

LAW AND ECONOMICS YEARLY REVIEW

ISSUES ON FINANCIAL
MARKET
REGULATION,
BUSINESS
DEVELOPMENT AND
GOVERNMENT'S
POLICIES ON
GLOBALIZATION

Editors

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Mission

The “Law and Economics Yearly Review” is an academic journal to promote a legal and economic debate. It is published twice annually (Part I and Part II), by the Fondazione Gerardo Capriglione Onlus (an organization aimed to promote and develop the research activity on financial regulation) in association with Queen Mary University of London. The journal faces questions about development issues and other several matters related to the international context, originated by globalization. Delays in political actions, limits of certain Government’s policies, business development constraints and the “sovereign debt crisis” are some aims of our studies. The global financial and economic crisis is analysed in its controversial perspectives; the same approach qualifies the research of possible remedies to override this period of progressive capitalism’s turbulences and to promote a sustainable retrieval.

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rating of “A” with a stable outlook while the US rating was lowered to “A-”.¹⁴

Negative ratings critically affect Russian economic reproduction. Such indicators are not acceptable for unitary enterprises, because their property is not subject to sale, that is it is not an object of the stock market. In this environment, unitary enterprises are automatically given the lowest marks due to their unsuitability for stock valuation. As for the efficiency of state-owned enterprises, we should recall that according to analytical materials of the Accounts Chamber of the Russian Federation on the problem of privatization of state property for the period 1993-2003, not a single large privatized enterprises became more efficient after privatization (Analysis of the privatization 2004).

6. Thus, comparative analysis of enterprises of various organizational and legal forms of the Stavropol Territory has revealed that, in the course of formal transformation of some forms of business into others in a difficult general economic situation, it is not possible to identify in practice the advantages of any particular forms of business. This allows us to conclude unjustified attacks on such a legal form as “unitary enterprise”. The existing drawbacks in efficiency of their functioning are due to more complicated economic reasons which will be reduced in stable and sustainable economy.

¹⁴The Chinese agency Dagong assigned Russia a credit rating of "A" / World and Politics: an international political journal. Sunday, July 5, 2015, <http://mir-politika.ru/17867-kitayskoe-agentstvo-dagong-prisvoilo-rossii-kreditnyy-reyting-a.html> (the date of reference 12.12.2018).

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STRATEGIC AND ORGANIZATIONAL EFFECTS OF ENVIRONMENTAL REGULATION ON OPERATIONAL PROCESSES OF SUSTAINABLE MSEs

Nunzio Casalino* - Henrietta Nagy** - Barbara Borin***

ABSTRACT: *Today an effective sustainable development requires stimulating revolutionary operational and technological innovation through an updated environmental regulation and efficient labor market rules. It is becoming always more complex, especially for small companies (MSEs - Micro and Small Enterprises) to understand the relationship between environmental regulation, innovation, and sustainable development, inside the actual context of an increasingly globalizing economy. The European economic development, within the environmental and employment aspects of sustainable development, should be more emphasized and analyzed by EU academics, researchers and decision makers. Often the most crucial problem in achieving sustainability for MSEs is the lock-in or the path dependency due to the failure to envision, design, and implement policies that achieve co-optimization, or the mutually reinforcing, of social goals. Activating a scheme of basic values and principles, that it is possible to identify inside the Corporate Social Responsibility (CSR), is fundamental to efficiently and effectively manage an innovative sustainable MSE. CSR is delivered through a management system aimed at achieving shared objectives with all relevant stakeholders, which takes into consideration the impact of enterprise's actions within*

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This article is the result of a joint study of the three authors, and all paragraphs have to be considered as co-authored.

the social-environmental context of which it is part.

SUMMARY: 1. Introduction. – 2. Regulatory strategies and sustainability of MSEs. – 3. Company identity, governance and involvement of stakeholders. – 4. Innovative labour strategies in the sustainable tourism business. – 5. Impact of competitiveness on the tourism system and innovative strategies. – 6. Conclusions.

1. MSEs are highly important for the national economies and for the European productive ecosystem in all. The 99.8% of Europe's companies are MSEs, accounting for more than two thirds of employment in the EU-27. Moreover, the economic and political interests that gain from the current system and advancement of its current trends can explain that industrial policy, environmental law and policy, and trade initiatives must be opened by expanding the practice of multi-purpose policy design, and that these policies must be integrated as well¹. Whilst the individual environmental impacts of each SME are generally small in comparison to those of large companies, the cumulative environmental impact of the sector is considerable.

On one hand, environmental policy is a compliance issue for MSEs. These companies often consider the environmental legislation as a complex and puzzling issue². The European Commission, therefore, helps them better understand this matter and become compliant with all European environmental laws, regulations, standards and other requirements. See, for example, webpages on chemicals and waste policy³.

On the other hand, environmental policy also means attractive business opportunities for MSEs. Increased resource efficiency, circular economy solutions and participation in green markets represent important opportunities for European MSEs to improve their productivity, boost their competitiveness, register growth and create employment. The "Green Action Plan for SMEs" that was adopted in July 2014

¹See CASALINO, (2014), Behavioral Additionality and Organizational Impact of European Policies to Promote Internationalization of High-growth Innovative SMEs, *Journal of International Business and Economics*, American Research Institute for Policy Development, USA, vol. 2, no. 4, pp. 17-44.

