relationship activity with the stakeholders, therefore, basically our chief, periodically reports to the committee which then proposes requests, rather than insights, for which the board of directors, however, from which the opinion. The CSR officer goes three or four times a year to tell a little about our activities, to have the materiality matrix approved, because every year we approve it and redo it every three years from scratch, but every year we re-evaluate the positioning of the issues materials. And then when the financial statement is approved, the document must obviously be presented; therefore, there are moments in which we go to tell the committee, the board of directors. Our problems, our activities so that they are obviously aware and can eventually fix it, make us fix the shot.

*Interviewer*

*And this is the question that in reality perhaps makes more sense to ask companies, perhaps a little more contained in the number, but in your opinion, the ethical values of the people who make up the Board have had or have an influence with respect to your declaration not financial, is it just something they have had an influence on? The DNF started precisely from a need to respond only to precise goals set by the GRI rather than by other standards, as we have seen, or the personal ethical part of the individual*

*belonging to the board had an influence, has an influence on your declaration not financial?*

**Responsible for “Company A”**

So, I do not know if we have not made this premise. “Company A” back in 1999 had undertaken the path of drawing up the balance sheet of intangible capital, on which I wrote my degree thesis; therefore, it was one of the very first examples in Italy. I even believe in reporting on intangible aspects, therefore not economic and financial; therefore, I would say that it is a bit intrinsic in, in “Company A”’s concept of attention to certain aspects. Environmental certifications, health and safety quality certifications came long before someone asked us for them. She has always been a bit in the direction of the company, in the foundations doing things but doing them as best as possible. Then I must say that our advisers, our advisers are very attentive, I must be honest, they also have curricula, however very thick, so they are aspects that they know and that they often ask us to take advantage of to deepen in certain areas etc. However, without taking anything away from them, I would say that the company was already addressed. To be as objective as possible, we chose the GRI, but many indicators already existed, they were a bit uncoordinated, even if it is not the correct term, but they already existed within the functions. They were collected at different intervals; they were displayed only by some elements and not at a high level. When we were set up as a function in 2013, we got a bit of order and gave ourselves a ...

*Interviewer*

*A guideline, a kind of trace.*

**Responsible for “Company A”**

Exactly. So, for heaven's sake, I repeat, the contribution of the board of directors is there and is tangible. But there was something there already.

*Interviewer*

*Because there was already an underlying idea from the very beginning. No, I mean a sensitivity.*

### **Responsible for “Company A”**

Very, very good.

*Interviewer*

*This is important because in any case it is what allows, and my opinion is of course, to work at its best. If in addition to having a certain obligation, a compliance, if there is also a strong ethics in what I do, it will not weigh so much on me and at the same time at my own level, even at a corporate level, I will be able to transmit what I have created.*

### **Responsible for “Company A”**

But I tell you that to say apart from the certifications already in 2011 we have joined the Disclosure of the carbon Disclosure project; therefore, Also in this sense nobody asked us to put ourselves to the test, because then it also means to be evaluated and to receive a note and a positioning; no one had ever asked us to do it, it was not mandatory, it was not required and so on. But probably in the path of improvement of growth of certain Aspects we wanted to do things at their best; therefore, we wanted to try to put pen to paper and be evaluated to say OK, I'm not just telling it internally, but there is someone else who confirms to me that the path is right, that the direction is the correct one, the code of ethics It was issued in the early 2000s Precisely because the company was slowly growing out



of all proportion, it was necessary to set rules. Our President emeritus had a clear idea; however, it was a collegial work in which the values that had already been defined and declined in what is called the contract between the company and its interlocutors were put on paper. Then now we have also put it in the contract with suppliers: if you want to collaborate with the company for the company, these are. The bases and principles that the company considers fundamental. So, when you marry the company, it is basically because you believe in the same principles, in the same values.

*Interviewer*

*And we have seen that the Stakeholders have had and are having a very important impact.*

*For your company. before you said, for us, marrying the 2030 Agenda is still an important thing, which we do, so much so that we integrate it with our non-financial declaration.*

*Do you think it is the same for Stakeholders too? that is, do you see that they have some sort of focus on the Agenda or is there still a little bit of confusion or distance?*

### **Responsible for “Company A”**

Then it depends on the stakeholder because if then if I think of our customers in every meeting in which we are called to participate, then obviously it is important for our interlocutors of this type. to say that it is for everyone. Here, I would not really unbalance myself. This is the goal, in the sense that, since it is not for everyone, let us be a spokesperson and try to make it important. we, when lately we put projects, we always combine the relative SDG precisely to increase awareness, knowledge, dissemination among our suppliers, with our investors, with anyone who has access to the site, that is, it is obvious that the company must make a little promoter, the step zero of the G Compass

that he says brings forward this information, make it as widespread as possible and make people aware. Then say that they are a priority for everyone. I do not know.

*Interviewer*

*Of course, let us say this helps a little in awareness even for us academics, because in various strands of literature it is thought that sustainable development goals are integrated into the company, because there is an important push dictated only by the stakeholders and therefore the company to respond to this push insert these SDGs. Lately the literature then moves differently, saying attention that perhaps the company may instead be the necessary training for stakeholders who, beyond the direct ones as we have mentioned so far, customers, suppliers, shareholders, we could enter the territory that in any case we are around the company; having a company that often shows the symbol on the site, even if only with the image, makes you want to understand. But what are we talking about? That is, in this symbol, what is it that it is?*

### ***Responsible for “Company A”***

Here, this is our intent. That is, it is our creed, because no one has ever asked us. Obviously when you then start a path. Meanwhile, it was shared internally on, on all tables, etc. But for us the positive thing is that in short, if we do something we do it because we believe in it, not only because they push us, then maybe at some point it also becomes a request from the stakeholders, but in this case, I must say that it was an initiative.

*Interviewer*

*In fact, also with respect to this, a question that I had prepared was: The United Nations in 2015 with the introduction of the 2030 Agenda dictated the fate of goals that went to*

*replace the Millennium goals that already existed. by saying them we must reach them by 2030 and then from there began a path that is more academic and theoretical than legislative and practical, which is, let us say, pursuing these goals. we are in 2022, there are 8 years left for the Agenda to expire.*

**Responsible for “Company A”**

And there is still a lot to do. War also starts, the covid I tell you the leaps back are very fast to do.

*Interviewer*

*Do you think there is still a lack, even legislative, to make correct reporting on the SDGs?*

**Responsible for “Company A”**

So, there is no great support, because quantifying your own contribution at the level of fact, even just corporate, I imagine for other entities is even more difficult. To achieve the goals there are various questionnaires, action managers. To say that they are known to everyone is to say that organizations follow them slavishly. It is still not that easy. And then precisely, unfortunately it is bad to say, but when something is not mandatory, then given the world today in which there are emergencies of all kinds, urgencies, everyone works like crazy. Thinking about reporting on the SDGs is not the priority. We should probably focus on something, on something and I don't say make it mandatory, but let's say that the environmental part is quite structured, that is the environmental regulations that make very specific requests and consequently it is that you then contribute to the goals, the Green Deal on climate change clearly has a connection with the. With goal thirteen. Then here is saying that it is right or wrong I do not know because companies are then called to report on things overnight, so they are not structured; therefore, large

companies can do it smaller companies, less structured, they are not so ready to report, to give certain information, but precisely because it takes time, people, tools that are not always so simple, therefore the compulsory nature would then lead to that disadvantage. Yes, do more push, but I must say that I am sincere I find that for example I have children who go to school. The books now report the theme, I went on vacation, once I found as soon as I got off the bus, from the train from the plane I saw a tram passing by with all the SDGs promotion. I landed in China, there was a billboard ... so let us say that a little communication does not hurt so that people begin to question themselves, as you said, but what are they? But what can I do? Our campaign, I will now reveal it, our follow-up to the campaign. in fact, we have now told what the company does. But we want to know OK, what can I do in my small way because so many good speeches, but in reality companies have a certain type of pulling power, but if each of us does something in the end the contribution becomes more important, that is clearly the companies consume and pollute more than the family, but the family can also have a part of it, it can pass the information on to someone else, so certainly spreading the content of the goals, how they can be achieved, can make aware. I believe that young people, even more so, are already aware of this, however. VIA social etc. Some more help in making this topic interesting for everyone.

*Interviewer*

*And now the last question we ask about my thesis is the most important of all, do you think there are any accounting tools or. That or that you have created ad hoc or that already exist, and you use, which allow you to have an efficient non-financial reporting both in data collection and in reporting?*

## **Responsible for “Company A”**

I do not know if it applies to accounting technique, but as I said we have chosen to use a universal guideline precisely to be transparent, because, of course, I can tell it as I want information, I can build it in my favour. But the fact of choosing international guidelines, so that they are set up by someone who certifies them, proves that that is the correct calculation. For us it was the guarantee of transparency and uniformity. Of course, there are problems and improvements there too. The fact of having a computer system, as I said before, that helps us in making consultations, calculations and so on. And this is also a guarantee of certification and robustness of the information on this, if we can call it accounting technique it is not double entry, however, in short, they tell us how to do the calculations, we need to structure an internal control system that says that the number that I gave you for that calculation is correct and certified, it is evaluated by those who must have it, by those who must can authorize its validity. The auditor certifies it. Let us say you do what you can, but in short, it seems to me already structured enough as a system. Of course, the more the international guidelines will be able to cover all the cases, the easier it will become, then to make comparisons, to have an objectivity of the information on which today, in fact, there are quite important arguments. And that is why every year they mess up our life by giving us new information. That is, while the history of economic reporting dates to the mists of time, obviously this is a little younger, it is a little more recent; therefore, it will take time for it to stabilize and define itself. But here is our choice to have, here, I did not say this with respect to some material issues. There are no indications, for example we have the theme of Del product design style. Design is very important to “Company A”, we have won awards precisely because we consider it a factor, a differentiating factor. There are no great indicators then, in that sense we invented

it, probably when more aspects are declined it will be more objective. That is, there will be elements such as precisely for the emissions that tell you exactly how it is calculated, how to consider what else.

*Interviewer*

*could a job be useful, for example a table, instead you already do it, with other exponents of the sector or in any case other companies operating in your same market?*

### **Responsible for “Company A”**

It would be useful, there are worktables, there are and therefore let us say that the goal is that I imagine to be able to report everyone in the same way, but in a way that fits your company. So, it is a work that is certainly useful that is in progress, in fact they said, and we rely on KPMG, because it is part of these precisely because. For us it is very important.

*Interviewer*

*Also because in this way it could also make the results comparable, because when I have a 200-page report, compared to a financial statement that is true, there are perhaps many pages, but wanting to look is bad to say, but one takes the prospectuses, Income statement and balance sheet in the explanatory notes, Already there, if desired, he could have all the information, obviously aggregated, then they must be detailed ... However, having the possibility to compare the companies would also make it easy to understand who he is more efficient at what.*

### **Responsible for “Company A”**

However, this is the risk of doing so today, that is, for example, the missions of “Company A” and Eni or a service company are all calculated in the same way; therefore, it is aim

that I have emissions X the other emissions Y. The problem is that I am an industrial company with production sites, and you are a service company, so it is not so much the calculation, it is the fact which have very different weights; I have foundries, which I know very well that they have a production process in which it still has emissions. If you work in the office and you do I don't know, now I don't get a good example, but in short doing an exact activity I don't know a lawyer activity, now I say something like this, it is obvious that it has a completely different impact, it is calculated in the same way, but if one looks at the “Company A” prospectus, he loses. Because it is a process verticalized to a series of other aspects that must be considered, and it is the struggle.

*Interviewer*

*The problem today is that we want to have a comparability on these aspects, with indices constructed at the same time both objectively and subjectively, in the sense that we have the objective ones, too objective, which therefore do not consider the differences of the individual companies that we know to be. completely dynamic.*

### **Responsible for “Company A”**

The theme is to contextualize the information because I say for example an industrial company, an industrial company, emissions calculation done in the same way, we are two manufacturers of automotive components, however, one has the foundry that has an impact the other you do not have., relies on third parties. The calculation of the internal emissions of these two companies by doing the same thing is different depending on the type of internal process; so, I can say that my purpose one and a thousand and the purpose one of another and zero and we do the exact same thing, why? Because I have foundries and the other does not have it, so the problem is not the calculation itself and

contextualizing the information for that in our reporting there is all the story of what the “Company A” process is. What “Company A” optics is, that is, the companies, the “Company A” Plants are all certified; therefore, there is someone who says that they emit as little as possible for example because they have a very careful control process. Every year they are verified, there are internal audits, and all safeguards are inserted, so the difficulty is that companies, even of the same type, could produce very different results and this however must be explained. So, with reporting. The problem is, the indicator is fine as it is, but It may not reflect the comparison, it may not reflect the situation by itself, i.e. you have to explain why one has considered, what kind of process is behind it and is the part in my opinion it is more complicated than our job. We have chosen to contextualize the information within the document. Obviously, there is an added value, it is really a certain type of process, but the result is that then you have different impacts.

*Interviewer*

*Very well, well, very interesting, we would have to open one speech after another, so it was interesting. You may have some questions instead of you to ask me as a "representative" of the academic world, of course.*

### **Responsible for “Company A”**

So, oh well, I do not spend my time asking for support in projects, things because at this moment we are underwater. But the thing that bureaucratically I will have to ask you to look at the text of your document, because we must get it validated. Obviously, because we are part of this, in this supply chain, also of quality, in every sense.

*\*End of registration*



## **Appendix E: Script from “Company B” Spa interview**

*Interviewer*

*So, I start with some general questions, in the sense that as I put you as a track, we had first sustainability reports here.*

**Responsible for “COMPANY B”**

Ok.

*Interviewer*

*Why do we talk about this? Because the inside of my doctoral thesis there is a phase, a part that will consider which techniques with respect to processes and methodologies the companies adopt have adopted in reporting both sustainability, but for the SDGs, therefore the objectives of Sustainable Development.*

**Responsible for “COMPANY B”**

Yes, OK.

*Interviewer*

*Like, as I wanted to tell you, this is something that will affect other companies as well. The interviews are structured on the same issues, but then obviously they cannot be identical, because obviously each company will have its own. The result is not a discussion between companies, but simply a sort of detail of what each company has been able to do and therefore of those solutions that have been easy for them in being able to report these sustainability objectives in the best way, therefore the first the question is: both the academic and the corporate world are pushing for companies that are increasingly oriented towards environmental protection, but also social and economic.*

*When the question is, when did you as a company feel the urge to start reporting this sustainability to third parties?*

**Responsible for “COMPANY B”**

You keep in mind that what I can tell you is that in 2017, so now almost 5, 5 years have passed. The need that arose was to say the woman, now collected in a single unitary document. All sustainable performances where we intended, those from an environmental point of view. Those from a social point of view, with clearly all the part concerning human resources and all those economic aspects that however have implications of sustainability. So, it had never been collected in a single document. We have always done many actions, many works, many initiatives, without ever thinking of finalizing them in a document that was not only unique, but also accessible to the public, because the problem that distinguishes the problem between quotes, the airport is that as regards the punch, especially environmental aspects and very technical and very difficult to make people understand even what you do because I am talking to you about an action plan where I study curves, noise, then do certain activities and for you it is very complicated because either you are in the sector very complicated, so the idea was. We also tell these things in a simple and complete way in this. So, what have we done? We realized, however, that we were unable to do it alone. And we contacted the University of Bergamo who followed us, took us by the hand, explained us with training courses. Meaning what? Well, he explained the whole world of sustainability in broad terms, reporting. Who is obliged, who is not and what does it mean? What is your vision? Mission, what are your values? Let us think about it, and then we did it all. Then a very articulated path to then get to the first report, because we had never done a materiality analysis. We had not done anything we did, many things, but nothing standard. Here, ok.

*Interviewer*

*There is, of course, so here basically, to summarize this part we could say that. It was born first in 2017. This first need where, although the company had already implemented values at the level of values, various attentions to 360 ° sustainability had never managed to collect them in a single document that was also accessible to third parties.*

**Responsible for “COMPANY B”**

Exactly, because we have a company website where our environmental policies are told. However, some are not a single document and tell what may not be told.

*Interviewer*

*And in fact, the next question is, at the legislative level, Italy which is obviously also driven by a legislation that is European is advancing towards companies with specific requests regarding non-financial reporting with respect to your sector of belonging? How much impact have these, let us say legislative choices on your position, in the sense, is there a request by the law with respect to some companies, not all of them to report with respect to how company are you among the companies that have this obligation, or do you carry out? So, I have non-financial reporting, so I split it into two questions.*

**Responsible for “COMPANY B”**

They, we are not among the companies that have the obligation, because we do not have the regulatory requirements that require mandatory drafting.

