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Corporate Social Responsibility and Employer Branding: strategies for facing the new labor market dynamics

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INTRODUCTION

In today's business landscape, awareness of the social, environmental, and economic impact of companies is assuming an increasingly central role. This awareness has led to the development of major concepts such as Corporate Social Responsibility and Employer Branding, which reflect the growing importance that companies attribute to the responsible management of their activities and relationships with their employees.

This work aims to explore the synergies between CSR and Employer Branding, with particular attention to the perceptions of current and potential employees and the function of Sustainable Human Resource Management (HRM) in this circumstance. The thesis is structured into four chapters, each dedicated to a specific aspect of this interconnected theme.

The first chapter provides an overview of CSR, examining its historical development, the definitions proposed by scholars, and the strategic importance of implementing socially responsible practices. Furthermore, the transition of CSR towards the broader concept of sustainability will be explored, highlighting the challenges and opportunities that this evolution entails for companies.

In the second chapter, the focus shifts to Employer Branding, analyzing its literature, definition, the elements that constitute it, the objectives, and the methods to effectively implement it. This chapter will provide an in-depth comprehension of the position of Employer Branding in human resource management and in the attraction and retention of talent.

Following, in the third chapter, the synergies between CSR and Employer Branding will be examined, delving into Signaling Theory and the perceptions of current and potential employees regarding these corporate practices. Additionally, the crucial role of sustainable HRM in promoting a corporate culture focused on employee well-being and the adoption of responsible practices will be analyzed.

Finally, in the fourth chapter, a business case on Bottega Veneta will be presented, the company where I completed a six-month internship, focusing on the strategies implemented by the company and the Kering Group, of which it is a part, to integrate ESG

(Environmental, Social, and Governance) objectives both in environmental terms and related to employee well-being.

In summary, this thesis aims to explore the increasing importance that companies attribute to corporate social responsibility and employer branding, highlighting how these strategies are essential for attracting, engaging, and retaining talent in a constantly evolving corporate environment, where ethical and sustainable considerations have become essential for the long-term success of companies.

I. THE EVOLUTION OF CSR OVER THE PAST DECADES AND ITS DEVELOPMENT INTO SUSTAINABILITY

1.1 Context of analysis

1.1.1 The Neoclassical vision of work

The world of work plays a central role in all of our lives and the factors that contribute to a successful job or career are complex and intricate. Happiness at work is often defined as the key to success, but work must also satisfy a series of emotional, cultural and economic needs. How people feel about their jobs, how they view their wokr, and how they select certain positions are all important factors in understanding how workers are developed and managed.

Nowadays, the main factors that influences the choice of one workplace among all generational groups is the personal fulfillment, the balance between work and private life, and the personal growth in their career.

In the context of the neoclassical vision of work, the prevailing perspective was focused on profit maximization and efficiency, considering workers primarily as resources for production. Employees were often seen as interchangeable factors of production, and the employer-employee relationship was generally characterized by a more transactional approach. The neoclassical vision, a theoretical approach in the field of labor management and economics that developed mainly in the time period spanning the late 19th and early 20th century, assumes that workers are rational beings and that their decisions are guided by economic rationality. In other words, it is supposed that workers seek to maximize their self-interest, which can be defined in terms of wages, working conditions, safety, and other factors. Humans are often represented as a rational economic figure who makes decisions based on a cost-benefit analysis.
The neoclassical interpretation suggests that wages are the main driver of motivation for workers. An increase in wages is assumed to induce to perform more difficult tasks or be more productive. The labor market is considered a market like any other, subject to the laws of supply and demand. There is contractual freedom between workers and employers, allowing them to negotiate wages and working conditions through consensual contracts.

Many companies, both in Italy and internationally, were characterized by a rigorous hierarchical model, with a clear separation between managers and workers. Decisions were often made by leadership without much employee participation or consultation.
Hence, in the industrial era of the 20th century, many businesses were highly profit oriented; profit maximization was often at the heart of corporate strategies, and working conditions could reflect this priority, with an emphasis on production and efficiency sometimes at the expense of employee well-being. That time was characterized by the growth of the manufacturing industry, with a focus on mass production and standardization of production processes. There was less attention on social innovation and humanism in the workplace. Worker participation and welfare policies were often unconsidered. Traditional, authoritarian leadership models were often predominant. Bottom-up communication was common, and collaboration between employees and leadership was very loose. Having a job was considered prestigious and respectable. Society placed great value on each individual's contribution to the world of work. Considering that most people work for the same company their entire lives, the jobs were frequently long-term and permanent. Employment shaped one's identity and social standing since it was a crucial component of one's personal identity.
For instance, although on one hand the neoclassical view has contributed to developing a deeper understanding of labor market dynamics, one the other, it has also been criticized for its oversimplification of human behavior and for its insufficient consideration of social, psychological and organizational factors that influence work. The idea according to which wages are the primary motivator for workers has been a defining feature of the neoclassical era and of some traditional economic theories, but this view, based on the assumption that people act primarily rationally to maximize their self-interest, and that money is a universal and direct incentive to induce desired behavior, has been subject to criticism with the time.

Over the years, social, technological and economic transformations have led continuously to a more dynamic and complex vision of the world of work. This transformation of workers' vision from an exclusive focus on salary to a greater attention to corporate interests and shared values has been a complex process. Contemporary principles of motivation, such as

Self-Determination Theory[1] or Equity Theory[2], recognize that money is only one of several factors that can influence workers' motivation, and that aspects such as recognition, personal development and quality of working relationships are equally important.

1.1.2 The new Humanistic role of companies

In different eras, in distinct industrial contexts, two extraordinary entrepreneurs have left an indelible mark not only on the business world, but also on the collective consciousness of Corporate Social Responsibility. Adriano Olivetti, key figure of the industrial era of the 20th century, and Brunello Cucinelli, contemporary icon in the world of luxury and fashion, share a deep and surprising bond: the timeless belief that the firms should be not only a financial force, but also a social transformation agent.

Both pioneers in their entrepreneurial approach, Olivetti and Cucinelli embrace a humanistic philosophy that transcends the boundaries of production and commerce. Olivetti, in its effort to combine technology and humanism, anticipated the importance of Corporate Social Responsibility even before the term entered on common corporate language. Cucinelli, on the other hand, has rewritten the rules of luxury fashion, fusing traditional craftsmanship and sustainability, proving that luxury can coexist harmoniously with ethical responsibility.
This section aims to explore the similarities and differences in the visions of Adriano Olivetti and Brunello Cucinelli, identifying the distinctive traits that define their common legacy in the panorama of corporate social responsibility. Through a profound analysis of their business practices and key initiatives, we will seek to understand how these two figures

[1] The Self-Determination Theory was developed in 1985 by psychologists Edward Deci and Richard Ryan in their book Self-Determination and Intrinsic Motivation in Human Behavior. This theory provides a framework to study motivation and defines intrinsic motivation as well as various extrinsic motivations. It also clarifies the roles of intrinsic motivation and different types of extrinsic motivation in cognitive and social development, along with individual differences. Furthermore, the self-determination theory emphasizes how social and cultural factors can either facilitate or obstruct people's sense of volition, initiative, well-being, and performance. It proposes that when people experience autonomy, competence, and relatedness, they are more likely to be motivated and engaged in activities, leading to improved performance, persistence, and creativity. In contrast, when these psychological needs are unsupported or frustrated in a social setting, it can negatively impact well-being in that context.

[2] The equity theory, developed by J. Stacy Adams, suggests that employees strive to maintain a fair balance between their contributions and rewards in comparison to their colleagues. This theory states that employee motivation is affected by their perception of fairness. Employees compare their efforts and outcomes to those of their coworkers, taking into account factors such as effort, performance, skills, education, and experience as inputs, and pay, benefits, and promotions as outcomes. If employees feel that their inputs and outcomes are unfair in relation to their peers, it can result in demotivation and job dissatisfaction.

shaped not only the fate of their own companies, but also the broader conversation about the mission and impact of business in society.

1.1.2.1 Adriano Olivetti

Adriano Olivetti[3] is a figure who went beyond the boundaries of the company to embrace a vision in which the success of the company was intrinsically linked to the well-being of society and its citizens. In the era in which the industrial and technological revolution was redefining the face of businesses, this visionary entrepreneur stood out not only for the innovative machines produced, but for an entrepreneurial philosophy that was ahead of his time. With a clear awareness of its social responsibilities, Olivetti created a model that goes beyond mere profit, anticipating current discussions on the need for businesses to be responsible actors in shaping the social fabric. A. Olivetti, head of the Olivetti company in the 1930s and 1960s, is known for introducing innovative approaches to personnel management that deviated from the traditional neoclassical vision. This transition from the neoclassical vision of work to a more humanistic vision reflects a change in the perception of the role of work and work relationships. Adriano Olivetti adopted a more human-centered approach, inspired by ideas and placing the dignity of the worker, active participation and the importance of creating a satisfying work environment at the heart.

"The factory cannot only look at the profit index. It must distribute wealth, culture, services, democracy. I think of the factory for man, not man for the factory, right? We need to overcome the divisions between capital and labour, industry and agriculture, production and culture. Sometimes, when I work late, I see the lights of the workers doing double shifts, the office workers, the engineers, and it makes me want to go and offer a grateful greeting"[4].

Olivetti promoted employee participation in company decisions, invested in training and professional development, and sought to create a collaborative working atmosphere. This change represents a transition towards a humanistic vision of work, which does not see

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[3] Adriano Olivetti (April 11, 1901- February 27, 1960) was an Italian entrepreneur, mastermind, industrialist and politician. He got noticed transnationally as the Italian manufacturer of Olivetti typewriters, computers and calculators. He was the son of Camillo Olivetti, the author of Olivetti, and Luisa Revel, the son of a prominent Waldensian pastor and academic. The Olivetti company had been established by his father. originally employing 30 workers, the Olivetti plant concentrated on electric dimension bias. Twenty- five times after Remington in the United States, in 1908, the company began producing typewriters. Adriano Olivetti converted the small factory operations into a ultramodern plant. He supported the romantic Community Movement system. In his company, in addition to directors and technicians, he employed a large number of artists similar as pens and engineers, reflecting his interest in design, civic planning, and armature, which were nearly tied to his particular romantic vision.

[4] Adriano Olivetti, direct speech

workers simply as means to an economic end, but recognizes their importance as individuals with unique needs, talents and contributions. This approach focuses on the empowerment of employees, their personal fulfillment and the creation of a work environment that goes beyond mere economic production. Being a worker at Olivetti meant being privileged at the time, compared to any other worker. In addition to a higher average salary, you could access an innumerable number of services and take advantage of different working hours. Furthermore, many benefits meant that the salary received was actually greater within the family budget as they did not have to bear certain expenses.
The services provided by Olivetti appeared to be equivalent for any type of employee, there was no distinction between worker and manager, to the point that the children of some went to nursery or summer camps with the others. The services offered ranged from the canteen, which offered two daily, dignified meals for everyone in a well-kept and cutting-edge environment, to the health services which guaranteed periodic visits and checks. It is noteworthy to consider that this type of service at the time had an even greater value than today, in fact the national health service had not yet been established and the hot meal was not so obvious for everyone. The children of employees were educated directly by Olivetti school; women had a maternity period of 9 months, therefore longer than the current one, which was also obtained following trade union struggles, and with 100% pay which is currently not provided for by law. Employees could train and specialize and therefore study thanks to Olivetti and had the opportunity to frequent, even during working hours, well-stocked libraries to create a solid culture. Furthermore, to take benefit of these chances, it was possible to opt for flexible working hours thanks to which the employee was made autonomous and responsible and therefore had the possibility of making use of all the spaces during working time. The short week was established in 1957 and when some reductions in working hours were made over the years, the salary was never affected.
The sum of all these factors made Olivetti's fortune both in terms of productivity and in the social sphere. The figure of the entrepreneur stands out from the classic one of his contemporary entrepreneurs. This shift in perspective has been a significant step in the evolution of business practices and helped shape the debate around corporate social responsibility and the considerations of corporations' social role. In many cases, the transition to a more humanistic approach has proven to lead to benefits not only for employees, but also for the long-term sustainability of businesses themselves. As already underlined in the essay, Olivetti was so knowledgeable about the problems of society, studied

in a visceral and precise way, that he provided remedies for them which are timeless and always valid.
Olivetti has ventured into completely different disciplines, successfully integrating one into the other, establishing a link between the various conceptual areas, and creating a complete picture of vision. He spoke about healthy factories that were also architecturally integrated into the surrounding area and visually appealing; it extolled the concept of respect for the worker and his family and did not overlook the importance of ensuring the right to education and healthcare. His job was more than just a business one; he seemed to want to put the human being at the center of his project. It is therefore possible to state that Adriano Olivetti's approach to doing business was certainly modern, sometimes even superior and more far-sighted than that adopted by contemporary industrialists.

1.1.2.2 Brunello Cucinelli

Another pioneer in the integration of ethical values and CSR practices in the world of high-end fashion is Brunello Cucinelli. In the luxury fashion scene, few names shine with the same intensity as Brunello Cucinelli. In addition to being the architect of an empire of style and sophistication, Cucinelli stood out for something deeper and more significant: a vision impregnated with humanism, ethics and sustainability at the heart of his enterprise. Its brand is a testament to a business philosophy that embraces beauty, craftsmanship, human dignity and an unconditional commitment to social and environmental good. Through a series of initiatives and business practices, Cucinelli has shaped his company not only as a style icon, but as a beacon of social responsibility, challenging convention and demonstrating that luxury and sustainability can coexist harmoniously. Cucinelli has pioneered a new business model, the humanistic company, founded on promoting the dignity of workers within the firm. As such, he has cultivated a company culture that provides secure working environments and fair pay, but most importantly, esteems and regards each employee.

The motivation for Brunello Cucinelli's idea of a Humanistic Enterprise stems from memories of his youth. What Cucinelli recalls from that time was his father returning home from work at the factory, exhausted and unsatisfied. Deeply affected by this memory, Brunello developed the belief that people deserve to work in an environment that values them as humans and workers, that does not strip them of their dignity. He developed a distaste for the notion of pursuing profits at all costs, especially when it means disregarding the well-being of workers. Instead, he believed that people should be at the center of business. With that in mind, in the small village of Solomeo in the Perugia province, Brunello

Cucinelli built the first humanistic company, a concept of doing business that is markedly different from the modern one, as it focuses on the dignity of workers and sees profits merely as a means to "Improving the lives of workers, sustaining the beauty of the world and realizing projects aimed at the future generations of workers"[5].

In the Brunello Cucinelli Humanistic Enterprise, every employee is regarded as a "thinking soul", implying that each individual is not just a worker but also a human being existing in spiritual, personal, and emotional realms that should not be disregarded. Each "thinking soul" at Brunello Cucinelli is seen as equally valuable, regardless of their position within the company. Decisions affecting the company are made collectively, with various committees established within the organization. Nevertheless, there is no rigid hierarchy that must be adhered to, and senior positions are typically viewed as reference points aimed at fostering communication and teamwork.

When considering his daily reality and routine at the company, Cucinelli himself acknowledges the significance of ensuring that every employee receives copious time off from work to engage in activities that align with their cultural interests, for the benefit of the company. He holds a belief in the significance of taking rest, contrary to the prevalent inclination towards working unsustainable hours.

The manufacturing operations of Brunello Cucinelli primarily take place in the city of Solomeo, located in the region of Umbria. Cucinelli has initiated a restoration project to provide a comfortable and safe working environment for artisans, as well as to enhance the overall appeal of the town. This effort not only allows employees to work in a secure setting, but also in a warm and stimulating atmosphere. Additionally, in 2015, Brunello Cucinelli partnered with Florence University to design proactive ergonomic measures addressing possible safety concerns in the workplace. Special care is given to examining the potential impact of solvents used in laundry facilities on the workers' health and safety. Certainly, to ensure the security of employees, the enterprise supplies them with protecting and specialized workwear and conducts regular health screenings.

As a company guided by humanistic principles, Brunello Cucinelli prioritizes the dignity of its workers and as a result provides generous compensation to its employees. Indeed, in 2012, its staff were already receiving approximately 20% higher wages than the industry's national average. Furthermore, when the company expanded to the financial markets in 2012, it allocated €5 million profits among its 783 employees at that time. The rise in profits

[5] Brunello Cucinelli, My idea of Humanistic Capitalism and Human Sustainability, speech to the World's Great Leaders on the occasion of the G20, Rome, 31 October 2021

demonstrates the success of the humanistic enterprise, and the belief that human dignity must stay a priority. Furthermore, during the challenging economic circumstances of the 2008 downturn, Brunello Cucinelli demonstrated a commendable commitment by affirming their decision to avoid staff reductions. Instead, they fostered a culture of creativity and diligence, actively encouraging their employees to generate fresh concepts to improve the status of the brand. The unique internal organization has enabled Cucinelli to create a positive work environment where employees feel secure, valued, and empowered to express their ideas freely.

Brunello Cucinelli brand demonstrates a high level of social responsibility that surpasses typical corporate obligations and exceeds societal norms. In fact, the brand not only meets the criteria for eco sustainability and social responsibility, but also promotes the concept of the humanistic enterprise, which is inherently more sustainable than profit-centric businesses, regardless of their level of corporate social responsibility.

In pursuit of the humanistic vision for their company, Brunello Cucinelli has introduced an ethical code consisting of ten overarching principles.

I. Adherence to these principles is expected to safeguard the well-being of all parties involved in the company legality.

II. Human Dignity and Well-being: The company strives to ensure fair treatment, respect, and dignity for all employees, alongside providing a safe working environment.

III. Human Privacy: Full privacy of personal information is guaranteed by the company.

IV. Transparency: The company is committed to transparently communicating its situation to all stakeholders without favoring any particular group.

V. Human Resource Development: Efforts are made by the company to develop the skills of every employee while fostering a culture that values personal qualities and experience.

VI. Honesty and propriety: The company maintains relationships with all stakeholders based on propriety, integrity, impartiality, professionalism, cooperation, loyalty, transparency, and mutual respect.

VII. Quality: The company pledges to supply products of high quality that meet market and stakeholder satisfaction, emphasizing the importance of Italian craftsmanship.

VIII. Environmental protection: The company strives to balance economic initiatives with environmental needs, adhering to national and international laws.

IX. Responsibility toward the community and support for the territory: The company actively seeks to address the needs of the communities in which it operates.

X. Protection of competition: The company operates in compliance with national and international antitrust laws and regulations.

Adhering to the ten principles outlined in the company's code of ethics is essential to uphold the functioning of the humanistic enterprise. These principles are followed by all entities collaborating within the company's value creation chain, and it is expected that they will conduct themselves accordingly. The foundation of the humanistic corporate philosophy lies in the idea that "Profit is generated through a commitment to minimizing harm to individuals and upholding the moral and economic dignity of people"[6]. The ten principles serve as ideal guidelines for realizing this goal. Brunello Cucinelli is indeed regarded as a trailblazer in exhibiting responsible practices within the luxury fashion market. His unwavering moral values, coupled with the financial means to support causes that he deems significant, have facilitated the development of an esteemed reputation for him, not only as a respected trendsetter and businessperson, but also as an individual who prioritizes the welfare of his community and employees above any other concerns, whether they be related to financial gain or not.

Therefore, in an era where the business philosophies of Brunello Cucinelli and Adriano Olivetti have left a lasting imprint, reflection on the role and perception of work continues to evolve in extraordinary ways. Cucinelli and Olivetti, pioneers of a humanistic approach to business management, have forged their companies not only as creators of high-quality products, but as vehicles of intrinsic values of dignity, creativity and social responsibility. However, while the past has offered us inspiration through these iconic figures, the present introduces itself with a rapidly evolving landscape of work with a phenomenon that sees a significant number of workers voluntarily abandon their jobs: The Great Resignation.

1.1.3 The phenomena of Great Resignation and Quite Quitting

In the dynamic landscape of the modern workforce, there is a notable trend known as the the Great Resignation, characterized by a shift in the traditional relationship between employers and employees as workers redefine their expectations and commitments. The phenomenon of the Great Resignation has resulted in related terms such as Quiet Quitting,

[6] Brunello Cucinelli, My idea of Humanistic Capitalism and Human Sustainability, speech to the World's Great Leaders on the occasion of the G20, Rome, 31 October 2021

which signify employees disengaging from their additional responsibilities and employers assigning unfulfilling and undesirable tasks.

1.1.3.1 The Quite Quitting

Generally, the term "Quit Quitting" implies a less noticeable or quiet way in which employees disengage in their work, where they do not physically leave their job but instead become emotionally withdrawn or less committed. The term indicates when employees purposely limit their work activities to only those required by their job description, meeting but not surpassing the established expectations, setting boundaries, avoiding any extra tasks, and doing all of this in a way that simply maintains their current job status and prioritizes their well-being over the broader goals of the organization. This idea is connected to the realm of employee satisfaction and drive in the workplace.

If employees are not happy, motivated, or committed, they may show this by becoming less emotionally invested in their work, even if they do not actually quit their job. The reason for workers quietly leaving their job is due to their lack of external motivation, psychological tension from their job, and internal conflicts. Many times, quietly leaving a job is seen as a reaction to a hidden form of exploitation, as numerous companies rely on the risky belief that employees should consistently go the extra mile without any extra pay (O'Connor, 2022). Negative stereotypes and bad impressions are easily remembered. Therefore, employees find it easier to understand and empathize with the decision to resign quietly, as it has a strong emotional impact. Companies that acknowledge and tackle this form of disengagement can make efforts to enhance employee satisfaction and motivation, ultimately leading to the development of a more positive and productive workplace.

1.1.3.2 The Great Resignation and its implications in the labor market

The other phenomenon is the so-called "The Great Resignation". This expression was introduced in a Bloomberg Businessweek article in May 2021 by Anthony Klotz, an academic and psychologist affiliated with Texas A&M University. He made a forecast regarding the impact of the COVID-19 pandemic and the relaxation of restrictions on employees' work-related behaviors and attitudes. His forecast proved to be correct. He interprets the great resignation as a significant and willingly exodus of workforce.

In recent decades, the labor market in major industrialized economies, such as Australia, Canada, the European Union, and the United States have all reported some of the lowest rates of unemployment. The current tightening of the labor market can be attributed to a prolonged period of economic expansion, a discrepancy in the skills demanded by the evolving economy, and an unforeseen shortage of labor resulting from the COVID-19 global health crisis. Simultaneously, there is a growing trend among employees to experience heightened conflict between their work and personal lives because of heightened workplace demands, longer working hours, and heightened stress associated with their job. When employees begin to display cynicism, it can lead to a spread of resignations as their negative attitudes can influence their colleagues (Brown et al., 2022; Klotz, 2022).

The conditions and momentum brought about by the COVID-19 pandemic may have facilitated workers' decisions to resign (Klotz, 2022). The increased provision of unemployment insurance benefits amidst the pandemic, accompanied by concerns about potential illness and heightened needs for familial and childcare responsibilities, lead to a higher incidence of employee resignations. Emphasis is placed on psychological stress, occupational burnout, and symptoms of depression and anxiety.

In the year 2022, over 40 million individuals in the United States voluntarily resigned from their positions, surpassing the previous year's record. The Great Resignation in fact began in 2021, when the US economy, but not only, restarted with the mitigation of the problems caused by the pandemic. In fact, the latest data speaks of over 8 million people who left their jobs between November and December 2022 (Quits: Total Nonfarm | FRED | St. Louis Fed (stlouisfed.org).

There are many reasons for this quiet "exodus". From the frustration of not being able to fulfill your professional goals at work to feeling restricted by a lack of flexibility, and even encountering a disconnect between personal values and the company's values. It is particularly the younger generation, known as Generation Z[7], who are leading this shift, as they are prioritizing their personal happiness over their careers more and more.

According to the HR Trends & Salary Survey by Randstad Professionals, there has been an observed increase in resignations within companies that have a younger workforce, confirming the trend. According to human resources workers, this trend is often linked to the younger generation's inclination to explore improved opportunities, including those on a global scale, rather than a significant overhaul of their way of life.

The global trend of The Great Resignation is gaining momentum and having a significant impact in Italy as well. As per the findings of the Randstad Work monitor (2022), nearly 30% of employees in Italy are currently seeking out new job opportunities. For instance, our country is ranked third globally in terms of this indicator. Here the phenomenon can only be of limited scope, also considering that the people who changed jobs in the United States in

[7] People born from 1997 to 2012

2022 would numerically represent more than 70% of the Italian population. In Italy, 1.6 million people voluntarily left their jobs between January and September of 2022, according to the most recent data on large resignations. The surge in comparison to the corresponding period in 2018 was more than 22% (Istat).
In light of that, the first confirmation comes from data of the AIDP, i.e. the Italian Personal Management Association. They say that voluntary resignations affect 60% of companies, mainly in the IT, marketing and sales areas. They are mainly young people in the 26-35 age group, i.e. 70% of the sample analyzed by Aidp, who have changed jobs and are mostly employed in companies in Northern Italy.
Another contributing factor to the phenomenon of the great resignation is the changing dynamics of the global economy. We are currently deeply embedded in the fourth industrial revolution, marked by the presence of artificial intelligence, automation, blockchains, cloud computing, and machine learning. These advancements are also altering the manner in which we engage in work, the tasks we carry out, and the locations in which we conduct our work. Consequently, a significant number of employees express heightened concerns regarding job stability, especially among those who perceive themselves as most susceptible to automation. According to Lu (2019), the changing economy necessitates the development of additional skills including functional and soft abilities, leadership qualities, digital literacy, and proficiency in multiple languages. In Italy, AI's impact is seen as less substantial compared to the worldwide average. In the Italian landscape, the attitude towards AI varies with each generation, as younger individuals are more inclined to believe that AI will impact their careers, both in a positive and negative way. Just 14% of Gen Z believe that this technology will not have any impact at all. For Millennials, the percentage goes up to 17%, and for Baby Boomers, it climbs to 34%.
According to Green (2022), it is proposed that the term the Great Resignation should be replaced with "The Great Mismatch" as workers are becoming increasingly aware of the negative effects of the neoliberal agenda, which has led to job instability, low pay, and declining working environments. The assertion is made that labor unions will play a vital role in supporting workers in the years to come. Employers may also acknowledge the significant contribution that unions can make within the workplace. Detert (2022) also acknowledges the presence of organizational silence and argues that the phenomenon of the great resignation and quiet quitting share a common root cause. Employees experience dissatisfaction when they perceive a lack of opportunity to express their opinions in the workplace. Managers in the field of human resource management are frequently responsible

for leading the development and implementation of initiatives aimed at increasing employee engagement.