²See PFEFFER, (1997), *New directions for organization theory*, Oxford University Press, 1997

³See SEABRIGHT, (2004), *The Company of Strangers: A Natural History of Economic Life*, Princeton University Press.

and the next “Green Action Plan for SMEs Implementation Report” (2018) outline in detail how the Commission, in partnership with Member States and the regions, intends to help MSEs take advantage of resource efficiency improvements, the circular economy and of green markets. Greater support for these changes must also be reinforced by opening the participatory and political space to enable new voices to contribute to integrated thinking and solutions⁴.

The Green Action Plan (GAP) sets out a series of objectives and lists actions that will be implemented at European level within the framework of the Multiannual Financial Framework 2014-2020. On September 25, 2015, the 192 countries of the United Nations issued an action program towards the achievement of 17 Specific Objectives (Sustainable Development Goals) declined in 169 targets to reach by 2030. Through the 2030 Agenda is the unsustainability of the current model of economic, social and environmental development was declared and the commitment by all countries to direct their governance towards sustainability paths was signed. The 2030 Agenda is becoming the common language, throughout Europe and the world, to observe the context in which we live. The current economic system is characterized by an excessive exploitation of material and immaterial resources, by an overproduction and an increasingly marked imbalance. in the distribution and use of assets. These factors cause an increase in social and income inequalities, and a dramatic increase in the pollution of aquatic and terrestrial ecosystems. These listed are just some of the aspects examined by the Agenda 2030, whose Goal deals with closely interrelated themes ranging from the defeat of poverty and hunger in the world, to good employment and economic growth, from the fight against climate change, to the consolidation of institutions to guarantee peace. The repercussions of this model reflect negatively on the well-being of the entire population and, implicitly, on the quality of life of everyone⁵.

⁴See BUHALIS, LAW, (2008). Progress in information technology and tourism management: 20 years on and 10 years after the Internet - The state of eTourism research, Tourism Management.

⁵See AHMAND, SCHROEDER, (2013), The impact of human resource management practices on operational performance: recognizing country and industry differences, Elsevier.

Activating a scheme of basic values and principles, that it is possible to identify as Corporate Social Responsibility (CSR), is fundamental to efficiently and effectively manage an innovative sustainable MSE. Corporate Social Responsibility is delivered through a management system aimed at achieving shared objectives with all relevant stakeholders, which takes into consideration the impact of company's actions within the social-environmental context of which it is part. The distinctive foundations that characterize the concept of CSR are:

- go beyond the EU law and the national regulations: the companies adopt a socially responsible behavior beyond the legal requirements and voluntarily assume this commitment in line with the development strategy defined in the medium / long term;
- close relationship with sustainability: CSR is intrinsically linked to the concept of sustainable development as companies must consider the economic, social and environmental effects deriving from their work;
- volunteering: the voluntary nature of CSR implies the freedom of choice of organizations.

The relationships and interactions between MSEs and the local context are essential to understand the choices made by companies in the social field, considering the complexity of the relationships that link the company to its territory in a logic of trust and reciprocity. Small-sized companies are actively and voluntarily involved in CSR areas because, by nature, they are interdependent to the local community and its stakeholders (e.g. resident population, public administration, local suppliers, etc.): on one hand, they provide jobs, salaries, high quality services; on the other, they depend on the stability and prosperity of the communities in which they operate. The variables to be managed, also driven by the pressures of the stakeholder base, include the issues of quality products and processes, safety at work and, more generally, the protection of human rights, respect for the environment, efficient use of natu-

ral resources⁶. This perspective commits the “responsible” company along the entire value chain. It implies a set of activities carried out by the company and the other components of the production chain to design, produce, sell, distribute and promote the products / services, a concept that exemplifies the relationship between customer and supplier, internal and external to the company, in the processes of value creation. Although MSEs cannot use the same tools adopted by large companies, they can still enjoy the benefits of socio-environmental responsibility policies and practices, specifically:

- progress the acquisition of new financial resources;
- promptly answer to the profound change in the economic system by anticipating market trends;
- improve the efficiency of business management;
- create a better, safer and more motivating work environment;
- develop strong cohesion with stakeholders;
- create and maintain high reputational capital;
- improve dialogue with banks;
- take advantage of financial-fiscal and administrative-insurance simplifications.