*Interviewer*

*Ok.*

## **Responsible for “COMPANY B”**

We have seen, however, that the European Parliament is under discussion and a proposal for a directive should be in April which should then be, I do not know if directly applicable or in any case will have to be implemented, but also in Italy, which extends the obligation to companies with certain types. of turnover and revenues and we have decided not to certify it. That is our report, we have never sent it to us either, we have not sent anything, we have decided to make a model that is inspired by and is the basic model we say of the gri, because we wanted to take a few years to do well and decide well, too whether to increase to increase even more indicators and which option we wanted to choose in all of this. I do not deny that the pandemic has cut our legs a bit, because for us we made a report for the year 2020 which clearly speaks of three million fewer passengers, eighty per one hundred and that year we froze a bit there. also, further studies, insights, because I think that for everyone and the year 2021 oh well obviously there is always a lot, it is not a great year, it is not events, but we are not so in short. And so, oh well, this has been our path a bit, so we are not required by law, and we do not have an external certifier, we have never sent one today and we have a model. There are some little things, they should be a little attached, stakeholder engagement reports, see if what we have is enough, but they would be some things, but all the main indicators of the model of the model are needed and of all those who use the airports. We have them as well as I do not know if you think about the standard ones, but about human resources and we all have yes. Here, however, is not a somewhat ad hoc model.

*Interviewer*

*So, you have taken some sort of basis considering the indicators of the gri.*

**Responsible for “COMPANY B”**

It is right.

*Interviewer*

*A mix let us say custom made with respect to your company and the sector. Do you feel you have to do this report because within the sector I believe that this can be a sector that has an important impact on a sustainable level or is it more an ethical choice of corporate values and that is it?*

**Responsible for “COMPANY B”**

Both things, things for sure now in the airport sector there is a focus on sustainability, I know that maybe it may seem strange because maybe it is a somewhat particular sector, but in reality the airport sector for a long time, in terms of sustainability, airlines are very attentive to sustainability, that is, a strong focus on all technological developments to pollute less. And both in Italy but also abroad they are, there is a strong attention and all the airports of a certain level move in the context of reporting sustainability a series of actions that everyone does. Then, of course, it is always a choice of the company, because if there is no regulatory obligation for sure, that is the will of the management, it is what counts. But yes, now there is a strong focus. We took part in the drafting of the guidelines that they did in Europe in an association that gathers Europeans, the main European airports to draft the sustainability report. Ok, we did an interview and to see if the material topics that were most important to us were the same ones that had found the others, that is, we made this comparison, it was that he had something to add, added.

*Interviewer*

*So, there was a sort of collaboration not only Italian among other things, but precisely at the European level of attention with respect to reporting.*

**Responsible for “COMPANY B”**

Here, keep in mind that what I am talking about before the covid is now recovering a bit, but there have been two very stagnant years, but I am just telling you.

*Interviewer*

*Obviously here we have already answered that we have already answered on the fact that voluntary reporting and I wonder, have you noticed any managerial differences or resources or choices from the moment in which we say non-financial reporting has become an active part of the company? In the sense, we said to ourselves that the company has always had this perspective towards sustainability in shares, etc. Then from 2017 it decided, through reporting to also tell third parties what it can do from then on; so, since 2017 has the company changed in some way or has it always kept what it was?*

**Responsible for “COMPANY B”**

But let us say, the culture of internal sustainability has improved, hence the people. You keep in mind that towards the end of January, early February, I begin to say, guys, look that there is a report to do. What have you done this year? You want to give the data, you want to make a comment here and so now let's say that there is a strong extra attention, but also the fact that one can think that something, some action that has been done can be written in the report; therefore, let's say that the sensitivity towards the reporting tool has been increased internally. And so, let us say that what we have brought forward and regardless of the back that the report can be removed, however, are higher floors. There were some things, some innovations that the shrewd one putting in place I speak to you

like the LEDs, of the fact that the lamps that were already in progress are no longer used. It is obvious that this is all a mentality of sustainability, but you think clearly, however, if I change all the bulbs at one time, I would not have told anyone, now I am writing to you. And there is an extra attention to the electric too. To tell you, there is a strong focus. Even although economically, it is not the best choice, but there is a very important aspect of sustainability and a more vision of the future. Eh, I am not just thinking about buying the vehicle for today, I think about the longer term we have company cars to get around, you no longer have the only ones with petrol. They are all letters that are small things, but it is all the result of a culture that the environmentalist nobody is many things all together.

*Interviewer*

*However, it is always something that is voluntary, so they are choices that if I do this reporting yes, it gives me a good impression externally but then in reality also internally the work is done the same. It is not just reporting, but being satisfied with what has been done at the company level.*

### **Responsible for “COMPANY B”**

Exactly, here.

*Interviewer*

*And so, do you think that voluntary non-financial reporting can be a sort of springboard towards a more appreciated image of the company than the community?*

### **Responsible for “COMPANY B”**

I could tell you yes, but it is not that the discriminating factor, which is for our sector sustainability reports are not yet solid enough to be so well known. When I think that if I

were to become mandatory that is all, yes, let us say it certainly helps the image, but it is not I did not have this.

*Interviewer*

*On the other hand, with respect to corporate budget choices, reporting has an important impact.*

**Responsible for “COMPANY B”**

No, it does not affect, in the sense that we are now autonomous.

*Interviewer*

*Ok.*

**Responsible for “COMPANY B”**

We do everything ourselves; we get help for what we cannot do internally. So, if we must do the questionnaires of external investigations we get help, so no, for them it does not impact. It never affected it, it was always a fair expense, however. So no, we never had budget problems for that?

*Interviewer*

*Okay, so it only outsources what it cannot do internally. Then also reading the report and precisely because I saw an important diligence, I wondered if precisely even at the budget level a sort of something more had been allocated that is human or technological resources are not exactly economic? To be able to cope with reporting of this type.*

**Responsible for “COMPANY B”**



No, no, everything internally everyone does their part. Then I do the common parts to tell you, then they are corrected. Here, we have someone who fixes us, the graphics, that is, denied, but the one to remove the registration. We do not have the kpmg on duty that makes it. That is, we do it ourselves, so we have no one and we have had the support of the university. The first, the second year, and then we got by ourselves. So yes, that is yes, yes, that is right.

*Interviewer*

*There are governmental provisions even at the level of laws that would make your job easier. For example, before you told me, if for example this reporting was mandatory, then maybe even at the image or third party viewing level, for example, we would also be in quotation marks, in the sense that it would do us, it would suit us, it can be the for example the mandatory nature of the report, something that is a plus for you.*

### **Responsible for “COMPANY B”**

Well, yes, if it is mandatory there is a guideline so that I do not know, I do not say the minister of infrastructure, delegating to our superordinate body, that the international, civil aviation to make guidelines so that we are a homogeneity of the sector. We could be eased by having guidance and knowing that some data that may be important to other industries is not to us. So maybe it is not, that is, that the standard can be adapted to the sector, in short, so it is useless to waste time on something that is experiencing my feeling and makes sense, obviously because everything I think can make sense, which is a little 'what is the idea that Europe had had. Then later, with her a little stranded. The thing, however, the idea would be this, of associations to the port, from standards.

*Interviewer*

*Obligation could therefore be interesting, precisely because this obligation, inevitably I believe that it must also give guidelines for the standards of the facsimiles to be followed.*

### **Responsible for “COMPANY B”**

Yes, if not, in my opinion the obligatory nature is a bit useless, it is too easy for me to fit in and then not help me afterwards. So, if it is to be mandatory, it must have a model to follow to make sure you do not also have compliance issues. To follow the law, I must ask the law to help me, sure.

*Interviewer*

*Yes, that's right, it is everyone's problem and it is also, let's say what I'm trying to investigate within my research, in the sense that we say this is a bit of a question, fulcrum, because we are a bit at the limit where we have many companies that in reality do not pay attention to sustainable reporting that is still voluntary today because like you many companies, even large ones, are not yet required to report in a mandatory way, but they choose to do so each for reasons to make this choice, me between quotes are of interest relatively, but obviously where they make this choice. Then they are unfortunately totally left alone*

### **Responsible for “COMPANY B”**

That is, I see that in the end, although we are much younger than others in reporting, in the end many do not do it, that is, I realized that the company contacts of which would be the people with whom they do not actually write it. the report, because kpmg does it on duty. I do not know why I work here and therefore I am a bit concrete, but you send it to you, and this does not give you feedback, but therefore one of our reports is fine. Are

these indicators correct or not? It is true that for God's sake we are used to English, but since the report in Italian, that is, it is a bit complicated, it is a bit difficult world.

*Interviewer*

*It is so much new, but so much needed yes, therefore.*

**Responsible for “COMPANY B”**

That is right, so we need a hand.

*Interviewer*

*Exactly. And so, with this research the goal is precisely to understand at what point companies are to give a sort of comparison at an academic level. Then of course it is hoped that a can also have a result then also at an economic level, to say attention because companies want to do this reporting for x reasons, but they are totally left in trouble. Indicators that are not fully performing in their construction or in their or in their use. Always returning for a moment to sustainable choices, to enter for a moment in. In the speech of the company board, then to the management. How important is it, obviously always for your company, to have a board that is involved and aware of the work that underlies this genre? Reporting is involved with awareness.*

**Responsible for “COMPANY B”**

If the and the board is involved, the board approves. The report wants to read it. And certainly, without their approval, nothing comes out. So yes, they are very involved, they are very attentive, they are very sensitive, in favour of the issue and they push the structure to continue in this direction or in any case they are also satisfied with the work that has

been done and therefore it is very important for us. There is mutual the thing for the structure, important for the edge is important.

*Interviewer*

*And do you believe that the ethical values of the board have an influence on the discourse of non-financial reporting, that is, of the single manager of the single director?*

**Responsible for “COMPANY B”**

Well, certainly yes, in the sense that not of the individual but of the vision for society, yes, in the fact that the reporting considers the addresses of the upper echelons, yes. Certainly, their guidelines in decisions for the company are certainly taken into consideration.

*Interviewer*

*And instead, I respect the stakeholders, so in general all, all third parties, do you feel that you have a non-financial reporting responsibility?*

**Responsible for “COMPANY B”**

Yes well. At this point in the fifth year, I would say yes.

*Interviewer*

*And the weight of this responsibility that we have seen is the main driving force in the sustainable reporting file.*

**Responsible for “COMPANY B”**

Well, we certainly decided to report at the beginning, on some things we keep them, and we continue a discourse of consistency also towards them, therefore, yes. we say that much of the information there is also made for someone, so that everyone can read it and

realize what is being done, because all the data are clearly against verifiable, as I all imagine eh, I do it truthfully, I hope.

*Interviewer*

*In your opinion, which stakeholders do you think have higher expectations than this report?*

**Responsible for “COMPANY B”**

To the territory the territory for sure, which can be the population, however the representatives of the local communities. And then I think that what can grow in terms of attention can be the part of, let us say internal, stakeholders; hence, the employees and whoever operates at the airport on this. And attention should grow a little more, in the sense that there is internal attention for those who are called to draft it and are involved. And there is a less strong attention to the final product, that is, attention to that the correct data is given, that everything is right, but there is no less attention. There is decreasing attention to the final product. The ambition would be to have an ever-increasing attention to the report within the territory and to be able, perhaps after two years on the ropes, even returning to normality, to have the opportunity to talk about it as it had been at the first, with a press conference , that is, what do you want to do with what you want to do, you get the planes full of patients, what are you sponsoring? The report, that is, if they will take on what could not be done, the possibility of an effective disclosure would be resumed. Something that could not be done due to the pandemic which I think is something that has distinguished many companies. We have suffered a lot, they have not closed it, that is, we two years of layoffs, that is, it has not been like this for everyone, but for me it is all very heavy. Thinking back to the report of when the pandemic broke out,

it is the reference year for 2019 which for us was a fantastic year. And we could talk about 2018, so we did it and the will and then we said what we do? We are not talking about 2020. All indicators, some will be staggered, will have an asterisk underneath. Having so few passengers, some indicators come to me as well, but we decided to do it anyway because then there are so many things. However, we kept the construction sites open, we still made the airport safe; therefore, we have moved on and so will we also this year.

*Interviewer*

*Well, very well and have you ever found yourself facing specific requests from stakeholders? In this case we said as if with the main ones the territory, therefore populations, representatives of the communities that I do not say, who really came to the table, this happened well to tell you, we want you to report on this, but that he sent you some signals of some kind of urgency with respect to your reporting?*

**Responsible for “COMPANY B”**

Anyway, as I wanted to tell you we have a transparent set of data that they already visualize, so I would say no.

*Interviewer*

*Okay, she has always been an internal push. Do you believe that stakeholders may have a focus on sustainable development goals or in general may be indiscriminately interested in sustainability.*

**Responsible for “COMPANY B”**

So, it depends on the stakeholders, in the sense the top management knows is interested in sustainability, but also in sustainable goals. I think that for others it depends on whether

they recognize less, because not everyone recognizes it, let us say more interested in sustainability, it is on the part of all the stakeholders, not everyone is interested, even the objectives, because not everyone I am aware of it.

*Interviewer*

*And in fact we then come to the yes speech and I tell you the 2030 Agenda from 2015 replaces the millennium goals at the level, then here the company prints more or less from 2017, but before the Legis these were these objectives which were 10 objectives that always had set up the united nations saying these goals are to be achieved by 2020 if not then we have twenty years to achieve these goals. What happened? It happened that more than half of the way, with a conference and the United Nations they said listen here we will never get there, because for x reasons if we sit down at the table, we redefine everything well and therefore with the 2030 Agenda the 17 sustainability objectives with their related 169 targets and indicators. And therefore, the Agenda has tried to renew itself as a precise and articulated point of reference with respect to the requests of governments, companies for a corporate reporting that was finally oriented to all sustainable dimensions, not only environmental, but therefore also social and economic. Within this of your company, has the establishment of these defined aims been a driving force behind the sustainable path?*

### **Responsible for “COMPANY B”**

Well, no, it sure is one of the first things we learned about, so yes us. Each paragraph of the actual reporting part. So, after the story, the mission, and the vision, what are the most important values? And the corporate? So, let us say how we are organized. For each

paragraph we have found which are the goals of the United Nations that we want to achieve; so yes, they were very important to us.

*Interviewer*

*And therefore, with respect to these goals in general, as a company do you believe that there are legislative shortcomings and not to be efficient in this reporting on the SDGs?*

**Responsible for “COMPANY B”**

Let's say that, like everyone, all non-compulsory things make it harder and harder to get to know them and we were all lucky that when everyone was always doing the report, the university did training courses for top and middle management and thanks we met that one, but in my opinion it is missing, a bit of information is missing and a bit of disclosure, information and even training. Exactly, both. In the sense that it would be useful to also think about training on this. In general, for companies. Well, why else?

*Interviewer*

*So, in more detail, we have said these seventeen objectives and the relative targets which are 169 are, I dare to say even numerically, this is my impression. An important amount that can be considered, I believe in totality, as regards your company. Have you made any priority choices, on which goals or targets to spend your attention?*

**Responsible for “COMPANY B”**

Yes, well, of the seventeen we have identified eleven that we want to pursue, we have not selected others and therefore we have decided to pursue those eleven that have been chosen following these training courses. Then the top figures of the company were called to do a job, their first references to identify the most important issues and therefore also



the objectives, are of the united nations that we have chosen are related to a precise choice and they are not all because they would be too many and even here they wouldn't be right for us. It is useless to want to protect the sea if we are not at the sea, that is, in short, in the sense everyone has this effect. Here, therefore, the reference company figures have chosen which were the most important material issues for the company and the objectives of the United Nations what these issues were, then, they were used to conduct a materiality survey both at internal and external to the company. So on these 25 themes they have identified 5, we have identified 5 areas and each area we have divided it into 5 sub-themes; therefore, in the end they became 25 topics eh, which are and were then asked, on the basis of these 25 considered important internally to the various stakeholders, which were the most or less important to build the famous matrix

*Interviewer*

*So, when you tell me we also asked the stakeholders, did you administer some questionnaires?*

### **Responsible for “COMPANY B”**

Yes, through a specialized Milan company. We made questionnaires, both the population and the representatives of the local communities to the journalists and the entrepreneur, therefore clearly a sample, but about nine hundred people and then internally in addition to the board of directors and managers, also to all employees. We are a big group; you are we are two companies. It is the main company “Company B”, which the airport manager and owns 100%, a handling company, therefore of services for the airport which is called Budweiser and the group. They are about six hundred people. We are about 241. and

clearly this was the most important thing, and it is something we want to continue, periodically then we do updates, then yes exactly.

*Interviewer*

*Very well, this, this is very interesting, because usually, when we talk about also matrix, materiality, etc. it is internal instead in this case it is not.*

### **Responsible for “COMPANY B”**

No, the idea of the company would be to intend as much as possible also to other queues and there is a job, a worktable on the volunteer, however, that is not to be afraid of being told what the most important things are. Unless, so yes, it was the most important thing for us, to have a matrix like this, and that is what we will continue to do. On the image of the airport, we then saw that the most important issue is not the environmental one, but health and safety at the airport for passengers and workers. So it turned out that the main theme is this, and the environmental in second place, because you think about the airport, you always think about pollution as written and poisons, and this thing put pressure on me, because then a pandemic broke out and I thought that ultimately has the most important value because you make noise or not. When there is a pandemic, it is not that important, but if the airport is safe.