All this considered, the Great Resignation cannot solely be attributed to the post-pandemic era, as it is part of a trend that has been ongoing for years and involves diverse employment paths. Upon closer examination, it becomes apparent that a significant number of resignations from last year were actually more of a "delayed resignation" as a result of the labor market being "frozen". In numerous instances, the decision to resign was primarily influenced by the opportunity for a new job, prompting us to reconsider the implications of transitioning from one job to another. The statistics released by the US Bureau of Labor Statistics have sparked a discussion on the phenomenon of "The Great Resignation," as recent surveys have revealed that by the end of March 2022, there were approximately 11.5 million job vacancies, and the number of resignations had surged to a peak of 4.5 million people leaving their jobs. Three percent of the total workforce. The occurrence of resignations in America has seen an unprecedented increase, particularly when compared to the pre-pandemic rate of not surpassing 2.4 percent.

1.1.4 Is the world of work undergoing an epochal evolution?

Based on the influential research of Fuller and Kerr (2022), the conclusion appears to be negative, as evident from the pattern of resignations before and after the pandemic. This pattern indicates that the occurrence of voluntary resignations cannot be solely attributed to the past two years, as it had been steadily increasing at an average rate of 0.10 percent per year from 2009 to 2019. An element that effectively disproves the misconception that individuals have abruptly chosen to exit the labor force. The assertion of a greatly inflated myth is warranted when considering the context of overall employment trends over the past twelve years in the United States.

The so-called "The Great Resignation" is not solely a result of the short-term disruptions caused by the pandemic, but rather reflects a continuation of a long-term pattern. While it is accurate that a record number of workers resigned from their positions in 2021, it is important to note that this figure encompasses individuals who may have resigned in 2020 if not for the impact of the pandemic. Currently, we have reverted to following the trend that existed before the pandemic, a situation that American employers may have to manage for an extended period in the future. Fuller and Kerr (2022) delineated five factors, exacerbated by the Covid emergency, that have merged to bring about the alterations currently revealing in the contemporary labor market: retirement, relocation, reconsideration, reshuffling and reluctance (the 5 R in the English literature). As indicated by the World Economic Forum (2023), certain worker needs, such as the ability to have more flexible control over their work hours and location, were already existing factors prior to the pandemic. The advent of remote work during the pandemic accelerated this trend, making these aspects more pivotal in workers' decisions to potentially alter their professional trajectories. According to reports from the World Economic Forum (2023) and the Harvard Business Review (2021), this vision has been particularly widespread among white-collar workers and mid-career employees, especially in America. They are involved in completing administrative and managerial responsibilities which can be efficiently accomplished with the assistance of appropriate technological resources and training even beyond the boundaries of the organization.

Nevertheless, numerous perspectives in the discussion depict a phenomenon that cannot be easily characterized as a complete departure from the workforce for millions of individuals, but rather displays a significant diversity in employment paths. In this context, there has been discussion of reshuffling job roles, for example. A reallocation of these positions from industries that experienced significant pressure during the pandemic to those equipped to promote a balance and harmonization between work and other facets of everyday life.

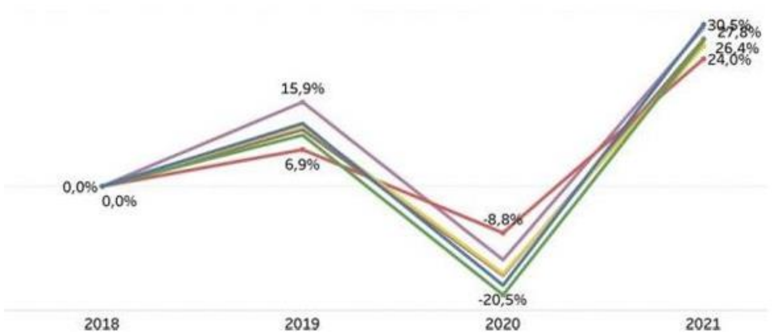
Moreover, the prevalence of extensive resignations in both America and Europe can be attributed to workers in the technology and healthcare industries, who have opted to seek alternative employment options in pursuit of a more favorable work-life balance and the fulfilment of their individual needs. In other instances, the rise in resignations was observed among employees experiencing less than ideal working conditions. Paradoxically, these individuals took advantage of the pandemic situation to transition to sectors in need of a workforce, resulting in better employment conditions and contributing to a turnover in employment rather than a total exit from the labor market.

Some scholars referred to the concept of "The Great Mismatch" rather than the commonly used term "The Great Resignation", presenting a more comprehensive and intricate framework within which the trend of increased resignations could be understood, even if it is only perceived as a singular occurrence. Building upon the concept introduced by the Economist over a decade ago, we currently face an increasing disparity between the expectations of employees and employers. This disconnect extends beyond the skills possessed and desired, delving into deeper underlying factors. The pandemic has undoubtedly altered employees' expectations regarding certain aspects of their work, including the balance between professional and personal life, the significance of leisure time, and the degree of autonomy they have from their workplace. This was added to an existing ten-year period of significant challenges in recruiting qualified individuals.

The topic of "The Great Resignation" has been debated in Italy as well, with some overlaps between this hypothetical phenomenon and others, much longer standing, linked to the chronic misalignment of job supply and demand. This overlap led to confusion regarding the nature of the resignations and their potential causes. The initial step to prove it is to conduct an analysis of the data to contextualize the subject, with the aim of gaining insight into the nature and extent of its presence within our nation. The recent data of the "Rapporto annuale sulle Comunicazioni obbligatorie 2022" provides valuable assistance.

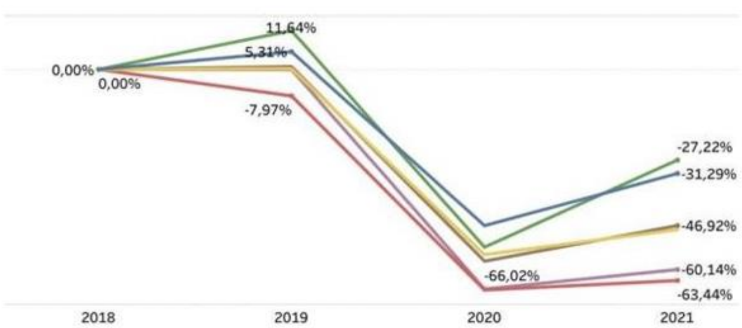
2019	**2020**	**2021**
1.839.747	1.566.454	2.045.200

Table 1. Employment contracts terminated due to voluntary resignation
Source: Rapporto annuale sulle Comunicazioni obbligatorie 2022

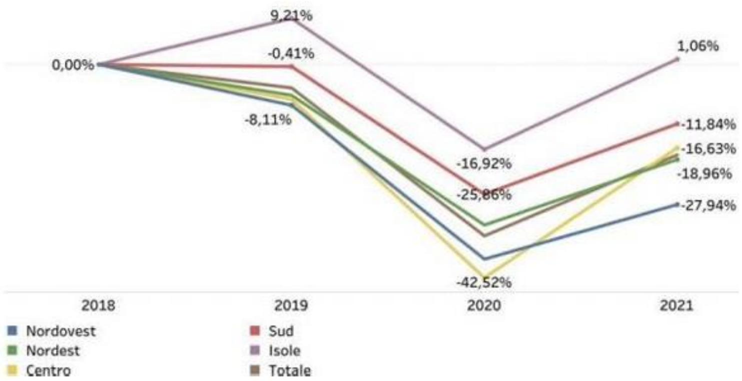


Graph 1 - Italy: Resignation in June

Source: Inps



Graph 2 – Italy: Resignation in June due to economic reasons
Source: Inps



Graph 3. Italy: termination in June due to end of employment contract
Source: Inps

In 2021, there was an increase of 205 thousand resignations compared to 2019. This surge in resignations can be attributed to the exceptional circumstances of 2020, which led workers to postpone any plans to resign. Hence, an increase of 11.6 % in comparison to a decrease of 14.9 % witnessed in the year 2020. This is a phenomenon that cannot be disregarded; however, it does not appear to justify a narrative that depicts acceptance of resignation as the prevailing approach to navigating the labor market as a novel development in the realm of employment. The decrease of 273 thousand discharges in 2020 compared to 2019 and the subsequent increase of 205 thousand discharges in 2021, in relation to 2019, may indicate a concentration of last year's resignations in "postponed resignations." Compared to 2020, the labor market experienced a significant delay due to various lockdown measures that not only halted the demand for labor but also imposed regulations, such as a freeze on layoffs for the majority of the year.
Based on our observations, it appears that this dynamic is present in the Italian case and in the most recent American analyses. It is a response to a labor market structure that exhibits greater rigidity when it comes to entry, ineffective systems for matching job demand and offers, and a low inclination for worker mobility. Consequently, this leads to a decrease in job opportunities and resignations.

On account of this, the American background had a significant role in the emergence and popularization of the term “The Great Resignation”, particularly in relation to the romanticized notion of this phenomenon. At the close of the previous century, a comparable phenomenon emerged in the United States known as the "War for Talent", a concept introduced by the consulting firm McKinsey.

The War for Talent, upon reexamination, appears to have set the stage for a more expansive contemplation on significant resignations. In this instance, the primary focus revolved around the challenge faced by major American multinational corporations in maintaining skilled and seasoned employees within their workforce, stemming from the heightened competitiveness of labor markets.

Upon further examination, individuals concerned about significant resignations today are not necessarily surprised by the decision of a free individual to retire and pursue their own life. Rather, they are worried about the potential impact of this phenomenon on the production and employment system, with the resulting abandonment of a large group of workers. In this context, whether an individual chooses to permanently leave the workforce or transition to a new job, the challenge for companies and public employers is still understanding how to effectively address their organization's employment requirements and remain appealing to both current employees and prospective candidates. The solutions are arranged on at least two levels that are interlinked. The first aspect deals with organizing the workplace and work experience, while the second focuses on workforce training practices.

In relation to the first aspect, recent monitoring by Randstad shows that nearly 7 out of 10 Italians have adapted their perspective on work to better fit their personal commitments (69 percent), the highest percentage among the major European countries since that the increased awareness after the pandemic leads to a desire for workplace change. In this regard, 73% of individuals have implemented measures to enhance their equilibrium between their professional and personal lives, with a particular focus on female employees (75%) and those aged 35-44 (78%). Once again, as indicated by this study, factors such as corporate culture and values, career progression, and job content are shown to be significant considerations in addition to remote work. This underscores the increasing trend of individuals not only seeking employment, but also seeking fulfillment and satisfaction in their work. As such, it is the responsibility of the employer to ensure these conditions are met and to effectively communicate them so that they may be determining factors in the selection of a given position over another. According to the Talent Trends Report 2022 by Randstad, an additional point of interest is that 86 percent of respondents are of the opinion that a more inclusive company is also more inclined to be innovative. A majority of 73% of HR managers are of the opinion that the implementation of diversity, equity, well-being, and inclusion practices within organizations is crucial for attracting highly skilled candidates and offers a

distinct advantage. Corporate or organizational culture, as well as flexibility, diversity, and inclusion, along with welfare, are essential components for ensuring the competitiveness and attractiveness of an organization in today's dynamic markets. While these factors alone may not be sufficient to manage work dynamics, they nonetheless play a crucial role in establishing an organization's competitive edge.
The aforementioned factor, leading to the second point, presents a significant challenge in addressing the issue of employee resignations. This challenge is in response to the growing demand, particularly among young individuals, for employment opportunities that not only provide a "job place", but also offer opportunities for training and the development of valuable connections for the mutual benefit of both parties involved in the employment contract. In this context, if we seek to implement structural interventions, training resources and career trajectories designed to cultivate expertise and professionalism in a way that recognizes, and rewards achievement become essential.

All things considered, there are other important changes besides economic, environmental, and geopolitical ones that are having an impact on businesses and jobs. For the millennial generation, lifestyles, tastes, and demands in both personal and professional spheres are evolving rapidly. Gone are the days of adhering to a fixed schedule and working in the same place or job for life. Instead of being evaluated only on the quantity of hours worked or their physical presence in the company's facilities, people today prefer to work according to objectives, phases, and schedules and to be evaluated on their effectiveness and the results they generate. The new landscapes are one of mobility and job switching, quick adaptation to changing work environments, and satisfying employee demands. Instead of being seen negatively, employment is now seen more favorably as an essential step toward acquiring valuable skills. In this field, contemporary technologies are a resource that facilitate important social and cultural changes, which may lead to the creation of new employment and career opportunities. After reviewing the analysis that has been provided thus far, it is necessary that businesses ask themselves: "Which strategies should we implement in order to adapt to this new situation and to meet the needs of all stakeholders, but more than anyone employees?"

1.2 Literature Review

Due to companies growing awareness of their commitment in the whole society beyond just making profits, a new concept has gained more and more popularity in academic literature and the business community in recent years. The advantages of carrying out social responsibilities have been demonstrated in numerous studies. Therefore, the answer to the previously posed question could be: Corporate Social Responsibility.

Corporate social activities have the potential to cultivate a positive brand image and reputation. It serves as a crucial component of implementing a differentiation strategy and offers businesses a creative way to improve employee relations. Given the circumstances, it is extremely important to look over and analyze the body of research on CSR from both a theoretical and practical standpoint. Based on the content analysis of existing CSR literature and its evolving concept towards sustainability, the aim of this study is to demonstrate how CSR has been defined, what aspects of CSR have been empirically tested, and what results can be obtained from fulfilling it.

1.2.1 When, how, and why the term CSR developed

The role of business in society and its relationships have been extensively discussed since the inception of capitalism, with various perspectives emerging from economic and organizational theory (Lizcano and Moneva, 2013). According to Ruiz et al. (2013), the origins of Corporate Social Responsibility (CSR) can be traced back to the late 18th century, coinciding with the onset of the Industrial Revolution in England and its subsequent spread across the European continent. However, pinpointing the exact birth of this concept proves challenging, as some authors attribute its emergence to the 1920s, specifically 1923, while others, such as Carroll (1999), place its origin in the mid-20th century, precisely in 1953. Rosales et al. (2013) similarly note that the concept of CSR began to gain significance as business organizations became increasingly influential in national economies. In those years, the concept was not well known, and even fewer were the companies that actually put it into practice. Nevertheless, the concept initially gained attention from academics who slowly began to examine the subject. So, on one side there were forerunners which tried to introduce CSR practices in the firm, on the other there was the academia who tried to understand the complex dynamic of this new tendency. With time, it became clear that CSR was not a static notion, rather it was evolving. Since then, the evolution of CSR has been characterized by some phases, each of them distinguished by different definitions and interpretation of the term. Hence, also the application of CSR has changed following the current meaning, affecting corporation's strategy and operations. In fact, following Munro (2020), the transition over the different stages of evolution, even though it does not always occur in a linear way, is a natural development for the organizations.

For purposes of this definitional review, I begin my literature review by examining the discourse from the 1950s and 1960s, then progress to the 1970s and subsequent years, during which the topic gained significant attention among both academics and business practitioners.

In structuring my discussion, I categorize the review of literature on a historical basis, examining the concept decade by decade. The objective is to track the evolution of Corporate Social Responsibility (CSR) as a conceptual framework and understand its historical significance and contemporary relevance. This exploration is crucial for establishing a robust groundwork for future research in this field.

1.2.1.1 *The emergence of the Modern Era of Social Responsibility*

Before the 1950s, the term Corporate Social Responsibility (CSR) was commonly referred to simply as social responsibility (SR). The term CSR gained prominence later as the modern corporation became a dominant force in the business sector. Howard R. Bowen's 1953 book, "Social Responsibilities of the Businessman," is considered a landmark in CSR literature. Bowen emphasized that large businesses were powerful decision-making centers impacting society. He posed the question of what responsibilities businessmen should reasonably assume. Bowen defined social responsibilities as obligations for businessmen to pursue policies aligning with societal objectives and values. Bowen's book is recognized as a seminal work, marking the beginning of serious discussions on social responsibility in the 1950s.

Also, William C. Frederick was an influential contributor to the early definitions of SR as he wrote, "[Social responsibilities] mean that businessmen should oversee the operation of an economic system that fulfills the expectations of the public. And this means in turn that the economy's means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare. Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms"[8].

Frederick believed that CSR evolves in four chronological phases, which will be described soon. In this four-stage emergence of CSR, individual firms may occupy different positions along the phased trend line. Not all companies progress through all four phases, although

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[8] Frederick W. C., (1960), The growing concern over business responsibility. California Management Review, 2(4), 54–61

many of today's leading enterprises exhibit characteristics of each phase simultaneously. This model stems from studying a set of US companies; as such, the author stresses that firms of varying countries and dimensions could face different stages and patterns of CSR implementation (Frederick W. C.,1960). In fact, as business and societal behavior, culture and practices vary, also the relationship between them and the individual and collective needs change.

The first phase is Corporate Social Stewardship. It was developed in the 50s and 60s of the 20th centuries. In this beginning phase, CSR is adopted on a voluntary basis by the decision makers of the firm. In fact, the underlying idea is that the corporate managers are public trustees and social stewards, and that CSR is a philanthropic contribution to the community (Frederick W.C., 1960). Firms' managers had to balance the claims of various stakeholders and allocate company's resources to societal needs. Indeed, CSR was a means to legitimize the profits made by the owners and executives. As mentioned previously, CSR was first defined academically by Howard R. Bowen in 1953 in the book "Social Responsibilities of the Businessman". He defined CSR as the mandatory activities that the businessman should perform in order to pursue positive objectives and values for the society (Bowen, 1953). During this phase, it was the first time that a dedicated role or department responsible for CSR implementation was introduced in some firms. It was mainly a public relations role, in order to communicate the company's responsible actions (Burger-Helmchen and Siegel, 2020).

In the next decades, in the 1960s and 1970s, the new idea related to CSR was Corporate Social Responsiveness (Frederick W.C., 1960). The change, under the social protest of those years, required organizations to take concrete actions to respond to social demands and not only continue with voluntary philanthropy. The public opinion started to be stronger in believing the necessity of companies' commitment toward social problems. Also, governments responded by introducing new regulations for businesses on social matters. As a result, corporations were compelled to incorporate the objectives of doing "the good" for the society in the company's strategy. This resulted in a more practical approach of the executives, also introducing sanctions and rewards inside the company to stimulate CSR practices. In this phase, the idea that CSR could also benefit the business started to grow. In fact, Keith Davis in 1973 described CSR as "It [CSR] refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm. It is the firm's obligation to evaluate in its decision-making process the effects of its decisions on the external social system in a manner that will accomplish social benefits along with the traditional economic gains which the firm seeks. It means that social responsibility begins where law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do*"*[9].

Another major figure who helped define social responsibility in the 1960s was Joseph W. McGuire. In his book, he stated, "The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations"[10]. McGuire's definition is somewhat more precise than previous ones in that he defined Corporate Social Responsibility (CSR) as extending beyond economic and legal obligations. Although he did not specify the duties of corporations in his definition, he later elaborated by stating that companies must take an interest in politics, the welfare of the community, education, the "happiness" of their employees, and the entire social environment around them. Therefore, businesses must act "justly," akin to proper citizenship (J. W. McGuire, 1963). This latter statement hints at the notions of business ethics and corporate citizenship in the modern era, with McGuire being a pioneer of what is now considered the concept of the "manager of happiness," which will be further explored in the next chapter.

Corporate Ethics is the third stage of CSR that emerged in the 1980s and 1990s (Frederick, 1960). In this stage, CSR means having an ethical principle embedded in the corporate culture, leading decisions, norms, policies and strategies. Those principles are related to social welfare, where the "social contract" amid the society and the firm becomes explicit. Executives utilized mission declarations, ethical code, corporate policies, training, audits, encouragements to plainly convey the objective of focusing on ethical corporate culture. There was a swing from a macro-level to a company-level and from ethic to performance orientation (Ashrafi et al., 2020). Companies started to be more aware of the environmental aspect of business actions. The reason was the conceptualization of sustainable development given by the Brundtland Commission Report[11] in 1987 and the subsequent introduction of the Triple Bottom Line concept that linked sustainable development with business practices

[9] Keith David, (1973), The Case for and Against Business Assumption of Social Responsibility, Vol. 16, No. 2, Academy of Management
[10] Joseph W. McGuire, (1963), Business and Society, McGrew Hill

[11] The Brundtland Report, also referred to as Our Common Future, is a document that was published in 1987 by the World Commission on Environment and Development (WCED). This report was the first time that the concept of sustainable development was introduced.

and CSR. The Triple Bottom Line is the idea that the firm should achieve a good economic performance while preserving environmental quality and social equity (Elkington, 1998).

During these decades, new theories emerged, including the "Stakeholder Theory," proposed by Freeman (1984), which advocates for the simultaneous pursuit of economic and social objectives, asserting that both can be compatible without one prevailing over the other. Two approaches are prominent in explaining the relationship between companies and their stakeholders. Firstly, the "Instrumental Stakeholder Theory" posits that companies maintain relationships with stakeholders purely for strategic purposes, as it believes that leveraging stakeholder information can enhance long-term financial performance. The instrumental approach recognizes the importance of ethical business behavior. However, from this perspective, the company behaves ethically and socially responsibly not only because such behavior is good in itself, but because such behavior contributes to increasing the company's efficiency, competitiveness and profitability (Tipurić, D., 2008). On the other hand, the "Normative Stakeholder Theory" suggests that companies demonstrate interest in the knowledge and concerns of their stakeholders to implement proposals that can enhance stakeholder welfare while still functioning as economic entities. The emphasis is on the ethical obligations that companies face and the manner in which they can fulfill such obligations without sacrificing their economic interests (Damak-Ayadi, S., & Pesqueux, Y., 2005). This stakeholder approach emerged in the context of defending the concept of socially responsible business and advocating for business ethics principles that hold management accountable not only to owners but also to other individuals and groups.

The final stage of CSR evolved in the 1990s and 2000s and it is namely identified by Corporate Global Citizenship (Frederick, 1960). The idea that companies have the same duties as the other members of society is embedded in all the other three phases. However, this stage transcends that because it contemplates the obligations towards a larger, global society. This was the result of globalization which made the companies responsible for their operations in more countries than in the past. Hence, the scope for long-term sustainability expanded to the world's economies, societies and ecosystems. Another idea that became part of CSR during that period was the concept of shared value, thus, creating value both for the shareholders and stakeholders (Ashrafi et al., 2020). What value are we referring to? Value, that is, not only in the sense of economic remuneration for shareholders, but also as benefits for the various economic and non-economic stakeholders. Shared, therefore, by a potentially broad set of stakeholders, the so-called "Stakeholders". Shared value, a concept illustrated by Michael Porter and Mark Kramer in an article published in 2011 in the "Harvard Business

Review", is related to strategic choices and operational practices aimed at improving the competitiveness of a company, and at the same time promoting environmental conditions, social and economic in the communities in which it operates. The creation of shared value therefore focuses on identifying and strengthening the connections between social well-being and positive economic results, and presupposes the recognition of interdependencies, if they exist, between corporate action and the social context of reference.

Thus, the 1990s marked a turning point in the progress and evolution of CSR, giving rise to new forms, theories and institutions that explained how to carry it out. Carroll puts forward the so-called "Pyramid theory" through which he developed his own idea proposed in 1979. According to this theory, CSR is composed of four types of responsibilities: economic, legal, ethical and philanthropic, which could be represented by a pyramid.

It is important to highlight that thanks to the changes that have been experienced year after year and to technological development, companies have been able to grow while applying techniques and methods that have allowed them to improve their reputation. It can be said that there has been a change in the classical paradigm and that the term CSR has been widely discussed since its origins and has evolved over time (Bowen, 1953; Friedman, 1962; Carroll, 1999; Bigné et al., 2005), which has led to the emergence of a multitude of theories, models and terminologies. The company has considerably increased its power, but at the same time the increase in its impact on society has made it much more sensitive and vulnerable. It is from the 21st century onwards that companies have understood that all their activities have to take into account the impact they can have on the world, as without this vision it is difficult to achieve a prosperous business.

1.3 CSR's definition from two different perspectives

1.3.1 Stakeholders' perspective

Companies today are being asked by their shareholders and other stakeholders to not only increase their profits but also to help address some of the country's most difficult problems, including those affecting economic development and the environment. While opinions differ on how responsibility should be shared between the public and private sectors, business stakeholders are calling for companies to recognize a broader scope of responsibility in addressing these issues. As a result, companies are more and more interacting with stakeholders to comprehend and include their perspectives and worries on different environmental, social, corporate governance, and economic matters (such issues are frequently called corporate social responsibility concerns) as well as to integrate views and concerns into the company's strategic decision-making processes.

As said by Freeman, "Stakeholders are any group or individual who can affect or is affected by the achievement of an organization's objectives"[12]. They play crucial roles in the survival and growth of a company, and furthermore, they often have formal, official, and contractual obligations to companies. In order to thrive and contribute to the achievement of Sustainable Development Goals (SDGs), these companies must adhere to the corporate social responsibility (CSR) standards set forth by stakeholder groups. For instance, they are particularly involved with the CSR report (also generally identified as the corporate citizenship, sustainability or social performance report) because of the wide range of information most pertinent to their interests. For example, the CSR report can be used to inform about how a company has addressed or is addressing stakeholders' CSR concerns and to include them in the company's strategic decision-making processes.

De Chernatony and Harris (2000) categorized stakeholders into internal and external. Internal stakeholders include managers, shareholders, company executives, employees and labor unions. External stakeholders comprise the public (i.e., the community and residents), media and the government.

Today, internal stakeholders are defined as the groups who directly participate in business operations, such as managers, employees and labor unions (Aaltonen K., 2011). Internal stakeholders are perhaps the most influential groups in a business enterprise (Masden & Ulhoi, 2001; Rupp et al., 2006) as they directly participate in the formation, design, structure and conduct of a business. The managers' and employees' levels of motivation, happiness, loyalty and organizational support are crucial if their goals are to be achieved. For example, for a company the most important concerns in relation to employees are addressing diversity, health and safety, training and mentoring, employee relations, corporate wellbeing, wages and benefits.