The principles of ethical behavior, relevant to CSR, to human and social capital, to the network-supply chain logic, to follow are:

- vision, values and governance of CSR: the first step towards the construction of an organizational model that allows to combine the objectives of competitiveness with the themes of CSR and sustainable development, is to achieve a full awareness of the role that the company plays in the socio-environmental context in which it operates. The development of a strategic vision of business management and a plan that identifies future actions, through appropriate policies and specific activities, are essential elements in making CSR a tool to manage every area of the company. Within the management model, it is fundamental to define, in an ethical code of conduct,

⁶See HJALAGER, (2010), A review of innovation research in tourism, *Tourism Management*, 31, 1-12.

the values and principles of behavior of the company. The code of ethics can become a tool for governance of relationships that, if communicated and shared, is the reference on which to assess the behavior and choices of the company towards its stakeholders⁷. The code of ethics formalizes the unwritten rules of “healthy and correct economic management” and therefore lays the general premises for the implementation of strategies consistent with ethical principles;

- territory: the concept of territory and of the link between it and the company is fundamental. Adopting correct and healthy behaviors, socially responsible, and able to create value help to build the trust of the territory. The territory benefits from this in terms of economic-social growth and the improvement of the competitiveness of the companies that operate there, encouraging at the same time the diffusion of such behaviors;

- training: the territory can provide the competent resources with specialized and diversified knowledge thanks to the tradition and the diffusion of quality education and training centers. The training experience is therefore important in the pursuit of socially responsible development objectives and is at the center of the choices of the companies that intend to undertake this direction;

- local welfare, human and social capital: it is important to link up with local welfare and with the development of “human capital” for the enhancement of services and tools for the promotion of CSR, especially in MSEs and in network and district economic systems. Equally rewarding is the qualification of services, the creation of network connection systems for innovation and, more generally, the introduction of models for participation and sharing of choices;

- supply chain management: important aspect for the economic management of MSEs is represented by the control of the supply chain. To mitigate and / or eliminate the risks associated with supply chain management and spread the culture of social responsibility, it is necessary to develop awareness tools for the management and

⁷See BEAUMONT, DREDGE, (2010), Local tourism governance: a comparison of three network approaches, *Journal of Sustainable Tourism*.

constant monitoring of the supply chain;

- district and supply chain logic, in local production systems: for MSEs, the dissemination and support for the promotion of CSR develops consistently with the qualification of local district systems;

- management and control of business risks: corporate social responsibility is closely linked to the strategic management of internal and external risks. CSR, in fact, implies the adoption of tools and behaviors aimed at improving the management of business risks, including, for example, environmental, health and safety risks. It is a mean to manage quality as it provides companies with indicators to measure their social and environmental impact, helping them to manage it properly;

- future generations: supporting socially responsible behavior also means paying attention to the value of the company, understood as a means by which to transfer knowledge to the territory and to future generations.

The Sustainability Report is consequently an instrument of awareness and propagation of the theme, but also of self-discipline by enterprises and territorial governance, aimed at improving the way of doing business and at an increasingly sustainable development of the territories.

2. Several entrepreneurs assess how emerging regulations might affect their business and take appropriate action, considering also some competitive aspects as scenario planning, stakeholder analysis, strategy development, external and internal communications. Several indicators can be used in a company to evaluate its carbon footprint and understand the likely impact of climate change regulation. To determine the exposure, it is possible to run multiple scenarios to test the effect of regulation on costs, prices, and margins. So, taking in account the current regulation, it is possible to develop a portfolio of organizational actions for carbon reduction measures and a fact base to inform the regulatory requests. The principles underlying the economic management of sustainable MSEs are:

- *responsibility towards the territory*: there must be a strong link between the company and the territory, the value created, relations with local bodies and institutions;

- *attention to all categories of stakeholders and inclusion of their expectations*: internal and external stakeholders, the recognition of their expectations and their satisfaction are fundamental elements for the success of the company. It is necessary to monitor and measure their satisfaction;

- *importance and completeness of the issues faced*: companies operate and are confronted with an economic context both territorial and macroeconomic, from which a variety of issues can arise, among which the company must identify the most relevant ones;

- *transparency in communication*: representation of both positive and negative performances, comparability, clarity and reliability;

- *continuous improvement*: the business continuity, intended as a continuation of company life, is linked to its constant evolution and definition of clear and measurable objectives.

The concept of sustainability implies that the company's primary objective is the correct representation of values, strategies and qualitative-quantitative exchange with the main stakeholders and of the effects that company's activity has on the environment and the community⁸. MSEs have various tools to monitor the sustainability performance and to set improvement objectives, also defined by listening to the needs of the stakeholders. The company should therefore be able to listen to its interlocutors and direct decision-making processes according to their legitimate expectations, in a progressive process of participatory and responsible involvement. Sustainability Reports are the most widespread tools for reporting on activities of organizations in the management of aspects of CSR. The Sustainability Report is a process to assess the choices, activities, results and use of resources in a given period, in order

⁸See WU, (2013), Towards a stakeholder perspective on competitive advantage. International Journal of Business Management, vol. 8, n.4.

to report outside how the company interprets and realizes its institutional mission and mandate. Compared to the traditional budget, the Sustainability Report has a broader information scope and must therefore make the priorities and objectives of the company transparent, comprehensible and achieve the results. It must be carried out on a regular basis, preferably yearly, in order to cyclically compare the planned objectives with the results achieved, favoring the definition of new objectives and commitment of the company. The Sustainability Report derives many of its content from the existing business plans and control processes. Therefore, together with the launch of a social-environmental reporting process, it could be useful, for the most structured companies, to develop an infra-annual reporting system, integrated with the planning, control and accounting information systems.