*Interviewer*

*Very well and therefore in this case I would like to say, to answer the last question on this, on this issue, that the sector of belonging I had and had prepared as questions of belonging, has somehow guided towards a choice of the most important goals. important? At this point, he intends to order, in the sense that it was not so much the sector, but it was this confrontation with the stakeholders that led to this analysis, yes, yes, in our case. I*

*had thought it was the industry that was driving you; instead, you surprise me by telling me that the stakeholders themselves have been bewitched. And so here is the answer I already have the answer to this question that you believe that there is cooperation that allows within the sector a sharing of business practices with respect to reporting?*

**Responsible for “COMPANY B”**

I think so, even if it is all related to what segments do you have? Because if I only have the passengers, do you have the passengers and the cargo? That is in the sense, so yes even with due attention, with the fact that you should still try to compare yourself with your peers. yes, well, it is not that easy. But you are not as big as Rome, you are not as big as Milan.

*Interviewer*

*Let us go into the real process of structuring, structuring the report for a moment. And the first question is if you can explain to me what techniques underlie data collection.*

**Responsible for “COMPANY B”**

It is a request that starts from the gri, therefore from me of the work group and has the unit or management interested in using the model of the previous year; therefore, with the indication that the indications on always for the indicator must, the indicators must be maintained; therefore, whatever number it is you still have to give it to me and comment, if there have been any developments in the news, tell me with regard to the area of your competence. And the third sign, always if something about our company comes to mind that you want to add? Just do it. And tell me and talk to me. So, the directives are always

three, consistent with the model of the previous year and it is a simple relationship between colleagues. And they are all called to arms and all respond with deadlines and then once a first draft is made, a first time which is then submitted to each one for the parts of competence, perhaps collected in groups, in the sense, the part of the passengers, all those who have cooperated, see each other only once, then it is passed to the top management for a first approval. If you like it, then it is packaged to be taken to the board. Tendentially, in a timing that is at once later, that of the economic balance sheet. it is a very simple job, a simple internal job, in the sense that, without formalities, it is characterized by, by the many relationships between people, I say operation.

*Interviewer*

*Sure, sure, so basically the question, is there a pyramid of responsibility?*

### **Responsible for “COMPANY B”**

Yes, there is an internal working group with an unwritten but codified practice, bearing in mind that the management will read it.

*Interviewer*

*Sure, sure, obviously. So, that is, it is really a structured in such a way that everyone brings his voice, it would come to be given to assume. Ok. And what timing?*

### **Responsible for “COMPANY B”**

We start to get an idea for the beginning of January, that is, to be able to publish it, then, in early June with the approval, hopefully, between May and June. Then, if it is not mandatory, month more month less, we do not ask ourselves the problem.

*Interviewer*

*The data analysis phase, therefore, is conducted individually by the various projects of managers and data already analysed, already structured to the working group, are then delivered.*

**Responsible for “COMPANY B”**

Tools to give you already structured data, however, with a comparison with whom to port, to give you an example, you give me your ready-made part. hand it to me, you tell me attack it and so you call me, we sit down, we work together. But yes, the data is delivered already structured by everyone and already commented. they are the common parts, as I call them the introduction, how the work was done, the history and the introductory parts that do not have, do not come, they are not the object of a group work, but are then clearly the object he asks them. because that's right, so that part to the method, that part, everything else is already provided in a structured form. So then of course, we try to make it homogeneous also in writing, because we see how many hands write though.

*Interviewer*

*Now the aspect that is fundamental for me and I hope to find an answer, an answer from you and what concerns more the accounting part, in the sense that we have seen that these reports have left room for the reporting of the SDGs over the years, as asked. The United Nations, however, we have realized that this reporting may not always be simple; therefore, the very simple question and do you think, or do you think it is easy to identify, report for the SDGs?*

**Responsible for “COMPANY B”**

No, they are very beautiful, but they are very high goals. And therefore, the fact that you are very free in declining them on the one hand is very convenient because if you tell me

about sustainable infrastructures and of course I can, on the other hand it is clearly complicated. that is, in the sense that the standards of the gri are simpler from certain points of view, because they are those but also those. In short, it is all quite difficult.

*Interviewer*

*Do you believe that there are 360° accounting techniques that come to mind in the data collection phase that are essential to be able to conduct effective reporting.*

**Responsible for “COMPANY B”**

Well, certainly what also helps the sustainability report a lot is the balance sheet, in the sense that the reports that are drawn up for the economic balance are also used as a basis for the sustainability report, in the sense that what happened in the year forever, that and therefore we say that the balance sheet and the report for the economic balance, the report for the sustainability report have points in common for all and therefore they are certainly tools that help. The scope of the environmental certification or tool that constitutes a basis for the sustainability report, in the sense that all that reporting is a material, they are data that then serve to be able to sustainability; therefore, let's say that there are these, these tools, these annual or semi-annual annulments that are also a help, as well as all the data collections that are made for the environmental aspects are then also used for the sustainability report.

*Interviewer*

*Compared to the indicators that you have chosen to use, are they indicators that you have created from scratch or are they always the gri ones anyway?*

**Responsible for “COMPANY B”**

Both. Of some other data that we consider important, such as the disbursements, the sponsorships, the works we have done for the territory, even if it is not an exact indicator, however, we have not done any other self-taught teachers.

*Interviewer*

*Okay, so with respect to accounting, do you think that economic accounting itself has an important role in non-financial reporting?*

**Responsible for “COMPANY B”**

It is fundamental because the distribution of added value is the whole part of the economic performance reread under the lens of sustainability constitutes a separate chapter of the various environmental, social, and etc. financial director plays in the structural lens of sustainability. At the beginning of the chapter there is a methodological note on economic performance that uses the method of distributing added value with a formula that is kept consistent throughout the years, regardless of the economic result itself.

*Interviewer*

*And do you think that, always in compliance with accounting techniques, proper accounting techniques for data collection and reporting are necessary, which are common to the sector?*

**Responsible for “COMPANY B”**

I do not know how to answer you, in the sense that I should ask someone who does accounting, I know if what they do for the economic balance sheet is enough to easily do the sustainability reporting. A common method of guidelines is always useful, but I cannot

tell you on a technical, mathematical, economic, accounting level, how complicated it is, so I have no idea.

*Interviewer*

*We do not know, but you believe that techniques that are in a certain way structured with respect not only to collect economic data but also sustainable data, at the same time can simplify your work.*

**Responsible for “COMPANY B”**

Sure, yes, sure for sure the one was chosen. The distribution method, an added value with the formula for sure, was also reasoned to have a well-predetermined criterion to follow, but it sure could help.

*Interviewer*

*And therefore, obviously if these techniques were also dictated at the legislative level, even better.*

**Responsible for “COMPANY B”**

Well, I certainly expect them to make it mandatory for me to know what I need to do to be compliant.

*Interviewer*

*And you believe that academic research, although it may obviously affect your company, in an important way, should focus more on analysing business best practice techniques in this sense.*

**Responsible for “COMPANY B”**



I would like it because I am very fond of books. I am still forty years old, if I do not have it, I am not so technological. I would like to have a nice book with the guidelines for the airports that I have afro I browse through it, I emphasize that it helps me, written by someone who is effective, so it also exploits well in Italian. This is my dream that you want to write. I will buy it.

*Interviewer*

*What are the future goals about everything we have faced today?*

**Responsible for “COMPANY B”**

Continue with the reporting and clearly on the basis of the regulatory evolution, adapt the report to what the regulatory evolution will impose on us and there may also be no regulatory obligation, continue the reporting in the disclosure trying every year to do it better and better and maybe think to finalize a summary of the report also in the future because our report is 180 pages and the will would also be to finalize a more streamlined form of disclosure.

*Interviewer*

*I would like to say, it is a form of a more streamlined form, which however needs a scheme that is efficient. Do you believe that the certification speech of an external certifier, which somehow certifies your reporting, could be a value?*

**Responsible for “COMPANY B”**

Yes, yes, well, of course I think it can be a value, like all external certifications. The value is not so much for the interiors but for the exterior, to give it an even more formal official look.

*Interviewer*

*And so, you say it could change the approach, the stakeholders if the report were somehow certified.*

**Responsible for “COMPANY B”**

But I think that for sure, when the relationship becomes mandatory by law, even for a company like ours, at least in the phase of introducing the regulatory obligation, greater attention is paid. *Interviewer*

*Well, so what about her? The last question is, it is for you, but for me you have questions to ask yourself, not just as an interviewer, but as an academic of something that interests you if you want.*

**Responsible for “COMPANY B”**

You study this subject, that is, that it has become a subject of study, that is what I know that when I was at university it did not exist eh, it is not that I did it in the 80s, however I did in the 2000s and therefore I am very happy, that is, what I think is missing in Italy is to create standards, practices, guidelines, that is, in my opinion, if the world moves in the direction you are moving, I would be very happy. Then frankly she prefers to be followed by the academic world than by a kpmg, a Deloitte etc. We need a more academic approach and less of a certification of the economic balance sheet. The world of sustainability deserves something less than pine strictly than numbers, that is, it is a world that also deserves a little story, but not because it is a fairy tale, but because it also deserves explanations. It deserves it. Let someone explain why you let this thing do, this other thing not? How I adapted technologies, things for conscious, not that other, that is, and I

think the academic world can be more. That is, I think the more you lack a bit of theory made in a clearer way than, then maybe I am ignorant.

*Interviewer*

*Very interesting. In the sense that it is true, on a theoretical level it is said, yes, let us do it, yes, let us do it. But then in practice the gist is missing, then the truth of what comes out of these reports and instead feel that companies have this feeling that there is a lack of a sort of well-established, well-defined theoretical guide, it makes us reflect and make people think. Because?*

### **Responsible for “COMPANY B”**

Here is another interesting thing that yes clearly I would like to deepen, even if I absolutely do not have the skills because I have done law, I have been a lawyer for many years, they can work here; so, however, what I have always liked a lot is the cost-benefit analysis and also using environmental indicators, i.e. also sustainability indicators. On this I must say that instead it seems to me that the literature is large. But here it is, it is not always that simple. You are on the other side, that is, we do a lot of concrete things, but we do not know how to apply the model.

*Interviewer*

*Of course, of course, cooperation between academia and practice would obviously not be nice. I ask you if you have any other comments to add or if you think we have covered everything.*

### **Responsible for “COMPANY B”**

We had a chat that I absorbed you. I will say that look if we have the numbers because we would like some, let me know how it goes.

*\* End of registration*

## **Appendix F: Script from “Company C” Spa interview**

*Interviewer*

*This research thesis starts a little from the objective of identifying how some companies particularly at the forefront of these sustainability issues have addressed the introduction mainly of the sustainable development goals in their sustainability report and therefore, how they are have been able to respond to all those problems that even the legislator has posed to the company is that they are absolutely not easy to solve. The work is based on the interview of four companies belonging to four different sectors; you are all part of our regional fabric, even provincial, I would say. But the choice of having different sectoral fabrics allows me to ensure that this thesis does not result in a comparison between those who did better and those who did worse, but simply a vision of how to say that these sustainable choices have affected on different sectors. This is important, that is why I do not want you to get the idea that one must be better at something than the other. Precisely because we are talking about different reports, I expect you to be different. Okay, I have structured a sort of interview that we research, we call semi-structured interview. With respect to the issues, we talked about, which I expected by message, I have prepared some questions. However, if during the discussion there are more topics, more questions, etc., we are free to change them as we please. At the end of all this interview I will take some time to make it textual and then start analysing it, it will be me and my supervisor Professor Servalli, and we will then analyse all our aspects that interest us most, therefore from the interviews. We will extend what will be both a thesis chapter and probably a scientific article, once we have all this ready and send it to you, we ask you with the time you have available to give a reading and let us know if you have any comments, something you want to*

*insert, rather than something that needs to be changed for example due to privacy concerns rather than requests. We will also choose at the end whether to make the company name clear or not, based on your preferences. Ok, so, to start, let us start looking at the first sustainability report. Sustainable reporting is now in a phase of ascent. We therefore give the academic and non-academic worlds, therefore also the business world, which push for companies that are increasingly oriented towards environmental protection, but also social and economic. I have seen that as a company you have been doing sustainable reporting for a long time; therefore, I ask you more precisely about himself, can you tell me when you felt this impulse? So, to start this type of reporting and how did this process start?*

### **Responsible for “Company C” Group**

Okay, so we did our first social report in 2003, but we did not publish it. We published the first social report in 2004 and we took as a reporting model, even if at the time there were no real reporting models, what Responsible care proposed we since 2003 are written Responsible care which is this voluntary industry protocol chemistry which among other things is also an excellence from the reporting point of view, still today. We entered and after took the cue that Responsible care gave us to produce our first sustainability document. At the time, I do not think the concept of sustainability even existed. I was not in the company, no, I really do not think the concept of sustainability existed. We called it the social report and we put some elements into it that we find even today. I just went to review this report a couple of months ago. Because they asked me to talk about it and to my amazement I found a whole series of themes that are reminiscent even today there is a whole part of the introduction of our context that is more than correct, because any choice is made within a context, there is a whole part

linked to the world of emissions and environmental impact, a part linked to people, both from the point of view of health and safety and from the point of view of the territories. And of course, there is a part dedicated to values, to vision. The mission of the company that is a little background to all the choices these things can be found exactly in the sustainability report that I am writing now and over time we have never forgotten them. We felt this need probably because we considered ourselves mature enough to show ourselves to the outside, to be transparent, to begin a path of transparency that goes on. Even today what you said is more than correct. It is the companies themselves today who want sustainability reports, we receive continuous requests of our customers of sustainability information from a social point of view, from an environmental point of view, increasingly from a social point of view. Oh, moreover, because the environmental part is a little more joint. And there is this desire, this needs for transparency that belongs to all our markets. Then I do not know if you know that at the European level the new draft directive on harmonized reporting came out in April of this year. It will obviously affect us and transform our sustainability report from a voluntary choice as it has been until now, and in a mandatory choice for us it does not change much, we would have continued to make a sustainability report anyway. What is highly positive is the fact that many others like us today will position themselves on the same as ours. Positions of transparency and even easier. And how to say, selling the value of this transparency comparing oneself with others, not from a necessarily negative perspective, but from a benchmark perspective, of continuous mutual improvement, of mutual contamination, of exchange of experiences. This is also a bit of what it is, let us say the time span that has brought us from 2004 to today, I hope I have not gone off topic, very well.

*Interviewer*

*Indeed, you have already touched on several topics that we will then touch on later and then maybe we will deepen. Also driven by this new European legislation that a bit of everything that has been done up to now at the level of sustainable reporting, if only for the companies that become involved, but also for those companies that were already involved; then, they see some sort of reaching years of description being made and then there is also some sort of response. As for your sector of belonging, we know that roots are a group that has you, which runs in different sectors, but what I think is the most, but the most impacting is the chemical one.*

**Responsible for “Company C” Group**

Chemical group, so we define ourselves with textiles and plastics, but we are not a chemical group.

*Interviewer*

*Chemist. So here is this departure, that sector was a bit of the driving force that prompted you to start this type of reporting.*

**Responsible for “Company C” Group**

Belonging to the chemistry group and the fact that chemistry was perceived as a sector, I would say ugly, dirty, and bad. I was looking for a method, a more refined way of saying it. In theoretical terms it is certainly true, but no sector has worked as much as the chemical sector to lower its impacts, to make production safe, to work on the chemical safety of products and materials. So today this reputation of the chemical sector is absolutely deserved. We were the first and we were among the main



proponents of sustainability. In concrete terms, because the sustainability of any production sector, but of the chemical sector, is an extremely concrete sustainability. If you look at our sustainability report from last year, on page three there is a quote from our president who says the sustainable future is not about who imagines it is about who makes it. It is a, how to say from the side, a stance, no, a working method, concreteness. But also, an assumption of responsibility, no that we share with the entire chemical industry. We do not just imagine we do, we must do, because this sustainable future is in our hands.

*Interviewer*

*This is, it is very interesting, so understanding how a sector has felt a sort of ethical push towards reporting that on the one hand, however, also cleansed its image, mistreated even in the years a bit due to the images of the 60s and 70s.*

### **Responsible for “Company C” Group**

Exactly, this does not mean that today the reality is that or is that everywhere. The black shirts are still around. Now let us not hide behind like any industry.