Individuals or groups that are not part of a company but can influence or be impacted by the company's actions are external stakeholders. The activities of an organization can affect external stakeholders, and external stakeholders can affect the activities of an organization. (Fassin, 2008). These stakeholders have the ability to impact the firm's decision-making through both direct and indirect pressure. For instance, companies take actions directed at governments and regulators for dealing with lobbying, public policy and the consequences

[12] Freeman, R. (1984), Strategic management: A stakeholder approach. Ballinger

of and adherence to environmental rules. External stakeholders' approval of companies' socially responsible stance is vital in obtaining their support. (Minor & Morgan, 2011). Moreover, a corporation's CSR practices are significant in creating the internal outcomes for stakeholders in terms of both the loyalty of consumers and especially_employees (Du et al., 2010; C. C. Lee et al., 2013; E. M., 2013). Managers come up with plans and actions related to corporate social responsibility to meet what they think are the main expectations of the groups they impact and who impact them (Clarkson, 1995; Dawkins & Lewis, 2003; Donaldson & Preston, 1995; Maignan et al., 2005; Wing-Hung Lo et al., 2010) considered that a firm's reputation is built, in part, on the foundation of stakeholder views and the firm's responses to their concerns.

Studies have revealed that any company can prioritize fulfilling the expectations of its stakeholders (i.e., being stakeholder oriented) and that such a strategy potentially enhances business performance (Bhattacharya & Korschun, 2008; Bosse et al., 2008; Ferrell et al., 2010; Phillips et al., 2010; Rivera-Camino, 2007). Each group of stakeholder's pressures companies to conduct business that can meet their requirements.

Nevertheless, as mentioned in the chapter's introduction, the idea that businesses have social obligations in addition to their primary economic goals, has led to extensive discussion among academics and economists over time, with disagreements between schools of thought, ultimately leading to a transition from the revived dialectic of "Shareholder theory" to "Stakeholder theory." (Freeman ,1984. For a comment see Schwab, Vanham ,2023; Alpa ,2021). This historical discussion is contrasted with the views of Milton Friedman in the famous article "The Social Responsibility of Business" published by the "New York Times". He affirmed that, according to the shareholders theory, "Managers are delegated to make decisions by the economic entity, and any initiative that is not aimed at generating income represents a failure to comply with the mandate received, as well as a distraction of resources"[13].

In antithesis to this position, in the approach developed by Edward Freeman postulates that "Companies are able to persist over time in a changing environment only if they maintain positive relationships with the various stakeholders, without giving absolute priority to the economic interests of the risk capital contributors"[14]. In this sense, the company's objective is therefore to satisfy the expectations of all stakeholders and not just the owners or

[13] Milton Friedman, (1970), "The Social Responsibility of Business", New York Times
[14] Edward Freeman, (1984), "Strategic Management: A stakeholder Approach"

shareholders, which presupposes the adoption of voluntary initiatives that go beyond those required by law. It should be highlighted how these two lines of thought, the shareholder based view and the stakeholder theory, although different in theoretical assumptions and managerial implications, can, from a less dogmatic perspective, present some complementarities, since the stakeholder approach does not exclude the generation of income for the contributors of equity capital, which is indeed an indispensable condition of economic balance, but simply requires taking into account the expectations of the various stakeholders.

So, if the former has described for years the virtues of the economic model centered on profit maximization, at the same time history has on several occasions made us see its limits first-hand, emphasizing the need to rethink the structures that should be considered business. The disruptive scope of the sustainability paradigm has turned the spotlight both on the failure of the market and that of the State which has failed to achieve balance in the satisfaction of the various interests at stake (Rulli, 2020). From here the "Stakeholder Theory" has acquired a new relevance, focusing on the need to achieve a rebalancing between the positions of interest of those who enter the company's sphere of action in various capacities (Bevivino, 2022). This move toward a corporate structure more aligned with stakeholders' needs finds additional support in the vision that opposes the short-termist approach and promotes, instead, the long-term creation of value (economic, social, and environmental). This is a value that is now measured by the company's positive effects on the environment and the community of reference, rather than being expressed only in economic terms. This value is now measured by considering the company's positive effects on the environment and the community of reference, rather than being solely expressed in economic terms.

The document of August 19th, 2019, prepared by the Business Roundtable, as well as Larry Fink's letters to investors are exemplary in this sense. "We focus on sustainability not because we are ecologists, but because we are capitalists and are bound by a relationship of trust towards our customers," wrote Blackrock's[15].

In this way, a business model that aims to systematize profit and sustainability through its organizational statute and values appears to be moving past the "dogma" of the trade-off between business and human rights. According to these words, the idea that sustainability

[15] For further insights, including from a critical perspective, see among others Coffee 2018; Fried 2019; Schwartz 2020

and profit-making are mutually exclusive is "destined to be overcome and replaced by a new notion of sustainable profit." (Olivieri, Vella, Mosco, 2022). From here, the sustainability of companies and the new character of ESG are becoming increasingly important, not so much because all companies are non-profit oriented, but because sustainability appears to be the new "moral compass" of economic actors (Allen, Benkler, Downey, Henderson, Simons 2022).

1.3.2 Juridical perspective

In our globalized world, economic actors are expected to be accountable not only to their shareholders but to the community as a whole. In fact, the increasing focus on corporate responsibility is inextricably linked to the growing ecological awareness and the prominence of human rights worldwide. Therefore, a company's impact cannot only be assessed based on the profits it generates: its ecological footprint and the extent to which it complies with international human rights standards are now carefully assessed.

The importance of this phenomenon has led practitioners and scholars to determine the precise scope of the term. The World Business Council on Sustainable Development, a CEO-led organization with about 200 member companies, defines corporate social responsibility as "The ongoing commitment of companies to contribute to economic development while improving the quality of life of workers and their families, and society as a whole"[16]. However, the most commonly used definition to date was proposed by the European Commission. According to this definition, "Corporate Social Responsibility is a concept whereby companies integrate social and environmental concerns into their business operations and into their interactions with their stakeholders on a voluntary basis"[17].

Companies are increasingly expected to comply with international human rights standards and to assess and address the impacts of their activities from a human rights perspective. In addition, legislative initiatives at national, regional and international levels have multiplied. In particular, the Organization for Economic Co-operation and Development (OECD), the United Nations (UN) and the International Organization for Standardization (ISO) are working to promote CSR and sustainable business practices.

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[16] The World Business Council for Sustainable Development (WBCSD), 1999
[17] European Commission, Corporate Responsibility and Sustainability, 2001

1.3.2.1 OECD Guidelines and Multinational Enterprises

The Organization for Economic Co-operation and Development (OECD) is an intergovernmental organization with 36 member countries whose mission includes promoting policies that promote prosperity and well-being. It was founded in 1961 as the successor to the Organization for European Economic Cooperation (OEEC), which was founded in 1948, shortly after the Second World War, to implement the US-financed European reconstruction program (Marshall Plan).

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct are guidance provided by governments to businesses with operations in multiple countries regarding responsible business practices. The purpose is to promote the positive contributions these enterprises can make to economic, environmental and social advancement, and minimize any negative impacts in that could be linked to a company's operations, products and services. The Guidelines address all major areas of business accountability, including human rights, labor rights, the environment, bribery and corruption, consumer interests, disclosure, science and technology, competition, and taxes. The 2023 edition of the Guidelines provides revised guidance for responsible business practices in critical areas including climate change, biodiversity, technology, business integrity, and supply chain due diligence. Additionally, it includes updated implementation procedures for the National Contact Points for Responsible Business Conduct, which are instituted by governments to enhance the efficacy of the Guidelines. Since their inception in 1976, the Guidelines have been consistently updated to remain relevant amidst societal challenges and the changing environment of international business. The 2023 update reflects a decade of experience since the last review in 2011. It responds to pressing social, environmental, and technological priorities facing societies and businesses.

For example, in the chapter concerning the environment, the OECD Guidelines state that businesses play a crucial role in promoting sustainable economies and can help provide an effective and progressive response to environmental challenges globally, regionally, and locally, including the urgent threat of climate change. Within the laws, rules, and administrative procedures in the places where they work, while thinking about relevant international pacts, principles, goals, and standards, companies should carry out their activities in a way that considers the need to safeguard the environment, and thereby workers, communities and society more widely, steers clear of and deals with negative environmental effects and adds to the larger aim of sustainable growth. Businesses can be involved in various adverse environmental impacts. These include, among others: climate change;

biodiversity loss; degradation of land, marine and freshwater ecosystems; deforestation; air, water and soil pollution, and mismanagement of waste, including hazardous substances.

For what concerns the sustainable development, the Guidelines affirm the capability of large international companies to advance sustainable progress is significantly improved when trade and investment take place in a setting of open, competitive, and suitably controlled markets with rule of law and protection of civil society space. Governments have a crucial role in supporting effective implementation of the Guidelines, including by making an enabling policy climate to drive, back, and promote responsible business practices. Consistency in policy at the domestic and global level can encourage alignment and harmonization of responsible business conduct efforts. A smart combination of government approaches and actions, which may entail obligatory as well as voluntary tactics and capacity building and other complementary actions, is important here. The design of precise policies, laws and other actions on responsible business conduct will be molded by individual countries' political, administrative, and legal contexts.

Furthermore, according to the Employment and Industrial relations chapter, companies should avoid any illegal employment or labor practices. Companies should respect workers' rights to form or join trade unions and representative organizations of their choosing, without interfering in workers' decisions to establish or join a union or representative group. Throughout operations, companies should be guided by principles of equal opportunity and fair treatment in hiring and employment. They should not discriminate against workers based on race, color, gender, age, religion, political views, national origin, social background, disability status, or other characteristics, unless selectivity about worker traits furthers established government policies specifically promoting greater equality of employment opportunity or relates to bona fide job requirements.

Finally, for what concern their scope of application, the OECD Guidelines are recommendations jointly made by governments to multinational companies; for this reason, governments have the crucial role in supporting their implementation effectively. The guidelines put forth principles and standards of good practice that align with relevant laws and internationally accepted standards. Companies' compliance with the Guidelines is optional and not legally mandatory. However, although some matters covered by the Guidelines may also be regulated by national law or international commitments, obeying domestic laws is the first obligation of companies, since that the Guidelines do not substitute or override domestic law and regulation.

The failure of governments to uphold the principles and standards consistent with the Guidelines or their associated international commitments does not reduce the expectation that companies should follow the Guidelines. While the Guidelines go beyond the law in many cases, they should not and are not meant to put a company in situations where it faces conflicting requirements. Nevertheless, in nations where local laws and rules go against the principles and standards of the Guidelines, companies should try to respect those principles and standards as much as possible without breaking the law. Companies should operate within applicable laws, regulations, and current labor relations and employment practices, as well as relevant international labor standards.

1.3.2.2 United Nations Global Compact

Like the OECD Guidelines for MNCs, the United Nations Global Compact, launched in New York on July 26, 2000, is a non-binding instrument for promoting corporate social responsibility worldwide. Instead of a code of conduct or a set of recommendations, the GC acts as a platform to promote dialogue between stakeholders, "In which mutual learning between companies is intended to be promoted through examples of good practices"[18]. In fact, with 13,000 corporate participants and other stakeholders in over 160 countries, it is "The world's largest and most widespread corporate citizenship initiative"[19], and it has grown steadily since its inception. The UN Global Compact framework is based on ten core principles in four key areas in which companies and affected stakeholders are encouraged to engage; Human rights (e.g. by ensuring that they are not complicit in human rights violations, Principle 3), Environment (e.g. by supporting a precautionary approach to environmental problems, Principle 7), Work (e.g. by combating child labor, principle 5) and combating corruption (by combating corruption in all its forms, principle 10). In addition, the Global Compact aims to achieve two main goals: mainstreaming the above principles into business strategies and operations around the world (Principle 1) and promoting business actions in support of UN goals, such as the Sustainable Development Goals (SDGs) (Principle 2). Under the umbrella of the Global Compact, companies are encouraged to participate in global initiatives to promote sustainable business practices together with working groups, civil society and UN organizations.

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[18] Cetindamar, D. and K. Husoy, (2007), 'Corporate Social Responsibility Practices and Environmentally Responsible Behavior: The Case of the United Nations Global Compact', Journal of Business Ethics.

[19] Surya Deva, (2006), Global Compact: A Critique Of The U.N.'S "Public-Private" Partnership For Promoting Corporate Citizenship.

The United Nations guiding principles on business and human rights (UNGPs) outline what businesses and governments should do, so that companies do not negatively affect human rights. These guiding principles were endorsed by the UN Human Rights Council in 2011, stating that business enterprises are specialized organs of society, which requires them to comply with all applicable laws and to respect human rights.

In addition to this, an organization under the United Nations dedicated to improving opportunities for men and women to find respectable and productive work in settings of freedom, equity, security, and human dignity is the International Labour Organization (ILO). In order to shape its policies and programs, the 183 member countries of the ILO have a tripartite structure that is exclusive to the UN, giving representatives of employers, employees, and governments equal voice.

1.3.2.3 International Organization for Standardization

Finally, the International Organization for Standardization (ISO) is an international non-governmental organization (NGO) composed of the standards organizations of 164 member countries. The organization was originally founded on February 23, 1946 "To facilitate the international coordination and unification of industrial standards"[20]. It brings together experts from different countries to develop international standards in a wide range of areas and provides common standards between member countries as well as guidance for companies and other relevant stakeholders. However, these standards are not legally binding and therefore cannot be used as the basis for a complaint or lawsuit. ISO 26000 on social responsibility was launched in 2010 to help organizations contribute to sustainable developments. It offers direction on how companies and organizations can engage in socially responsible behavior by advocating for ethical and transparent practices. Unlike other documents issued by ISO, ISO 26000 should not be viewed as a set of guidelines or recommendations. However, the international recognition it has received in the context of a globalized economy has led to greater awareness of corporate social responsibility issues and challenges, as well as the need for companies to engage in sustainable initiatives and policies.

1.3.2.4 National law

At the national level, corporate social responsibility initiatives have been adopted and implemented around the world, but differences vary between countries, ranging from comprehensive laws and government-led CSR policies to civil society and consumer

[20] International Organization for Standardization, see https://www.iso.org/home.html

initiatives. However, the general trend is common to all countries: CSR used to be based primarily on corporate philanthropy, but today it is increasingly oriented towards sustainable strategies. Since all member states face similar challenges, there is an opportunity for them to learn from each other's experiences.

By its initiatives and campaigns, the European Commission may help encourage corporate social responsibility among EU members. The European Union directly influences market behavior on a global scale through collaboration and trade policy. Companies must embrace a European approach to social responsibility in order to be compliant with international initiatives like the OECD Guiding Principles, the ILO Tripartite Conference, and the United Nations Global Compact. Despite not having legal force behind them, governments support these initiatives in an effort to encourage adherence to these principles. In order to actively support the OECD guidelines, the European Commission is committed to this.

The European Union plays a fundamental role in CSR and in 2001 the Commission decided, through the Green Paper, to deal with this topic to promote a European framework for corporate social responsibility. The purpose of the initiative was to initiate a comprehensive discussion on how the European Union could support corporate social responsibility both domestically and globally. Specifically, the focus was on how to leverage current knowledge, foster the creation of novel approaches, enhance transparency, and boost the validity and evaluation of the numerous European initiatives. Along with outlining important CSR practices and principles, it also covered the social responsibility of businesses and looked at ways to encourage ethical business practices. Overall, the CSR Green Paper shaped EU policies and initiatives pertaining to corporate responsibility and sustainable business practices and provided a springboard for CSR discussions at the European level.

All these initiatives at an international level, which are not legally binding, defined as soft law instruments, constitute an essential and fundamental part of the development and diffusion of CSR on a global scale. The Green Paper elaborates a mechanism for the development of European policies which is divided into a wide sphere of procedures: in the field of human resources through education and training throughout the life of employees, recruitment and hiring of people, also from ethnic minorities. Lastly, the Green Paper proposes a convergence of national policies towards environmental protection and constant monitoring of pollution levels. All the practices listed refer to the internal dimension of the company and therefore to the human capital and the management of all the resources available. As regards the external dimension, however, the company must implement socially acceptable measures in order to contribute to the development of the local community: through the provision of jobs and wages and without defacing the natural environment that surrounds it.

Later, in 2013, the EU has enacted several laws and directives that address CSR and related issues such as transparency of non-financial information and corporate responsibility. For example, the Non-Financial Reporting Directive (Directive 2014/95/EU) requires large, listed companies to publish non-financial reports that also cover environmental, social and human resources aspects. In the resolutions of February 6, 2013 on "Accountability, corporate social responsibility: transparent and responsible business conduct and sustainable growth" and on "Corporate social responsibility: promoting the interests of society and a path to a sustainable and inclusive recovery", the European Parliament recognized the importance for companies to communicate information about sustainability, covering, for example, social and environmental factors, in order to identify sustainability risks and increase the trust of investors and consumers. In fact, the communication of non-financial information is fundamental to managing the transition to a sustainable global economy by combining long-term profitability, social justice and environmental protection. In this context, communicating non-financial information helps measure, monitor and manage business results and their impact on society. The European Parliament requested that the European Commission submit a legal proposal regarding the disclosure of non-financial data by companies. This proposal should provide a high level of flexibility to account for the complex nature of corporate social responsibility and the variation in CSR policies implemented by different companies. At the same time, it should ensure adequate comparability to satisfy the needs of investors, stakeholders, and consumers who require easy access to information on a company's societal impact. With respect to social and human resources aspects, the declaration could cover actions taken to promote gender equality, implement International Labor Organization core conventions, provide good working conditions and social dialogue, respect workers' rights to information and consultation as well as trade union rights, ensure occupational health and safety, and engage in dialogue with local communities and safeguard their development. As regards human rights and the fight against active and passive corruption, the non-financial declaration may include information on the prevention of human rights violations and/or on existing tools to combat active and passive corruption.

To conclude, being socially responsible means not only fully meeting obligations applicable legal provisions, but also going beyond by investing "more" in human capital, in the environment and in relationships with other interested parties. The knowledge acquired from investing in environmentally responsible technologies and business practices indicates that companies could enhance their competitiveness by surpassing the obligations set by legislation. The application of social norms that exceed fundamental legal obligations, for example in the field of training, working conditions or relationships between management and staff, for its part, can have a direct impact on productivity. In this way, it opens a path that allows you to manage change and reconcile social development and a greater competitiveness.

1.3.3 International and European framework for CSR

The diffusion of CSR in business management has materialized over the decades also thanks to the presence of reference models, which highlight ethical values at different levels: institutional (international and national legal norms imposing respect for a minimum level of social protection and sustainable development, ILO conventions, Charter of Ethical Values) and private (social balance sheet, ethical codes and best practice codes, excellence models, voluntary standards recognized internationally).

The main international political-strategic initiative concerning CSR is represented by the United Nations Global Compact, dating back to 2000. It is a non-binding pact involving large companies, non-governmental organizations, workers' organizations, entrepreneurs' organizations, and all actors of civil society (Molteni et al., 2007). The Compact was created to encourage companies worldwide to adopt and observe CSR practices and to make public the results of the actions taken. The Global Compact provides ten general principles to which companies should align their activities in order to improve their sustainability.

The four thematic areas, to which the ten principles can be attributed, refer to general and universally recognized statements drawn from founding documents such as: the Universal Declaration of Human Rights (1948), the Rio Declaration on Environment and Development (1992), the Declaration on Fundamental Principles and Rights at Work (1998), and the United Nations Convention against Corruption (2003) (Merli, 2012). Participation in the Compact requires organizations to implement the fundamental principles, communicate their adherence to stakeholders, and periodically report on the progress made regarding the principles. The periodic reporting is contained in a specific document, called COP (Communication on Progress), which must be updated at least annually (Molteni et al., 2007). It is important to underline the fact that there is no standardized structure for drafting the COP. Nevertheless, the Global Compact provides participants with a guidance document and some models already developed, within which it is possible to observe the minimum contents of the COP. These materialize in three elements: a statement of support for the Global Compact by the company management, a description of the actions taken to implement the principles envisaged by the Compact, measurement of the expected or actual effects produced by such actions (Molteni et al., 2007). In addition to the UN Global Compact, within the CSR framework, statements from two other important supranational bodies are of fundamental importance: the OECD (Organization for Economic Cooperation and Development) and the ILO (International Labour Organization).

Among the countless publications of the OECD, for the purposes of this discussion, the "OECD Guidelines for Multinational Enterprises" are of particular importance. The purpose of these recommendations, issued by governments adhering to the OECD and aimed at multinational enterprises, is to ensure that such entities operate in harmony with policies and social expectations (Merli, 2012). They represent a global tool for corporate social responsibility, capable of establishing non-binding standards and principles that encompass a wide range of business ethics issues. The most important document issued by the ILO on the subject under consideration is the "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy". This declaration is tripartite because it involves representatives of three distinct entities within the ILO: workers' and employers' organizations, and the governments of member countries. The document contains fundamental principles regarding living and working conditions, industrial relations, employment, and training (Molteni et al., 2007).

Furthermore, at the international level, the United Nations' 2015 Agenda 2030 has played an important role in attempting to define a global strategy for industrial growth for sustainable development (Merli, 2012). In particular, it is divided into 17 sustainable development goals, which serve as a reference point for civil society.

In addition to the UN Global Compact and statements from the OECD, ILO, and United Nations, it is useful to briefly mention initiatives promoted by European institutions, particularly the Commission and Parliament. In this regard, the early years of the millennium represented key milestones for CSR. The first input dates back to 2000 when Heads of State launched the Lisbon Strategy, aimed at making the European Union the most competitive and dynamic knowledge-based economy globally, sustainable and accompanied by improved employment. Then, in 2001 and 2002, with the aim of promoting a European framework for CSR, the Green Paper was published. In 2006, the Commission published a communication for the promotion of CSR and launched the European Alliance for CSR. The objective is to outline a strategy aimed at promoting CSR whose key concepts are: competitiveness, voluntariness, partnership, SMEs, environmental protection, and social cohesion. It is emphasized that CSR should not be seen as an additional element to the company's core activities but integrated into its management.

In 2011, the European Commission, through a communication, published the new EU strategy on CSR. With this new approach, the input outlined by the Green Paper is overturned; if previously the issue of CSR was left to the arbitrary choices of companies, here more constraints are introduced as broader adherence to principles shared by international organizations is required, and forms of self-regulation are provided (Molteni et al., 2007). Additionally, all 39 EU directives impact not only large corporate groups but also SMEs. As a result, CSR practices and tools must be adapted to the characteristics of SMEs, which represent the backbone of European entrepreneurship.

Another significant step was taken in 2014 with the issuance of the European directive on non-financial reporting (NFRD), transposed into Italian law in 2017. This directive requires the obligation to prepare a financial statement for certain categories of entities with parameters exceeding certain limits (SMEs are exempted). The aforementioned statement must contain information related to environmental, social, personnel management, and human rights aspects, as well as active and passive corruption prevention (Molteni et al., 2007).

Additionally, in March 2018, the European Commission launched the Sustainable Finance Action Plan. The plan aims to achieve three objectives: redirecting capital flows towards sustainable investments, integrating sustainability into risk management, and promoting transparency and long-term vision. Finally, on January 5, 2023, the Directive on Sustainability Reporting (CSRD) entered into force. This EU directive extends sustainability reporting obligations to all large enterprises and also to all listed SMEs, with the exception of micro-enterprises. The new rules will be applied from January 1, 2024, to large enterprises already subject to the NFRD, with the deadline for publication of the reports in 2025. Organizations subject to the CSRD must present reports according to European Sustainability Reporting Principles (ESRS), aligned with Global Reporting Initiative (GRI) reporting standards (Molteni et al., 2007). These principles, to be adopted by 2024, concern the environmental, social, human rights, and governance areas. In particular, the principles regarding environmental factors involve disclosing information related to climate change, pollution, water and marine resources, ecosystems and biodiversity, resource use, and circular economy.

Information that companies are required to disclose regarding social factors and human rights is reflected in the principles concerning equal treatment and equal opportunities, working conditions, respect for human rights, customer and user protection, and involved communities. Regarding governance-related principles, it is important that they provide information on the role of the company's administrative, management, and control bodies, the main characteristics of internal control and risk management systems, corporate culture and ethics, and management and quality of relationships with customers, suppliers, and the community. Obviously, the directive on non-financial reporting (NFRD) of 2014 will remain in force until companies are required to apply the rules introduced by this latest directive approved in 2023.

1.3.3.1 CSR Management and Reporting tools

Classifying the different tools and numerous initiatives that companies can use to embrace CSR is a challenging task. Nonetheless, it has been decided to refer to a taxonomy that can adapt to the development of any new initiatives. According to this classification, it is possible to categorize the tools available to the company based on two parameters: origin and purpose. Regarding the origin of the tools, they can be classified as internal, external, and hybrid. Internal tools are part of an internal CSR-oriented business process and may not be visible to various stakeholders. Conversely, external tools are visible to stakeholders and are somewhat proposed by the market, which offers models that the company can draw inspiration from. Hybrid tools, as suggested by their name, fall between the two spheres.

On the other hand, considering the purpose, management tools and reporting tools can be identified. The former represents reference models for introducing a comprehensive CSR approach into the organization, while the latter are aimed at evaluating the company's social performance and communicating to stakeholders what has been concretely achieved in terms of CSR.

Despite being aware that these tools do not exhaust the overall landscape of possible initiatives in the field of sustainability, it has been decided to briefly outline the characteristics of those mentioned above.

1.3.3.1.1 SA 8000

The SA8000 standard is the first official standard developed in the field of social responsibility in 1997 by the CEPAA (Council of Economical Priorities Accreditation Agency). Its requirements allow organizations to implement a verifiable and certifiable social responsibility management system. It is also applicable to any sector internationally. The reliability of the standard is also ensured by the presence of an independent third-party accredited body (Certification Body: ODC), which is responsible for conducting the verification process impartially. The objective pursued by the SA8000 standard is to improve working conditions (Ravagli, 2008). To achieve this, it is based on organizations respecting nine requirements: 1) child labor, 2) forced labor, 3) health and safety, 4) freedom of association and collective bargaining, 5) discrimination, 6) disciplinary procedures, 7) working hours, 8) remuneration, 9) management system (Ravagli, 2008). The first eight requirements refer to other documents considered true pillars globally, namely the Universal Declaration of Human Rights, the UN Convention on the Rights of the Child and against all forms of discrimination against women, as well as twelve ILO conventions and recommendations. It is worth noting that, regarding the first eight points, Italian law provides workers with protection equal to or even greater than that provided by the SA8000 standard (Ravagli, 2008). The true innovative element of SA8000 lies in point nine, which requires the implementation of a social responsibility management system through: the definition of a CSR policy, the appointment of a representative by top management to ensure compliance with the requirements of the standard, the implementation of a periodic review conducted by management to verify the effective implementation of the management system, the opportunity for workers to elect their own representative, the implementation of a periodic training and awareness program for all staff on CSR-related issues, the introduction of a communication system aimed at both internal and external stakeholders regarding performance in terms of social responsibility, the creation of a program of preventive and corrective actions, a system for collecting and archiving records related to standard requirements.