3. The Sustainability Report for MSEs must represent:

- the performance, choices and objectives defined by the company during the reference year;
- the governance structure adopted;
- the implementation of plans, programs and projects;
- the involvement of the relevant stakeholders;
- the representation of the performances achieved in the different areas of competence related to the economic, social and environmental sphere.

The sustainable balance must not only account for what has been done directly by the company, but also for the effects that it has produced on its sphere of influence, namely the set of the public and private entities that contribute to the achievement of company's objectives.

The Sustainability Report addresses to all those entities, public and private, who, directly or indirectly, are interlocutors of the company, that are interested in its action or that fall within its sphere of action and interest. An enterprise transmits identities and values primarily through its employees and the perception that the

market matures towards itself. The part of the Sustainability Report reserved to the identity of the company refers to that set of conditions that reflect on its way of being, from the objectives' choice, to the way of achieving them, to the relationship with the stakeholders to describe the company⁹, clarifying the principles underlying the strategic choices and daily behavior. The recipient must be able to understand how the vision and mission of the company is declined in daily activities, which are the strategic-programmatic lines and priority areas of action and must be able to understand what the corporate governance structure is. The dedicated section to the identity of the company can therefore be divided into the following sections:

- historical path and current context, with reference to sectoral reality;
- valuation guidance (values and mission);
- strategic design;
- description of projects of relevance, future development plans and the relevant interventions identified, represented in the light of their social impact on the territory and assessed according to their environmental and economic impact.

The corporate governance is one of the main interests of the stakeholders / shareholders, directly involved in the problems and control, but also affects other stakeholders when it is a way in which their demands are considered in business decisions. In fact, more and more often the concept of socio-environmental responsibility is assimilated to the idea of an open governance system and the expansion of the corporate economic subject¹⁰. Within the business strategies the decision-making process must be evaluated with reference to the CSR issues, on the assignment of tasks and responsibilities within this process and the contribution made by each company function. In order to establish a constructive dialogue with all stakeholders, they must be firstly identified. To give a definition, the stakeholders are those entities

⁹See CASALINO, DE MARCO, ROSSIGNOLI, (2015), Extensiveness of Manufacturing and Organizational Processes: An Empirical Study on Workers Employed in the European SMEs, Smart Innovation, Systems and Technologies, 2nd International KES Conference on Smart Education and Smart e-Learning, SEEL 2015, vol. 41, pp. 469-479, Italy.

¹⁰See DAFT, (2016), Organization theory and design, Cengage Learning – Boston, pp. 69-74.

or people that are expected to be or will be affected or significantly involved in the activities, products and/or services of the company and/or whose actions could influence the ability of the company to implement its strategies and achieve its objectives. This definition includes the entities or persons whose rights under the law or international conventions give them legitimate expectations towards the company. Stakeholders can include both those who “invest” in the company (for example, employees, shareholders, suppliers) and those who are outside the organization (for example, the local communities)¹¹.

The enterprise must define the sustainability objectives it intends to achieve and the relative path that it intends to follow. Sustainable MSEs therefore have an obligation to communicate also the planned improvement projects and the future development plans. All this must be identified in the Sustainability Report, as well as all progresses, achievements or not and all possible causes of the non-realization. In the case in which new situations have occurred during the year, both endogenous and exogenous, which require the re-planning of one or more objectives, it is necessary to report the changes and the causes that have generated them. The implementation of an integrated management system of social and environmental performance (“Sustainability Governance”) is the mean to harmonize the set of strategies and processes used to manage the multiple themes. A MSE oriented towards sustainability governance, can be based on internal reporting systems. However, the financial statements are not suitable for representing the company's social responsibility as they are not suitable for reading all the dimensions and meanings of the company's operations. The first phase of the reporting process consists of an analysis and reflection activity aimed at defining the reporting system, which is the basic structure of the sustainability report. This phase requires the analysis of the following documentation:

¹¹See USKOV, CASALINO, (2012), New Means of Organizational Governance to Reduce the Effects of European Economic Crisis and Improve the Competitiveness of SMEs, Law and Economics Yearly Review Journal, Queen Mary University, London, UK, vol. 1, part 1, pp. 149-179.

- institutional documents to draw information on the structure, general guidelines and company programs;
- accounting documents, to link economic and financial resources to planned, ongoing and implemented interventions;
- social / sustainability reports or other social reporting documents prepared by the company in previous years;
- reports, management reports and internal documents representing the results of the rays unified by the company;
- other documents that help to understand the context in which the company operates and the effects of its action (ex. studies and research on the economic, social and environmental system; analysis and evaluation of policies; surveys on perceived quality, etc.);
- the information acquired through the analysis of such documentation must be the object of elaboration, comparison and reflection on the part of the company in order to express its value orientation and complete the areas of reporting.