*Interviewer*

*For you, therefore, the report has been a sort of improving image of what is a reality that you already face normally, maybe they respect different criteria, etc., but it has allowed you to show yourself outside with a healthier eye, who is cleaner more efficient compared to what people might perceive.*

### **Responsible for “Company C” Group**

I would say that it was a strategic choice and to enhance what we were doing in this perspective, certainly more than to want to clean up our reputation. I would tell you in all honesty to prove breasts, what we do. Because if we do not convey to the outside, to what we do, frankly we do not need to clean up our reputation, to show a better image of ourselves. We are already doing a lot; it was a strategic choice, and I would also say courageous. In 2003, 2004 because absolutely no one did it and it is an important choice from my point of view to have left all the reports on our site from 2004 to today, because one how to say, a person who decides to read them can perceive the evolution. It is easy to put this year's report, in which I have positive results. Less easy to put those of the last five years that are comparable to mine. If one knows how to read data, then it is like saying, it was a choice of transparency. To show that our commitment is truly valued by all our interlocutors and by all our stakeholders. I made a mix of the two words, do you realize, among other things, that we did the eighty per 100 in 2020, 2019, 2020. This counts the eighty per 100 of our employees in Italy who live within 20 km from the company, it takes less than 20 km to go to the company, this means that those who work in the company and not only the employees, but are also an inhabitant of the territory, all our historic companies are inside the inhabited centres. I do not know if you know yarn roots or nova chips roots or yarn roots. There is the town around, we do not escape how to say, the watchful eye of the local communities, and since I myself am inhabitants of the area in which I work, mine is also a careful eye, the company not only works there, but I also live there, where our companies where our companies produce. and I would say that for many companies it was a choice, a similar choice is a choice more of substance than of form. Here then the form has come to the communication that has come and it is very important,

because if you do it but you do not communicate it, it is as if you did not do it. So, it is very important to communicate, but first you must do it. And then this choice of the sustainability report somehow helped us, not only to enhance what we were doing, but also to make our production chain more attentive to certain issues. our different sectors. We do it, others do it, yes, as if to say, slowly the virtuous circle expands, and everyone becomes more transparent. In short, even comparison is certainly worthwhile.

*Interviewer*

*And as far as reporting is concerned, since 2004 we have said voluntary reporting in the sense that you have started to do it voluntarily, it is currently voluntary, or it will become mandatory with the entry into force of the new decree.*

### **Responsible for “Company C” Group**

Yes 2024 on safe 2023 data so we are preparing with a nice important non-transitional internal project of our current sustainability report, as far as we can understand the new form of reporting. You realize that it is not a small project, because in the latest sustainability report we have twenty-three production sites that give us the data in the world. therefore, it is not a small transition to think of changing a joint system and having certifiable data.

*Interviewer*

*In this field, however, as far as your experience is concerned, you have noticed managerial differences or changes in resources, choices and in the moments when non-financial reporting has become a bit of a cornerstone of your company.*

### **Responsible for “Company C” Group**

The profound differences in 2010 the first big, the first big evolution we made in 2010, when we decided that that reporting model was no longer adequate for us, because our group had evolved from the side, because the concept of sustainability had evolved. Clearly the values change, the scenarios change, the problems change, the concept of sustainability evolves, the sustainability strategy of our group has changed, the way in which we do it must also change, then I would tell you that we needed a system of reporting that had a value that had international validity. And we chose gri because it had an international value, because it was given to all sectors, we are not in the chemical sector, we are in the field of fibres. We are in the field of techno polymers, it had to be a system that was good for everything, it had to be a system that offered a 360 ° view of sustainability, not just the environmental aspect but also the social aspect and the economic aspect. The economic enhancement of sustainability efforts is equally important for a company. We needed a system that could be implemented step by step, in the sense that we really had, our reporting perimeter has changed over time, hence the number of companies. The composition, however, needed something that could be implemented step by step, because honestly, to be honest, it is not so easy, as I wanted to tell you, to take twenty and more companies in the world and bring them all to use very simply the same unit of measurement. If I measure water the cubic meters in another part of the measure, in litres and elsewhere. to the measure in gallons. I already need conversion factor in the sense, it is not like that, it is not that easy. In Italy on the bill, we have the national energy mix that we do not need because we have an internal calculation, but we have a national energy mix. in the United States there is the energy mix of the reference state on the bill, which is not the national energy mix. if we have, as it were, reality in two different states, we have two different energy

mixes. I also give you examples of a technical nature, to tell you; so, we needed time to put all these things together. we needed a modern system, one that was somehow innovative and that pushed us to improve. The gri was and still is the main, the most modern, the most advanced reporting system, so even through that we wanted to improve ourselves. yes, in the end the sum of a little of all these things led us to make the first great evolution. we abandon the Responsible care model we take the GRI model then we structured ourselves, we created a sustainability group, we structured within the various companies that gave us the data because we aggregate them to the colleague who takes care of the aggregation of the data and yes it sends the raw data because this is how we are asked in the certification field by the single company. Raw data I mean energy consumption in January of the company in Brazil. In short, but the single consumption is indicated therefore this principle of raw data applies to everyone, so we have structured groups of people within companies able to provide us with environmental data, health and safety data to personnel data and we trained them, we further structured ourselves, then subsequently to have also, how to say, a sort of decision-making group on what were the sustainability strategies. The balance sheet gives us a snapshot of what the situation is an evolution. can we make decisions based on what the budget gives us back over time? Yes. A lot and we also have a further evolution underway. Now, since within the sustainability report, as you said, the 2030 Agenda enters in a very, very, very structured, and very heavy way and the new form of reporting specifically asks for medium and long-term objectives in terms of sustainability. If we are structuring even a little to better formalize these sustainability goals that we have, but which we have structured a little over time and we have a decision-making group that is called upon to evaluate and decide what form. In short,

give these goals? Which to choose as a priority which form to give? These to these goals, then we have found an increasing interest on the part of our colleagues for the budget. Before it was like saying one more document, today it is a fundamental document in the relationship with the customer, in the relationship with the market. I am regularly called upon to talk to our group's clients about what we do in terms of sustainability and use. Has the material of the sustainability report changed or even the use made of it? I do not know. Inail has every year, we send our sustainability report, based on this tour, how to say, classification based on all the data on accidents that we supply our classification improves because we show that we keep a variety of parameters under control in all our, in all our companies. So, on the one hand there was a perception, always on the one hand there was an ever-greater structure to create this document that summarizes our sustainability strategy and our results there has been an ever-greater internal attention to this document, it always serves to more. There has been an increasing external attention in asking us for the data, the information contained in the sustainability report, so much so that for 2, 3 years now we have two versions, the full one that has all the data etc. etc. is a short one. version that the one we use in the relationship with the customer or with the territory that does not need to know the comma and colon but needs to have a general overview of what our sustainable commitment is. Not all readers delve into the other version not all have the same technical knowledge to be able to understand.

*Interviewer*

*Or do they have the same need for in-depth analysis as the complete balance sheet?*

*Here, and this too is still an important attention, however also towards the stakeholders, because we think that obviously if we are dealing with, to say I do not*

*know a relationship to do to the territory where they run, however they live, there are different types of people with different experiences. It will certainly be more complicated, for example, to present a very advanced and very technical budget and instead perhaps more immediate and more efficient, to present a shorter, more stringent budget, but with those focal points that can be widely known and shared.*

**Responsible for “Company C” Group**

Yes, exactly you expressed it in the best way, yes.

*Interviewer*

*And this type of reporting also has an impact on corporate budget choices, both in terms of human resources and then financial resources.*

**Responsible for “Company C” Group**

Yes, because within the budget clearly, how to say let us go, I wanted to tell you, let us take a picture of the existing. But that is not all. From a positive point of view, a picture of the existing is taken even for those that are the weak points. Clearly the weak point calls an improvement plan, I call an investment in terms of economic resources rather than personnel, professionalism, knowledge, absolutely and the sustainability report, then, as to say, it is an expression of the sustainability. As I have already said, therefore, and above all the sustainability strategy, to call resources to call investments, to call, as it were, innovation and so on. Among other things, the entire part relating to investing in sustainability, the economic and financial part, is included in the sustainability report.

*Interviewer*

*Exactly. And in terms of resources instead? So, what is the example, the group that makes up all your resources that you put into wasting the wrong time to take time for sustainable reporting. You are a group that stays composed all year round and follows certain things or that, for example, forms in a specific period to do so, then reporting during the year made different activities.*

### **Responsible for “Company C” Group**

None of us make 100% sustainability, but we stay increasingly active during the year because, as it were, the sustainability report has been seasonally adjusted. Let me use a term that has to do with tourism and not with the budget, but that makes the concept. But first there was a bit of the balance that had now its moment of presentation and enough with that evolution that I wanted to tell you; you need increasingly. Inside is increasingly needed outside. Who oversees the sustainability report? Who supplies the data that provides that exist? Those who are attentive to the issue of sustainability accept increasingly of their time, for this project they realize that the overall group of all the people who contribute to the budget and who have written inside, and every year we put those who contribute and do. Last year there were more than one hundred people and this year we will be there, eh, we will be there because if you count the twenty companies in the world, well yes, some people repeat themselves because they have the same role, at the same level. superior. So, he deals with several companies, but in short, the group and is absolutely nourished. Here, it is increasingly we occupy our time.

*Interviewer*



*And with respect to national governmental and territorial provisions, but also, we can also expand to the European theme or in any case international provisions, would there be provisions that could, in one way or another, ease your work and non-financial reporting more?*

### **Responsible for “Company C” Group**

What I am thinking, honestly does not come to me. Then being not subject to the obligation to date, therefore the decree that transposes the first, the first the first version of the directive on the non-financial item, you would have to say no, now, that is, there are, how to say, problems of a non-financial nature. not too related to the issue of reporting, but the concept of sustainability in general, not only the issue of waste, the issue of waste management, authorizations, the definition of what effectively refuses the cessation of qualification of waste, there is a huge world, behind it of very complex concepts that, rather than making reporting complex, perhaps make the sustainable action or action in general of a company complex. So, I see more of the more than on reporting, unless the new directive is not to be put in the hair, I see more difficulties in the concreteness of the action. In short, no.

*Interviewer*

*Here, it is interesting because it is an aspect that in reality, at least, as far as I can obviously report up to now, had not been deepened, in the sense that with the earlier companies let us say all already proposed to put their hands forward, let us say a little. on the speech to say now that it will become mandatory, because all the companies that are interviewing will become within the obligatory nature, with the new European provision it will be complicated to arrive at non-financial reporting, as well as subject*

*the new one to a new provision because to date , for example, there is a lack of talk about indices on the construction of comparable indices, structured indices to date have been left a little, let's say alone. In this type of adventure towards sustainability and from one day to another one becomes obliged to become, let's say the appearance of a report that however could put us in a bit of trouble and instead it is interesting to see this aspect of not being able to do the action that I set myself that I want because in which I believe as a company that not even having to report because in one way or another reporting does.*

### **Responsible for “Company C” Group**

It was absolutely in my opinion. Then the gri from this point of view is also like saying, improved, in the sense that in recent years, especially since it has become general standard, there is the possibility then first the GRI, it tells you for some indicators how you must calculate them for other indicators. It does not tell you; it tells you the result you must get, you must. Reporting the process by which you arrive at it is yours. Once you have found a serious, scientific process, confirmed by the third party clearly over time, go on like this. In addition, since there are standards, if you have indicators that are material for you and are meaningful, but the gri standard that applies to everyone, does not exactly find you. You can enter them as your indicators, and we do it. We have 145 technical indicators which for us are material, they are significant, there are none in those of the gri, we have included them as indicators. Ours, I repeat, I am most concerned about the bureaucratic constraint upstream of the bureaucratic constraint on returns. I too put my hands forward, saying, unless the new directive is dramatic, but we have also made a very concrete reasoning, if we want to achieve results at European level. Even by those who have never reported, because if it is true that we go from

11,050 to 9,000 companies that will have the obligation at European level, it cannot be too complicated, otherwise companies cannot do it. If my goal is to have a comparability of reporting at a European level, a transparency at a European level, a clarity to be able to invest, to be able to reassure, to be able to trace. I must do something. Which everyone can do, so from this point of view I hope I do not have to bump into it. I am worried, not excessively, that is, we will look carefully at this board.

*Interviewer*

*Now, entering a little into the aspect of involvement of the company board, we know that roots are a group or run with multiple branches all over the world. we know that roots, however, are born in the territory with a board, a directive, linked to the provincial but often also municipal. So, this board that has a focus on the territory in which it runs in which the company was born, has had an impact on these values of sustainability. That is, do you believe that their values have been driving forces for the company?*

### **Responsible for “Company C” Group**

Yes, then let us say. absolutely looks from the time of Gianni roots who told me I met him just in a fleeting way, but they said to me, Gianni roots knows all the people of his companies, the roots of the historical ones know who they are with their name and surname. and out of three thousand employees this is certainly not possible, not even conceivable. But the attention to the person, the attention to the territory which are basic values within our sustainability report and in parenthesis in the attention to the person, there will be attention from the territory there is attention to the environment because in the end everything revolves around the person. Attention to the person is

very high inside, within the group. during the period of we could, how to say, we could find it in a particular way, we still find it now, with a series of solutions. Smart working is a certain flexibility that favours people. and then as a series of, how to say, initiatives in the world that are very, very particular, sometimes because they are football and that is it. We do not have a territorial initiative that we do, that we do everywhere here in the valley we do a lot, I do not know, we have the education project with schools that puts us in collaboration with schools, high schools, sometimes even the university of our territory. This chat of ours is part of the project. that is, we have the support for the nursery school of villa d'ogna for a specific need of that territory. Let us go to Romania, this need is not there, but they have a much poorer health system than ours. Then there is the Gianni e Luciana Roots Foundation, which helps employees and their families with serious illnesses to be treated in a manner adequate, dignified. we have, what do I know in the Czech Republic, where there are still different dynamics. I don't know, there was a need to renovate a city playground the logic that is this historical company of ours that works in the Czech republic, is like saying actively participated in the renewal of the public park in Germany there was a need, now the municipality does not me I remember more about which company of our two German companies and those roots that I phase, I ask the municipality every year does road safety awareness work with children, children of employees or not? Anyway, the local company took part in the. How to say drafting this? Of this booklet? In Brazil, the company, one of our companies, had a lot of space outside the warehouse. And he thought about growing an orchard, the first medium-rooted group orchard, because people weren't long isolated after the toil? Ah, finding each other again, they struggled to find a sociality in safety. They decided to plant fruit trees outdoors and created a garden

which then produced fruit. They can eat them, then they grow them and then take them home and eat them and attracted some birds that were a bit barren in the area, they were no longer there. In short, every type of initiative that is made with people with the territories has its own, its own character that is a response to the specific need of that territory, of that community is the same thing that it did to know each person as did Gianni roots. I know you; I know your needs, I know you, I know your territory, I know your needs, I answer us in Novara, the Sant'Agabio district where the company is the chemical root, our largest company is a little friend, very, very big. Among the first in Italy, eh, and it is in a neighbourhood that has 12,000 inhabitants, so that it is a city. "Company C" Chimica does not help the city of Novara in general, but in some respects, it helps the district of Sant'Agabio, which is the one in which it is found. Let us put it this way, it is a multicultural neighbourhood. What does he do? For example, does "Company C" Chimica support Italian language school courses to help non-Italian families and integrate better, or is it a neighbourhood that has problems with youth violence? It supports courses against bullying, the response to the phenomenon of bullying, cyberbullying. this is a very important figure of the sustainable way of acting, of roots. Group, no? From an environmental point of view, the same thing if we live within 20 km of where our companies are. the Roots family live in Valgandino and go to drink coffee on Saturdays at the village bar or in any case they maintain a strong physical presence. There people meet people, they meet, and people point out, as if to say, their problems and their issues, they also expose their requests in an extremely informal way. In short, how it is used in these parts. And their respect for people, for the territory, for the environment, of course it also derives a lot from their continuing to live here, whether they lived in New York. I believe that the

environmental issues of Val Gandino would be of little interest to them, then they are a family, they are not investors, and this is another fundamental aspect. We are not a family business, we are a multinational, but also a family business. And this with a view to sustainability, gives us a medium-long term perspective. Investors, do funds give you a perspective, in the short term? I do not have a return, I sell I dismember, I yield. A family does not do this, at least thinks about the medium, if not the long term. And this with a view to sustainability. In short, first it allows us to be more relaxed as employees, but secondly, from a sustainability perspective, it gives us a vision like that of sustainability, which is always medium to long term.