1.3.3.1.2 ISO 14001

ISO 14001 is an international standard related to Environmental Management Systems (EMS) containing the requirements that such a system must possess, allowing for an objective assessment during certification. The standard does not include absolute requirements for environmental performance that exceed compliance with current legislation. ISO 14001 is not designed to attest to a specific environmental performance or to certify a particular low environmental impact, but rather to demonstrate that the certified organization has an adequate management system and is committed to its continuous and systematic improvement.

ISO 14001 fits into a context of standards and regulations aimed at providing reference points for those who voluntarily wish to implement environmental policies (Conti et al., 2008). This concept centers on sustainable development, which entails "development that meets the needs of the present without compromising the ability of future generations to meet their own needs"[21]. One of the pillars of this development is the implementation of environmental policies.

In this context, numerous organizations from various sectors and of different sizes have found it useful to undertake the certification process (Ravagli, 2008). It is important to distinguish two levels: the first leads to the application and development of a Management System, while the second leads to its registration or certification.

What distinguishes ISO 14001 from a generic EMS is the possibility of obtaining certification issued by an accredited third party attesting to adherence to a recognized international standard. Specifically, the requirements of the ISO 14001 standard are inspired by the four phases of the Deming cycle (Plan, Do, Check, Act), preceded by initial environmental analysis and environmental policy. The foundation of the requirements lies in the following general management principles: initial environmental analysis, definition of environmental policy, planning of environmental aspects, implementation and operation, measurement and evaluation, review and improvement.

Once the organization has identified these requirements specified by the standard and has been able to adapt them to its own reality, it is ready for voluntary certification (Ravagli, 2008). In conclusion, ISO 14001 is applicable to all organizations aiming to maintain, implement, and improve an Environmental Management System, to ensure compliance with legal requirements and alignment with their environmental policy, to demonstrate this compliance to third parties, to obtain certification of their Environmental Management System through verification conducted by an accredited external body, and to prepare a declaration of conformity to the standard (Barzaghi et al., 2008).

1.3.3.1.3 Eco-Management and Audit Scheme (EMAS)

The concept of sustainable development for future generations was supported by the overall framework of the European Union's Sixth Environmental Action Programme. In this context, the first EMAS scheme (Environmental Management Audit Scheme) was defined through an EU Regulation in 1993. The second version of EMAS (EMAS II) was published

[21] World Commission on Environment and Development

at the European level in 2001, subsequently modified with a regulation in 2006, and then definitively replaced by the third version (EMAS III) in 2009 (Conti et al., 2008). This Regulation marked a fundamental step in the evolutionary process of community programs in environmental matters, embracing and conforming to the following principles: prevention, reduction, and elimination of pollution; pollution prevention at the source; polluter pays principle; waste reduction and optimized resource management; support for the use and development of new clean technologies. The application of EMAS extends, on a voluntary basis, to all sectors of activity and to any type of organization (Conti et al., 2008).

With the adoption of this Regulation, the company is able to promote continuous improvements in environmental performance by introducing an Environmental Management System and subsequently drafting/publishing a statement (known as an Environmental Statement) attesting to its environmental performance. Most of the requirements demanded by the EMAS Regulation for the Environmental Management System mirror those specified in the ISO 14001 standard discussed earlier (Conti et al., 2008). However, additional requirements for the Management System are mentioned, taking into account relevant aspects such as legislative compliance with current environmental regulations, demonstration that the EMS and audit processes are actually focused on real environmental performance, implementation of open dialogue with the public regarding environmental impact, and employee participation in the performance improvement process.

In order to obtain EMAS recognition (registration) issued by an accredited third-party entity, in addition to verifying the EMS, it is necessary to undergo evaluation of another fundamental document, namely the Environmental Statement, mentioned earlier. The essential elements and minimum requirements that this document must contain are listed in Annex IV of the Regulation (Conti et al., 2008). Specifically, the Environmental Statement must provide: a clear and unambiguous description of the organization requesting EMAS registration; an illustration of the Environmental Management System and environmental policy; a specification of significant environmental aspects impacting the organization; a representation of environmental objectives and targets in relation to the significant environmental impacts mentioned earlier; a summary of available data on performance regarding environmental objectives and targets concerning significant environmental impacts; a reference to current legal obligations in the environmental field; the name and accreditation or authorization number of the environmental verifier. Finally, organizations that obtain registration are included in a national list, receiving public recognition.

1.3.3.1.4 Ethical Code

The Code of Ethics represents a governance tool for companies of any sector and size. This instrument is configured as a sort of constitutional charter of the company, capable of giving concreteness to general principles and values, which are translated into specific rules of conduct. The main purpose of the Code of Ethics is to solve the problem of trust in the relationships that can be established in the economic world (Barzaghi et al., 2008). Thanks to it, it is possible to define a criterion of fairness capable of protecting all parties involved from the risks associated with opportunistic behaviors. For this document to be effective, it must explicitly refer to shared principles and values, as they provide guidance for any situation, guiding individual behaviors and corporate choices in the absence of more specific instructions. With reference to the Code of Ethics, it is worth noting that there are no reference principles or binding and shared standards aimed at delineating its contents and structure. In this context, it is the best practices that define the standard, and precisely starting from the analysis of them, it was possible to identify the different parts of which this document is composed (Barzaghi et al., 2008).

The structure of the Code of Ethics is as follows:

1. Introduction/Preamble: This paragraph frames the purposes of the Code of Ethics;
2. Ethical Charter: This chapter formalizes the mission/vision, principles, and values of the organization;
3. Code of Conduct: In this section, the behaviors to be adopted in the company and towards it are defined, those to be sanctioned because they are contrary to the values-principles of the company and/or not in conformity with the legal norms;
4. Implementation, updating, and control methods: In this final part, the methods of application of the Code are explained, what to do in case of violation of it, who the responsible referents are, what sanctions and incentive system are provided.

In light of this, for an organization, it is not only fundamental to be able to draw up a Code of Ethics in line with best practices, but it is essential to have a plan for its implementation that guarantees the effective compliance of behaviors with the values and principles contained therein (Barzaghi et al., 2008). In this perspective, the internal and external communication capacity of the issues addressed by the Code plays a crucial role.

1.3.3.1.5 *Code of Conducts and Ethical Guidelines*

These tools fall into the category of hinge instruments as they position themselves between those designed within the organization and those proposed by the market. More specifically, they are tools proposed by the market in the form of self-regulations of particular product sectors and/or categories of companies, but identified by the organization as a stimulus to draw inspiration from and as an internal management tool. The substantial difference between these two instruments lies in their structure and the different possibility of adoption by the company (Barzaghi et al., 2008). The code is structured as a closed document, to be considered as a whole in all its articles. Guidelines are less stringent and can be followed only in part. Guidelines and codes of conduct have the particularity of reflecting the evolution of the concept of CSR over time, adapting and reformulating themselves based on societal expectations.

1.3.3.1.6 *AA 1000*

The AA1000 series consists of three different standards: AA1000 Accountability Principles Standard (AA1000APS), AA1000 Assurance Standard (AA1000AS), and AA1000 Stakeholder Engagement Standard (AA1000SE). The AA1000APS aims to provide organizations with a set of internationally accepted principles, freely available, to structure and systematize how they manage, govern, understand, implement, evaluate, and communicate their accountability. It includes three principles: inclusivity, materiality, and responsiveness (Ravagli, 2008).

Inclusivity refers to the commitment to be accountable to those impacted by the organization and who, in turn, impact it, and to encourage their participation. The second principle leads the organization to define its material topics, i.e., those issues that influence its decisions, performance, and actions, or those of its stakeholders (Ravagli, 2008). For the company, it is important to identify which topics fall within this definition of materiality concerning its sustainability performance. The principle of responsiveness refers to how effectively and efficiently the company can respond to issues raised by stakeholders previously identified as material.

The AA1000AS is also an internationally recognized standard freely available, aimed at providing requirements for conducting sustainability assurance. The AA1000 series of standards is completed with the AA1000ES, which pertains to stakeholder engagement

(Ravagli, 2008). It is designed to improve the quality of validation, implementation, design, communication, and verification of stakeholder engagement.

1.3.3.1.7 Social Balance Sheet (SBS)

The Social Balance Sheet is a voluntary reporting tool, focusing more on qualitative information, aimed at providing an adequate representation of the CSR actions implemented by the organization. It has transitioned from purely economic reporting, which targets only shareholders and is represented in the financial-civil accounting, to also include social reporting (Merli, 2012). The latter addresses a heterogeneous and generic category of stakeholders. It is not intended as a legal obligation but rather as an ethical possibility to disseminate information about the social impacts caused by the company's activities. Unlike the financial statement, which refers only to the economic dimension (single bottom line), the Social Balance Sheet measures results according to the triple bottom line logic.

This document reflects the fundamental principles of corporate culture, which are also respected for the preparation of financial statements. In particular, attention is drawn to the following principles: periodicity, relevance and significance, completeness, timeliness, comparability, clarity, competence, faithful representation, prudence. In addition to these principles, which are also found in financial statements, there are some that are unique to the Social Balance Sheet, namely: the explanation of corporate identity, the identification of stakeholders, and the verifiability of information.

Among the functions that this tool fulfills, the primary one is informational, aimed at communicating the activities that the company carries out towards its stakeholders. Then, the Social Balance Sheet is considered both a lever for defining shared values within the organization through participation and dialogue with stakeholders and a tool through which it is possible to manage the networks of relationships established between them and the company (Merli, 2012). Another function of the Social Balance Sheet is strategic, as it allows top management to formulate a long-term strategy. Finally, it also serves as a control tool for managerial activity regarding compliance with the assumptions on which the company is founded.

Considering the voluntary nature of this document, there are currently no legal obligations that bind its preparation in terms of content, structure, or recipients. Nevertheless, numerous national and international initiatives have been activated to propose appropriate drafting models for such balance sheets. The models often referred to include: IBS model (European

Institute for Social Balance), GBS model (Social Balance Group), GRI model (Global Reporting Initiative).

1.4 Constituents of CSR policy

1.4.1 The four-level pyramid by Carrol: economic, legal, ethical, philanthropic responsibility

As stated above, one of the most influential early contributions to the academic literature on CSR was provided by Carroll (1979). He classifies the constituents of a CSR into the CSR pyramid: a framework guiding how and why an organization should meet its social responsibilities. Developed by the University of Georgia Professor archie B. Carroll, the CSR pyramid is based on four levels: economic, legal, ethical, and philanthropic. In this sense Carroll indicates that "Corporate social responsibility involves the duty to make a profit, obey the law, be ethical and be a good citizen"[22].

Figure 2: The Four-level pyramid by Carroll

Source: Personal adjustment of Gennaro Cuofaro, (2003), What is the CSR Pyramid? The CSR Pyramid in A Nutshell, FourWeekMBA

The CSR (Corporate Social Responsibility) Pyramid is a model that illustrates the different levels of responsibility and ethical behavior that a corporation can embrace. It assists organizations in recognizing their social and environmental commitments to different stakeholders.

- At the base of the pyramid is the firm's economic responsibility, which is considered the fundamental level that must be fulfilled initially. This foundational level encompasses a corporation's primary obligation to generate profits, deliver returns

[22] Carroll, (1999), "Corporate Social Responsibility: Evolution of a Definitional Construct"

to shareholders, and maintain financial sustainability. Everything else is predicated on the firm's success in fulfilling this basic responsibility. Aspects of economic responsibility include the maximization of the value of the firm, the development and maintenance of competitive advantage, efficiency and ensure financial stability and profitability through sound business practices.

- The second level is the responsibility for compliance with laws and regulations governing their operations, ensuring ethical and legal conducts. The law reflects society's ethical view as to the minimum standards behavior expected by firms and other organizations, as well as efforts to ensure fair competition or a 'level playing field' in the market. Corporations must adhere to all laws and regulations relevant to the industry and geographic locations of operation.
- The third level is the ethical responsibility, over and above a strict interpretation of economic and legal responsibilities, to act in a manner that is considered fair by society, even though not codified in law. In addition to meeting legal obligations, organizations should actively participate in ethical behavior and practices. These often involve voluntary initiatives aimed at benefiting society. The firm's treatment of shareholders, employees, suppliers and customers is scrutinized with reference to society's ethical norms as to what constitutes moral behavior. Companies need to make ethical decisions, uphold moral values, and act in ways that benefit stakeholders and society.
- The highest level is the philanthropic responsibility that defines the firm as a good 'corporate citizen', covering discretionary acts and behaviors that actively promote society's well-being. Philanthropic responsibilities extend beyond society's expectations regarding ethical behaviour. At the highest level of the CSR Pyramid, companies engage in voluntary contributions to society. This includes activities such as charitable donations, community involvement projects, and sustainability initiatives aimed at making a positive impact beyond what is required by law. Enterprises have to engage in philanthropic activities, supporting communities and addressing societal needs beyond financial obligations.

Having identified the different levels at which a CSR policy may function, Carroll underscores the practical significance for management in pinpointing the issues that warrant social responsibility consideration. It's also crucial to articulate a specific strategy for addressing these issues. Benefits from two different natures might arise: economic benefits and ethical benefits. Among the economic benefits, we include sustainable profitability and long-term financial success, attracting investors and shareholders who value responsible business practices, enhanced reputation and brand image, which can lead to increased customer loyalty.

For ethical benefits, we include the foster of a culture of integrity and ethical decision-making within the organization, the strengthening of trust among stakeholders, including customers, employees, and communities, a positive contribution to society and an address to societal issues.

Hence, organizations use the CSR Pyramid as a framework for developing comprehensive CSR strategies. Its application can be presented on annual reports and sustainability reports, which state the corporate social responsibility initiatives held during the year; and through the stakeholder engagement which is the involvement of stakeholders, such as employees, customers, investors, and communities to address their concerns and needs.

The challenges on the implementation of this framework are the balancing between economic and ethical responsibilities, meeting legal requirements in diverse regions and industries, determining ethical standards and making decision, which may vary among individuals and cultures, and finally the allocation of resources for philanthropic initiates which can strain budgets.

1.5 Motives for the adoption of CSR

In what ways might the adoption of a CSR policy be value-enhancing for the firm, rather than detrimental to the narrowly focused corporate objective of shareholder value maximization?

Kurucz et al. (2008) identified four aspects: cost and risk reduction; competitive advantage; reputation and legitimacy; and synergistic value creation.

1.5.1 Cost and risk reduction

A firm might invest in CSR as a means of reducing costs or risk, thereby enhancing its economic value. According to Friedman (1970), spending on CSR thins the firm's ability to work in the best interests of shareholders. If the firm earns more than a normal profit, there might be a trade-off between the maximization of shareholder value, and the direction of some resources towards CSR. In contrast, an "enlightened value maximization" hypothesis proposes that the needs of all stakeholders should be balanced to minimize the risk of conflict. According to this perspective, investment in CSR is not inherently incompatible with the goal of maximizing shareholder value.

A further means of understanding the impact of CSR on brand equity and therefore on customer satisfaction is ROI, Return on Investment.

ROI = EBIT/IC

where "EBIT" is the operating income and "IC" is the cost of investment. This index analyzes the profitability of invested capital, economic efficiency and therefore the relationship between investment and return. There is a positive ROI when the invested capital can generate profit, this means that if an investment aimed at Corporate Social Responsibility generates a return greater than zero, customers are satisfied with the measures undertaken. It is also important to underline that in the case of a positive ROI that is greater than the cost of financing, there is a positive impact on the ROE, Return on Equity, which instead measures the profitability for shareholders. This index is used to understand how much the capital contributed by the shareholders to the company yields.

The relationship between ROI and ROE is given by: ROE = [ROI + (ROI – i) x Q] where "i" is the interest rate and "Q" the financial debt ratio (financial debts/net equity). In the event of an ROI greater than the cost of financing, it is convenient for shareholders to finance the development of the company and exploit the effect of financial leverage. This effect allows you to purchase financial assets with an amount greater than the capital owned and therefore benefit from a higher return than what you could have from a direct investment[23].

A good CSR policy must be able to achieve social and environmental benefits while simultaneously pursuing the company's economic objectives. It is therefore important to understand if, and how, the implementation of these policies brings advantages to the company's financial performance, hereinafter CFP. Several studies have been carried out in this regard, much of the literature defines the relationship between CSR and CFP as linear and therefore the increase in CSR activities corresponds to an improvement in financial performance. More recent studies, by the International Journal of Hospitality Management, however, show the possibility of having a U-shaped non-linear relationship. CSR does not always have a positive impact on financial performance, in fact the relationship is initially negative, only after exceeding a certain threshold can the company begin to make a profit. To overcome this obstacle, stakeholders must recognize the efforts made by the company and consider them credible. Initially, the company incurs high costs to develop CSR strategies, this turns into negative performance, it is at this moment that management must

[23] Further information available at www.consob.it/web/investor -education/financial-leverage

increase CSR performance to appear credible and to improve the relationship with stakeholders (S. Franco, M. G. Caroli, F. Cappa, G. Del Chiappa, 2020). The latter are willing to reward only companies that show a real interest in the cause.

We can therefore conclude by underlining how CSR does not bring direct financial benefits; these arise from the competitive advantage that is acquired over time, creating value in the medium-long term. The investment is not immediately repaid, companies must make stakeholders perceive the enormous effort and attention shown regarding CSR, so that they can actively participate in the company's economic process (S. Franco, M. G. Caroli, F. Cappa, G. Del Chiappa, 2020). What is created can be defined as a virtuous circle between ethically acceptable behavior and company profit.

In addition, to companies that pursue social responsibilities models are guaranteed easier access to credit. Investors, in fact, are now more careful than ever to allocate their funds to companies that meet sustainability criteria. To identify them, financiers also rely on the work of rating agencies, which assign an overall score to companies based on their actions in the different ESG (Environmental, Social and Governance) dimensions. Numerous studies confirm the growing importance of having good ESG ratings for companies. For example, the "ESG Connect" study published in October 2022 by the Italian rating agency Cerved Rating Agency, underlines that the best performing companies from a sustainability point of view are the most solid ones, which have a lower probability of default, therefore lower credit risk. The research highlights, in fact, that companies with a low ESG rating have on average a probability of default that is 2 to 5 times higher than that of the most virtuous ones.

1.5.2 Competitive advantage

The term "Competitive Advantage" can be best comprehended in the context of a differentiation strategy; that is, the focus is on how firms can use CSR practices to set themselves apart from their competitors. A strong CSR, in addition to bringing enormous benefits to the community, is able to increase brand equity. It is of fundamental importance to obtain a competitive advantage, to be maintained over time, through good communication with consumers, employees, and shareholders. Since perceived quality is an element at the basis of brand equity, CSR must be seen as a means to improve public perception and therefore increase brand loyalty. Operating responsibly, understood not only in the sense of "doing no harm" but also in that of "working for the good", can in this sense become a component of the value and management identity of a company. Through Corporate Social Responsibility Marketing, social activities are integrated into marketing campaigns, through the promotion of shared values. To defend this thesis, a study published in the Journal of

Database Marketing & Customer Strategy Management clarifies that CSR can be a source of competitive advantage by creating support networks, relationships, and management of perceptions in the form of social and reputational capital (springer.com).

Investing in CSR for competitive advantage entails seeing stakeholder demands for socially responsible policies not just as constraints, but as opportunities for the firm to create value. By aligning and allocating resources towards meeting these perceived demands, the firm can leverage them to its advantage.

According to studies conducted by Nielsen[24], consumers are very attentive to CSR, in fact, 55% are willing to pay a premium price for products from companies that have a positive impact on society and the environment while 52% check that the packaging is sustainable (Nielsen, 2014.). It often happens, however, that companies that expose themselves receive criticism from the public, who accuse them of greenwashing strategies. This strategy aims to build a misleading image through communication campaigns that show the company's positive impact on the environment, which in reality does not happen. It is therefore of fundamental importance that stakeholders perceive that the CSR commitment is serious and credible. To reward companies that truly aim for a strong CSR, the European Investment Agency Standard Etichs issues ethical ratings to listed companies taking into account the level of Social and Environmental Responsibility of the companies, based on the indications issued by the OECD, the United Nations and the European Union.

Ratings and Level of compliance		Capability to respond appropriately to a reputational crisis
EEE	Full	Strong
EEE-	Excellent	
EE+	Very Strong	
EE	Strong	Good
EE-	Adequate	
E+	insufficient	Low
E	Low	
E-	Very Low	Weak
F	Lowest Level	

Figure 3: Ethic rating chart

Source: The Standard Ethics Rating

The scale used to evaluate the risk and the degree of compliance is literal and has nine levels (Figure 3) where the first "EEE" represents the "model company", up to "F" which

[24] Nielsen is an American company that deals with statistical research, founded in 1996.

represents companies with a strong negative impact. (Standard Ethic Rating EU). To issue ratings, a process is carried out that starts from the company's request, then moves on to the collection and analysis of data up to the commission's vote to assign the rating. All companies that strongly deviate from the principles listed above do not receive any rating value but are labeled as SOSP or suspended.

1.5.3 Reputation and employee retention

Companies may also justify their CSR initiatives by due to the need to establish, defend, and maintain their legitimacy and reputation. A business is considered legitimate when its activities converge with the goals and values of the society in which it operates. In other words, a business is considered legitimate when it fulfills its social responsibilities.

According to a review by Ali and his research team (2019), CSR activities improve company reputation and brand image, and the effect is stronger for businesses with higher levels of financial success. What is more, this effect is more pronounced for companies that are perceived to be ethical and responsible, having a high level of corporate transparency and governance.

As businesses demonstrate their ability to integrate into the communities and cultures in which they operate, they are able to form mutually beneficial partnerships with stakeholders. Companies "Focus on value creation by leveraging gains in reputation and legitimacy made through aligning stakeholder interests".[25] A strong reputation and legitimacy allow the company to operate in society. CSR activities improve a company's credibility in the eyes of customers, investors, and employees. Consumers, employees, and investors have repeatedly expressed a strong preference for companies that take their social responsibilities seriously. According to a study conducted by the Center for Corporate Citizenship, 66 percent of executives believed that their social responsibility strategies improved corporate reputation and were therefore beneficial to their business. Likewise, Jeffrey et al. (2019) define CR as an identity that builds trust and loyalty between customers and vendors. A good business reputation also brings a novel approach during the employee recruitment process, employee growth, and retention. It refers to the extent to which a firm considers and values its partners' perceptions. It can also be used to summarize all stakeholders' perceptions of a firm and how it will meet or exceed expectations (Rettab and Mellahi, 2019; Hameed et al., 2021). This implies that there are potential contractual benefits: firms believe that CSR assists in

[25] Colbert, B. A., Kurucz, E. C. and Wheeler, D., (2008), Sustainability Conversations: Contested Conceptions and Mesodynamic Tensions, Wilfrid Laurier University

recruiting, motivating, and retaining employees. Numerous sources list these reasons as one of the most significant benefits of an active CSR program. For example, Deloitte Touche Tohmatsu provides its managers the opportunity to participate in year-long programs dedicated to improving the skills and abilities of young students; the company believes this endeavor will "help recruit top candidates. . .and increase retention rates of high-potential employees". For many years, Timberland has provided employees the opportunity to take significant amounts of paid time off to volunteer for social causes of their choosing. The company highlights that this program aids in the attraction and retention of valuable talent (Pereira, 2003). Enhanced employee motivation is also a significant factor, as commentators have pointed out that "people are seeking meaning at work [...] and, it has become clear that staff motivation is a powerful bottom-line benefit of corporate responsibility"[26]. Increasingly, business students seem to be pushing their institutions for courses on social responsibility, suggesting that they are likely to seek full-time positions with socially responsible employers (Middleton, 2009). In this regard, recruiters at Target have reported that job candidates often cite "Commitment to the community is one of the top reasons they desire to work for the company"[27].

1.5.4 Synergistic value creation

Synergistic value creation through CSR involves intentionally cultivating a market where the interests of stakeholders are harmonized by fostering new perceptions of value. By connecting communities, social networks, and organizational stakeholders with innovative thinking and paradigms, a shared understanding of what is valuable can emerge. Once established, this leads to a virtuous cycle, prompting additional investment in CSR. Synergistic value creation arguments emphasize seizing opportunities that reconcile divergent stakeholder demands. Firms achieve this by "Connecting stakeholder interests and creating pluralistic definitions of value for multiple stakeholders simultaneously"[28]. In simpler terms, with a significant enough cause, they can bring together multiple potential interest groups.

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26 Murray, S., (2007), Bottom-line benefits special award corporate responsibility: Ethical concerns are a growing factor in staff motivation, Financial Times.
27 Needleman, (2008), The latest office perk: Getting paid to volunteer — more companies subsidize donations of time and talent; bait for millennial generation, The Wall Street Journal Online.
28 Colbert, B. A., Kurucz, E. C. and Wheeler, D., (2008), Sustainability Conversations: Contested Conceptions and Mesodynamic Tensions, Wilfrid Laurier University.

To sum up, from these considerations, companies realize that the development and implementation of CSR programs offers a 'win–win' scenario for the organization and its community. Implementing a CSR strategy can help a company gain a competitive advantage and build relationships with its stakeholders that benefit all parties involved, all while saving money, reducing risk, and increasing a company's legitimacy and reputation. Companies reap the benefits of their efforts, including lower employee turnover, a larger pool of available talent, and customer loyalty. As a result, it will be able to stand out from its competitors. Those who believe in the concept of "synergistic value creation" argue that a company's CSR efforts can help it meet the needs of its stakeholders while also increasing its bottom line. CSR activities are the only way to capitalize on these opportunities.