In case that the company represents a group of entities (e.g. subsidiaries, joint-ventures, subcontractors, etc.), it is appropriate to define the “perimeter” of reporting, to identify the entities that are to be included or not. In order to implement an efficient and effective socio-environmental reporting process, it is necessary to define which tools are used to collect the data and information required by the indicators that the company intend to report. The ability of the company to report on its work depends strictly on the construction of a suitable informative support system and from the level of definition. Data sheets are a tool for the management of data and information related to the issues of responsibility and allow their monitoring and reporting. The editorial approach, the choice of the language, the description and representation of the information content in the Sustainability Report must be designed according to the informational purpose pursued by the document. In general terms, it is necessary to:

- use a simple, fluent and non-redundant language;
- avoid using concepts, terms and references of administrative, technical, sectoral language and, in the case of foreign words and acronyms, it is appropriate to specify the meaning;
- use, when possible, quantitative data, tables and graphs accompanied by explanations that make clear the interpretation.

Before the dissemination, the sustainability report must be approved or drafted by the company's governing body¹². The Sustainability Report must be realized after the definition of the index and contents, having collected all needed information. In order to facilitate the drafting of the document it is appropriate to identify a person responsible for collecting data and information and drafting the document itself, possibly involving internal operational staff. The individual contributions must follow the drafting method initially defined in order to obtain homogeneous and coherent content.

A correct economic management of sustainable MSEs is fundamental for the company to be able to dialogue with all its interlocutors. For this reason, it is useful to define an articulated plan of organizational communication, both inside and outside. The communication activity is aimed at spreading the sustainability objectives inside and outside the company and, more in general, to the construction of a permanent dialogue with its stakeholders. The communication plan must define:

- the pre-established objectives;
- the different interlocutors to which it is addressed;
- the actions and the communication tools to be adopted;
- the evaluation methods of the results of the communication.

Based on the resources available, the company must permit an effective dissemination of information, making the Sustainability Report available (or an abstract)

¹²See CASALINO, CAVALLARI, DE MARCO, GATTI, TARANTO, (2014), Defining a Model for Effective e-Government Services and an Inter-organizational Cooperation Systems in Public Sector, Proceedings of 16th International Conference on Enterprise Information Systems - ICEIS 2014, INSTICC, Lisbon, Portugal, vol. 2, pp. 400-408.

to all the various interlocutors inside and outside the company¹³. To promote a dialogue with all interlocutors, the company must provide forms of participation to the Sustainability Report and collection of judgments, evaluations and public meetings with the various stakeholders, online forums, satisfaction surveys, opinion polls, etc. This listening activity must aim at evaluating the approval and the communicative effectiveness of the Sustainability Report, as well as the judgment of the recipients on results achieved. Establishing moments of involvement and stakeholder participation, leads to the consolidation of a permanent dialogue between the company and its interlocutors, improving and facilitating the programming and reporting process.

4. Tourism is an instrument of economic development for the involved areas, it is an opportunity for knowledge and cultural and social enrichment of the people, promotes relations between peoples, but also causes pollution and environmental degradation that can contribute to cultural flattening and to the loss of the local traditions of the communities involved. Activating sustainable tourism means maturing and spreading awareness that there are limits to tourism; this is why sustainable tourism should be: durable, dimensioned, integrated and diversified, planned and economically viable. Marketing provides MSEs the necessary tools to offer concrete economic, environmental and social advantages to the area in question: “sustainable tourism” is still in a development phase, so it requires a new marketing-oriented relationship by studying the real needs¹⁴ of “new tourists”. The analysis of the macro-environment and the situation, together with an effective SWOT analysis, are decisive for defining the context. Furthermore, a destination that wants to enhance its natural and cultural heritage, for sustainable development, must have three points of refer-

¹³See FRUSCIANTE, ELSHENDY, CASALINO, (2014), How Motivation Brings to Healthy Organizations: Methods and Incentives to Increase Satisfaction, Efficiency and Productivity, Open Review of Management, Banking and Finance, Regent’s University, London, UK, pp. 134-141.

¹⁴See METALLO, AGRIFOGLIO, FERRARA, CASALINO, DE MARCO, (2012), Why should people use wiki in academic environments? An empirical analysis of undergraduate students, Proceedings of the IASTED International Conference on Computers and Advanced Technology in Education, CATE 2012, pp. 431-437.

ence:

- valorization and protection of environmental and cultural heritage according to sustainability criteria;
- quality of tourist reception of the destination with the consent of the local population: cultural sustainability;
- a coherent orientation of the enterprises towards the client, with a constant study of the tourism market trends.