*Interviewer*

*Very well and at the beginning he said to me, well, anyway we also have a push from customers, suppliers, call me stakeholders in general in this. At this point, the search to undertake this type of reporting increased requests are made of us, we must be certified and so on. There are stakeholders who you think may have higher expectations than what your annual and sustainability report is, of course.*

### **Responsible for “Company C” Group**

Purely the customers, we are a company that, how to say, has that as its object, let us say a productive company and we must stand with our legs. Our object is to sell, to make a profit, selling which does not mean between profit and sustainability. There is no contract if the profit is made in a sustainable way, therefore our customers and our employees. Second measure and our territories in third measure certainly have a weight and high expectations towards us. Customers read the sustainability report, ask us for further information among our non-direct customers, but there are often

important groups. I do, I give names and these names, do not indicate them, however, it is only by way of example, I do not know decathlon and between and among the groups that buy fabrics made with our materials, decathlon has a very high level of sustainability and has extremely high expectations. high from its supply chain. Clearly these expectations come back to us and in recent years the supply chain has been a bit unhinged, before we did not speak with decathlon, we spoke with our weaver who spoke to the garment maker who spoke with decathlon. Today decathlon talks to us directly because it chooses our materials, I will give you this example and not only decathlon wants to have only suppliers who have 100% energy from renewable sources. This turns on us, we must in the company that produces. For decathlon to have 100% energy from renewable sources, otherwise we cannot be its supplier; therefore, let us say that the expectations are high on everyone's part. I also imagine yours, because if at a certain point you must give standards of efficiency, be it internal, production, etc., you, your suppliers and to ask for certain requirements. Of course, we have suppliers of strategic raw materials, that is, very large supplies that we need to make the nylon that is our core business. So, we from the point of view of nylon 6 6 are very integrated upstream, so we only buy the very first, precursors of nylon and then we do everything else. In six we buy a little further downstream, but there too we are very much. Upstream of the supply chain? What gives us are the very large groups of chemistry, right? And we can say among our suppliers we have, what do I know, we have enough, we have oversales and they are groups that are just as attentive to sustainability as we are. So, how can I say, even towards them we pay particular attention to sustainability, but we are also relatively sure because being such large

groups structured worldwide, they are often even more evolved than us from the point of view of sustainability, which is it.

*Interviewer*

*And therefore, with respect to the stakeholders, all that we have said to each other, you believe that they have an interest in the sustainable development goals of the Agenda.*

### **Responsible for “Company C” Group**

2030 more and more, increasingly you know, in the sense that, especially then at the territorial level I would not be able to tell you when. In other words, this interest is called the 2030 Agenda at the level of customers of bank suppliers rather than of institutions. This, this need for sustainability is often identified with the 2030 Agenda, because, as it were, they know what it is, at the level of the territory or of some population groups. The need is not so much on the 2030 Agenda, but on the contents of the 2030 Agenda. So, in the end the same thing. I mean, I do not know if I was able to explain myself.

*Interviewer*

*Yes fine. One of my subsequent questions was precisely with respect to this, to this Agenda which, established in 2015, begins to impact on the 2016 sustainability reports, because obviously the time a little bit to integrate them has now passed six years, 7 years still today, we have many people both of the supply chains had even 1000 cubes in the territory which is one of the stakeholders that we have mentioned the most in this interview there is still a lot of aura of who knows what they are, who knows what. What impact do they have when, on the other hand, if we go deeper, they are nothing more than the declinations of the three sustainable pillars of the*



*environment, society, and territory, which among other things, if you count them, society is more important than the environment. I do not know if you have ever counted, and this is a precise choice. The environment is now more joint, we focus on the social aspect which will become increasingly important. Do you think these goals are the new driving force behind sustainable budgets? Also at the legislative level, do you think we will move towards greater specificity at the European level? We have implemented the entire 2030 Agenda.*

### **Responsible for “Company C” Group**

No, we have transposed the entire 2030 Agenda and starting from the presidency of the fonder, the 2030 Agenda has become in the yes it has become central and also one has become central, an affirmation that was within the 2030 Agenda, which was that, let's say the one that carries with it a little in all objectives, which is that of inequalities, of wanting to. Are against inequalities. inside the green new deal there is that statement I know I no longer remember how it was formulated exactly, but it is to say we do not want to leave anyone behind which is the exact same thing that we find in the fight against inequalities, in wanting to bring more categories that is to say disadvantaged on a level, like saying of, of social acceptability. From the cultural point of view, from the point of view of education, etc. And I tell you absolutely yes, because at the European level, which is not our only scenario, because our scenario is the world, but at the European level clearly the European Union, having received them all, among other things, at the Italian level, we also have the specific plan for the implementation of the 2030 Agenda. Inside the missions of the PNRR. Let us say that the 2030 Agenda recurs in all ways, as well as in the decarbonisation objectives of neutrality. In short, now no one is without certain.

*Interviewer*

*And with respect to the specific shortcomings of this, let us call it specific reporting, in the sense that the introduction of these objectives has changed a little. In the collective imagination, the sustainability report, in the sense that it has become more specific towards goals that obviously then in terms of materiality must be implemented by companies. therefore, they are goals that have become specific, let us say, there are shortcomings with respect to this type of reporting, type of requests.*

### **Responsible for “Company C” Group**

I can tell you that we have also done research on how our customers, our counterparts receive them, to understand a little and receive them in the most diverse ways that some of them receive. Who receives them all? Those who make them part of their corporate strategy and set medium / long-term targets of a numerical type, those who get them and do not set targets, those who simply declare themselves to refer. So, the degree of engagement is the most it is the most varied, a little bit our difficulty has been what they are, goals for all businesses and even if you go to read the sub targets are not specific to the chemical industry or to the manufacturing industry. They must fit everyone, so they suffer from a certain degree of city genre, that is, the important thing is to choose based on materiality, those on which we can have an impact and then decline them on our reality. In the sense that for us no, poverty does not make much sense, we can indirectly act on my poverty, yes, this is true, because if we pay our employees what we must pay and we contribute. He can never have you directly. We do not contribute, they have poverty.

*Interviewer*

*Look for this a bit, for example if I can afford it. You can turn out instead precisely because for example, mine can have you is a very generic goal, because it is then declined into 7 8 targets, but even those, too, can then be declined again. The example of when I was reading comes to mind, but then you also told me before, when I go to a neighbourhood to do education, education and already I answer them to the educational speech, I ask that the accessible one comes out social integration of different. If people within a territory I also know in a certain sense. Responding to this target, because in one way or another, in any case a more integrated, more united society is a company that helps each other more and therefore that one.*

### **Responsible for “Company C” Group**

That is right, absolutely have a read yes, you are right, an interesting read. We would prefer something more linked to our business, but we also understood that we have the freedom to be able to apply them to our reality and this freedom is desired, right? The United Nations rely on the maturity of those who receive them and the maturity of those who receive them lies in what in applying it in a serious way and in declining them on their own reality. No, for the first time the United Nations are not only turning to people, to governments, but they are also turning to companies, and this is a very important paradigm shift, because the company is more the ugly, dirty, bad one that does damage environmental. Alto, the company is the one that can change things, if it decides it can help the achievement of these goals. They were not the empowerment of an action culture and an empowerment. Companies are no longer just the bad one, if also the one who can do something and who absolutely must do something.

*Interviewer*

*Absolutely, this is a very interesting read. so, then I never go a bit fast because I do not want to waste your time, so we have seen the last materiality then we have seen it, I think you have conducted a materiality analysis regarding the choice of objectives?*

### **Responsible for “Company C”Group**

Internal external, we did it a few years ago, now then we have suspended it for two years, we did it this year and we did it internally with about a hundred people from the group. That they had taken sustainability courses, so they were able to understand what was being asked of them outside. We have done it on some key suppliers, these of strategic raw materials on the inhabitants of the territory on a representative of the inhabitants of the territory we have not been able to do it on the customers. Our goal is to get there. Even on some, significant key customers for each of our production sectors, we will do the double materiality to conduct a materiality analysis. We will also add the economic aspect, because now it comes to us, we are asked, yes, yes, yes, come on, commitments. We had arrived at 30.

*Interviewer*

*With respect to the sector, therefore, the passage of sectors in this phase, the chemical sector, the chemical sector, do you think there is a yes, a drive towards a selection of certain goals, compared to others, precisely because the sector is all aimed at that, or do you think it is a choice of individual companies?*

### **Responsible for “Company C”Group**

No, it is a bit a bit sectorial, in the sense that in plastics, for example, we are asked for, we are not asked. oh, the reduction of emissions is certainly appreciated, but through what instrument? Through techno polymer products that are inserted inside the cars.

We work a lot with the auto sector, our core business, and which lighten the weight of the car. It is called metal replacement instead of metal I put a reinforced plastic material that weighs less and has performances comparable to those of metal in terms of resistance, safety, etc. But what makes me weigh a car the car that weighs less, consumes less, emits less, therefore a reduction in emissions read from the point of view of car manufacturers, the same reduction in emissions from the point of view, for example of those who make textiles , is declined in other things, the thread from the cycle is declined, therefore we have a further level of complexity in the choice of objectives, how to decline them that each of our macro sectors has its own sensitivity and its way of interpreting sustainability, even if being some guidelines of a genetic type, however, the declination is of that specific sector there is no, so we must also go and read what is the specific need of the sector in order to be able to respond to that sector.

*Interviewer*

*Of course, it is, there is cooperation within the sector, that is, for example, a trade association that in some way gives you guidelines on how to do these types of reporting.*

### **Responsible for “Company C” Group**

If you look at our balance sheet in both versions, we are members of about thirty trade associations that work from a pre-competitive point of view, because our competitors are also there. what are the goals? Especially when working on sustainability, to seek, how to say, common guidelines, common solutions, stimuli, exchange stimuli, exchange experiences, exchange knowledge, clearly with all the difficulties of the case, because

associations bring their own inside even diverging interests. Sometimes, therefore, associative work is very important, but it is very difficult, but we are very convinced of the importance of being within associations, also for lobbying. Lobby in a positive sense to do the mouth we call the lawyer; I do not have it because lobby in Italian brings with it my bad to make vocals. Often the decision makers from the legislative point of view do not have as deep a knowledge of that specific sector as those who. They work there 24 hours a day, don't they? So being able to speak with an authoritative voice even to the legislator is an extremely important aspect and it can only be achieved through trade associations or if you are stellar or are in trade associations. To do these things.

*Interviewer*

*And now, on the other hand, the final part concerns the process of creating the sustainability report. We have seen that more than a hundred people are involved, you said to me before, among all, different sectors, different companies that you call the branches, is there a pyramid of responsibility?*

### **Responsible for “Company C” Group**

So yes, in the sense that we deal with, let us say directly, the sustainability report. It is me and my colleague who does the part of aggregating and processing the data and then we aggregate the final document together, he is the part of the chain of responsibility, of everything concerning the data, I the chain of responsibility for everything else, everything which is not given. Then within the companies we have with the groups that I wanted to tell you that, how to say then, of course we relate to the board of directors in the how to say, the materiality analysis, etc., etc., but let's say operationally and within the companies we have our contacts who are in general, the managers of quality, safety,

the environment, because they speak a language, naturally the language of sustainability, in turn they turn to colleagues within companies and are colleagues who have very specific skills. I do not know who works for the responsible electrical part, let us say the energy manager rather than I know, responsible for administration, personnel, etc. in turn have an internal branch below these people. There are also many others who supply the data. I do not know the administrative office that gives you the bills, these things so it is a tree structure, let us say, but very branched.

*Interviewer*

*Well, this is still very interesting because this is also a work of cooperation. It falls a little bit into what we were saying about sustainable goals; therefore, partnership is not the realization of sustainability, in this case in the small, as far as yours is concerned.*

### **Responsible for “Company C” Group**

Yes, yes, not for nothing. We mention them all for all people, it is not like my colleague, and I have a name, it is written in bold in there. We are in everyone's alphabetical list, in the sense that it is everyone's cooperation. This sustainability reports.

*Interviewer*

*Do you think there are accounting techniques? And precisely understandings of accounting tools that allow you, if a data collection phase, but also reporting aggregation, to be effective, a reporting of the SDGs*

### **Responsible for “Company C” Group**

We are working, you know? Up to now we have worked with Excel. We are working on it, in the sense that with the evolution of the sustainability report we will have a more

automated system for imputing data. Here the expert is my colleague Antonio precisely. This system will make it much easier there to enter the data and the later processing, because now perhaps bringing the data from one table, another exposes us to the possibility of error. Instead, with a system, how to say more advanced, which is based on masks etc., it is much easier to manage, aggregate, unpack into aggregations other than the usual, let us say from the usual aggregation, we make a balance sheet of sustainability by choice of the group. But it might interest us and sometimes we do, but we do not make it public. Having an aggregation, for example, to run by business or an aggregation by application sector. the three main companies that supply the car, what emissions do they make? Then all this is not made public but is the subject of study.

*Interviewer*

*It becomes strategic for the choices.*

### **Responsible for “Company C”Group**

Inside for internal choices. Doing it with a more automated system, clearly less time consuming and exposes you to less error. We are working on a project that has been going on since last year, I believe that it will end within one year, two years precisely on this new software that will help us, among other things, to manage the sustainability report.

*Interviewer*

*Ok, so this we could say that it will be an accounting tool that you will create ad hoc for your company, so what.*

### **Responsible for “Company C”Group**



We will customize. It already exists, but I have lost it. We will analyse ad hoc for our company. There is a basic version and then it will have customizations.

*Interviewer*

*And so, the last question is precisely, do you think they are important, common accounting techniques can be useful or, in any case, they are imposed a little from above to ensure that the result of a company is comparable to the others.*

### **Responsible for “Company C” Group**

It will also be an obligation of the new directive because it is like the how, as there are flourishing directives for economic reporting that in fact at European level is harmonized and is always done in the same way this will also happen at the level of financial statements of sustainability. Harmonization also aims, after the technical aspect, the detail aspect and it will certainly be extremely useful also in terms of how to say for the crafty of the neighbourhood, in the sense that it will not be so easy to make up the data and paint green what green it is not, where it will be necessary, all in the same way, to present the results. Absolutely yes. Then digitization is also one of the major levers that are being pursued at a European level to support sustainability digitization a considerable weight, precisely in line with the more general objectives of the European level and we know that digitization involves , as to say to the automation service, for example, increases productivity, but not only the efficiency of the company and greater efficiency, lower consumption, in short, a virtuous circle. Here, digitization will usually help a lot, too, I think.

*Interviewer*

*And academic research should at this point focus more on, say, business best practice techniques, or else you do not think there is this need or call for research.*

**Responsible for “Company C” Group**

No, no, no. It might be interesting, it would have practice, you know? We always take an example from who is best serves as a stimulus, serves as knowledge, serves as inspiration, serves as a goad. Does my competitor do better than me? Look, absolutely.

*Interviewer*

*Well, I am done. You have questions to ask me, but not as an interviewer, as I was today, but as an academic.*

**Responsible for “Company C” Group**

More than a question, a consideration, an invitation, ah, then we have now said that digitization and measurement are fundamental, something that I have not told you but that can be seen from our financial statements, that for us there is no sustainability without measurement. We measure anything, a stuff is not sustainable if the scientific isolation is not measurable, rigorous, replicable, and results that can be certified by a third party, so, ok. I would like to tell you instead as a person who deals with sustainability not to be too academic as to say in the requests, because sometimes one sins of excessive scruple, of excessive meticulousness in the calculation requests and so on etcetera, neglecting the macros? As if to say, we split the hair in eight of the. How to say the water consumption of the water drains, the centre water and the water that comes out and we lose sight of the context are in a, how to say, in a context in which there is water or in which water there is not. I gave you another example and this is for those who deal with indicators, for those who deal with, that is, how to say measurement from this point of view, not to be, how to

say to consider the context in which the measurements take place. and that it is better a better understanding for the purposes of the general understanding of the sustainability project or the application of the sustainability project. Better a lesser rigor and less stubbornness, but it is a greater understanding of the scenario in general which is the opposite.

*\* End of registration*



## **Appendix G: Script from “Company D” interview**

*Interviewer*

*The type of interview is a semi-structured interview, I have questions, but then within what I hope to be a conversation, if there are also questions on your part, rather than new aspects to investigate we can deepen them. At the beginning I really wanted to ask 3 4 questions regarding “Company D”'s work as an association, as a support to entrepreneurs, so not as we say a company. Then we enter the aspect instead of “Company D”, a company. Compared to “Company D” Association, what is the role you have or that you feel you have, or could you feel you have towards your associates? I do not know if the terms are right in case, I correct them. In promoting sustainable issues.*

### **Responsible for “Company D”**

Important, that is, we usually on all issues we say frontier or news, on a legislative level. This technological level, then, in terms of behaviour, we must be a bit the reference point for companies, so we must give adequate information but at the same time also act a bit as a model, as inspiration or source of inspiration and therefore train, but at the same time also showcase the best practices that perhaps some companies that are ahead of others and are carrying out, in the area of interest, make people understand the opportunities that are linked to undertaking a certain type of path. Also of course the risks and threats, but by showing how these can, let us say, be overcome and therefore the opportunities, the benefits on the ground, the sea ...

*Interviewer*

*In your opinion, has a sort of request for help from companies towards these sustainable issues increased in recent years?*

### **Responsible for “Company D”**

I would not say, then in the year before there was a sharp increase. The pandemic, however, froze a bit, all and blocked several initiatives. Now it is getting a little bit of interest again. Now that the pandemic situation is returning. Of course, at the same time there are now threats, problematic situations, greater attention for companies; therefore, the repercussions of the war and the costs of energy that are exploding and that slow down a bit the path and attention to sustainability issues.