1.6 From CSR to the integration of the ESG Factors

The traditional ethical concept of Corporate Social Responsibility (CSR) is today moving towards corporate conduct and choices oriented towards ESG factors, guided by a link between sustainability and the profitability of the company. The change in current terminology already shows the trait of an evolution, if we consider that currently, especially in the economic and legal analysis of the phenomenon, the acronym CSR, which has its roots in Corporate Social Responsibility, is replaced with the term sustainability or the acronym ESG.

A great debate has been created over the time between CSR and Corporate Sustainability. Figure 4 summarizes the evolution stages of the terms described in the previous paragraphs. Many scholars and practitioners use them as synonymous, since the underlying idea of both CSR and CS is that corporations have purposes beyond solely making a profit, like improving their environmental and social performance (Ashrafi et al., 2020). Moreover, they have many analogies and similar outcomes. However, looking at the overall picture, it is clear that the two concepts have different significance, hence also divergent application. It is important to clarify the difference in the two terms to understand both the evolution of the sustainability applied at corporate level and to identify which are the implications in practice.

The literature findings are gathered in order to present first the analogies between the two terms, followed by the distinguishing characteristics that set one apart from the other. In closing, a theoretical framework that elucidates the meaning of the term sustainability is presented.

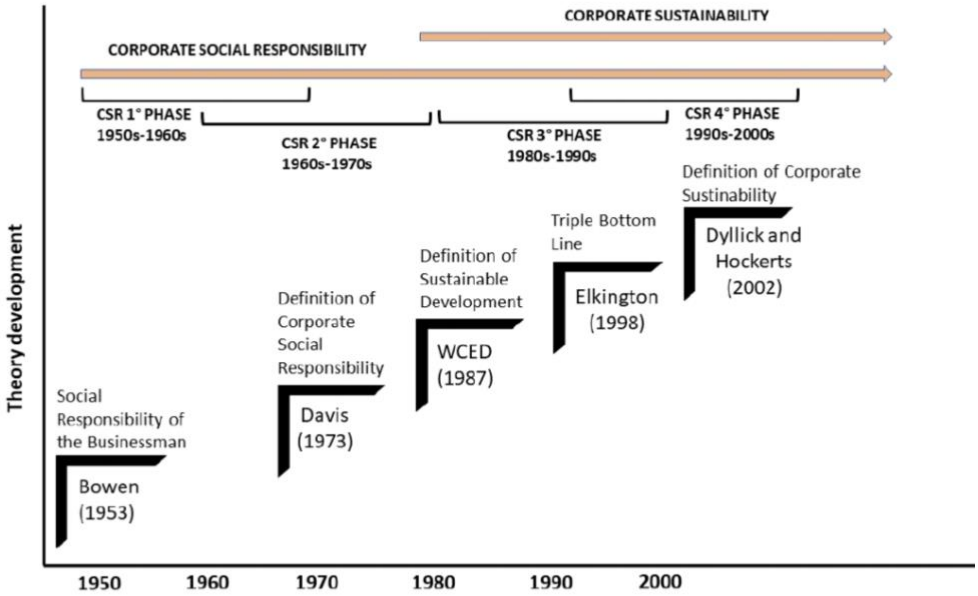

Figure 4: Evolution and phases of CSR and CS

Source: adaptation of Ashrafi et al., 2020

Corporate Social Responsibility (CSR) emphasizes the notion of responsibility, while ESG alludes to the rationale of the long-term growth strategy that should motivate a company's sustainability program. Consistent with Carroll perspective, "In the USA a new ideology of CSR has emerged, which is no longer based (or, at least, not only) on ethical reasons, but elaborates a reasoning of economic analysis of law which attributes a central role, in the strategies of business, to investments of a reputational nature"[29]. Hence, what is perceived from current theoretical studies is a transition from an ethical concept of corporate social responsibility, aimed at fulfilling an economic, legal, ethical and philanthropic responsibility of society, to a perception whereby in the current context a link between this responsibility and profitability is emphasized and promoted; in other terms, sustainability is evolving into a core business function, considered central to the overall strategy of the company and vital for its success.

The term "Sustainability," as used by issuers, or integration of ESG factors, as used by investors in risk management and strategy business, indicates that there is a shift from a morally oriented and marketing dimension of CSR, characterized by a voluntary and promotional approach, to a dimension that considers sustainability as a risk with financial repercussions, and as a strategic dimension for the development of the company. It has also

[29] Carroll A.B.,(1999), "Corporate Social Responsibility: Evolution of a Definitional Construct", Business Society.

been analyzed whether corporate responsibility progressively declined as a real civil responsibility in the field of sustainability and how the idea of sustainable development, carried forward by the European Green Deal, could have been the reaction to the deglobalization processes triggered by recent crises.

Starting with the similarities, both CSR and sustainability share the idea that companies should consider their impacts according to the Triple Bottom Line theory[30] (Ashrafi et al., 2018). At the same time, both concepts are based on the fact that a superior CSR or a sustainable performance guarantee the firm a competitive advantage (Resource-based theory) over its rivals on the. industry. Finally, CSR's and sustainability's actions benefit simultaneously both shareholders and stakeholders by maintaining a balance between all stakeholders' interests (Stakeholder theory), generating the so-called *Shared Value*.

Even though all the mentioned analogies, sustainability is a more holistic and comprehensive approach with respect to CSR. Actually, CSR is considered a sub-part of the more encompassing sustainability. (Ashrafi et al., 2018-Steurer et al, 2005- Baumgartner, 2006). Corporate Sustainability includes all the aspects of Corporate Social Responsibility, but it is not possible to assert the opposite. As a matter of fact, when CS is integrated into corporate strategy, it also implies the respect of social responsibility, while, on the other hand, CSR does not include the application of sustainability principles (Ashrafi et al., 2018). One of the key distinctions is that CSR primarily addresses short-term aspects, whereas sustainability encompasses decisions, strategies, and operations over both short- and long-term horizons. Additionally, sustainability encompasses both internal and external responsibilities (Ashrafi et al., 2018). Steurer et al., (2005) asserted that CSR is focused more on fulfilling the stakeholders' requests applying a "Voluntary Management Approach"[31] with a central focus on stakeholders; sustainability is defined by the same authors as a "Corporate Concept". A literature analysis brings out the fact that CSR has a more "Instrumental Value", so the benefits for society and environment have to provide benefits for the organization, while sustainability has an intrinsic value (Montiel, 2008).

Thus, Van Marrewijk (2002) states that CSR is an intermediate phase of sustainability to reach the final objective for a company: being sustainable. Ashrafi et al. (2018) confirms the

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[30] The Triple Bottom Line (TBL) theory in sustainability refers to an accounting framework that expands the traditional measure of business performance beyond financial metrics to include social and environmental dimensions. It was introduced by John Elkington in 1994 and is referred to as "People, Planet, Profit".

[31] Steurer, R., et al., (2005), Corporations, Stakeholders and Sustainable Development I: A Theoretical Exploration of Business–Society Relations. Journal of Business Ethics, 61, 263-281.

subordination of CSR to sustainability and assesses that the former could be a transitional stage or an ultimate goal for the firm that wants to achieve CS. The transitional stage of CSR is when the firm is adopting practices that go beyond the law's requirement, but it still does not assume a holistic approach. On the other hand, when CSR is an ultimate goal for the corporation, the company has included the sustainability practices in all the processes in the short-term, while the long-term comprehensive approach has still to be covered by sustainability.

As a support of this, figure 5 represents the final relationship between CSR and sustainability, where it is evident that the former is integrated with the latter (Steurer et al, 2005 and Van Marrewijk 2002).

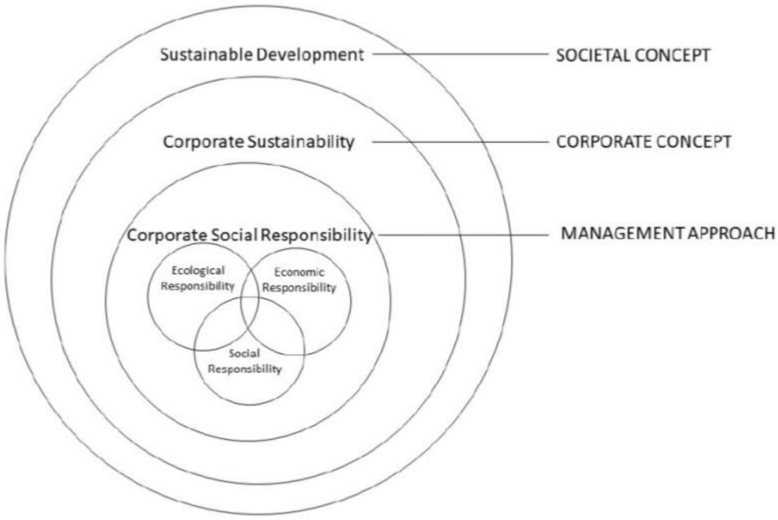

Figure 5: Relationship between CSR and CS
Source: Steurer et al., 2005; Van Marrewik, 2002

The question at this point is what are the future developments of the role of sustainability: is it destined to disappear or is it going to be a central actor in the organization? The final aim of this thesis is to understand the present and the future evolution of this role. Nowadays, we are witnessing the transition from CSR to sustainability, and the integration of sustainability in corporate strategy and operations. The total application of sustainability into corporate strategy is still in doubt and a “blue ocean” in the academic research.

Having deeply explained the transition of the concept of CSR, primary topic of this first part of the chapter, into sustainability, we are now going to analyze what this latter term really means and implies.

1.7 Sustainability

Today the term sustainability may seem inflated, and its use in the most disparate venues, traditional media, advertising and social networks, sometimes appears incorrect, or at least vague, to the point of making its definition almost incomprehensible. In fact, in the scientific world, the terminology linked to sustainability issues is continually expanding and the number of definitions and operational models proposed grows along with the importance that sustainability assumes in daily life.

Given the importance of its implementation in an era in which highly destabilizing phenomena occur (think of climate change, migration or the increase in inequalities), it therefore appears no longer possible to postpone a course correction in the direction of sustainable development, the whose best-known definition is contained in the Brundtland Report (1987), a document drawn up by the World Commission on Environment and Development in which it is described as "Development that meets the needs of the present without compromising the ability of future generations to satisfy their own needs"[32]. A concept of development that "Far from being a definitive condition of harmony, is rather a process of change such that the exploitation of resources, the direction of investments, the orientation of technological development and institutional changes are made coherent with the needs future as well as with the current ones"[33].

After Brundtland's report, numerous contributions focused on its conceptualization and subsequently its articulation into three constitutive dimensions:

1. Environmental sustainability, a dimension that places emphasis on a use of environmental resources that respects the constraints posed by the ecosystem's capacity for regeneration and absorption. Acting in an environmentally sustainable way means aiming to safeguard and not compromise the dynamic and self-organising processes of bio-ecological systems;
2. Social sustainability, focused on the need to aim for an improvement in living conditions, through greater access to health, educational, social and work services, but also through the recognition and valorization of cultural pluralism and local traditions, the support and research of social concentration practices, as well as the need for a substantial change in consumer lifestyles, promoting sustainable social and institutional behaviours;

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32 World Commission on Environment and Development, on the Brundtland Report (1987)

33 World Commission on Environment and Development, on the Brundtland Report (1987)

3. Economic sustainability, which proceeds from the awareness of the need for a review of current consumption models, to be achieved not only by acting from a rationalization perspective, but also by moving towards the reduction of negative externalities on society. In this dimension, the reference principle is to contribute to the development of society by reducing costs and risks, improving the quality of products and services, without increasing, but preferably reducing, possible negative repercussions.

Sustainable development requires an integrated approach on all three constituent dimensions: sustainability is therefore not the sum of the component parts, but rather the result of an action that generates synergies from mutual interconnections, according to the balance model of the three Es: Ecology, Equity, Economy. Furthermore, there is a need for awareness and contribution, in terms of choices and initiatives, from all the subjects of the socio-economic system, starting from the States and institutions in general, the political forces, the financial markets, the corporate entities, and gradually up to families and individual citizens.

The book "L'azienda sostenibile" by Chiara Mio (2021) intends the economic activity carried out by companies through management, organizational and information collection processes as a reference center for examining sustainability. According to a recent Istat survey, many Italian companies, regardless of the production sector and geographical area in which they are located, declare that they adopt behaviors aimed at improving the working well-being of their staff, reducing the environmental impact of processes and improving the level of safety within the company or in the territory in which they operate, paying attention to all three constituent dimensions of sustainability. It may not be sufficient, if these are initiatives more in line with the assumptions of charity or corporate social responsibility, but certainly the commitment towards sustainability on the part of entrepreneurs and managers can generate innovations in structural and technical methods of carrying out economic and practical activities potentially capable of combining growth and economic performance, social and environmental sustainability according to an integrated approach. Business activity, therefore, can act as a driving force for a culture of sustainability, and this is perhaps the most far-reaching result to be pursued in this historical phase: a cultural leap.

So, the basic idea is that a sustainable company is able not only to achieve incomes that satisfy the expectations of members/shareholders and guarantee the durability and development of the institution in economic conditions, but also to spread innovation for the benefit of the entire society. The concept of sustainability according to the economic-business perspective focuses on a series of interconnected key factors: the paradigm, the company, managerial practices and sectors. The paradigm to which the concept of sustainability aspires is closely linked to three different areas: charity, corporate social responsibility and sustainability (or value creation). Charity, or donation, or charitable action, occurs when the company donates an amount of resources or a part of its profits to a charitable initiative, to make up for certain forms of injustice or suffering. It is very widespread and originates from philanthropic motivations, but in fact it does not address the root problem of inequalities; it can rather be considered a form of temporary relief since the company acts from the outside, from a compassionate perspective and not in a framework of systematic intervention, without the need to implement specific and relevant technical transformation processes, nor to address issues strategic or operational. Although dutiful and important, it is therefore not an entirely satisfactory model, especially in the long term and evaluating the effects of dedicated resources.

The second area of action is Corporate social responsibility (CSR): a corporate conduct that voluntarily integrates, in addition to legislative requirements, environmental and social aspects, alongside economic-financial ones, in carrying out its activities and in relations with the various stakeholders, who must be systematically involved within an expanded governance system, institutionalizing a shared path of dialogue and discussion. In this sense, CSR emphasizes the ethical component in economic activity, considering the company as a morally responsible entity which, through a set of targeted and conscious initiatives, acts as a guarantor towards some stakeholders: employees, the external community and the environment, understood as the space that surrounds us and in which we live. Given that the company's production system is established and immutable, the attempt is to make the relationship with these stakeholders more effective and functional by implementing corporate welfare initiatives aimed at the well-being of employees and families such as the creation of nurseries, gyms and other services the granting of supplementary pension permits etc. Similarly, towards local communities, the responsible company takes responsibility for optimizing and improving its relationship with them, developing a series of actions that make their interaction more fluid and positive, as we have seen Brunello Cuccinelli has been an extraordinary example on that. The same happens with respect to the environment: as responsible for the environmental context in which it operates, the company believes that it is essential to maintain a minimum level of pollution to preserve the natural balance. With CSR, it is not possible to face the global challenge of the finiteness of resources, it is not possible to solve the problem of the long-term stability of the ecosystem. The proposed solutions are appreciable efforts, but incapable of changing the direction of the economic system based on the uncritical use of natural resources. Furthermore, CSR does not consider itself responsible for the great social challenges, inequality, poverty: its approach is focused on the company-community relationship, effectively accepting the status quo. In light of that, as stated previously, CSR is a just phase on the sustainability process.

A third qualification of sustainability concerns the reference time horizon, i.e. the period of time in which the creation of shared value must occur. In order for a company to be considered sustainable, the value for stakeholders must be generated in a long-term perspective and in a lasting way over time. By reflex, this means avoiding an excessive focus on an immediate return. Furthermore, this meaning can also vary depending on the context of reference. The literature on strategic management (Johnson et al, 2017) maintains that the long term, in relation to the development of a strategy, can be indicated in a decade for some types of companies, in an even longer period for others.

In essence, the sustainability model starts from the assumption that the company can undertake responsible activity by configuring an innovative, challenging, completely new business model, which renews both the way of producing and the very concept of product-service in a direction eco-friendly. In concrete terms, sustainability actions are distinguished by the use of a combination of production factors which, from the outset, aims to optimize the relationship with the environment, for example, by choosing renewable resources and recyclable products or by adopting a concert of a different and more respectful concept of work or by creating a product that appeals to a base of aware consumers and citizens.

Therefore, sustainability, compared to the charity and CSR models listed previously, is the only one that produces a truly significant impact, the only one capable of changing the socioeconomic model and modifying the way in which humanity uses resources and organizes within it. And thanks to this epochal challenge, it is a fascinating model that particularly attracts young people and those who are interested in taking charge of long-term values and not just the immediate satisfaction of needs.

In light of what has been stated, a company can be considered sustainable to the extent that it is able to create long-term value for all the stakeholders involved in its business and this implies that income generation is only one of the purposes. Carlo Masini in his "Lavoro e Risparmio" writes that by company "We mean, by abstraction, the strictly economic order of an institution"[34], where each institution is also characterized by social, ethnic, political aspects and religious, economic interests and interests of other kinds, which "can be considered conditions for the company and, among other things, give quality and weight to economic interests". Airoldi, Brunetti and Coda argue that "Businesses are an important part of general human society and, according to their own conditions, participate in the achievement of the common good of the same"[35]. They openly recognize the social and not only economic character of the business institution and of the relationships between each other and the other institutions of the comma social system which are influenced by the economic activity carried out by the company at the same time influencing its action. The economic innovation that is continuously experienced in businesses, they add, is implemented in the interest of human societies and is a source of economic progress which in turn is one of the bases of the civil project.

Today scholars appear to agree that sustainable corporate conduct is increasingly a crucial factor for competitive success. But what are the characterizing traits of a sustainability-oriented company?

A starting point can be identified in the company's value system, the connotation of which must be reviewed from the perspective of sustainability. These values, which qualify the organizational culture of a company, represent the founding principle to which consistently aspire to the adoption of strategic options, organizational choices and processes, as well as the configuration of operational mechanisms and the information-instrumental platform. In order to inform the organizational culture and orient it in the direction of sustainability, these values can be transmitted within the company through a more or less explicit set of organizational definitions, formally communicated by the company top management with the aim of guiding, orienting and controlling collaborators, to increase the sense of belonging and commitment, as well as legitimizing strategic choices. Furthermore, collaborators will be all the more inclined to adhere to the values, internalizing them, the more these are concrete testimonials from the behavior of company top management and the more these values are shared by the collaborators themselves.

The sustainable company also stands out for the openness of its value system towards stakeholders and the community: corporate ethics are discussed with stakeholders and can also evolve thanks to interaction, a dialogue approach, full integration between corporate

[34] Carlo Masini, (1988), Lavoro e risparmio.
[35] Airoldi Giuseppe, Brunetti Giorgio, Coda Vittorio, (1994), Economia aziendale, Il Mulino.

competitive advantage and social well-being. Unlike CSR which determines a slight openness and presents itself as a possible mediation of values between companies and communities while remaining dependent on the company's sensitivity, sustainability values should permeate other variables of the company structure, for example, strategy and governance, the characteristic management and operational mechanisms.

An aspect to highlight concerns the strategic approach of companies towards sustainability. This can be configured in different ways, essentially attributable to three typical ideal orientations:

1. Passive strategy, when organizations limit themselves to compliance, that is, to conform to the regulations in force in the sector of their competence or to the requests of public opinion. In this case the company suffers pressure towards social or environmental responsibility and experiences it as a constraint, avoiding including it in its strategic considerations. The topic of CSR is addressed from the perspective of downstream purification, i.e. ex post intervention, without making changes to products and processes; in this case therefore comma we cannot talk about sustainability in the strict sense.
2. Reactive strategy, when the company begins to assume responsibility in terms of CSR by reacting to external stimuli, for example through the adoption of clean technologies and an environmental information system, allocating resources to corporate social responsibility so as not to miss market opportunities. This type of strategy is limited in fact to implementing CSR initiatives and models, chasing technological evolution essentially for market reasons, or so that its competitive position does not suffer setbacks. The company adapts to legislative requirements and requests expressed by the different categories of stakeholders, which influence the amount of resources to be allocated to CSR management and the related methods of action. In this situation, the concept of corporate social responsibility is limited to the short- and long-term economic benefit that the corporate organization can obtain from the environment and society. Companies such as Brunello Cuccinelli in the fashion sector or Adriano Olivetti stand out as high-level CSR operations as they have shaped an organizational culture based on ethics, respect for the person through corporate welfare plans, attention to the supply chain, but they do not influence the business model significantly.
3. Proactive strategy, when the company experiences and interprets sustainability not only as a competitive opportunity, but as a value perspective, a responsibility that

distinguishes the way of being in the socio-economic context of reference. Companies that adopt this strategy question themselves about the very purpose of their actions, a purpose which is therefore expressed through actions of shared value. These are companies that welcome and plan the social and environmental dimensions in their business model. Proactivity, in other words, is expressed through the diffusion of sensitivity to environmental and social issues as a strategy for the entire organizational pyramid. According to this approach, decision-making processes are permeated in all functional areas by the principle of sustainability as an element to be optimized by balancing it with other strategic corporate objectives.

What changes from one approach to another is the reference framework, as well as the degree of integration between the social well-being pursued and the competitive advantage. In this framework, it is clear that it will be completely impossible to find a company that chooses a passive strategy which at the same time implements value creation actions. When a company ignores its social role and ignores acting for the common good, putting its short-medium term income statement at the center, there are no conditions for starting a sustainability path since the fundamentals, the inspiring values are not met. Differently, however, within reactive companies there are both charity and corporate social responsibility initiatives, while proactive companies can and often do undertake actions of all three types. Consequently, not all CSR actions are attributable only to reactive companies, since they can also concern passive and proactive ones. In the logic of the proactive approach, therefore, being sustainable and creating shared value, means finding possible solutions to the environmental or social problems at the center of the company strategy.

All this considered, to induce an improvement in the economy and civil society, it becomes essential to work on the large mass of companies that are within transaction economies, those in which, thanks to the change of mentality and the development of technology, a transition from non-sustainable to sustainable production methods is taking place, and that agree to move from a reactive to a proactive strategy. The fashion field, for example, is a sector in transition; you may encounter companies that are already completely sustainable and proactive, but most still adopt reactive strategies.

1.7.1 The role of Communication

Sustainability communication takes on an essential role in creating a connection between market needs and the expectations of stakeholders. While from an internal perspective, companies integrate environmental, social and economic values to respond to the needs of the community, and at the same time exploit new opportunities for competitive advantage, from an external perspective they must pursue customer involvement, adopt transparent behaviour, educate and to communicate. Business models and new approaches implemented by companies need to be communicated externally and take into account consumption patterns and consumer power, which influence communication and marketing practices.

The communication of sustainability has to be expressed by the company with both internal and external value. On the internal side, it acts as a tool for sharing to stakeholders the attention companies put on sustainability values, even in a phase of increasingly stringent regulations. This enables the creation of a reliable brand image, and it avoids the risk of Greenwashing. The reputation of a company, which is also based on the consistency of values, including those regarding the sustainable approach, increasingly represents a fundamental incentive in employees' choices in the world of work. Companies, therefore, must adopt communication strategies that are attentive to the adequate product promotion, also because consumers are more aware and more demanding than in the past.

From a practical point of view, the company's actions and commitment towards the environment and society must be communicated at the end of the process, when the information is available, clear, measurable, certified and such to allow comparisons.

By way of conclusion, a winning communication is a communication that conveys true and reliable messages for stakeholders, supporting arguments through precise and comparable data, in order to be able to carry out objective and significant assessments for stakeholders. At a concrete level, it is important for companies to disclose not only economic and financial information, but also ESG performance, which can be spread through the website or with annual reports, sustainability reports and integrated reports.

1.7.1.1 The Stakeholder Engagement

The recipients of the communication are all subjects who, for various reasons, are influenced by the economic activity carried out by the company and at the same time influence it: these are the bearers of interest, or the so-called stakeholders. Around each company there is a large set of interests of various economic and non-economic nature, such as social and moral interests (Chiara Mio, 2021). Some relationships between company and stakeholders can take the form of real exchanges, characterized by reciprocal services and contracts that regulate the relationships; others instead present a substantial asymmetry between what the stakeholder gives and what he receives.

The Stakeholder engagement is the process that the company carries out to involve stakeholders in its activities in its decision-making processes and constitutes a fundamental driver for the success of the implementation of business models and for the achievement of the pre-established results. It must start from the identification of the relevant issues and the concerns of the stakeholders (Chiara Mio, 2021).

Its importance in sustainability is manifested as involvement, and dialogue favor the legitimation of the company's actions and a better understanding of the impact and opinions that these generate externally. Companies must balance the needs related to the development of business models and the interests of stakeholders, who are partially in competition with each other, trying to engage them as best as possible with the aim of creating shared value along the three directions of sustainability (Chiara Mio, 2021). The engagement activity should be carried out through a process of sharing values and evaluating economic and socio-environmental results, with a view to satisfying the expectations and requests of the stakeholders themselves, which allows targeted and effective strategic decisions to be taken. To achieve this last objective, correct stakeholder mapping is essential, aimed at identifying the relevant stakeholders and the way in which they should be considered by the organization for its strategy. The analysis of the information also involves mapping stakeholders, identifying the aspects they deem relevant, and assessing their significant impact on the company's ability to create value in the short, medium, and long term (Chiara Mio, 2021). This analysis is a tool that jointly considers and carefully weighs their needs and the needs of the company, with the aim of identifying the most significant issues for the formulation of a sustainable strategy. The benefits of stakeholder engagement reveal in terms of reputation, risk management, market understanding, discovery of new opportunities, possibilities for product and process improvement, innovation, easier access to financial support, better services for customers and subsequent consolidation of the relationship of trust with them.

In conclusion, it is necessary to communicate sustainability actions, through marketing strategies and shareholders engagement, developed by companies to raise awareness among consumers and all actors interested in the supply chain of the new paradigm, the sustainability.

1.8 How employees react to CSR and sustainability practices

Having analyzed so far the set of strategies that companies can implement to be recognized as more socially responsible and sustainable, how do employees react on the working environment to these initiatives?