A marketing strategy and a product strategy aim at achieving the set objectives and defining quality, also given by environmental certifications. The promotion supports the image of the place and provides information that makes the product usable. An important factor contributing to the success of environmental tourism is the price, taking into account that sustainable tourism refers to a high-profile target (respect, environmental protection and conservation of cultural heritage), but not necessarily with high income. Regarding the “distribution” of sustainable tourism, given that the target of natural and cultural tourist destinations is specialized and prefer to travel independently, the Internet is one of the most effective tools. It is therefore essential to monitor both in economic terms and in terms of environmental impact. Sustainability indicators, if they have unexpected negative effects (stress indicators), are essential to review the MSEs strategies adopted during the design phase. It is essential to promote unique and authentic visits, building tourism products, qualifying those already mature according to the specifics of each territory and landscape. The recognition and dialogue with the identity of the places and the characteristics of each landscape must favor the production of exclusive and distinctive material goods, with high added value and difficult to imitate, such as agri-food, handicraft, manufacturing and tourist services. The differentiation of the tourist offer allows to decongest the traditional tourist destinations, to re-balance the destinations and to de-seasonalize the tourist flows. The uniqueness and territoriality of the heritage are the founding elements of local development models capable of being competitive on the global

market, also through the choice of more efficient organizational and governance solutions¹⁵.

Focusing on sustainable management and sustainable use of heritage means recognizing the value of natural and cultural capital, as well as the positive externalities they generate, in terms of ecosystem services. Tourism needs national and territorial heritage but, at the same time, returns a lot to it, enhancing the opportunity to achieve better levels of financial and economic sustainability, reinforcing its long-term management. An adequate sustainable tourism system can improve its competitiveness, generate more value, and increase the quantity and quality of tourist employment. The technological and organizational innovation, the reactivity to the transformations of the market, the skills and the conditions for the activity of the enterprises, are necessary elements that determine the growth of the competitiveness of a Country and its territories as a tourist attraction (besides of human resources, finance and technology). In this sense, it is fair to look for the reduction of tax bureaucratic and regulatory burdens for companies, also through a better use of digital services and the rationalization of the regulatory framework. To this must be added the emergence and regularization of undeclared labor relations, the regulation of new business models favored by digitization and the sharing economy, greater financial support for companies in the sector and the simplification of administrative procedures for big investment projects¹⁶. The recovery of competitiveness is associated with an expansion of the product and the expansion of the quantity and quality of employment in tourism and in related sectors. Tourism is a labor-intensive sector, where the quality of the offer is strongly linked to the quality of the service and the professionalism of the operators. This is also true in the supply chain as well as in the service and manufacturing sectors that are connected to the tourist activity. A strate-

¹⁵See GIUSTINIANO, CLEGG, CUNHA, REGO, (2018), Elgar Introduction to Theories of Organizational Resilience. Edward Elgar Publishing.

¹⁶See SHARDA, GEORGIEVSKI, AHMED, ARMSTRONG, BROGAN, WOODWARD, KOHLI, CLARK, (2006), Leading-edge developments in tourism ICT and related underlying technologies: key findings and future research directions, Gold Coast, Australia, The Sustainable Tourism Cooperative Research Centre (STCRC).

gic plan aimed at sustainable tourism involves reducing the areas of the sector not yet regulated, to grow and diversify professionalism and skills. It also aims to train new generations of workers and entrepreneurs experienced in digital technologies and able to convey creativity and talent in the action of tourism enhancement, to operate within the new forms of integrated enhancement of the territories. The tourist demand - rapidly changing under the pressure of technological innovation, accessibility of information, the opening of new large markets, the transformation of cultures, styles and travel motivations - has full centrality. The tourist is at the center of the valorization system: all the services and, more generally, all the conditions that make possible to transform the visit into a memorable experience must be oriented towards the complete satisfaction of the tourist, in order to push him back and influence, through his narration, new people to visit the country considered. A strategic plan tailored to sustainable tourism recognizes that in the current market travelers tend to seek a tourism experience rather than a mere destination and that promotion tools must be calibrated accordingly, consistent with the needs of multiple travel segments and markets. The system of tourism institutions and operators is fully integrated. Interoperability is promoted, and shared choices and responsibilities are also encouraged. Integration and interoperability are two key concepts of the overall strategy of sustainable tourism which, applied during the elaboration phase, will be repeated in the subsequent implementation phase. Both reflect the need to promote coordinated action between different and heterogeneous organizations that share mutually beneficial public or business objectives. The tourist attraction is the result of multiple factors, such as the availability of infrastructure and services, the accessibility of places, the territorial quality in a broad sense, the regulation of companies and competition, working conditions. Integrating policies is a requirement that naturally involves the permanent and organized cooperation of the institutions and agencies that, at different levels (national, regional and territorial) are entitled to it. A condition for the construction of policies is also to integrate the actors of the tourism system, which has at its center the vast and varied system of companies. Integrating the