*Interviewer*

*Of course. However, the interest of companies is always an interest that goes towards maximizing profit as it should be.*

### **Responsible for “Company D”**

Interest above all in that sector of economic activity, regardless of the national dimension, because perhaps even a small company is much more active than a medium-large one that operates in another sector where there is more demand from those who preside over the production chain; therefore, final customers to provide a whole series of documentation, demonstrations, measures of what is being done in the field of sustainability?

*Interviewer*

*Of course, and so let us say a little anticipate, a question I wanted to ask now, that is, if there is a difference in requests between small and medium-sized enterprises and large enterprises.*

### **Responsible for “Company D”**

More than that, I would make the distinction between a company that runs in a particularly sensitive sector. I would like to say, the automotive feeds textiles, compared to the sector that is less subject to pressures in this type, for example a metal carpentry, to give me an example or a foundry.

*Interviewer*

*Of course, this is very important that then on an academic level, in literature, in reality there is, there is a bit of a different vision, where it is said, it is thought that large companies because they have more resources, more power, more capabilities are more ready for this sustainable change, while small and medium-sized enterprises are not. But we see that it is not so true, that is, it depends precisely on sector to sector. And with respect to the decision-making tables, therefore at the top, that he is thinking about all these new regulations, and so on. Do you as an association like but also as a company have a role in these in these tables?*

### **Responsible for “Company D”**

We are directly represented here by “Company D” at the national level, which obviously takes part in the consultations with stakeholders or stakeholders on these on the regulation relating to sustainability reporting. Sometimes directly, sometimes through the European association which is called safe business because it unites the European “Company D”, but often also autonomously. As the national “Company D” participated in these consultations.

*Interviewer*

*So, this is an absolutely central role.*

### **Responsible for “Company D”**

Yes, it was first published that after the first passage in parliament, that after the position of the council, and then shared at the federal level. “Company D” says, let us go to the hearing on this legislation, if some territory wants to contribute, they can give ideas. Then afterwards, however, they pass on to everyone the common position that has been shared.

*Interviewer*

*Perfect, so this is a bit of the role you play with respect to what we said before about points of reference, points of inspiration, but then I also want to say precisely strategic points in these too in this sustainable direction, because in the moment in which your voice, however, the voice of the national “Company D” manages to make itself heard in important fora such as the European one.*

### **Responsible for “Company D”**

Among other things, “Company D” itself, already in the perspective that a more stringent regulation would come out even before the publication of the proposed directive, had already worked hard to build, let's say, a guideline of approach to sustainability reporting for SMEs that, although not an obliged subject, considered it appropriate to approach these issues, therefore a kind of self-assessment to make small and medium enterprises understand at what point they are on the supervision of these issues, which data they need to pay attention to, monitor how to build the data collection is.

*Interviewer*

*This is very important, especially when these reports are still very voluntary in many situations; therefore, there is a margin of discretion in adhering to them.*



### **Responsible for “Company D”**

And then not so much of these guidelines that has diversified them according to the size class, that is, showing some lines of action for the category from zero to ten between 10 and 50 between 50 and 100 employees. So, also scaling in relation, in proportion, we say to the possibilities of the company's commitment to get involved in the way of approaching the issues of sustainability.

*Interviewer*

*Of course, and this is fundamental because otherwise you risk having something very theoretical which then in practice is difficult to achieve because you do not have the resources. And instead of the “Company D” in this case as a company. So, when did you start feeling a need for sustainable reporting?*

### **Responsible for “Company D”**

I would say 2018 was a starting year. In that year we joined the sodalities foundation, which is a network of companies at national level engaged in sustainable development issues and is in turn part of the network of the Italian association for sustainable development ASviS. Another, as on the initiative of some large companies, is of absolombarda. We joined in 2018, the Brescia association also joined at once after us. And in recent years it has seen an increasing number of companies registered in the network are medium-large companies, but which are also a bit of a reference point in certain sectors and therefore they tend to share some good practices, especially on resource management. The attraction of talents rather than on the methods of managing environmental aspects and organizing a whole series of awareness-raising meetings on the various issues open to all and to disseminate and raise awareness on its various

aspects. We with them organized a cycle of seminars that underlined the aspect of competitive advantages for the company that invested in sustainable behaviours. For example, we had great success with an event linked to corporate reputation, where we have a communication company that for some years ago a whole series of studies that show precisely how the company that invests in sustainability sees its value gradually increase over time. of one's own brand, just like recognizing the brand's recognizability by the consumer.

*Interviewer*

*Ok and he believes that he believes that your sector has played a driving role in bringing you to this choice of and to enter this, this foundation, to start this path.*

### **Responsible for “Company D”**

We were wondering how to start a bit of literacy, raising awareness on the issues and we became aware of the existence of this association. So, we joined, we started collaborating. At the same time, in parallel, we have created a green page on our portal on sustainability issues, where we have, for example, put the proceedings of the conferences we have organized, we have inserted the guidelines that the national “Company D” has drawn up over time. , we had put a whole series of information on the sustainable development objectives what they are, what they are for, how to define the measurable performance indicator objectives and then I had built a whole themed page to inform companies. Then we also started a whole series, as in tradition, in all our sectors of activity we circulate them. We have begun to supply periodic information to the associates about sustainability, and we have started regular, periodic information. It went on with the fact that we already had a, let us say a sort of reporting of our activities, not designed for these purposes that

we have refined, turning it into a real sustainability report. It is now the fifth year this year we do so this is 2022 is the fifth reporting year for “Company D”. We have chosen Deloitte as a partner.

*Interviewer*

*Ok.*

### **Responsible for “Company D”**

And that partner who followed us in the balance sheet, social three years ago no two years ago, sorry. We decided, in fact, also in view of the release, that we knew that a new directive would arrive that would broaden the audience of obliged subjects and that in any case there was a certain sensitivity even in certain sectors with conventions. The first year only for SMEs, instead this year, for example, this agreement for all member companies, with a particular focus on SMEs, where at very favourable conditions compared to those of the market, we offer the possibility of realizing the first version of its sustainability report, with Deloitte as our partners. In fact, this agreement provides that we contribute so that they keep very calm rates on companies, especially SMEs we saw the first year that we had a dozen SMEs that came forward. Was there covid the following year? Well, everything has stopped for a while. Now we have relaunched the agreement for about a month, and we will see how it goes this year. at the same time, we were also contacted by 3 4 medium-large sized companies who were therefore not closed, who first the agreement but asked us for detailed information and in any case, I wanted to contact Deloitte for their sustainability report.

*Interviewer*

*So, there was an interest on both sides, both in you to help small and medium-sized businesses, and by large companies that have relied on. Do you have corrected voluntary reporting?*

**Responsible for “Company D”**

Ours for us is voluntary, absolutely.

*Interviewer*

*And by the time you have so we have been saying for 5 years; so, 2018 you started with your first sustainability report, you noticed some differences in “Company D” precisely at the managerial level in terms of resources that have slightly increased the company's attention to creating, I believe, to say a special sector.*

**Responsible for “Company D”**

We are in the construction phase, this is because the intention of the management was also not to limit itself to reporting, but to then use the results of the materiality matrix that is the basis of the reporting also for the strategic key to plan the allocation of resources. and therefore, of the budget of the following year and then going to check during the year how these resources were spent, however it was in the objectives, but it has not actually started yet. It should start now that we will have the change of presidency in a month or so with the appointment of the new president for four years, we should start to leave. Then also use it as a way for states planning to make their own sustainability plan.

*Interviewer*

*And so currently, in terms of budget choices, let us say it does not have such a significant impact.*

### **Responsible for “Company D”**

The directions are followed a bit, but it is not so binding, let us say for now. Perfect, in the meantime, also thinking of an investment in the renewal of the management software for the management of internal activities that is linked to sustainability issues in such a way as to also ease monitoring during the year, of how not only the economic resources, but also man hours and therefore how all resources are used.

*Interviewer*

*Why then is the final problem a bit when you find yourself reporting for a month, you start saying ok, where do you get the data? Who has them?*

### **Responsible for “Company D”**

But in fact, now we are interviewing the managers of the various functional areas by the consultant who, since he has the balance sheet of the previous year, says we wrote these things last year. These initiatives have been continued, the previous year there was something new on what do you want to focus attention on? or there has been a particularly significant initiative from letters to be highlighted within the budget, this is the method.

*Interviewer*

*So, we start with an interview and then go to recover the data.*

### **Responsible for “Company D”**

Then yes. Then we collect the environmental data and that we are now, with the transfer of the headquarters, we have everything checked; therefore, it is a little easier to retrieve them and the personnel management data.

*Interviewer*

*Ok, then are aggregates reported and the drafting is done by Deloitte?*

**Responsible for “Company D”**

We start with each theme of our materiality matrix, say what we are doing within the association, then on that same theme, what we are proposing or how we are involving member companies. So, we have the double reading inside and outside.

*Interviewer*

*Of course, this is an aspect that many companies rightly do not have, why is there not this double role?*

**Responsible for “Company D”**

Since we can involve member companies and create value for the territory, we must take this into account.

*Interviewer*

*Of course, you must, of course you can report on that too. And hope that the new provisions that will arrive, it is believed in September October, can be of help for this work, let us say of introducing sustainability in companies.*

**Responsible for “Company D”**

Yes, it is always bad to say, but usually when there is a regulatory obligation and let us say the approach is faster than when it is only voluntary, but it is always like this.

*Interviewer*

*It is imagined that there are then more structured guidelines, to which companies can then respond in a more precise, prompt way, something that does not exist now, so let us say that hopefully it should facilitate.*

**Responsible for “Company D”**

Hopefully, they are not too complex, because obviously for those who have never approached yes, they hope they take it into account. Or at least, that is, the obligation towards more advanced standards is progressive, that is, you write in the first two years your own rose water progressively more demanding, in order also to allow SMEs to train in the meantime, to take the measures.

*Interviewer*

*Above all because those who have never faced this issue would really mean having to adapt a large amount of information within 5 6 months.*

**Responsible for “Company D”**

Also because the big problem is that there is a complete lack of professionalism in this area, in fact even my director wanted to speak with the university because the same consulting companies that now support companies in doing this work will not be able to support all companies that will be forced because they also do not have sufficient human resources to discover the request. So even the university should have moved in time to train more specialized figures in the field of sustainability, because we will find ourselves on the road for a while.

*Interviewer*

*Yes, let's say that to date yes to date in reality there are not many specific courses even in universities, absolutely thanks to this year, thanks to the PNRR, specific research calls on sustainability issues were born and therefore the university of Bergamo has been able to admit more PhD students to universities, therefore more researchers on these issues.*

### **Responsible for “Company D”**

It was reasoned that one hundred people would be needed in Bergamo alone, one hundred new graduates a year on sustainability, to satisfy the requests.

*Interviewer*

*It will be interesting to understand how mandatory will then be applied and therefore also checked.*

### **Responsible for “Company D”**

Because then in the end otherwise there will be people who follow do something else. In the company some hybrid figures who will also have to take care of this.

*Interviewer*

*This is already the case in companies that still make sustainable reporting. When I ask, for example, the question I asked before, in terms of budget, how much does the work impact, they say that it does not affect anything, because they usually take care of this ten days a year, a month a year and then they move around working to other. So, let us say that it is an integration of sustainability up to a certain point, because then obviously if I have an annual vision of what the problem is of what the problems are, it is obvious that I also have a different interest in writing.*

### **Responsible for “Company D”**



I imagine that the national measure implementing the directive which provides that it takes this into account. Also, because the directive also supports the limited to Assurance. So even the consulting companies either take stock or deal with other issues.

*Interviewer*

*In your opinion, does the ethics that the management, the steering committee have, have a little impact on your company's choices to make sustainability?*

### **Responsible for “Company D”**

Now, as I cannot tell you exactly what will happen because we have a designated president who will be elected on 21 June, he has already outlined a team of vice presidents who will support him, where, however, there is no clear delegation on sustainability, on any vice-presidency. Our director another day confided in us that he planned to create a kind of sustainability committee involving more entrepreneurs, which should deal with this issue, but it is still to be seen why we must wait for settlement.

*Interviewer*

*Of course, so at this moment they are a bit unstable, in the sense that we need to see how they will change with the new direction.*

### **Responsible for “Company D”**

Before the current presidency which is now closing, there was instead an explicit delegation of the presidency on the axis towards the young group of young entrepreneurs with the fact that they represented the new borrowing generations, up to forty years they thought they were more sensitive to these thematic; therefore, it was decided in this way.

Instead, there is now no delegation on environmental issues in the proposal. So, he is here as the committee, they should then agree on the things our director said, right.

*Interviewer*

*They are different interests but, they converge in a single report. Compared to your main stakeholders, are the associates? And therefore, the responsibility that we said at the beginning, a very strong responsibility the point of reference, it can be said that it is a responsibility that he feels towards all stakeholders, towards associates.*

### **Responsible for “Company D”**

And then, after others, we have the world of universities and training, we have research centres, we have bodies and institutions, we have banks, credit institutions. We have also found a particular speaker who are the new generations, precisely to find the issue of climate impact. Then there are the employees of the association and see trade union representatives as employee representatives of member companies.

*Interviewer*

*With respect to the sustainable development goals of the 2030 Agenda, we know that in 2015 the United Nations drafted these seventeen goals and, in quotation marks, delegated a little to nations and then to businesses, to fulfil these goals by 2030. 6 7 years, there are still no regulations, so the road would still seem long. Do you as a company feel a little this pressure towards reporting even towards these goals or is it still marginal?*

### **Responsible for “Company D”**

So, in our balance sheet, we have tried to link the material issues on which we have focused attention with the corresponding goals to which those issues should refer in

quotation marks. Let us say to show how a certain type of project conducted in a certain area that satisfies because it is not material, can for its small part contribute to the achievement of one of the objectives. But not in all the sustainability reports that I have seen there is always, in those we have proposed through our partner there is always this attempt to decline the material issues with respect to the goals of the 2030 Agenda of the United Nations, however, not all budgets have them.

*Interviewer*

*That is right, because it is voluntary. And with respect to this do you believe / believe that there are legislative shortcomings, that is, our nation should take an interest at the legislative level to fulfil these goals, or could it be that there are discretions?*

**Responsible for “Company D”**

What she said is right, that is, they should encourage more economic factors such as businesses, citizens, because if there is no movement from below, no one who is more active is reached. But then the push for these to be internalized in the behaviour of the microeconomic actors must come from defeat.

*Interviewer*

*And in your opinion, this is a specific question about your role let us say as an association, so as informants to third parties, do you say that there is some sort of awareness of these objectives or do companies have no awareness?*

**Responsible for “Company D”**

There is still no, not a lot of awareness. The real lack is of the states in the first phase, because they should have accelerated them on the knowledge of the goals in that phase.

*Interviewer*

*And compared to what you said before, to summarize, you said to me, with respect to your materiality matrix, you start from that to understand what are the sustainable goals, the sustainability goals to which as a company you respond? So, start a little bit from an internal analysis and then link them to the goals.*

### **Responsible for “Company D”**

By doing two workshops with internal stakeholders, therefore representatives of our institutional bodies had the double role, among other things playing it double role both as an expression of the associative leaders and as an expression of the associated companies, which are one of our stakeholders and then instead we have made one open to external stakeholders, all those I have indicated to you before. Not everyone intervened, this year we thought about how now we must update the materiality matrix, to organize workshops in person anyway, but at the same time, for those who cannot participate, do the traditional questionnaire must be sent. Then at the level of the national “Company D” there is a technical group on corporate social responsibility which is chaired by an entrepreneur from Bergamo who, Cristina Bombassei, who among other things is perhaps one of the few sustainability managers together in the our companies that you own an office with this title and you have collaborators who are 100% dedicated to sustainability

*Interviewer*

*And therefore, it is an important help.*

### **Responsible for “Company D”**

It is a point of reference for the exchange of good entries to discuss legislative issues, the type of services to be offered to companies at the confederal level and so on, in short.

*Interviewer*

*And there are pyramid of responsibilities. Currently in the drafting, in the preparation of your sustainable budget or is it a person who takes care of doing everything and then works with Deloitte?*

**Responsible for “Company D”**

We have the interviews done to everyone then Deloitte writes the text. Then, of course, the text is corrected several times, several readings by a few people. And then there's management validation anyway.

*Interviewer*

*Ok and do you have a process, then of a Control Assurance?*

**Responsible for “Company D”**

Yes, since last year we have started to have the first sworn sustainability report.

*Interviewer*

*It was still an important check, and do you think this asseveration has some sort of importance?*

**Responsible for “Company D”**

To avoid that the budget is too self-referential. Because before a public presentation it is better to have been verified.

*Interviewer*

*Of course, and with respect to your associates, do you believe that it is important for them to see this sort of certification, that what you say is something that can be attested?*

**Responsible for “Company D”**

However, this is more useful exclusively to certain categories of companies. To those, for example, which are listed and therefore depend on the stock market for the acquisition of capital. or that produce a certain good that goes directly to the final consumer carrying this passage of the asseveration compared to others.