We will answer this question by taking as a benchmark the data gathered from the 2023 Workmonitor research conducted by Randstad.
The research was carried out online with participants ranging from 18 to 67 years old; they were either employed working at least 24 hours per week (90% minimum), self-employed, or unemployed but open to seeking employment in the future. The survey took place between October 18 and October 30, 2022, across 34 countries. These included South American nations such as Argentina, Brazil, and Mexico, as well as Australia, the United States, Canada, European countries, Hong Kong, Singapore, and several others. Altogether, 35,000 individuals took part in the survey.
For twenty years, the Workmonitor research of Randstad has recorded the perspectives of workers worldwide, revealing that people's needs are wide-ranging, changing, and shifting along with the job market and economy. Now, it is thrilling to see how much has transformed in just the past years. A new agreement between companies and employees has emerged. Gen Z and Millennials put more weight on principles, and organizations increasingly connect empathy and workplace conditions to enhance workforce quality. Surprisingly, more and more people are telling their desire of a fairer workplace, one that accepts diverse voices and the specialized abilities each person contributes.

From this study, it emerged that in today's economic climate, workers are placing greater emphasis on job security and financial stability. With the possibility of a global recession looming and the cost of living rising rapidly, nearly all of the over 35,000 working adults surveyed said having a secure job is important to them, with 63% indicating they would not accept a job without that assurance. Over half said they were concerned about how economic uncertainty could impact their employment. However, while practical considerations like these are influencing the global workforce's mindset, the survey found that many still care deeply about the non-financial aspects of their work. The percentage who said work-life balance is important (93.7%) was only slightly lower than those who consider pay important (93.8%). In fact, most said they would not take a role if it negatively affected their work-life balance. Flexible hours and locations were also highly valued, with 83% wanting flexible hours and 71% desiring location flexibility.

These statistics indicate that attracting excellent talent necessitates more than just competitive salaries and perks. It's evident that today's talents seek the whole package: stable, adaptable, inclusive, and financially sound employment in a place where they feel they belong.

The good news for employers is that a clear majority of talent feel they obtain these benefits in their current position. Nearly two-thirds (63%) of respondents indicated that their jobs provide them with enough income to lead the life they desire, and 78% reported having a good work-life balance. An overwhelming majority (86%) felt secure in their job. Additionally, two other promising findings indicated that employers are effectively keeping their employees engaged and facilitating their development: 70% of respondents felt they are receiving the appropriate training and development opportunities, and 73% stated that they align with their employer's corporate values. These factors are crucial for a thriving workforce, and notably, the demand for suitable reskilling and upskilling has been consistently highlighted over the 20 years since the inception of the Workmonitor research (Randstad, 2023).

Despite some good news, there are still opportunities for companies to enhance how they attract and keep employees. While most workers said their pay allows the lifestyle they desire, less than half said their employers are assisting them in dealing with the rising cost of living. And as people begin feeling their ability to stay on top of inflation is slipping, over time they may feel pressured to find higher-paying jobs elsewhere. Even as the global job market is recovering from the "Great Resignation" and the “Quit Quitting”, this desire for higher earnings could sustain high resignation rates (Randstad, 2023).
So, taking into account an economic event, such as the inflation, how can employers overcome this challenge without constantly adjusting compensation? Focusing on non-financial benefits can help alleviate pay concerns. Offering more flexibility and job security is very enticing to talent, especially during increasingly uncertain times. Additionally, providing training and development that enables professional growth leads to long-term satisfaction and higher productivity.

Considering the key findings of Workmonitor research, most employees (72%) consider their work an essential element in their life; however, they would not be willing to sacrifice their work-life balance, neither under economic uncertainties conditions. This feeling was particularly strong among Generation Y and Gen Z, the youngest one. Hence, one of the most significant lessons from the past years is that individuals globally have transformed their mindsets. Consequently, they are resolute to adapt work to suit their lifestyles, and, although confronting financial unpredictability in the upcoming year, individuals are unwavering regarding the type of employer and position they desire for their careers. People increasingly want employment that adapts to their lifestyles rather than the other way around. For those opting to leave their current employer, the data demonstrates that enhanced working environments, including exiting a harmful workplace (34%) or lacking growth prospects (30%), remain the key factors driving their choices. Nearly half (48%) said they would resign if their occupation impeded their ability to enjoy life, with one-third having done so because a job didn't align with their personal life. Employee commitment is also affected as dissatisfaction with work has resulted in 31% having "quiet quit", a recent trend where employees only do the bare minimum in their positions.

Thus, to cope with this new attitude and meet employees' expectations, it is important to create an appealing employee value proposition that matches their desires and beliefs. This involves setting up a way to gather input, prioritizing actions that will have the widest impact, and measuring the effectiveness of any initiatives. It is critical to consistently be attentive to the evolving necessities of the workforce.
One of the most successful ways to keep people engaged and motivated is to provide clear career development paths. Make time on a regular basis to have discussions with employees to understand their ideal future with the company and what steps are necessary to reach their goals. Then determine what investments are needed for reskilling and upskilling to enable the workforce to fulfill their ambitions.
Lastly, to the question "Are employees' values aligned with the company's values?" The response should be positive if the objective is long-term retention. If surveys reveal significant differences, it's time to evaluate where the gaps exist and how to close them. Otherwise, management needs to modify the corporate values to reflect the perspective of employees or adjust the hiring approach to attract candidates who are aligned.

What is more, having flexibility in their work schedule and location remains highly valued by employees as a job perk. Despite many companies requiring a return to the office, talent is expressing a strong wish to maintain increased flexibility. Roughly 40% of respondents said they would turn down a job if it didn't provide accommodating hours (45%) or remote/hybrid options (40%). Additionally, 27% have resigned from a position that did not give them the flexibility they needed.
The possibility of going into the office for a standard 9-to-5 job has evidently become unenticing as more employees now prefer a flexible work schedule (83%) as well as a flexible location (71%). Among different age groups, flexibility was cherished more by younger

employees, with 84% of those aged 25 to 34 and 85% of those aged 35 to 44 expressing that having the freedom to choose when they worked is significant. Women, who are often the primary caregiver in a household, also valued flexibility more than men when it comes to hours (85% vs. 81%) and location (72% vs. 69%). These statistics indicate people have adapted to and now desire more adaptable work arrangements.

Though working remotely is valued by 7 out of 10 individuals overall, there were noticeable differences across regions. Only around 61% of respondents in Northwestern Europe felt working remotely was important, whereas 80% in Latin America held this view. There was a similar gap between India, where nearly all survey participants (93%) saw remote work as important, and Hong Kong, where just 62% agreed.

In light of this, companies should rethink where and when employees can work to create better guidelines. Can parts of a job be done remotely to allow more combined in-office and remote schedules? Would permitting work hours outside of a typical 9 a.m. to 5 p.m. schedule give staff more flexibility without causing problems with work processes? Companies should think more outside the box to give workers as much freedom as possible.

To conclude, more than ever before, the global workforce desires to be part of an organization that offers an inclusive and diverse work environment, according to Randstad research. The organization should have values that align with those of the employees and have clear social and environmental obligations. With the social justice movement gaining momentum and consciousness of environmental problems increasing, individuals globally believe the company they work for ought to mirror the causes they support.

As per the Workmonitor 2023 survey, 77% of respondents emphasized the significance of an employer's values and purpose concerning sustainability, diversity, and transparency. Two out of five (42%) also said they would not work for a company whose values did not match theirs. The same percentage said they would not accept a job from an organization that is not making an active effort to be more sustainable.

A majority (57%) also said their current job fulfills their need for a sense of purpose, but almost as many (54%) said they would quit a job if they did not feel like they belonged there.

One lesson that emerged during the pandemic is that the talent experience is crucial for maintaining and improving workforce productivity and satisfaction. The data presented consistently shows that while pay is important, people also greatly value how they are treated and how they feel in the workplace. And with the recent talent shortage, a sense of belonging has become increasingly important. Knowing they have more employment options enabled many people to seek out opportunities at companies whose values better aligned with their own and that offered a greater sense of belonging.

The yearning to feel part of an organization is particularly strong among younger employees. The statistics demonstrate that 61% of those aged 18 to 24 would resign if they did not have a sense of belonging in their workplace, and this inclination decreases progressively among older age groups. Less than half of respondents 55 and older would quit for this reason.

You can see a similar pattern when it comes to sustainability. Approximately half (49%) of Generation Z would refuse to work for a company that did not make a proactive effort to be more sustainable; only 35% of their oldest colleagues had these sentiments. Likewise, a majority (52%) of those under 25 would not accept a job if an employer's values were not aligned with theirs on social and environmental issues, but only about one-third (37%) of the oldest age group felt this way.

Wrapping up, researchers (Randstad, 2023) suggest that to create a sense of belonging with personnel, companies should acknowledge that employees are different but also emphasize what they have in common. Individuality and diversity spur innovation, but shared objectives and experiences help unite people. They may form employee resource groups to assist people in advancing their interests, asking questions, and taking part in mentoring programs. Furthermore, communication, empathy, and acceptance are key to helping workers feel they belong in an organization, and employers should stress these in their employee engagement plan. By encouraging people to bring their authentic selves to work daily, companies could also provide a safe and supportive setting that boosts productivity and creativity. Schedule group activities that increase social interaction and promote personal sharing. Helping teams become familiar with each other fosters a bond that work collaboration cannot replicate. While this may be tough for remote employees, virtual parties and fun activities can bridge the distance among collogues.

II. EMPLOYER BRANDING

2.1 Literature review

In the increasingly complex context of corporate social responsibility (CSR) practices, companies are faced with the challenge of promoting and implementing initiatives that not only have a positive social impact, but also authentically reflect company values and identity. In this chapter we will examine the role of employer branding as a strategic lever for improving and further developing CSR strategies.

Since the contemporary labor market has grown highly competitive due to the proliferation of companies and, on the other side, the scarcity of talent, we analyze how a positive and authentic corporate image, as an employer, can positively influence external and internal perception, involve current employees, and contribute to the realization of social responsibility goals. Numerous researchers and studies have explored the drivers of motivation and attraction concerning employers, focusing on factors such as job characteristics, gender, and generational differences. These investigations accentuate the need to understand various factors influencing employer perception.
In this thesis, the analysis will primarily focus on the most recent studies to capture current trends and best practices in employer branding. Recognizing the significance of employer branding over the last two decades, the first part of this chapter will include a literature review dedicated to understanding the definition of employer branding, with a specific focus on its historical background and how it benefits employee retention and wellbeing.

2.1.1 Historical introduction of the concept

Introduced in the early 1990s in Europe by Ambler and Barrow, pioneers of employer branding, they defined the concept as "The package of functional, economic and psychological benefits that are provided by employment and identified with the employing company"[36]. This is a basic definition, and subsequently, scholars have undertaken the exploration of employer branding, striving to elucidate it in a more captivating manner. A more practical definition comes from the Chartered Institute of Personnel and Development (CIPD), a leading global professional body for human resources and people development based in the UK. They define EBM as "A set of attributes and qualities, often intangible, that

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[36] T.Ambler, S.Barrow, (1996), The Employer Brand, on The Journal of Brand Management, Volume 3, N. 4

makes an organization distinctive, promises a particular kind of employment experience, and appeals to those people who will thrive and perform best in its culture"[37]. Subsequently, in 2004, Backus S. and Tikoo S. expanded upon the concept by stating that employer branding is "The process of constructing a recognizable and distinctive employer identity"[38], and they made a clear distinction with the concept of the employer brand. In a particular scenario, such as during the hiring process for new employees, this latter highlights the attributes that set the company apart from the competition and helps the target to form a clear perception of the company. The idea was looked at from an overall organizational standpoint.

Offering an alternative perspective, Tumasjan et al. (2020) incorporate the management concept of equity and fuse it with the marketing definition of branding. Tumasjan defines Employer Branding Management (EBM) as "An approach in which HRM processes focus on creating, developing, and safeguarding employer brand equity through continuous interaction with potential and incumbent employees, aiming to achieve sustainable competitive advantages in the labor market"[39].

Upon revisiting these definitions, it becomes apparent that Employer Branding is perceived as a practice generating positive effects and outcomes within the firm, defined as "benefits." It is seen as a strategy contributing to gaining sustainable competitive advantage or "appealing" to individuals considering employment with or currently working for the company. In alignment with marketing research, it is crucial to note that Employer Brand Management (EBM) differs from the fundamental notion of branding primarily aimed at helping external customers recognize a company in the market. Instead, EBM directs its strategy internally to current and potential employees. It integrates internal and external marketing processes with human resources practices, involving communication strategy, career development, employee benefits, and training programs. EBM operates on resonant leadership, skills management, and fosters an inclusive culture of behaviors and values that attract and retain top talent. Targeting various objectives, the primary goals of EBM include enhancing current employee retention and loyalty (Sharma, 2019), and facilitating in

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37 Chartered Institute of Personnel and Development, Employer Brand, 2023, available at https://www.cipd.org/en/knowledge/factsheets/recruitment-brand-factsheet/

38 Backhaus K. and Tikoo S., (2004), Conceptualizing and researching employer branding, Career Development International, 9, 4/5, pp. 501-502

39 Tumasjan, A., Kunze, F., Bruch, H. & Welpe, I.M., (2020), Linking employer branding orientation and firm performance: Testinga dual mediation route of recruitment efficiency and positive affective climate, Human Resource Management

attracting potential talent, thereby increasing competitive advantage. As a result, this enhances internal brand loyalty, fostering a heightened feeling of organizational involvement.

2.2 Definitions of Employer Branding

Balmer and Gray (2003) argue that a robust, favorable corporate brand functions as an influential "guide" for various stakeholders, encompassing not only current employees and shareholders but also prospective employees. A corporate brand encompasses the overall image, identity, and reputation of a company as perceived by its stakeholders, including customers, employees, investors, and the general public. It reflects the values, mission, vision, culture, products, services, and corporate social responsibility initiatives of the company. A strong corporate brand helps differentiate a company from its competitors, builds trust and credibility, and influences stakeholders' perceptions and behaviours towards the company. It serves as a strategic asset that contributes to the long-term success and sustainability of the organization.

This highlights that effective brand management of a company must require a balance between external and internal focus. The literature, as exemplified by Balmer and Gray (2003), recognizes the significance of existing employees, or internal stakeholders, particularly in the service era. With this recognition, internal branding and employer branding have gained prominence in branding literature. Internal branding focuses on instilling the brand concept within an organization to ensure employees deliver on the brand promise to external stakeholders. On the other hand, employer branding ensures that an organization recruits the right people who align with its brand values from the outset.

While numerous studies examine corporate branding, internal branding, and employer branding independently, there's a lack of exploration into how these concepts can be integrated to ensure a unified brand experience. Additionally, their fundamental interrelationships are often overlooked. Without understanding these connections, achieving a consistent corporate brand becomes challenging, and exploring variations in these relationships across industries, markets, and organizations becomes limited. Therefore, this section aims to explore and illustrate the interrelations between corporate branding, internal branding, and employer branding through a proposed conceptual model.

2.2.1 Corporate branding

The corporate brand, as defined by Balmer (1998), represents an explicit agreement between a company and its major stakeholder groups, requiring consistent adherence for the benefit of all customer groups. Organizational efforts to communicate, differentiate, and enhance the brand vis-à-vis important stakeholder groups and networks rely on a clearly defined branding proposition that encapsulates all aspects of the organization's identity (Balmer, 2001).

Corporate branding entails the systematic, planned manipulation of behavior, communication, and symbolism with the objective of establishing a favorable and positive reputation with an organization's target audiences (Einwiller and Will, 2002). The term "behavior" specifically denotes how staff members uphold a company brand's promise, underscoring the importance of effective communication for successful corporate brand management (Ind, 1998).

To convey a consistent brand image and its associations to external constituents, alignment between an organization's vision and employees' values is imperative (Hatch and Schultz, 2001). Employees, as highlighted by King (1991), serve as the interface between the organization and customers, making them crucial in building the corporate brand (King, 1991). Managing a corporate brand necessitates the full commitment of all employees within an organization to deliver the brand promise to stakeholders (Balmer, 2001).

While some may argue that viewing a brand as a promise primarily focuses on attracting and retaining customers, the commitment of a corporate brand is rooted in an understanding of the corporate identity and its culture. Corporate identity encapsulates the ethos, goals, and values of the organization, representing what the corporate brand stands for (McQuiston, 2004; Tarantin, 2002).

Employee behavior is widely recognized to significantly influence how external stakeholders perceive the corporate brand and understand its identity and image (Anixter, 2003; Hatch and Schultz, 2001). The corporate branding literature extensively emphasizes the importance of employees (e.g., de Chernatony and Harris, 2000; Harris and de Chernatony, 2001). As Ind argues, "Employees have the potential to decide whether the company brand is successful or not"[40].

Therefore, ensuring close alignment between employees and the organization's brand values can offer the organization a sustainable competitive advantage (Pringle and Thompson, 2001). Moreover, it's worth noting that at the core of corporate branding lies the notion of "promoting" existing employees and initially attracting and recruiting suitable candidates (Ind, 1998).

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[40] Ind, N. (1998), "An integrated approach to corporate branding", Journal of Brand Management, Vol. 5 No. 5, pp. 323-9.

Corporate identity serves as a vital link between the organization and its customers (Aaker, 2004), fostering a sense of individuality for the organization that can serve as a key differentiator (de Chernatony and Harris, 2000). According to Balmer (2001), corporate identity forms the foundation of a corporate brand, highlighting its critical role in shaping external perceptions and internal alignment within the organization.

2.2.2 Internal branding

The literature on corporate branding and services has emphasized how employees' delivery of both functional (what is delivered) and emotional (how it is delivered) brand values affects the perceptions of both current and potential candites and customers, as well as other stakeholders (de Chernatony, 2002). Because of this, the internal constituencies, that is current employees, are the main focus of internal branding.

The essence of effective internal branding lies in ensuring that every individual employee is dedicated to providing and maintaining excellent service, thereby contributing to the delivery of the brand promise to customers. This approach emphasizes that both front-line and back-office employees play crucial roles in maintaining consistency in delivering the brand promise. For this to be successful, every employee throughout the organization must fully comprehend the values embodied by the company brand. Achieving this understanding is believed to increase employees' appreciation for their roles and enhance their commitment to fulfilling the brand promise (Heskett, 1987). Recent research indicates that internal branding initiatives can also facilitate companies in meeting their brand promise to external audiences (Drake et al., 2005). The underlying premise is that internal branding activities effectively communicate and educate employees about the brand values, thereby strengthening their intellectual and emotional commitment to the brand (de Chernatony and Segal-Horn, 2001; Thomson et al., 1999). This alignment of internal and external perceptions of the brand contributes to a consistent and compelling brand experience for both employees and customers. In order to achieve overall corporate brand consistency, usually It is highlighted the significance of current employees and internal branding initiatives. It also shows that a corporate branding strategy should be managed in tandem with an internal branding program.

2.2.2.1 Limitations of internal branding research

Recent research has delved into comprehending the influence of internal branding on employees' brand-promoting behavior (Punjaisri and Wilson, 2007; Punjaisri et al., 2008). These studies underscore the significance of an all-encompassing internal brand framework that integrates functions across departments such as human resources and marketing. Notably, Punjaisri et al. (2009) have demonstrated that effective coordination between human resources and marketing is pivotal for the successful implementation of internal branding initiatives and for attaining favorable outcomes such as brand identification, brand commitment, brand loyalty, and brand-supportive behavior among employees.

Although many authors have emphasized the importance of aligning marketing and HR functions in internal branding efforts, Mosley (2007) noted that HR roles often remain limited to providing communications support rather than playing a more strategic role in ensuring the delivery of the brand promise through human resource management practices. Drake et al. (2005) argue that internal branding is effectively realized through the practice of internal marketing. A review of the "Internal Marketing" literature reveals that training is not the only crucial activity; other HR practices such as recruitment, rewards, and employee retention also play key roles (Ahmed et al., 2003; Berry and Parasuraman, 1991; Cahill, 1995; Gummesson, 1991; Sasser and work, 1976). For instance, Kundu and Vora (2004) argue that recruiting the right people is critical, especially for companies relying on employees to represent brand values and fulfill brand promises. Furthermore, Halbesleben and Buckley (2004) point out that hiring patterns influence organizational culture, service standards, and reputation, thereby impacting the success of corporate branding efforts. However, while the importance of recruiting the right people for an organization is evident, most internal branding studies have not provided concrete solutions on how to achieve this. Recent studies (e.g., Punjaisri and Wilson, 2007; Punjaisri et al., 2009) have focused on using internal branding to attract the right people who exhibit brand-enhancing employee behavior. De Chernatony (2001) posited that recruiting staff based on the alignment of their values with those of the organization can be more effective than solely emphasizing technical or operational skills. However, Punjaisri and Wilson (2007) pointed out that senior managers in their study faced difficulties in finding candidates who shared the organization's values. This underscores the significant role that values play in influencing staff behaviors and the inherent challenge in altering them. As a result, internal branding literature essentially concentrates on persuading current staff members to fulfil the brand promise, leaving out how an organization can initially find and hire the "right" people whose values align with the organization.

2.2.3 Employer branding

Indeed, internal branding has traditionally concentrated on ensuring that current employees uphold the brand promise. However, as part of the broader corporate brand management process, there's a growing acknowledgment of the significance of recruiting individuals whose values align with those of the organization (Ind, 1998; Hatch and Schultz, 2003). This objective is pursued through the establishment of an employer brand, which aims to portray the organization as an appealing workplace in the external labor market (Sullivan, 2004).

To better grasp the concept of employer branding, it is beneficial to consider a general definition of branding without specific ties to employment or HR. Swystun offers a useful definition, stating that "A brand is a mixture of attributes, tangible and intangible, symbolized in a trademark, which if managed properly, creates value and influence. In the realm of employer branding, this notion is operationalized within the human resources (HR) domain, where the branded product represents a distinct and tailored employment experience. The fundamental premise is that by articulating and carefully overseeing their "employment experience," organizations can generate value and motivation. Importantly, the employment experience is inherently distinctive to each organization, as emphasized by Backhaus and Tikoo (2004). They assert that employer branding "Suggests differentiation of a firm's characteristics as an employer from those of its competitors, and the employment brand highlights the unique aspects of the firm's employment offerings or environment"[41]. This definition highlights that the employment experience, often termed the "employment offering," is overtly communicated by organizations to current and potential employees. It entails assertions of providing a specific and distinctive experience, particularly to prospective hires.

The imperative for organizations to distinguish their employment offerings from those of competitors can facilitate talent competition and attract applicants who ideally align with the company's values (Backhaus and Tikoo, 2004). Consequently, it affords organizations the advantages of augmenting both the quantity and caliber of applicants (Collins and Han, 2004) and enhancing organizational performance (Fulmer et al., 2003). To do so, some authors propose that an employer branding program involves defining the "unique organizational value proposition"[42], also referred to as the employer/employee value proposition (Barrow

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[41] Backhaus, K. and Tikoo, S., (2004), "Conceptualizing and researching employer branding", Career Development International, Vol. 9 Nos 4/5, pp. 501-17.

[42] Knox, S.D., Maklan, S. and Thompson, K.E., (2000), "Building the unique organisation value proposition", in Schultz, M., Hatch, M.J. and Larsen, M.H. (Eds), The Expressive Organisation, Oxford University Press, Oxford, p. 216.

and Mosley, 2005), presenting the "package" of reward, features, advantages and benefits offered to employees, while communicating organizational values, characteristics, and attributes. In this way, according to Dell and Ainspan (2001), the employer brand can establish the firm's identity as an employer, encompassing values, systems, policies, and behaviours directed towards attracting, motivating, and retaining both current and potential employees.

Various approaches exist for building an employer brand. Some organizations adopt the "outside in" approach, concentrating on enhancing visibility in target talent markets through a multifaceted strategy, including well-designed websites featuring content on company culture, compensation practices, career opportunities, and reasons for being an excellent workplace. Others take the "inside out" approach, creating a powerful internal brand through the employee experience and transforming employees into brand advocates. This internal focus is particularly crucial, especially if organizations aim to leverage employee referrals as a means of attracting additional candidates.

2.2.4 From corporate branding to employer branding

Moroko and Uncles (2008) argue that employer branding shares similarities with corporate and consumer branding, emphasizing the importance of distinctiveness, visibility, and resonance with stakeholders. They suggest that an employer brand can be likened to a psychological contract between employer and employee, mirroring the perspective in corporate branding literature where a brand represents an organization's promises to customers (Olins, 2004). To ensure success in the employment context, employer brand propositions should align rational and emotional benefits with the expectations of existing and potential employees (Mosley, 2007).

The concept of person-organization fit indicates that potential applicants evaluate their needs, personalities, and values against the employer brand image, which is shaped by the organization's statements of intent to attract potential employees (Byrne and Neuman, 1992; Cable and Judge, 1996; Judge and Cable, 1997). Failure to meet expectations outlined in the employer brand promise can lead to negative effects on employee performance and increased staff turnover once hired (Schein, 1985; Backhaus and Tikoo, 2004). Effective communication of accurate brand messages regarding the organization's culture, identity, and values to potential applicants is essential to establish a realistic psychological contract reflected in their employment experience.

Aligning corporate branding with employer branding gains significance considering the impact of complex stakeholder identities on corporate brand management. Potential applicants may also be customers of an organization, making them key external stakeholder audiences alongside existing and potential employees (Knox and Freeman, 2006). Perceptions of the corporate brand by existing and potential employees are influenced by the organization's external brand-related communication activities, such as advertising (Balmer and Wilkinson, 1991; Nguyen and Leblanc, 2002; Parasuraman et al., 1985).

Front-line employees play a crucial role in shaping the employer brand image through their actions, highlighting the importance of their involvement in delivering the corporate brand promise (Rynes et al., 1991). Lack of integration between corporate and employer branding can lead to inconsistencies in stakeholders' minds, negatively impacting both brands and resulting in reduced competitiveness in the labor market and decreased staff retention (Backhaus and Tikoo, 2004; Moroko and Uncles, 2008).

The proposed conceptual framework highlights the interplay between corporate branding, employer branding, and internal branding, providing a basis for understanding their synergies and the role of various stakeholders, including employees and customers, in corporate branding success. It underscores the importance of integrating employer branding and internal branding to achieve corporate brand success, ensuring consistency and alignment across all brand touchpoints. Ultimately, a strong corporate brand serves as a powerful navigation tool in guiding stakeholders' perceptions and interactions with the organization (Balmer and Gray, 2003).