actors means building the governance of tourism policies, activating tools for coordination and interrelation functional to the development of the tourism system. In this sense, the State, the Regions, the Local Authorities - which represent an important component in determining the success of the sector - will facilitate the creation of fertile ground for the entrepreneurial system to have the organizational, regulatory, regulatory, financial and economic support instruments, of public infrastructures - to better face the global competitive arena. The construction of the ability of these diverse and heterogeneous organizations to interact having shared and mutually beneficial objectives raises an issue of interoperability, i.e. exchange of information and knowledge among organizations, through the transfer of data between their information systems. A Strategic Plan for the activation of a sustainable tourism identifies three transversal principles, needed for the identification of the intervention path: sustainability, innovation and accessibility/permeability (physical and cultural). Sustainability in tourism is a strategy of economic development that aims to protect and enhance human, artistic, environmental and cultural heritage, and is the driving force behind advanced economies. Sustainability is not only in environmental terms but also with reference to economic development, intermodal and soft mobility, economic and territorial sustainability, the use of heritage, the creation and innovation of tourism products, the use of resources financial, authenticity and identity. The "World Tourism and Travel Council", attributes to sustainability in tourism a value strongly linked to the concept of durability over time. In fact, it meets the current needs of tourists and those who host them by protecting and enhancing the places and at the same time improving the prospects for the future. Sustainability in tourism integrates the management of all resources in such a way that the economic and social needs can be satisfied by combining the protection of the landscape, the memory of the places, the local culture and the environment. Sustainability in tourism is an essential element of competitiveness, thus becomes a factor of modern and creative development, capable of favoring the evolution of traditional tourism models while respecting the new demands of demand. Sustainability in tourism must therefore actively

contribute to the conservation of natural resources and the landscape, including providing incentives and signals for the diversified use of rural resources, giving value to landscapes and biodiversity, stimulating investment in protection and enhancement¹⁷.

Innovation refers to the introduction of new factors that bring benefits in order to strengthen its competitiveness¹⁸. These include tangible and intangible benefits, for all the stakeholders of the tourism sector and which contribute to increasing the value of the tourist experience and the “core competences” of the sector. In this sense, innovation involves a wide area of areas ranging from tourist destinations, to products, to technologies, to processes, to business and organizational models, to professional profiles and to managerial tools and practices, extending to marketing, communication, operational processes, pricing, quality of services and products. The challenge of digitization is linked to the innovation of the organizational process and of the product, which represents the true frontier of an irreversible change within which one must operate¹⁹. The viral distribution of information, the profound changes in the decision-making process of the traveler and the knowledge available to all connected users, are today more than ever the main levers of change. The abundance of data and tools push to have the utmost attention to big data and their use in tourism, aimed at better understanding how the market is oriented and how to improve predictive marketing techniques. The term accessibility is a set of conditions:

- allow accessibility for tourism and use through mobility systems, even sustainable, helping to reduce isolation of peripheral territories or poorly served, where there are resources that can be valorized;

¹⁷See CHANG, (2003), Six fundamentals of strategic implementation of information systems for destination management organizations, e-Review of Tourism Research (eRTR).

¹⁸See CASALINO, CIARLO, DE MARCO, GATTI, (2012), ICT Adoption and Organizational Change. An Innovative Training System on Industrial Automation Systems for enhancing competitiveness of SMEs, Proceedings of 14th International Conference on Enterprise Information Systems - ICEIS 2012, MACIASZEK, L., CUZZOCREA, A., CORDEIRO, J. (Eds.), INSTICC, Setubal, Portugal, pp. 236-241.

¹⁹See CASALINO, RUBICHI, GASPARRI, PIZZOLO, (2017), Organization of Processes Digitization and e-Invoicing Services for an Effective Digital Transformation of Public Sector, DigitCult - Scientific Journal on Digital Cultures, vol. 2, n. 1, Aracne.

- promote tourist enjoyment for all without distinction of age, health or other;
- make it possible for visitors to understand and interpret the history, complexity and variety of heritage visited (cultural permeability), appreciating the uniqueness and helping to strengthen the identity of places.

First, it is necessary to base the country's tourism development strategy starting from the needs expressed by tourists (demand), in order to answer with a differentiated offer of tourism systems that allow sector operators to conquer new and significant market shares. Through this strategic approach, accessibility is considered an option of choice on part of the market, overcoming the concept of the mere fulfillment of legislative norms on architectural barriers in the tourist offer. Implementing a strategy in this sense involves a context analysis based on objective information and the fundamental requirements concerning accessibility, as well as a targeted choice-based set the goals.

5. An appropriate marketing strategy to develop sustainable tourism aims to expand the tourism offer of MSEs to make them more sustainable and more competitive. In particular, the strategy is oriented to the full use of the competitive advantage linked to the plurality and variety of cultural, natural, anthropological and other cultural heritage, also expressed towards local skills, knowledge, talents and traditions. The strategic lines intend to qualify tourism in the major attractions of the country, making its use more sustainable and innovative, and aim to promote greater dissemination of visitor flows, through:

1. the creation of alternative forms of travel (for example, roads and paths) as instruments of capillary and ramified knowledge of the history and heritage of the country;
2. the growth of attractiveness of the tourist system understood not only as historical centers but also as cultural landscapes and serial sites of less well-known monumental complexes;

3. the responsible use of widespread landscape contexts, such as protected terrestrial and marine areas, mountain and rural areas and related agricultural production.