*Interviewer*

*And therefore, also here, beyond the measure of size and the company, but precisely based on the sector or the role that this company plays in the market?*

**Responsible for “Company D”**

The visibility towards the consumer or investor consumer boats institute.

*Interviewer*

*And are there specifically any accounting techniques that you consider important for the sustainability report to be drawn up correctly?*

**Responsible for “Company D”**

And it would be useful to have what I said to you more than anything else than accounting, this software for managing internal activities, which already thinks in the logic of the result we want to obtain, because then everything becomes simpler.

*Interviewer*

*Yes, of course, with a software without any doubt you can manage a lot of information. It is the last question. Here, compared to the role that academics play in this challenge, in this sustainable challenge. Do you think we should as academics focus more on some aspects? Before he gave me the example of the formation of people, of, of figures who can help in a certain way. Can you think of anything else? Any other advice?*

**Responsible for “Company D”**

Yes, understand that on the other hand the companies that need support have absolutely no knowledge, do not ask too high levels of reasoning of the objectives, those of the 2030 objectives, introduce them later. That is to be support figures on the construction of the indicators, how to check it, how to go and read it? What then do you get out of it?

*Interviewer*

*What about the future? And to the new projects?*

**Responsible for “Company D”**

We make new projects towards the end of the year, so oh well, now we are moving forward this year, again with the convention, we will renew the materiality matrix in the autumn of this year and then we hope it starts with the speech I was saying to you. to use the new matrix also for strategic planning.

*Interviewer*

*Then I would have finished, it was important to us. Do you believe that there are issues that we have not touched on and of which it is important to be aware of?*

**Responsible for “Company D”**

Here, then there is that issue in my opinion, which does not need European regulation, at the moment there is no ESG rating because each one here if there are thousands of platforms, each company relies on both the platform and the must give an evaluation of the fund, which has certain requirements but there is no univocal rule, that is, everyone has an algorithm.

*Interviewer*

*So, it becomes a kind of corporate valuation which, however, cannot be compared.*

### **Responsible for “Company D”**

for example, since there is all that discourse that banks must conduct determinants to evaluate the company also from a sustainable point of view, to direct the granting of credit one could take advantage of all that regulation to put some clarity that on the methods of directing companies.

*Interviewer*

*Sure, oh well, if yes, even at the end. Opening this discourse, then we enter a little bit into the discourse, again of the asseverations onwards of the sustainability certifications. Then, a whole cycle that should be kept, everything in mind, everything, everything is important. Very well I, it was important, indeed I also thank you on behalf of Professor Servalli and as I anticipated this will be part of my doctoral thesis.*

*\* End of registration*



## **Appendix H: Script from “Company E” interview**

*Interviewer*

*I will explain for a moment what this research is born from. Because as I mentioned earlier, I am completing my doctoral course, and in these three years I have conducted research in the scientific academic field regarding the introduction of all-round sustainability. Then I specialized in the United Nations Sustainable Development Goals within companies. So, what were those procedures, those techniques, those tools that companies have at their disposal to pursue these objectives. And once this was done, however, I found myself with an academic scientific literature, in any case international, because it was not only Italian. It is moving a bit all over the world, very broad, very disparate. A lot let us say theoretical, but then tighten of practical, there was little, so with my supervisor we said to each other, why not see the corporate realities that are in any case in the outline of our university of our territory in which we live. To understand, a little how they are moving, so I have already done some interviews with companies, companies that are particularly virtuous in sustainable reporting issues. Then when we met with these interviews, we said to ourselves that we feel “Company D” both as a company and as a trade association, we do not feel “Company E”, that is, it seemed a bit even a lack, beyond respect, but also really a lack in the thesis. And so, we are told let us try to interview them, both in terms of what their business realities may be, so an association. Built around the business organization. Then be there. More associative reality than anything else. So, what are the examples? The requests that come. We can call the associates from, from companies, from associated people. If I feel certain pressures, if requests have been made, if there have been regulations to which they have*

*had to adapt, OA will give support in these issues. So, I said let us see if there is availability.*

### **Responsible of “Company E” Bergamo**

Let us see if we can, surely there is interest. So, let us see how, I repeat, we preside over an area which is a console area, in addition to internal quality, we preside over an area of interest to companies in terms of competitiveness. Look, I really preside over an area that I call business competitiveness. Why do we do? Consultancy for all those regulatory aspects from CI markings and ISO certifications to organization and management aspects, to management control, those consultancy aspects that allow companies, especially small ones. For managers to carry out a little the enterprise which for us is always in the hands of the craftsman or small entrepreneur who very often has no respect for “Company D”, with the company that mentioned me, managers and internal skills, for which we were born with a very different logic because we give, we try to give those services to companies that do not have internal skills but instead really need to fulfil. As in all respects, I always read them. For the sensitivity, to lower even the sensitivity of the small artisan entrepreneur not because we follow the full and not very objectively oriented aspects of his own. Let us start from the assumption, the security world that the base and the base is entrepreneur of entrepreneur.

*Interviewer*

*Yes exactly.*

### **Responsible of “Company E” Bergamo**

it is difficult to find, for heaven's sake, there are pearls that are illuminated, they also make paths. We have examples of this ourselves. We have also won awards for example

for I do not know if it is present that the one dictated, I think general, is a protocol generated by shared between the TSE and that film industry and then it comes. All those companies that make routes are rewarded. That is to information paths, but also of health intervention, health care. Of path interventions for which there are paths that take care of the aspects of mobility, the health aspects, for example one year we did those training courses, personal awareness linked to smoking rather than nutrition. Now however, the last period of psychological coaching paths and these things here we support both for internal staff and for companies. Which are which. Let us give them and they are all corporate welfare projects. In this area. It is true that there are, for example, small or even medium-small companies that are very virtuous, for example us, also following various companies in mi consultancy. Mind a business case enough. Indicative that it has also won awards at the regional level. A cleaning company has followed paths of this type with doing things a little particularly, was rewarded for a path that shared the rewards of personnel by following objectives that were also information paths. I remember that I had practically seen some kind of Grand Prix, Grand Prix among employees who also reach personal goals and things like that. You have rewards that are not always and just work more, understand more, but are part of the journey. Then problems fine. Here, for example, there are some cases, but they are really and very few, I repeat, it feeds on small entrepreneurs, it does not see the safety aspect so much, so much so that you hear the cases of accidents at work because they are often underestimated. And I would say that. Although there are also incentives, the aspects related to safety interventions will most likely come. When there are, for example the first of the continuous contributions from Inail, contributory aspects for which if you adapt you will have benefits like if that does not exist, if that does not exist it is difficult, we see it daily, in fact, even with consultancy.

*Interviewer*

*Yes, let us say linked precisely to economies.*

**Responsible of “Company E” Bergamo**

There is hardly anyone saying, you know what I want? Endowing this system for virtuosos with the nod of the new adopts it very often, because there is one.

*Interviewer*

*Indeed, it is a burden, why do they have to do it?*

**Responsible of “Company E” Bergamo**

Yes, and here is the underlying flaw, it is a bit, it is the aspect that we are committed to making people understand. I say attention that if you do it for the contract, you do it to get what do I know? You qualify as a responsible third party to get an incentive, eh though. Know that instead it must be a voluntary path in which there must be stakes and in any case the results that you must be aware of to bring home first.

*Interviewer*

*Yes exactly.*

**Responsible of “Company E” Bergamo**

Then you put it on your headed paper, on your business card, on the gate, your beautiful signature. But that must be the icing on the cake. We search and then I have to say that when you break through doors that are not open but closed. Because at the beginning and later you succeed with some results. Because there really is nothing more beautiful to bring to a company that has no rules, but if not the owner's experience, what service.

*Interviewer*

*You still must make the generational change.*

**Responsible of “Company E” Bergamo**

This growing up on companies has never studied relational at the table, from now on, give it already. Hey, that method with some guidelines is already nice, because then maybe there is the son, the daughter who enters the company for which they appreciate and share the tools that no one has given them because they are born only technicians. In the end not. So, what about that? We keep it as a result, otherwise the tribulation of is constant.

*Interviewer*

*Exactly, but in fact what you are confirming to me, which is what.*

**Responsible of “Company E” Bergamo**

Do you practice this mentality?

*Interviewer*

*Finally, I had. Already seen in theory. And the fact that today, when we talk about sustainability, taking a step back, I am referring not only to environmental sustainability, therefore emissions, pollution, precisely what concerns what we have in mind, no, how to be green, but precisely also at 360° on an economic level. So doing business, being a manufacturer, being a craftsman in a way. Physical and well-being that is also of a social nature, therefore respect for employees, respect for health, safety, etc. And when yes. Go look at all this in the literature. Many agree on the fact that it is true, we have very high goals that we must achieve in very few, a handful of years, because in the end 2030 is our*

*primary goal. And it has already been 7 years, yet we are still here, and we start to wonder, but isn't it that the mistake was in the fact that very generic guidelines were given, especially even perhaps usable by large companies? Precisely the small and medium-sized enterprises which, for example in Italy, represent most of the social fabric, the economic fabric and do not have the tools to be able to achieve these objectives.*

### **Responsible of “Company E” Bergamo**

Absolutely give it. Absolutely yes. If I may give it to you, in fact we have always found this aspect. When is a company born? very often we find ourselves having obstacles precisely on the size of the company, because it is never considered that in Italy not the majority of 99% of companies, 99% of companies are SMEs, but then when it comes to SMEs we have to fall back. It is not the European SMEs, it is our full ones, it is the micro-SMEs. The micro-small businesses, because then and we will see, but it is only in the province of Bergamo, those who are only in the artisan register are registered more than -30 30,030, 2000 businesses, OK. We know and manage the average of these companies, which are the most, the average, the average number of employees and two commas, something, that is, for which we are not talking very often. Many of these are not businesses because they are workers. He did it and then you go to average, then we actually check you out, because instead there are those companies that are designed for us, which are 152030 people, they are starting to have a corporate organization for which there are those aspects also linked to Ad corporate welfare objectives rather than sustainability. We also see green aspects in its energy aspect, given that we also have a consortium that we are here with colleagues who have been following for some years there are entrepreneurs who ask us, for example even by paying them more, they have the desire and the will to have to guarantee that one's own production or business still uses

energy? With certificates of origin and from renewable sources and since there is this, is there this possibility on the market to guarantee? We manage precisely these negotiations with the suppliers in such a way that they follow you. I will take your energy, then whoever asks me for it, I guarantee the speech, indeed I have to say more, the last year we are a bit shaky, we up until two years ago, with the pre-energy crisis, let us say between COVID and energy crisis, why? We have the will, just like “Company E” Imprese. Since this consortium must say the energy purchase was born as a tranche of the “Company E” to guarantee green energy for all. Then with the EE crisis costs increased enormously. and at that point he said Look, these certificates make them pay much more in this green policy I am not doing it on the shoulders of companies that are already suffering, but it is a corporate choice. Now I do not know if I do not have it here, it really is. We have registered a logo. That for some years we have had businesses just to say let us protect the least. In short, the article has become “Company E” Sustainable Enterprises. That is, we have codified a new logo which among other things is no longer a boom, but is really coordinated Green, yellow, type precisely because there is a specific policy of the associative system, ours at a national level, to pursue those objectives and to contribute to those. National activities to sensitize the hard core of small micro companies on these aspects. Even the lines, this is an interesting thing, because this, for example, distinguishes us and differentiates us a little from “Company D”. There is the legality rating. So clear, that is one thing it is. Which has promoted “Company D” a lot, has had ministerial levels approved. The problem is that this of Gaeta and are of the protocols that foresee at the end of the fair, to guarantee the part of the company of the. The problem with regard to the financial statement requirements is that the financial statements do not present them all, for example partnerships do not have financial statements, that is, we do

it, accounting, such a balance sheet, but it is not the certified financial statements so at this rate of legality we go to discriminate against a whole part of small realities that do not have the civil budgets required by law? Ok, but they just have all the companies in simplified accounting, they do not have balance sheets. That said, they were. Born precisely with interventions, in fact, if you want lobbying, if you also want the ministerial to make tenders in which there were rewards. For companies that guaranteed legality ratings, or rather, in some cases, tenders came in some cases. the institution that grants contributions comes to give you as 1 1 of the requisites not only rewards, but also as one of the requisites. Access the good, then I send you the rating linked to correct, we as “Company E” do not subscribe to it because it precisely discriminates against a membership base that does not have these as a basis. So, we have, we sat down at the table with the municipalities, and we got a reference practice approved that replaces the legality screens. And at the regional level, the Lombardy Region and when it comes out with calls for tenders that provide for the possibility of having precisely these which are the guidelines for the social responsibility of micro-small businesses, which this good lady who I did not remember could do this. Use it for her. Because they are guidelines for the application of the social responsibility model. According to the university. ISO, 26,000 or 26mil. I am, it is an idea for which there is an example here and yes. This evening sitting our regional colleague, Gagliardi, that she was sitting with other references and that the universities of other and to codify precisely these reference practices.

*Interviewer*

*Interesting, yes.*



### **Responsible of “Company E” Bergamo**

I forgot, there was the. Our entrepreneur who was the one I mentioned and return. The services, however, there is to start this case there is also we have it by downloadable then it is not that it is a thing.

*Interviewer*

*Open but. Ok, perfect yes, yes, I absolutely download it. Yes, it was certainly an important job because it is still going to be operationally integrated.*

### **Responsible of “Company E” Bergamo**

Well, I have to say that on a practical level, since we manage the tenders, I have to say, on a practical level, requests. We have not seen any announcements, then, in which those about this thing have asked us, I have seen one or two, but then real requests from companies to do these to adopt me. So, then this also remained, i.e., Has anyone done this?

*Interviewer*

*You can stay in the drawer, OK? Thinking about what else I wanted to ask you and instead therefore my curiosity. Because you as a company have decided. Let us talk about “Company E”, a company to subscribe to a social balance sheet, therefore, to move a little for these aspects.*

### **Responsible of “Company E” Bergamo**

because if it is important, bring your part since we are a social actor of the territory. To give feedback on an entire activity. I have to say. What we do first to be aware of it, we too put the activities in common. The 1000 activities that we do in all directions, so to

bring back as we bring back with go with quality typical internal documents all the 1000 activities that we do internally also bring together all the norms activities both to be visible and make them visible, also because actually we have not only our associates, but we really have. These all-round Holders that they are. The entities in which we have representatives from chambers of commerce AA various local and regional institutions EE then actually all of it I have to say, we do many initiatives, we have promoted. In the years below. The under this aspect of sustainable development. We thought, I think in a very virtuous way, it has now become a national case because it is fished nationally, a week for the energy that we are promoting it we have. Which we conceived in 2008 and we have promoted many topics in this area that are not just energy but are precisely the sustainable development of local businesses and have been declined among other things, also together with the University of Bergamo. We commissioned research, for example a year. The theme was the sharing economy, the circular economy. One-year electric mobility and with some universities we have done some. And we commissioned the research we elaborated which then went to the end. It's an event that doesn't typically go to businesses but to citizens, so it's one of the many typical activities that we think are typical, perhaps not declined with a particular goal, but for the sustainable development of, for example, we are thinking in these days just thinking, perhaps one of the key topics such as water and water, both how of anyway how? An important topic for all how, as citizens, then if we also see at the level of entrepreneurial entrepreneurs, we have many businesses that have a consumption cycle in their production cycle. And among other things, even with consequences of consumption only, but also of having to go to recycle or in any case not to cook, it is my own production cycle. The use of water comes to mind from street dry cleaners to manufacturing companies instead of me and they not only have

energy, but they also have water as important. So, are you in those coveted books perhaps? Maybe think. To water as a central theme, given that we go into the crisis in front of a seen that every year, i.e., should we have the year of the crisis of something? We hope that even without the crisis, however, if we go precisely from the point of view of having to manage these water crises, as a socially responsible subject, let us say, he is a local actor. We think it is important because we are very present in the area and. I do not know if that is the case, you know we are for example, we have this headquarters, but then we have twenty-six offices throughout the province of Bergamo. We are. Precisely that is, we like to say, we are the. And we are, we take care of proximity capitalism, in the sense that we really are we follow, so that is and that we are very attentive to the protection of the territory. And we care a lot, so we think through for example the week for the energy of an example. But I, for example, have colleagues who I could have involved here too. The training colleague, because we have all that interest in treating, even directing, for example, we have relationships with schools to go and treat those young people, go, and extradite them on aspects of the value of artisan trades, for example with the province of Bergamo, the. For this weekend it will be the trade fair that is curated by “Company E”. And the Superintendency and the province of Bergamo, for which one makes one and one goes, one makes an event precisely to direct is a bit the highlight, but then constantly throughout the year there are initiatives, in fact, linked to entrepreneurs, young people, our entrepreneurs who have a meeting in schools tell. Indeed, I too have also attended meetings of pensioners and young entrepreneurs to make the new generations understand which, however, are all there. You have potential and gods. We do not try to convey the values, the values of a world that in some ways public opinion has pushed into a corner. Why? Well, I do not know for many reasons. And instead as a minority we think it's a bit

to be removed, to be kept, because precisely here we also always try to decline these issues such as the week for energy is an example and was also born not only in virtuous terms for you, but also but in truly substantial terms, to say, look, it is a moment in which perhaps the future, which is therefore linked to new professional skills, to new technologies, allows the old professions to be qualified and re-qualified according to a new way of precisely the world was in 2008, when the sources of minerals were born for which we brought, among other things, university professors to talk about what do I know, I am reminded of very interesting micro-cogeneration events that we are so true. Yes, even good anticipators of the legislation. Now an installer who wants to operate on certain systems must be qualified to do, so-called, that is, he must make appeals, something that did not exist before. When we had started with university talking about him having to take courses to be AA qualified to operate facilities. From adjustable sources, for which, between reading precisely, the freezes the cogeneration has photovoltaic systems rather than anything else because they are all are all technologies in absolute evolution that allow technicians, entrepreneurs to. To become professional and this is our logic, which is to see virtuous themes in themselves. Ok environmental sustainability but what to channel them and do precisely not only environmental sustainability, but economic and social sustainability, precisely through the principals, the evolution of the territory and of new entrepreneurship. Let us put it this way, we must grow them and keep them steady. Huh? The ability that our territory has always had to do, to give birth to new job opportunities is what we use to do with the social balance sheet, in this sense, because we think that one of the existential reasons, a generation like ours, is precisely that of giving opportunities to OA companies who want to have guidelines on where to undertake. So being a bit lighthouse, let us put it this way.