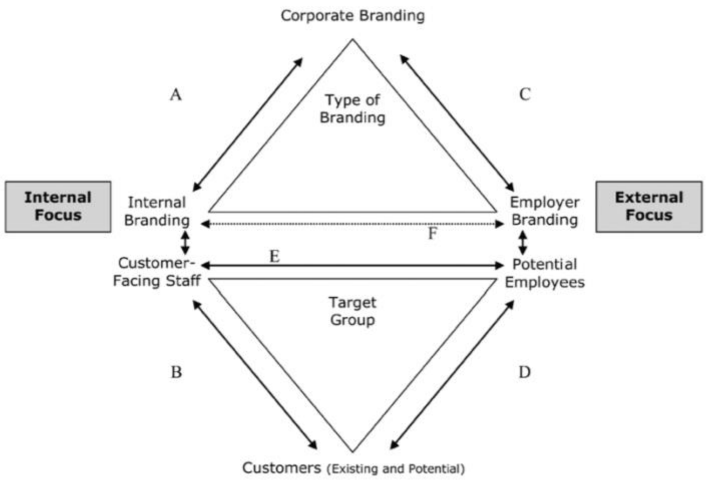

Figure 6: The relationship between internal, employer and corporate branding

Source: Carley Foster, Exploring the relationship between corporate, internal and employer branding, 2010

The framework demonstrates that promise management, as known as corporate branding, is the main focus of corporate branding. Though from different angles, it is demonstrated that employer branding (C) and internal branding (A) support this brand and guarantee delivery.

While employer branding typically focuses on the external constituencies, such as potential employees (D), who may also be organization's customers, internal branding has an in-house focus. Existing and potential customers of an organization may develop an opinion of the company as a great place to work as a result of their interactions with its customer-facing employees (B). Based on these exchanges, the employer brand may influence their decision to join or stay with the company (E). After joining the company, a new hire might work with customers and be exposed to internal branding initiatives (E). The model also implies that employer and internal branding initiatives should clearly and consistently state what the company can offer to its current and potential customers, as well as employees, based on its culture and values. This emphasizes the necessity of an integrated framework spanning marketing and human resources. By doing this, the corporate brand will be able to adapt to the changing environment and offer consistent experiences at every touchpoint. The model also identifies the gap in the branding literature, which is the failure to find the link bet thus far, as shown by the broken line in Figure 6 (F).

2.3 The key elements that contribute to a successful EB

To attract and retain talent, the business should establish a brand rooted in internal values, a clear vision, and a culture effectively communicated through an Employer Value Proposition (EVP). The EVP is described as the promise you make to your employees and is an integral part of employer branding.

To begin, let's define a few terms. The audience's perception and positioning of the business constitute the "brand." It is the outcome of any brand strategy implemented as well as the conversations about the perceptions you wish to have for your business. Branding, or brand identity design, represents the visible aspect of the brand. It includes the brand identity system, such as your logo, fonts, and colours, as well as website design, language, and tone of voice. Brand identity is essentially the brand strategy made visible, the part of your brand that your customers see, hear, and interact with.

Employer branding comes into play when aiming to attract talent and is typically refined after brand strategy and brand identity design. It can be defined as "The act of positioning your firm in such a way as to be an attractive proposition for job-seeking talent"[43]. Employer branding requires a balance of having an appealing brand identity design, evident brand values, and an active culture and reputation that align with these values. It ensures that your company not only talks the talk but also walks the walk. Employer branding encompasses three vital functions for any business seeking to employ staff: its brand identity and online presence, its company culture, and its approach to recruitment. These elements are crucial for a business that aims to grow, attract, and retain staff.

2.3.1 Company culture

Organizational culture, at its core, represents the way things are done within a company. It encompasses shared values, habits, vision, mission, communication methods, collaboration practices, processes, bureaucracy, innovation support, care for people, and more. A strong, healthy, and positive corporate culture is essential for any success. Every strategy, objective, vision, goal, idea, system, or procedure must align with the corporate culture to thrive; otherwise, it is destined to fail (S. Sinek, 2023). Beyond facilitating the execution of company strategy and fostering success, culture significantly influences the organization's image. It plays a crucial role in how the company is perceived internally by its employees and externally by customers, job seekers, and the public. Culture is pivotal because it dictates how people feel at work, ultimately affecting their job satisfaction. The way individuals perceive a company strongly influences whether they choose to stay or leave (S. Sinek, 2023). Culture plays a key role in retention, engagement, and dedication.

The internal organizational culture plays a pivotal role in shaping the employer brand and subsequently influencing external perceptions of the company. This internal culture is manifested through various channels, including word of mouth, corporate responsibility initiatives, interviews, internships, graduate programs, and marketing campaigns. The reputation of the organization as an employer of choice and its status as a "premium" employer brand are central to any employer branding endeavor, with corporate culture playing a crucial role in shaping this image and reinforcing the brand's promotion. Both internal and external perceptions of the organization are heavily influenced by its culture. Therefore, it is imperative for any employer branding initiative to evaluate the alignment between the corporate culture and the objectives of the employer brand. This assessment

[43] Ben Stanbury, The 6 pillars of employer branding, July 10, 2023 available at www.theidbureau.com

ensures that the organization's values, beliefs, and behaviors internally resonate with the desired image projected externally to potential employees, candidates, and the broader market. By maintaining a strong alignment between corporate culture and employer branding goals, organizations can effectively shape their reputation as an employer of choice and cultivate a positive brand image in the competitive talent landscape. In addition, the impact of organizational culture is felt across all levels of management. The work environment significantly influences the quality of working life for employees, affecting their dedication and performance. Employees are more likely to work hard and stay with a company that has a strong culture aligning with their own values. Conversely, if the company's culture does not resonate with their personal beliefs, they are more likely to leave or worse, stay but underperform.

The significance of organizational culture extends beyond the workplace atmosphere, affecting every aspect of the organization, from recruitment to retention to overall performance. An authentic employer brand that is closely tied to the workplace culture, highlighting the Employee Value Proposition (EVP), yields the most significant impact. It attracts the right talent, enhances current workplace culture, instils pride, trust, and inspiration in employees, and aligns messaging with the company's present and future direction (S. Sinek, 2023). A well-handled employer brand not only presents an appealing image but also contributes to building and reinforcing the culture and organizational foundation.

2.3.2 Values and mission

The values your company holds close to its heart can be both visible externally and embedded in the internal brand, shaping the company culture. Your brand mission, reflecting what you aim to achieve beyond profit-making on a day-to-day basis, and your brand vision, outlining long-term goals, constitute the core of your company values (B. Stanbury, 2023). These values are not only reflected in your operations but also in your commitment to charities, causes, and environmental and social programs.

For younger talent, aligning personal values with those of their workplace is crucial. Companies demonstrating commitment to environmental sustainability and workplace equality are likely to attract these individuals. In terms of employer experience (EX), employees increasingly seek businesses involved in sustainable and ethical initiatives that resonate with their values. As Ben Stanbury's article emphasizes, businesses expect more from their employees, and in return, employees demand a more meaningful and empowering experience within the organization.

For example, Virgin Atlantic's recent initiative allowing staff to choose their uniform, irrespective of gender, gender identity, or expression, and introducing optional pronoun badges for crew and passengers exemplifies a commitment to inclusivity and diversity. Similarly, Patagonia, a global clothing brand, goes beyond symbolic gestures. Its founder, Yvon Chouinard, gave away the entire company to a trust that directs all profits toward combating climate change and preserving undeveloped land. Valued at over $3 billion, this is not just a gesture, but a belief system deeply rooted in the firm's internal brand and culture (B. Stanbury, 2023).
These examples illustrate how companies can authentically integrate their values into their operations and make a meaningful impact on both their employees and the wider world.

2.3.3 Employer Value Proposition

The Employer Value Proposition (EVP) lies at the core of your employer branding efforts, encapsulating elements of your brand strategy aimed at attracting and retaining talent. It articulates what your organization offers in terms of compensation, benefits, career development, work environment, and culture. Each of these aspects is further broken down into specific sub-categories, addressing details such as salary, bonuses, pay raises under compensation, promotions, and training under career.

The Society for Human Resource Management (SHRM) defines the EVP as "Part of an employer's branding strategy that represents everything of value that the employer has to offer its employees. Items such as pay, benefits, and career development are common, but employers also highlight offerings that are currently in demand, like technology, remote work, and flexible scheduling"[44]. In a LinkedIn Talent Solutions video, Michelle Horde-White characterizes an EVP as "Your brand promise [to your employees] ... it's who we say we are as an employer... it has to be inspirational, not aspirational"[45]. It's crucial to recognize that your EVP should not merely be a promise made to potential candidates during the recruitment stage. Instead, it should embody the entire employee experience, something felt

[44] The Society for Human Resource Management, How to build an Employer Value Proposition, available at https://www.shrm.org/topics-tools/tools/how-to-guides/how-to-develop-employer-value-proposition
[45] Maxwell Huppert, 3 Tips for Creating a Powerful Employee Value Proposition from a Recruiting Leader at NBCUniversal, available at www.linkedin.com/business/talent/blog/talent-strategy/employee-value-proposition-tips

by employees throughout their careers and delivered by your company culture during the entire path on the company.

Employee branding is a multi-faceted effort, with its roots in the initial discussions held in the brand strategy business model. It integrates elements of branding, marketing, reputation, and culture, ultimately manifesting in your success in acquiring and retaining talent in the workplace. So, your EVP should be viewed as a vital tool in your employer branding arsenal, serving as a promise not only in the present but also as your recruited talent progresses in their careers and gains the experience of working at your firm.

2.3.4 Professional development opportunities

One of the main elements of employer branding is emphasizing opportunities for career development. Workers look for companies that foster their development and offer opportunities for skill and personal enhancement. These opportunities are offered by companies with a strong brand, which enhances the recruitment and retention of talent (Randstad, 2023).

When talking about professional growth you consider not only the development of a career path within the company that allows employees to acquire transversal skills, soft skills and hard skills, to be exploited in the work context, but also for a path of personal growth. Professional development can be carried out through training courses, in person and remotely, and with upskilling and reskilling activities, and everything in the name of flexibility: today roles are increasingly fluid and interchangeable, so it is necessary to focus above all on new skills that can be applied in different fields and on soft skills such as emotional intelligence (Randstad, 2023).

Companies that allow employees to choose their own professional growth path, supporting them and guiding them towards self-awareness, their own abilities and objectives, generate a positive impact both on the employees and on the company business, because a worker who feels valued and supported in their ambitions will undoubtedly be more productive, as well as more closely linked to the company and its values. Professional growth is an element of growing importance within companies (Randstad, 2023). This is due to the variability of the labor market and society as a whole, as well as the introduction of new organizational practices and new technologies. Let's think about remote working, artificial intelligence, automation: phenomena that cut across every sector. The reaction in the labor market after the Covid pandemic has shown that the world is moving fast, and companies must be able to keep up with the times by offering employees the opportunity to grow professionally and acquire new skills. Training, in this sense, takes on a central role: it can no longer be considered a secondary, parallel or possible activity, but rather an integrated component in the company's organizational fabric.

2.3.5 Employee experience and its wellbeing within the company

The experience of an employee in the company is, in all respects, a journey. An adventure made up of many stages which, hopefully, can last many years. The development of a healthy and stimulating work environment and a talent experience that exceeds expectations are the basis for this path to become a real source of value: both for the professional and for the company in which he works (Randstad, 2023). Especially in an increasingly dynamic and competitive job market, the effective management of the employee journey represents a crucial component for the success of companies.

But what does this term really mean and why is it essential to map the experiences of employees, even before they join the company and, subsequently, for the entire duration of the professional relationship?

In this section, we will explore in detail the definition of the “employee journey,” its relationship to employee experience, and how HR professionals can benefit from a detailed employee journey map to improve engagement and the satisfaction of their people. We talk about "Employee journey" when we refer to the overall path that an employee takes within an organization, from the selection phase to the moment of his farewell to the company. It is not just a set of bureaucratic stages, but rather a complete journey that includes emotions, interactions and moments of professional and personal growth, so “moments that matter” (Randstad, 2023). As a result, the "employee journey" needs to be viewed as an ongoing process as opposed to a collection of discrete phases. This will allow the employer to identify the crucial moments of interaction with talent and understand how to improve them.

2.3.5.1 The employee journey and employee experience

What is the relationship between employee journey and employee experience?

The concept of employee journey is closely linked to the concept of "employee experience"(Randstad, 2023). Specifically, the employee experience is the way in which employees experience their overall journey within the company. A sum of all the moments, negative and positive, that characterize their life in the company. The more the company is able to understand the specific needs of its people, at every stage of the company-professional relationship, the more it will be able to offer workers a valuable work experience, tailored to the specific needs of the individual both in personal terms, correct work-life balance, work flexibility; and professional growth - opportunities for training, development and growth within the organization. Understanding and optimizing the employee experience has become imperative in the era of Great Resignation and Quiet Quitting (Randstad, 2023).

The journey metaphor is, for instance, the most suitable term to describe the path of an employee in the company. A story made of meetings, relationships, growth, rewards and emotions. To optimize the experience of its people, the company must be able to identify and map every point of contact and moment of interaction with its employees, in order to identify the areas and aspects on which to act. This, in concrete terms, could be translated in a simple and seamless hiring experience, in an induction into the company supported by a personalized onboarding plan concerning the role and training needs of the new hire in the proposal of benefits, that favor the conciliation between private and professional life, in the possibility of accessing skilling courses aimed at professional growth or updating in support and relocation services for outgoing employees and much more.

Thus, these are the main justifications for charting the employee journey:

- Evaluation of the employee experience: mapping offers a detailed picture of the interactions between the company and employees, providing valuable data to evaluate performance and identify areas for improvement;
- Engagement and retention: knowing the key moments in the employee's journey makes it easier to create positive experiences that increase engagement and, consequently, loyalty to the company brand;
- Organizational alignment: to ensure that the employee experience aligns with the organization's values, mission and vision, fostering a more cohesive and productive work environment;
- Process optimization: a detailed view of the employee journey can reveal inefficiencies in business processes, offering the opportunity to simplify and improve procedures;
- Culture of continuous feedback: the use of surveys to collect feedback from workers allows the company to obtain new insights into the various moments of interaction, thus ensuring an updated overview of the opportunities for improving the experience of your people.

In essence, measuring and mapping the employee journey is essential to the long-term success of the organization (Randstad, 2023). From this perspective, the employee's experience is treated and optimized in the same way as that of the customer (customer experience) to ensure that at every stage of the employer journey the worker feels gratified, fulfilled and satisfied with their work and the environment in which he finds himself working every day. In fact, by guaranteeing workers a positive working environment, a good work-life balance, a system that rewards merit, benefits, training and listening, companies can avoid dealing with the shortage of skills and guarantee qualified workers with immediate and measurable benefits in terms of performance and employee loyalty. For this reason, in practice, the employee experience includes all those aspects that impact the employee's daily life in the company and his relationship with the employer (Randstad, 2023). The elements that make the workplace experience positive can be different: the atmosphere, physical spaces; relationships with colleagues; relationship with superiors; flexibility; confidence; work-life balance; correct instrumental and technological equipment; and the offer of benefits and salary. Dealing with the employee experience means taking all these aspects into account in an integrated way, paying attention to all the contact points that exist between the company and its workers.

However, it is important to underline that the employee experience does not have a linear trend, nor should it be considered static. The feelings and experiences of workers can change over time. For this reason, it is an aspect that must be constantly analyzed and perfected since the employee journey is not by accident (Randstad, 2023). Each company, depending on the characteristics of its reality and its people, will have the task of structuring a personalized and valuable experience that can contribute to creating a pleasant working environment, and increasing personal motivation and employee engagement.

2.3.5.2 The role of the Chief Happiness Officer

In a world where more and more value is given to the balance between personal life and work, how important is happiness in the workplace? Let's talk about positive change and who can bring it to the company: the Chief Happiness Officer.

A large number of employers are increasingly claiming to care about their employees' wellbeing in the workplace and have begun investing in management and organizational practices aimed at creating and sustaining a happier workforce. There may be various reasons for this, such as a better ability to attract and retain highly skilled workers, but at least one motivation is the belief that happier workers are more productive (Clement S. Bellet et al, 2023).

A recent survey of U.S. executives, for example, suggests that while a large proportion of U.S. companies say they are considering investing in management practices that will promote a happier workforce, only a small number currently have any strategy in place has to go in this direction (HBR Analytical Services, 2020). Being work one of the most unpleasant activities in countries such as the US and UK (Bryson and MacKerron, 2016; Kruegeret al., 2009), there is generous possibility for improvement that could enable potential productivity gains. In some sense, our empirical approach suggests the importance of a managerially important but often overlooked aspect of work life, namely space and physical workplace environment. But more importantly, a long path of research has found that a wide range of management and organizational practices influence worker satisfaction and suggest a variety of potential levers that companies can use.

By examining mechanisms through which happiness may affect productivity, we can discuss the types of tasks and jobs where happiness is most likely to be an important factor in explaining productivity differences. Particularly given the rapidly increasing number of jobs that require workers to interact socially with customers (Deming, 2017), the discovery that a significant portion of the happiness effect can be attributed to enhanced social and emotional competencies implies that employee happiness will probably become more crucial in propelling productivity growth in the upcoming years.

The equation happiness = productivity is scientifically proven: according to recent research conducted by scholars of the University of Oxford on British Telecom workers, happiness and satisfaction at work increase productivity by 12% and, as can be seen in graph below, also has an impact on sales.

On this thesis, we make use of information gathered by academics George Ward, Jan-Emmanuel De Neve, and Clement S. Bellet from their investigation into the Telesales workforce at British Telecom (BT), one of the biggest private employers in the UK. They monitor precise, unbiased data regarding the actions and output of 1,793 employees, and they connect this administrative information to a survey tool intended to gauge the impact of workers on a weekly basis using a validated happiness indicator. Employees were asked over a six-month period, “How happy did you feel overall this week?”, an affective question to which responses were given according to a facial scale, ranging from very sad to very happy androgynous faces. The survey was sent via email each week on Thursday afternoon; the distribution of answers scored low on happiness, with the modal answer being the least happy.

Furthermore, to provide results on the relationship between happiness and sales performance, the researchers use variations in exposure to visual weather conditions while working, which result from the interaction between weather and architecture. They noticed that call centers have varied significantly in terms of their architecture and particularly their window coverage, ranging from fully glazed buildings to buildings with almost no windows. Research hypothesized that the most psychologically relevant characteristics of the weather, the extent to which it is light or gloomy, also influence worker satisfaction. Such aspects are inherently visible, meaning that any impact should depend on the worker's observable exposure to them. They show that, on average, visibly cloudy weather has a strong negative impact on worker mood, but this effect depends on the window covering of each call center; in other words, the exposure of workers to this substance.

In conclusion, they find that a one-unit increase in happiness, on a standard 0-to-10 scale, leads to about three additional weekly sales, or about a 12 percent increase over a base of 25. For example, they managed to investigate three potential pathways to productivity that explain the influence of happiness on sales performance. Firstly, happy employees could organize their time in a more advantageous way and, at the same time, be more satisfied at work, therefore adhere better to their prescribed work routine. Second, they could work faster if they were happier, meaning they could answer a higher number of calls per hour. Third, when the mood is better, they could convert calls into sales more efficiently.

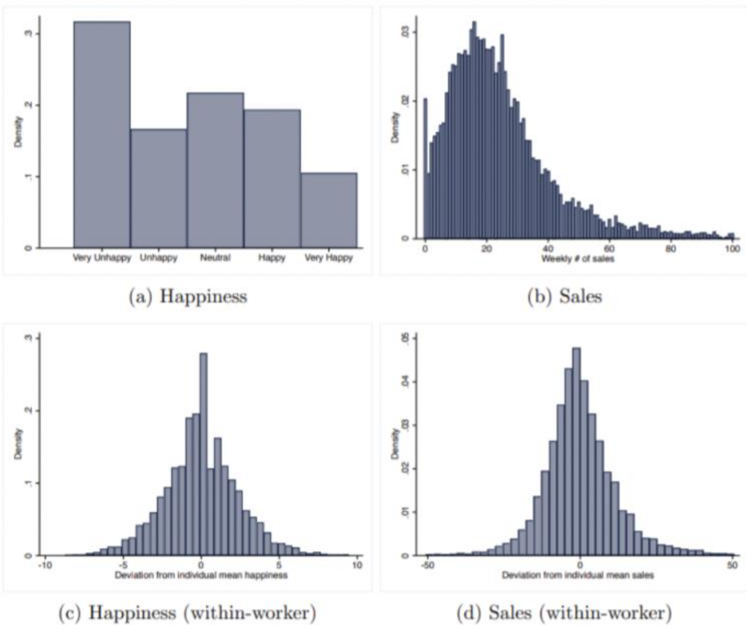

Figure 7: Distribution of Happiness and Sales

Source: Clement S. Bellet, et al., 2023

The study identifies three potential channels through which happiness among workers could impact sales. While evidence is found for all three channels, the research suggests that the third channel has a significantly larger magnitude. As a result, the estimated impact on sales can be predominantly attributed to workers converting more calls into sales during weeks when they feel happier. This finding highlights the substantial influence of employee happiness on sales performance, particularly through the direct effect of improved worker mood on sales conversion rates. They perceive this as a suggestion that, particularly within this framework, a significant portion of the impact of happiness on productivity can be clarified by improved mood. This heightened mood enhances the capability to tackle more intricate cognitive tasks, where social and emotional skills might also have a greater significance.

To give evidence to this thesis, according to an older, but still very valid study by the Harvard Business Review[46], a happy and engaged workforce on average increases sales by 37%, productivity by 31% and precision in task execution by 19%.

So, happiness is the missing ingredient to add to every planning activity according to the brand-new figure, the so-called Chief Happiness Officer. They are HR Managers, but often also a CEO or an entrepreneur, who strongly believes that happy collaborators are also the best collaborators.

Jenn Limm, CEO and Co-Founder of Delivery Happiness, the world's first "coach|sulting" (coaching + consulting) company said: "A CHO is doing what any CEO does in an organization - putting the people/resources/financing in place to create a sustainable company"[47]. The CHO plays a highly strategic role within the company instead of a symbolic one, as they approach their work through the lens of happiness as a business model. This is the difference between a CEO and a CHO. Although it may seem like a "frill" approach at first glance, the goal of increasing happiness among collaborators has important economic returns since, as discussed so far, having more satisfied workers translates into a series of benefits such as greater productivity; decrease in turnover, because a satisfied employee is unlikely to leave their company; support for employer branding, with collaborators who promote their workplace; and finally, contribution to talent acquisition strategies, since the

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[46] Shawn Achor, The Happiness Dividend, The Harvard Business Review, June 23, 2011, available at ww.hbr.org/2011/06/the-happiness-dividend

[47] Jenn Limm, About Delivering Happiness [DH], available at www.deliveringhappiness.com/about.

satisfaction of collaborators that shines through pushes the best talents on the market to want to work for the company.

Operationally, every process that concerns the relationship between worker and company can be undertaken with a happiness-oriented approach: everything revolves around the satisfaction of the candidate and/or collaborator. Therefore, the CHO is responsible for optimizing the selection and onboarding process, defining career plans in the best possible way, managing performance, engagement, transitions, retirements and so on.

From a strategic point of view, the CHO also has a strong impact on the corporate identity and deals with four fundamental aspects, considered the pillars of its role and, consequently, of its mission (A. Raguseo, on Reverse).

The first pillar is Cultural transformation.

The company culture has a strong impact on the company and its employees, and this is why the CHO must promote cultural renovation, directing the organization towards an important objective that involves all the internal parties of the company. This objective must not only be "economic", but must also have a social, and ecological impact and promotion of the common good.

Following, Corporate Happiness, according to the CHO official website, "[Corporate happiness] makes happiness a coherent organizational strategy"[48], that is, the CHO takes responsibility for putting employee satisfaction first and ensuring that every company activity is happiness-driven.

Positive leadership is the third pillar. Positive leaders can steer an organization in the direction of positive change. The CHO's job is to involve the leadership in a happiness-related approach while also fostering positive leadership (A. Raguseo, on Reverse).

The last step is called Positive organization: to broaden the positive approach to the entire organization, and this is where the CHO enters the most operational part of his role, choosing, planning and managing some practices in line with the developed strategy. The result should be to generate well-being, improve productivity, retention, employer branding and give a coherent and cohesive corporate image.

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[48] Daniela di Caccio, Come portare la felicità al lavoro. Identikit del Chief Happiness Officer, 11 Giugno 2019, available at https://www.chiefhappinessofficer.it/2019/06/11/come-portare-la-felicita-al-lavoro-identikit-del-chief-happiness-officer

By concluding, from a practical point of view, it is an advantage for a company to have happy employees: by monitoring and analyzing the organization's happiness levels, it is able to precisely predict and manage employee engagement and retention, and initiate processes of employer branding. The science of happiness may seem like a pseudoscience with a new age flavour to the most sceptical, but it is simply a different, and perhaps better, approach to achieving objectives that can be shared by any organization: being successful and attracting and retaining talent. Today, with the entry into the world of work of new generations, particularly attentive to corporate values and work-life balance, the issue of satisfaction in the workplace has taken on even more strategic importance; the CHO could be the missing figure needed to make every type of company, in any business sector, more attractive and approachable.

2.4 Objectives of EB

Since the introductory discussion of the EB concept, numerous objectives that could be accomplished by adhering to specific guidelines and optimal methodologies have been documented in the literature reviewed. Even though these goals were stated, it could be reasonable to confirm how much each one contributed to the performance of the company. A range of literature studies will be examined and discussed in order to show how employer branding could help the business improve its visibility and appeal in the marketplace. The study will pay particular attention to the benefits of boosting employee commitment to the employer brand; retention and turnover effects; the benefits of helping employees identify with the organization and strengthen their brand loyalty; and, lastly, the rise in competitiveness and attractiveness along with a deeper understanding of how to measure the latter. Although the following benefits are related, they will be discussed separately in separate paragraphs for the purpose of clarity.

2.4.1 Increase the commitment

Research suggests that employer branding can improve a company's performance and employee retention. For a long time, scholars have studied how these relationships might work, trying to identify mediating factors that enable them. Many experts believe that commitment is one of the most critical mediators that allows employer branding to boost performance and retention.