In this vision, the landscape plays a fundamental role in the sustainable tourism development strategy as a unifying part of the material and immaterial attraction bodies' elements. The innovative marketing strategies for the development of a sustainable tourism aim to activate a complementary offer, integrated and expanded with respect to large destinations (such as major cities) and to the main tourism products (such as the seaside, the open air, the congress, thermal, food and wine). From these it's possible to know the enormous historical, artistic and landscape heritage widespread in the area of reference. It also promotes the development of minor tourist destinations, such as mountain areas, where tourism is often the main economic activity, which contributes to the enhancement and conservation of the environment²⁰. Cultural and tourist development is one of the factors to relaunch local development processes that, to be successful, must be strongly integrated with other resources – both of an economic nature (for example, agriculture) and social resources (the material culture of places) - that characterize the territories. Above all, intervention strategies must be territorially integrated to fully exploit the competitive advantage deriving from the “proximity diversity”, i.e. the fact that neighboring territories can be very different for types of tangible and intangible assets and characteristics. Sustainable tourism development strategies aim to create more favorable conditions for the consolidation and relaunch of the extended tourism MSEs chain as a key sector for sustainable development. These concerns:

- the adaptation of the infrastructural network to improve accessibility and intermodality;
- promotion of innovation, digitalization and creativity;

²⁰See CASALINO, (2014), Simulations and Collective Environments: New Boundaries of Inclusiveness for Organizations?, *International Journal of Advances in Psychology (IJAP)*, Science and Engineering Publishing, USA, vol. 3, issue 4, pp. 103-110.

- dissemination of entrepreneurship, improvement of quantity and quality of employment, with attention to the youth, as well as the formation of new abilities of the human resources in the tourism sector;

- the simplification of the regulatory system and the reduction of bureaucratic and fiscal burdens;

- rationalization and simplification of aid schemes;

- the creation and strengthening of business combinations.

The transversal principles of this strategy will be the security and sustainability, both environmental (compatibility with the commitments made by the international community in terms of pollution reduction and greater use of renewables), and economic (through efficient, durable and functional interventions for the development, including tourism, of the territories). Other cross themes are:

- quality life improvement;

- competitiveness of urban and metropolitan areas - through the development of mass rapid transport systems, of new intelligent transport services for local public transport, shared mobility services, mobility cycle-pedestrian and “on-demand” services for low-demand areas;

- enhancement of infrastructures as elements of the landscape and factors to promote tourist demand - cycling routes, historical itineraries, mountain railways, etc. - integrating transport and tourism offers.

From these, the objectives of a strategic plan for the development of sustainable tourism are:

- the digitization of the tourism system and development of innovative services;

- adjustment of the infrastructure network to promote accessibility, permeability and internal mobility;

- increase of hospitality culture and development of skills adapted to market changes;

- re-qualification of tourism businesses and tourism industry repositioning with-

in international (and regional) supply chain / network dynamics;

- adjustment and simplification of the regulatory framework, also in relation to previous objectives.

6. An effective and innovative business strategy will aim to maximize the use of communication tools to raise the demand, favoring a dynamic selection of markets in which to intervene, of products and strategies to promote and commercialize. The brand, through a promotion aligned to the value proposition, able to distinguish one country from another, is a great resource to exploit: culture²¹ and lifestyle. The facilitation of market access for green MSEs could be guided by the following objectives:

- promote a greener European internal market;
- facilitate access to international markets for green entrepreneurs;
- enable concretely the uptake of resource efficiency technology through mobilities actions and cooperation exchanges between European MSEs.

The actions towards these objectives address the problem associated with the weak internationalization of European MSEs. This problem is not unique to the green technology industries, but the faster growing environmental technology markets urges for quick action from the European green technology and service providers, including MSEs. The European cluster organizations are envisaged to play a significant role in these activities. It is up to the destination's marketing to seduce the demand, lead it to purchase and get it back, to stimulate country' story and to amplify its influence. All this even in presence of integrated promotion strategies²².

The impact of the contents generated by the travelers on consumers' behavior requires, as a goal to pursue the complete innovation of techniques and promotion channels, an effective capacity of continuous adaptation of business goals, powered by the monitoring of the reputation and listening to demand.

²¹See WILLIAMSON, (1985), *The Economic Institutions of Capitalism. Firms, Markets, Relational Contracting*, The Free Press, New York.

²²See EJARQUE, (2010), *Destination Marketing: la nuova frontiera della promo commercializzazione turistica*, Milano, Hoepli.

The adopted advertising strategy must be differentiated and specialized, articulated on the sustainable product portfolio and focused on the most dynamic segments to relaunch the green sector, declined especially on the domestic market²³. In order to identify an innovative strategy for the development of sustainable tourism it is necessary to structure a territorial marketing plan²⁴. This is a programmatic and implementation document able to identify, analyze and link the resources that characterize the territory with the aim of elaborating one or more strategies for the transformation of these resources into identity - creating a winning and attractive image in the tourism market. It will define and strengthen also the embedded features of a country. They are described as all the identity characters of a territory, recognized and attractive both for those who discover the territory and for those who live in a territory in a real sustainable way.

²³See SALAMAN, STOREY, BILLSBERRY, (2005), *Strategic Human Resource Management: defining the field*, in *Strategic human resource management: theory and practice*, Sage Publications, London.

²⁴See PFEFFER, (1998), *Seven practices of successful organizations*, *California Management Review*, 40(2), pp. 96–124.