*Interviewer*

*Certainly yes, let us say that it is also a job of creating a mentality, of a way of working not only of time.*

**Responsible of “Company E” Bergamo**

And conservation, creation, and impulse.

*Interviewer*

*Exactly, not only the goal to be achieved, but the entire supply chain that starts from the small entrepreneur who, however, gives his contribution.*

**Responsible of “Company E” Bergamo**

Also, because now, I have to say here too we are doing a lot of analysis. The young people, the new entrepreneurs go to write, is embodied in the trade as not. Activities we are hardly losing a bit, that, that, that. You are a bit of the artisan manufacturing, of the manufacturing, in any case of the small entrepreneur who can then also become the “Company A” of the moment, but first it is born small and then it grows.

*Interviewer*

*Of course, yes.*

**Responsible of “Company E” Bergamo**

Why? Why, because everything has been delocalized, for so many reasons, because in any case there are start-up costs that one owes, it is not like our fathers told us. One wore also in the garage a lathe and a mechanical workshop was born there and then it became. And it is a little more difficult, so 1 1 in it is difficult for a manufacturing company to be

born from the first generation or today it is usually always those who inherit and evolve, but it is also true that we must capture all that new activity.

*Interviewer*

*Are there any complicated barriers to entry?*

**Responsible of “Company E” Bergamo**

The new activities that were not there until the day before yesterday. Digitization world says it all about my activity of startup skills, of new businesses that in the end, artisan or not. Because then also the concept of artisanship evolves totally, because we have companies that have become all the effects of gods.

*Interviewer*

*Yes, of course, if it has evolved, no.*

**Responsible of “Company E” Bergamo**

Consultants, or if one wants to see them as consultants, instead they are companies. Absolutely artisanal, where we have an area of what we call art, image and communication in there, which is a bit the category of our various potentials, a bit in the sense that you put them in, you put in the true artist, the 'true craftsman who makes you the craftsman, the one who makes you this wooden watch here, so it is rather than the company, the startup that makes you.

*Interviewer*

*Entrepreneurs and all effects.*

**Responsible of “Company E” Bergamo**

Well, digital web marketing rather than social or something. And there is everything in there. There really is everything. There are those who open the VAT number to undertake those activities for which here we are, our challenge is to capture. And to be able to grow, we make new categories grow which for us too is an effort to intercept, codify and understand. What is the deduction? Why do we have to digitize on the one hand? Who is traditional because otherwise it is not, in that area that we said we are the title of ours, of our Office and business competitiveness, innovation, business competitiveness, to keep businesses competitive you have to help them with costs, so typically , costs, energy and stuff, on the other hand you have to evolve them according to.

*Interviewer*

*Interesting, good, that is very interesting, because they are aspects that obviously cannot come out of the interviews with the big companies because obviously, we are talking.*

### **Responsible of “Company E” Bergamo**

Completely different.

*Interviewer*

*Of completely different sectors, although we are talking about companies that operate in the same market, but not comparable. So, the real problem that I like being able to confirm is that in the lack of legislation, of regulations that are specific. And let us say tailored for businesses, for small business owners that can be used in company, even if only stupidly, objectives that can be obtained from accounting, objectives in terms of results can be obtained from simple accounting and not from complex financial statements, notes, supplements, etc. And let us say, he is a pro, a necessary path within the Academy that must be carried forward because otherwise we will always collide towards goals that are*

*as beautiful as they are high. To conclude all this, I ask you if you have any feeling of interest apart from the Academy for something on which we must work, we must move, we must raise awareness, train in these issues.*

### **Responsible of “Company E” Bergamo**

And I think the bolster a lot. The partnership with an academic world. I must say that many paths have been taken in recent years and on these fundamental issues. The fact of making tables together to plan coaching courses for businesses that can be simple awareness raising or even training.

The only true thing you need when you take these courses with small entrepreneurs and then be able to bring them down With the reality that the academic world must fall in the moment in which I had I remember when I initially came here and we didn't talk never of quality and I remember that we had hired engineers who came from Fiat he always gave examples that weren't fitting, that is, you had small entrepreneurs in front of you, you can't constantly give the example of Fiat. Here is the constant effort that must be made, I think the academic world and that of how, how. We said, the normal batteries European directives, understand what your weather is, because if you are doing something just to do it as I passed there was no. It was there, it was successful. The announcement we already knew who was the name and surname behind that announcement it wasn't a announcement, it was a contribution that you gave to big industry, full stop and you already knew that there was that because you gave stakes that it was the could take precisely the end of shift and that's it. Instead, if you want to take an action. In terms of involvement, then the academic world must understand how to get by to get involved, for example, on these issues. You must be very practical and set goals. I repeat unfortunately.



But because it is also right that it should be like this, the entrepreneur must see what the usefulness is, why do I have to do my own, for example we have seen it, we are, we are, we have multiplied the assistance activity now in these last. So on, on the structure of energy efficiency. Because until the day before yesterday maybe many were saying, Oh yes, oh well yes, nice. The photovoltaic system like this. But it costs me. When was that? Clearly, when I got the blow I said if the energy cost has increased a lot so, coincidentally, maybe then it's true that you are going to explain to me that there is environmental sustainability, so if I go into self-consumption [producomeno.co](http://producomeno.co) two or something like that, but unfortunately it's not very virtuous. But or is there. Action and there is the certainty of this section, because then it is the whole world of the environment. Eh, as long as there is no other, instead we think it is right instead not to solicit the authority under this it is right instead to go and insist on one on virtuous paths, on rewarding, on aspects for which wait for him, let's do that is if we give certain to. Want, let us make it clear. Instead, there is 111, a useful benefit not only for the company but also for the context in which it lives. Fine and I have to say that in this respect the Academy, the academic world, has some nice surprises every time it interfaces with the world of small business because very often everyone underestimates the profile of the craftsman. In the end there is more. And I moan in consciousness of the context in which it lives, of the small business rather than of my business, which perhaps also has truly profit-making logics, that I don't think about it for a moment AA close here and open relocate, while I must say that we really have seen all these especially in recent years, when there are company crises, real crises. Human and personal of the entrepreneur who, before leaving home, for example of his employees, sends his family into crisis, Eh, in the sense I throw

it away, even financial, and there have been and in this respect for which c 'it is certainly a conscience and a conscience that needs to be helped and educated a little

*Interviewer*

*That is right, polite. However, obviously if there are no guidelines that give us the right way, right? That is, they exist, but they are very complex and therefore if you, who are in any case a company of an associative type, are large, why do you refer to them? However, then also to a national company that will be able to give indications, etc. You struggle to reach these goals, let us imagine.*

### **Responsible of “Company E” Bergamo**

Oh yes, a very good one, let us imagine. There is the entrepreneur who does not already see the interest, the threat does not already exist. to respond as an associative system, not just as a company. The question he asked could be useful that the university helps our organization to better decline according to the gods.

*Interviewer*

*The budget made the university has also made some paths, for example it comes to mind, but because I interviewed them, can I talk about it? For example, “Company B” makes a report here at the Bergamo airport, makes a certified sustainability report, certified in 2000 e. It all started in 2017, however, to move around these issues and he really did a training course with the university which gave him all the tools to create not only the materiality matrices, and which are really those analyses that are conducted all within the company to understand which topics to refer to. Then, in the balance sheet, which obviously talks about sustainability, we can talk about everything and nothing, right? So, we need a moment to identify those that serve to. Then, and then the way in which they*

*can be expressed because it is a company that already had internal values of a certain type, it already had precautions about certain things, but then it was unable to pass them on to the outside. No, so he could not even get certain certifications, certain things because he did.*

### **Responsible of “Company E” Bergamo**

Eh, I do not know how much we do. However, through for example minimally aspects. Some of us among the personnel office, among ourselves, among the administration, between officially and security could form a team that could follow a path of this type.

*Interviewer*

*Many times, to say I do not know. The association that organizes many village festivals sponsors me, it is true, I put the image but. What am I doing? I hardly do because this will put a lot of customers. It does so because it lends a hand to the association which is dear to it or is inside the relative, but is still supported in a social way, that is, I am giving value to my territory where I live, where I have.*

### **Responsible of “Company E” Bergamo**

Hey, we are the ones, we are the ones who when it was the total lockdown, thanks to the figure of our President who coordinated us all, we were all closed at home but we coordinated within a few days, we gathered all the craftsmen who are went to work at the hospital of the fair to promote and they have dedicated themselves voluntarily, we have coordinated them at the level of calling it from 1000, so now it is said precisely in words. Then rightly you must be able to get that one.

*Interviewer*

*Certainly yes, because then that social balance sheet is a balance sheet that still differs from the economic one today, because it is not only a numerical balance sheet, that is, it is also one, and it should be, because it gives me. A sort of comparability, but also of numbers, skill of objective objectivity of the actions I am going to perform. To date, since you do not have legislative compliance, you must not have, let us say you do not have. Unfortunately, fortunately there are obligations with respect to the area of contraction of certain information, however, many times certain information is already present and, for example, a slightly more integrated system would be enough, even just Excel, which collects data during the year; collects things, then are simply summarized in this report which still has a value for.*

**Responsible of “Company E” Bergamo**

Oh yes, yes, that is it.

*Interviewer*

*In the end, I stand. And if I am authoring an article on the issues of what accounting is in a broad sense and it starts from the fact that accounting and making visible not what. Cloe, why do I have something in the company? I have an activity, a process of people, numbers, but until I account for those numbers, those people, those activities, I have nothing in my hands for accounting purposes.*

**Responsible of “Company E” Bergamo**

No, no, of course there is.

*Interviewer*

*No, so accounting is a skill the. The accounting tool makes it possible to make visible what is currently invisible, but then, if I make it visible, I know it exists. I can then improve it I can. Exactly, it's right on the outside, I can also create an advantage and therefore sustainability also allows for advantages, for example large companies tell me from the moment I started reporting on sustainability in a very serious way, because I would like to have also compliance obligations, so we had to study how to build certain indices, etc. For example, we realized some shortcomings. As in production processes that from the balance sheet to the financial analysis had never emerged, we are talking about companies you mention first big as hell, if they have not seen them.*

### **Responsible of “Company E” Bergamo**

It is not something we have been busy with for some time, the whole talk of sustainability is not beautiful now but of innovation. Yes, I have a lot of companies, they innovate, they are not patentable because they are not aware of it the trio because they all have some, they all have some. A true value which is their value, they go and contribute, to their customer who has their own product, by engineering it for them in the development of production, so there is a whole planning process in there which is not valued and that cannot.

*Interviewer*

*Of course, for example, for example she now tells me. Eh, not in terms of sustainability, but in terms of innovation. And when we talk about sustainable development goals, innovation is one of the pillars of sustainability. No? So, it is really a mentality that you need to get into the context of the company, no because unfortunately and I mean unfortunately. We speak from today, sustainable sensitivity always only towards the*

*environment. So, I pollute, I produce well, I produce badly. But it is not just that, no. Then the companies, all from small to large.*

**Responsible of “Company E” Bergamo**

However, all of this we are sponges so if you come to do us as an organization, we are receptive to any already proposed proposals.

*Interviewer*

*let us hope we can do some projects together too, in short. It should be beautiful, perfect.*

*I will not steal any more of your time because it is precious for everyone, and I thank you.*

*[end recording]*

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## Ringraziamenti

Quando alle medie mi imbattei per la prima volta con il sommo poeta Dante Alighieri, mi innamorai immediatamente del suo modo elegante e schietto di raccontare la realtà, e del suo saperla descrivere con parole azzeccate ed intramontabili. La professoressa di allora amava farci studiare parti della Commedia - e non solo - a memoria. Ai tempi non ne ero assolutamente contenta, eppure oggi certi versi sembrano scandire momenti della mia vita in un modo così perfetto e preciso che ora non potrei non esserle grata.

Il verso scelto per l'incipit del mio lavoro di tesi è estratto dalla Divina Commedia, precisamente dal XXVI canto dell'Inferno. Ben consapevole della storia – o quanto meno del finale - non proprio felice e che racconta di Ulisse e del suo viaggio verso “l'inesplorato”, i versi che ho riportato racchiudono una verità che sento così grande e che voglio siano una miccia capace di far divampare il fuoco della passione in tutti voi che state dedicando il vostro tempo a leggere queste parole.

In primo luogo, desidero ringraziare la **professoressa Stefania Servalli** che, con interesse e curiosità, ha deciso di seguirmi durante il mio percorso di dottorato approcciandosi con me in questo mondo della sostenibilità aziendale; un mondo in continua evoluzione e trasformazione che ci ha regalato soddisfazioni e tanta conoscenza in più. La ringrazio anche per aver assecondato le mie passioni ed aver compreso il mio amore per la didattica, offrendomi la possibilità di mettermi in gioco nell'insegnamento: dall'assistenza ai propri corsi - in cui ho potuto imparare il metodo e gli approcci alla relazione con gli studenti - fino ai primi tutorati, alle attività didattiche integrative in Università e presso la Guardia di Finanza e poi alla docenza del corso di Audit &

Governance; spero di essere stata in grado di ripagare la sua fiducia; dal canto mio l'ho apprezzata veramente tanto e gliene sono riconoscente.

Un ringraziamento doveroso e fondamentale **alla mia famiglia**, di sangue e non, per aver preso in carico le sfide organizzative di questo percorso; grazie per avermi aiutata con la gestione delle bambine e con richieste anche dell'ultimo minuto. Di cuore vi dico, senza il vostro supporto, sarebbe stato impossibile portare a termine questa sfida!

Come si può leggere dalla pagina iniziale, la tesi è dedicata a tre persone speciali. Una di loro leggerà queste mie parole subito, le altre ci metteranno qualche anno in più. In ogni caso, la sostanza di quello che voglio dir loro spero possa avere un valore immutabile nel tempo così da essere ancora attuale quando verrà riletta.

A te, **Andrea**, un ringraziamento per il supporto che mi hai dato in questo percorso. Ti ringrazio per aver capito il mio bisogno di continuare a formarmi, di volermi migliorare e di cercare – ancora una volta – la strada da percorrere. Da quando ci conosciamo non mi hai mai tarpato le ali, ma anzi ti sei sempre messo al mio fianco e mi hai saputo accompagnare e sostenere in tutto. Grazie per i sacrifici che questa scelta ha comportato e grazie per averli resi una sfida da portare a termine invece che degli ostacoli che potevano farmi desistere.

A **noi** auguro con tutto il cuore di essere capaci di lealtà, sostegno e supporto reciproco, ma soprattutto ci auguro di essere dei genitori capaci di spronare, accompagnare, sostenere le scoperte e le novità.

L'augurio a voi, **bambine mie**, è di trovare sempre la forza ed il coraggio di *Conoscere*: non abbiate paura di buttarvi alla scoperta, di provare e di cambiare strada.

Vi auguro di riuscire a conoscere l'ebrezza della curiosità, del dare significato a ciò che siete o che volete essere. Non temete di perdere “*la retta via*”, ma apprezzate ogni sentiero che percorrete. Vi auguro che il mondo possa apprezzare le vostre virtù e che i vostri talenti siano riconosciuti. Vi auguro infine di seguire le vostre passioni, senza timore né paura per quello che verrà.

Auguro **a voi tutti** di essere sempre forti, curiosi ed appassionati; di essere capaci di salpare sempre verso nuove avventure, per seguir senza paura “*virtù e conoscenza*”.

*Io, sicuramente, lo sarò.*

***Con profonda gratitudine,***

***Federica***