According to Cambridge Dictionary, the definition of commitment is the "Willingness to give your time and energy to a job, activity, or something that you believe in"[49]. The study by Hager and Seibt (2018) provides a comprehensive framework for understanding commitment in the workplace, as outlined by Meyer and Herscovitch (2001). Their framework identifies three key aspects of commitment: affective, continuous, and normative. Affective commitment encompasses the emotional attachment an employee feels towards their work, such as pride in being part of a team. Continuous commitment relates to the perceived cost of leaving a position, including the effort invested in acquiring skills and recognition. Normative commitment involves the sense of obligation derived from the employer-employee relationship. The research suggests that fostering commitment and positive emotions among employees can lead to reduced absenteeism, turnover, and improved company performance.

These findings align with the broader concept of motivation, defined as enthusiasm or willingness to engage in activities. Understanding the relationship between employer branding (EB) and commitment/motivation is essential for organizations seeking to enhance retention and performance. There will be examined three research studies that focus on different aspects of employer branding (EB) and employee commitment. The first study by Al Badawy et al. (2017) looked at how EB correlates with employee retention and motivation in Egyptian institutions. They found a minor positive link between EB and retention but a strong positive association between EB and motivation. They suggest further research on the mediating role of motivation between EB and retention. The second study by Buil et al. (2015) explored corporate brand identity from the employee perspective in the UK banking sector. They argue service brands should invest in corporate brand identity targeting employees, as they impact customer brand perceptions. Corporate brand identity management has similarities to EB like HR initiatives and employee focus. The third study by Arasanmi and Krishna (2019) analyzed how commitment mediates between EB and employee retention in a New Zealand public agency. Their findings demonstrate commitment's importance in supporting retention through EB. Finally, Hager and Seibt's (2018) study underlines the significance of customizing EB to influence organizational commitment.

Starting with the study by Al Badawy et al. (2017), it delves into the evolution of employer branding (EB) over the past two decades, emphasizing its objectives, including the

[49] The Cambridge Dictionary, available at www.dictionary.cambridge.org

improvement of retention. The authors highlight various reasons for turnover commonly experienced in organizations, such as job misalignment, lack of career growth, enticing job offers from competitors, compensation differentials, low motivation and morale, unmet job expectations, work-life imbalance, a culture of mistrust, and management issues.

The researchers argue that high-performing individuals often leave organizations first, posing challenges for retention and increasing turnover costs. They suggest that effective employer branding management can address these retention challenges and mitigate turnover costs. To investigate the impact of EB on retention and motivation, Al Badawy et al. conducted a study involving 95 employees from Egyptian institutions. They hypothesized positive relationships between EB and both retention and motivation based on their literature review. Their findings revealed a positive but minor relationship between EB and retention, whereas the relationship between EB and motivation was highly significant and positive. This suggests that EB practices significantly enhance employee motivation, which aligns with their hypothesis. In their conclusions, the authors suggest that future research should explore the mediating role of motivation in the relationship between EB and retention. This highlights the need for further investigation to better understand how EB influences retention outcomes through its impact on employee motivation. The analysis of the third paper mentioned by the authors would provide additional insights to complement their findings regarding the mediating role of motivation in the EB-retention relationship, further enriching our understanding of the dynamics between EB practices, employee motivation, and retention outcomes.

Following, Buil et al. (2015) conducted a study focusing on the corporate brand identity from the perspective of employees within the UK banking sector. Their research was motivated by the necessity for the banking sector to rebuild trust from customers following the financial crises of previous years. They emphasized the importance of investing in corporate brand identity, particularly from the employees' point of view, as employees directly interact with customers and can influence their perception of the brand. The authors argued that service brands, including those in the banking sector, need to prioritize corporate brand identity, especially concerning employees' perspectives. They highlighted the significance of employees in shaping customers' perceptions of the brand. By focusing on employees as their target audience, Buil et al. (2015) compared their study with employer branding practices. Corporate brand identity, according to their research, encompasses the overall strategy pursued by a company to position its brand in the minds of customers. This strategy includes activities that overlap with employer brand management, such as human resource initiatives and employee focus, as illustrated in their study's framework. It highlights the importance of aligning internal and external branding efforts to ensure consistency in brand positioning and perception, both among employees and customers. By recognizing the shared elements between corporate brand identity and employer branding, organizations can develop strategies that effectively engage employees in delivering on the brand promise and positively influencing customer perceptions, ultimately contributing to the success and reputation of the brand in the marketplace.

The authors examined the commitment of employees to see if it could lead to greater customer satisfaction, which in turn could bring about improved performance for the company. "The extent to which an employee performs his/her role, including the brand promise delivery, is based on the brand standards"[50] is the definition of commitment given in their analysis. Thus, they were not only concentrating on the willingness of employees to fulfill a role, but also on aligning with the brand's standards. This means they examined how well employees matched the collection of rules, values and policies proclaimed by the brand. They also emphasized the role of job satisfaction in influencing employees' work attitudes. The schema of hypotheses they tested is depicted in the model presented in their research.

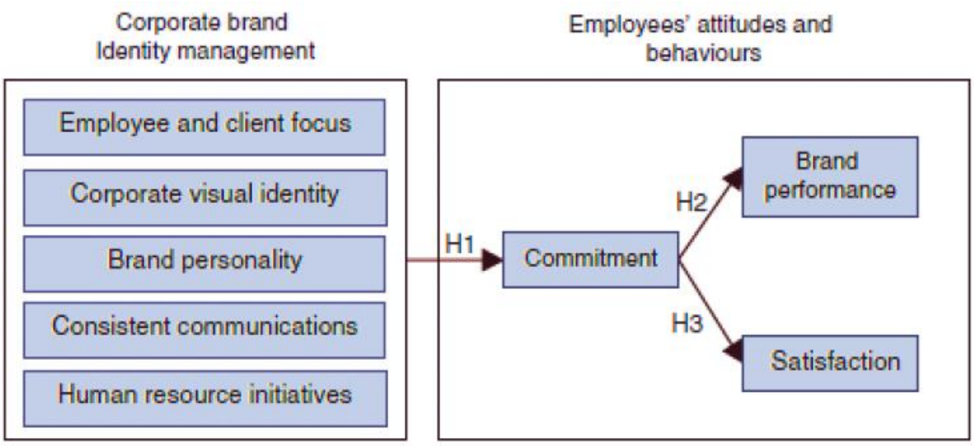

Figure 8: Conceptual model of Buil et al.

Source: Buil, I., Catalán, S., & Martínez, E, 2015

The first hypothesis (H1) regards the effects of Corporate Brand Identity Management on employee commitment; so, commitment is influenced by those corporate brand initiatives that the management enacts to intensify employees' attitudes and behaviors, such as focus

50 Punjaisri, K., Wilson, A., Evanschitzky, H., (2009), Internal branding to influence employees' brand promise delivery: a case study in Thailand, Journal Service Management, Vol. 20, 5, pp. 561-579.

on employee and customers, corporate visual identity, brand personality, consistent communications and human resource proposals.

The second hypothesis (H2) is related to commitment, and it has a direct effect on the increase of brand performance; the third (H3) would like to explore the correlation between commitment and satisfaction, highlighting that a higher employee commitment leads to higher satisfaction. The findings of their empirical research have validated all three of these relationships, underlining the evidence that corporate brand identity management is important and that companies need to devote more attention and effort to it (Buil I. et al, 2015).

The third paper addresses the gaps and limitations in the empirical research of the first paper. It provides a more complete understanding of employer branding and how it can improve a company's performance by increasing employee commitment. The research by Aransami and Krishna (2019) looked at how organizational commitment mediates the relationship between perceived organizational support and employee intentions to stay, called Retention. Their focus on commitment is due to the importance that is perceived by the authors stating that "Organizational commitment is a highly desirable attitude that usually affects organisational performance […] Commitment connotes strong emotional attachment, identity and determination to maintain a long-term employment relationship with an organization. Due to this, highly committed employees are strongly attached and stay longer with an organisation"[51].

According to the authors, this process is strengthened by the presence of the Social Exchange Theory Rules (Blau, 1964) on which their theoretical framework is founded. The theory enhances the relationship between the employer and employees by proposing that there is a sense of reciprocity that resides in the involved parties. In this way, once the employee recognizes any kind of Perceived Organizational Support (POS), it appears that a sense of mutual duty and obligation emerges that improves employee performance, and thus, the firm's performance. The POS specifically include all activities meant to assist staff members in their work and to look out for their well-being both inside and outside the workplace.

All things considered, it is important to stress that the findings provide a solid basis for showing the value of employer branding in boosting employees' commitment. Since it's been

[51] Aransami and Krishna, Employer branding: perceived organisational support and employee retention – the mediating role of organisational commitment, 2019

proven that commitment impacts a company's performance, it could also be useful to grasp that it may also be shaped by job qualities. In 2018, Hager and Seibt devoted part of their research to delving deeper into this facet. They conducted a survey of 183 people aged 18-69, from which they gathered intriguing results. They demonstrate that full-time workers appear more satisfied than part-time employees. Subsequently, they discovered that older workers are more motivated than younger ones. Additionally, they noticed a difference based on job level: managers seem less influenced by normative commitment than subordinates do (Hager and Seibt, 2018). This study implies a link between job features and commitment, thereby highlighting the importance of customizing employer branding regarding work characteristics. Similar findings regarding other factors like cross-cultural differences and gender will be examined in the next paragraph. To continue analyzing employer branding objectives and their impact on company performance, another key goal warrants further discussion: improving retention. Although some relevant evidence was already covered here, the next part will focus on retention specifically.

2.4.2 Raise retention and lowering turnover

As explained so far, one of the main goals of employer branding is to increase employee loyalty to the company and reduce turnover. The starting point of our analysis will be the article by Sharma (2019).

The author of the article "Employer Branding, A Novel Route to Employee Retention and Competitive Advantage" studied small and medium enterprises (SMEs) in India that were facing talent shortages. She found that large companies were able to hire the top talent because they could offer better pay, recruiting, and retention strategies compared to smaller companies. The SMEs she examined generate 8% of India's GDP and provide 45% of the country's manufacturing output, so they make up a significant portion of India's profits. In addition, the article highlights the trend of job hopping, facilitated by professional social networks like LinkedIn, which leads to high turnover costs for SMEs. Thus, retaining employees seems critical for SMEs and larger companies alike. Employer branding could help meet this need and prevent the affective, cognitive, and economic costs of losing and retraining employees.

Starting with the conclusions of Sharma's article (2019), she drew attention to the highest results obtained in the survey of employees of the companies on which she focused. The questionnaire proposed to employees was based on the form proposed by Berthon et al. Employer Attractiveness Scale (EmpAt Scale) developed in 2005, which was based on five factors: economic value, social value, development value, interest value and application value (Berthon et al., 2005)[52]. The findings of their study revealed that economic value had the least impact on their mindset. Instead, interest value emerged as the more compelling factor, followed by development value. Economic value can be simplistically depicted as the potential for increased compensation or career advancement. Conversely, interest value signifies the capacity of the workplace and tasks to foster innovation, stimulation, challenge, and creativity. Development value, on the other hand, assesses the opportunities for progression and personal growth within the company's framework (Reis and Braga, 2016; Berthon et al., 2005).

The author concluded that companies that only invest in economic value are seen as uninteresting by employees, calling this a "dangerous mistake" (Sharma, 2019). Instead, to attract and retain talent, companies must invest more in fostering a sense of unity and "cultural openness". Similar ideas were also mentioned and described in the previous paragraph, relating to feelings of belonging and alignment with brand standards to better engage employees. The results also show that equal importance should be given to training and further education. Doing so would allow companies to avoid the risk of employees looking elsewhere (Sharma, 2019), otherwise, companies enable job hopping, hurting performance.

2.4.3 How to leverage organizational identification and loyalty

An additional key objective that motivates companies to implement employer branding is to boost organizational identification and improve employee commitment to the brand.

Since the early pioneers of employer branding, Backhaus and Tikoo (2004), recognized that when the values and beliefs of the organization align with those of the employees, their performance is greater and therefore retention is improved. It is crucial that there are no misunderstandings or inconsistencies between what has been communicated externally to potential hires and what is actually transpiring within the company. This is because the behaviors they have adopted need to be consistent with those expected by the company, leading them to be more productive, loyal, and enhancing their sense of stay (Backhaus & Tikoo, 2004).

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52 Berthon, Ewing and Hah in 2005 created a list of variables, divided into the 5 factors reported, with the aim of develop a scale to investigate the employer attractiveness by an employee’s perspective.

This was recently reaffirmed by Tumasjan et al. (2020), who noted that the favorable environment that employer branding fosters within the company contributes to its advantages. It has been shown that creating an atmosphere this positive helps employees perform better and improves the company's outcomes as well. Additionally, businesses should invest more in their current workforce rather than concentrating on hiring new hires, and doing so can enhance each individual's performance and benefit the team as a whole (Tumasjan et al., 2020).

Löhndorf and Diamantopoulos (2014) also looked into the significance of employee behavior orientation, focusing in particular on the so-called "Brand Champions". They are intended to be workers who are so driven at the point to become brand ambassadors, both on and off the job, and contribute to the organization's branding efforts. For these reasons, the best result that employer branding could achieve is also defined as Brand Champions.

Scholars, in their research, questioned employees of retail banks in an attempt to find more answers. They selected this target based on two primary considerations. The first relates to the importance of a corporate brand for a business that does not sell tangible products, and thus the value of the trust that the brand should instill in their customers. The second relates to the commercial nature of the relationship employees have with customers and the degree to which employees can influence the customer's perception of the service and, as a result, the brand. In fact, the actions of brand ambassadors are also called "employee brand-building behaviors" because they can strengthen the brand image and communicate the company's values both internally and externally. The relationship with clients, friends, family, and coworkers is inextricably connected to this contribution. These individuals develop a sense of identity with the brand, and as the brand's value is recognized, so does their sense of pride and efficacy in communicating with others. According to Löhndorf and Diamantopoulos (2014), this is the reason why their organizational identification becomes strong when they act in a way that is consistent with the brand, take part in its development, and is loyal to it. They also spread positive word-of-mouth (WOM) outside the workplace, which increases the positive outcomes both internally and externally to the company.

In response to the study's findings, Löhndorf and Diamantopoulos (2014) concluded that two distinct approaches could result from an organization's level of identification: for the high level, the approach is linked to the brand champions, and at a low level, it corresponds to a less successful and sincere translation of it (brand champion). Employees with low organizational identification recognize the firm's efforts to build its employer brand and feel that the organization supports them, but they do not translate these perceptions into behaviors that encourage the company's brand outside of the workplace. Actually, POS can stimulate happy emotions and serve as an incentive for employees while they are working, but it has no effect once they move into their private sphere. Their actions are motivated solely by the desire to receive benefits from that particular behavior, but not by a larger concern for the company's well-being. Therefore, it confirms that the company should invest heavily in creating a sense of pride and communicating the employer's value in order to achieve brand-building behavior even beyond the company's boundaries.

For the reasons outlined, brand champions are deemed to produce the best results, and their presence improves business performance by leveraging a positive brand attitude both within and outside of the workplace. Given that brand champions are employees with the highest level of organizational identification and have the ability to improve the work environment, it is reasonable to draw the conclusion that this EBM goal improves both the individual's and the company's performance as a whole. Furthermore, a feeling of well-being within the organization may encourage a worker to be keener to their employer.

As mentioned earlier, there is a correlation between all of the objectives, and the following are no different. One could consider attractiveness and competitiveness to be the results of increased loyalty, high retention, low turnover, and organizational support. Therefore, the purpose of the following paragraph is to add an additional reason on why employer branding could improve business performance.

2.4.4 Boost competitiveness and attractiveness

Competitive advantage and attractiveness are the last two objectives that significantly impact Employer Branding, and this section will delve deeper into their roles.

Before getting started, It may be helpful to comprehend the definitions of both terms.
The entirety of the elements that enable a business to earn a markup higher than that of its rivals in the market is referred to as its Competitive Advantage. Various elements contribute to the competitive advantage of each company: the cost structure, brand reputation, the unique product or service offering, the distribution network, intellectual property, and customer support (Investopedia). Conversely, Attractiveness is defined as "Possession of qualities or features that arouse interest, liking or desire”[53] and, in relation to employers

[53] Oxford Languages, available at https://languages.oup.com/google-dictionary-en/

specifically, as " The envisioned benefits that a potential employee sees in working for a specific organization”[54].

While these terms have their own specific meanings, they both help to make the brand more attractive to existing and possible future customers, employees, and stakeholders. The ultimate goal is to leverage these differences to establish a superior position for the company compared to its competitors.

According to Sharma (2019), when employees have a stronger desire to stay with the company, it enhances the company's competitive advantage. This is because it creates an environment where talented individuals actively choose to be a part of the company over its competitors. By retaining these employees, the company can avoid the costs associated with training, welfare, and compensation for new hires. Additionally, this long-term approach allows the company to develop a sustainable competitive advantage by focusing on future goals rather than short-term rewards. The company has a goal to get a negative response if they were to ask their employees questions such as: "If competitors offered you the same job, role, pay, and benefits, would you prefer to leave?" or "If competitors had better benefits, would you leave or stay?". The company aims to translate this idea into practical terms. In front of this, while the first query could be more subjective according to preferences of individuals on stability, the second rewards the company if it has established a positive and influential reputation that encourages employees to choose to stay. Furthermore, it is important to recognize the benefits of having highly talented individuals at a lower cost for the company. For instance, a study conducted by the leading employment agency Randstad (2020) found that companies with weaker brands tend to pay employees 10% more, while 50% of individuals surveyed prioritize a good company reputation over better compensation and rewards.

From an alternative perspective, attractiveness influences employees to select a company over its rivals because it triggers “An attitude […] that affects toward viewing the organization as a desirable entity with which to initiate some relationships”[55]. This suggests that attractiveness not only attracts potential employees but also influences the external ecosystem. However, it is important to note that attractiveness also encompasses the sense

[54] Berthon P. Ewing M., Hah L.L., (2005), Captivating company: dimensions of attractiveness in employer branding, International Journal of Advertising, 24 (2), pp. 151-172.
[55] Aiman-Smith L, Bauer T. N., Cable D. M., (2001), Are you attracted? Do you intend to pursue? A recruiting policy-capturing study, Journal of Business and Psychology, Vol. 16, No. 2, pp. 219-237.

of pride experienced by current employees in being part of an organization. According to Sharma (2019), employer branding can serve as a powerful tool in attracting new talents by creating an appealing workplace. Sharma further suggests that employer branding is particularly relevant in sectors experiencing skill shortages, such as IT organizations. Therefore, attractiveness should be recognized as a significant factor in achieving sustainable competitive advantage (Sharma, 2019). A number of companies, such as HP, have admitted that being seen as one of the top employers is beneficial in drawing in potential talent and supplying them with the tools they need to thrive (Costa, 2005). Looking at it from a resource-based view, investing in building an optimal work setting guarantees enduring success.

Building on the insights discussed so far, it's crucial to recognize that employer branding serves as a powerful starting point for talent attraction. What has not been specifically covered is the fact that is essential understanding the specific target audience the company aims to attract. A clarifying example was provided by Momot and Lytvynenko in 2019, who delved into the study of attractiveness of the Ukraine banking sector from the perspective of the Millennial generation. This choice has been made because they identified very challenging attracting this generation to banking sector, due to the deteriorate image of banks as employers after the 2007-2008 and 2014-2015 financial crises. Banks, according to the authors, suffered from a "strong stereotype" of rigidity that failed to appeal to Millennials.

The research was split into two main segments: one focused on studying Millennials' attitudes toward information, media, and social networks, and the other translated these findings into recommendations to enhance trust in banks as employers (Momot and Lytvynenko, 2019).

This study is crucial for comprehending how employer branding can assist a company or industry in regaining the trust of internal and external audiences. It also demonstrates that a thorough analysis is necessary to identify the primary issues associated with the objectives a company aims to accomplish.

2.4.4.1 How to increase attractiveness

So far, we have seen that companies now acknowledge the positive impact of being perceived as attractive by potential candidates and as an excellent employer in various aspects of their operations, including recruitment and the acceptance of the psychological contract, which goes beyond the legal and economic agreement between employees and employers.

For instance, to gain global recognition for their efforts, companies aspire to be included in the prestigious "World's Best Workplace"[56] ranking. This yearly ranking highlights the top 25 employers around the world. It is put together based on the views of over 10 million individuals and 10,000 firms. Companies that want to be included subscribe to the website, undergo review by the Great Place to Work team, and can get a Certificate recognizing their efforts in this area. The ranking report offers insights into the best practices that have allowed a company to achieve top positions. For instance, in the Italian Best Place To Work, the top three positions are held by Hilton, known for its unique treatment of new hires as guests in the hotel to experience the service; Salesforce considered by its employees a fast-paced environment where there are therefore numerous career opportunities and the company's exceptional growth has a positive impact on the development of our careers; and at the 3rd place, American Express Italia, which employs an innovative gamification technique in applicant selection.

As said in the previous part of the chapter, HP' have declared to be certified as one of the "Best Place to Work". These certifications, obtained from third-party organizations, provide rankings that allow companies to compare themselves to others based on predetermined parameters. They are considered credible as they are awarded by impartial entities and transparent, as the methodology and data are available (Dineen and Allen, 2016). Therefore, companies are increasingly seeking these qualifications not only to evaluate their HR practices, but also to certify their ethical standards, code of conduct, supply chain, and environmental impact.

Studying the advantages and usefulness of "Best Place to Work" certifications, Dineen and Allen (2016) looked into two key connections. Inside organizations, they theorized there would be an inverse relationship between the rate at which groups of employees left their jobs and having these certifications in place. Externally, they investigated the relationship between the certifications and the quality of the applicant pool. The results confirmed that certifications serve as credible indicators that influence employees' decision to stay with a company, thereby reducing turnover rates. Signal theory suggests that these certifications provide evidence of a company's commitment to its employees, leading to increased motivation and loyalty.

Additionally, Dineen and Allen (2016) found that companies recognized as the Best Place to Work experienced an improvement in the quality of their applicant pool. The size of the

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56 Available at https://www.greatplacetowork.com/worlds-best-workplaces

company seems to be a key factor in determining the effectiveness of being included in rankings. Specifically, smaller companies were shown to benefit more compared to larger companies. The authors explained this finding by stating that when small companies are featured in rankings, it not only enhances their brand, but also exposes them to new people who may not have heard of them before. This in turn leads to a higher number of job applications for the smaller companies. In contrast, larger companies are usually well-known among job seekers and therefore the certifications have less influence on a candidate since he or she has already applied for the position in that particular company, with or without the certification (Dineen and Allen, 2016).

In recent years, these rankings have expanded to include specific categories such as the best companies for women or millennials. Parameters for rankings have also diversified, with initiatives like PEOPLE Companies that Care 2023[57], which highlights top companies in the USA succeeding in business while demonstrating care and concern for employees, inclusion, communities, and the environment. Even major companies, like Hewlett Packard (HP), have recognized the business value of being listed among the best places to work, citing it as a strategic move to attract top talent (Costa, 2005).

2.4.4.2 How to measure attractiveness

The preceding analysis underscored the importance of customization and the relative nature of attractiveness across different generations. Numerous researchers have dedicated their studies to understanding how attractiveness can be measured, aiming to identify the factors that most influence people's opinions about a company, particularly upcoming employees. This section aims to integrate the discussion on attractiveness with an analysis of relevant research. Specifically, the focus will be on the Berthon et al.'s employer attractiveness scale (EmpAt, 2005), a widely known and extensively used tool in the research community, considered highly suitable for evaluating employer branding strategy.

The article by Reis and Braga (2016) will be reviewed to highlight the importance of the EmpAt scale in studying generational viewpoints. Also, the study by Eger et al. (2019) will be mentioned to stress that customization goes beyond generational aspects. Scholars have used the scale to investigate various patterns linked to employer branding, such as the impact of gender and cross-cultural variances.

[57] https://www.greatplacetowork.com/companies-that-care

Beginning with article provided in 2005 by Berthon et al., it is crucial to understand the variables defined to provide a framework for measuring employer attractiveness. The authors built their framework upon the work of Ambler and Barrow (1996), considered pioneers in employer branding research, who designed the initial schema of factors related to employer attractiveness, categorizing them into functional, psychological, and economic elements; which were lately extended by Berthon et al. As depicted in the figure below, the EmpAt scale comprises five factors.

The first and foremost, the first dimension of employer attractiveness is interest value, which evaluates the employer's ability to provide a stimulating environment, innovative services and products, and opportunities to apply creativity. The second dimension is social value, which relates to the social aspects of the work setting like team performance, an enjoyable workplace, and positive colleague relationships. The third dimension is economic value, which assesses monetary factors including salary, production bonuses, and job security. Following that, development value is the fourth factor on this scale, encompassing all features related to career prospects and the potential to be valued in the workplace by management; and finally, application value focuses on tutorships with colleagues, the opportunity to teach others, and how it relates to the company's humanitarian actions towards society.

1. INTEREST VALUE
1 - The organisation produces innovative products and services
2 - Innovative employer – novel work practices/forward-thinking
3 - The organisation both values and makes use of your creativity
4 - The organisation produces high-quality products and services
5 - Working in an exciting environment
2. SOCIAL VALUE
1 - Having a good relationship with your colleagues
2 - Having a good relationship with your superiors
3 - Supportive and encouraging colleagues
4 - A fun working environment
5 - Happy work environment
3. ECONOMIC VALUE
1 - An attractive overall compensation package
2 - An above average basic salary
3 - Job security within the organisation
4 - Good promotion opportunities within the organisation
5 - Hands-on inter-departmental experience
4. DEVELOPMENT VALUE
1 - Feeling more self-confident as a result of working for a particular organisation
2 - Feeling good about yourself as a result of working for a particular organisation
3 - Gaining career-enhancing experience
4 - A springboard for future employment
5 - Recognition/appreciation from management
5. APPLICATION VALUE
1 - Opportunity to teach others what you have learned
2 - Opportunity to apply what was learned at a tertiary institution
3 - The organisation is customer-orientated
4 - Humanitarian organisation – gives back to society
5 - Acceptance and belonging

Figure 9: Employer attractiveness scale (EmpAt)

Source: Berthon P. Ewing M., Hah L.L., 2005

For each of these elements, the authors detailed the five factors that compose each of them. They describe the behaviors in which these five elements manifest in the workplace. The evaluation of this template starts with the question: "How significant are the following [elements] to you when thinking about potential companies?" and participants provide their responses using a five-point Likert scale (1=Not at all important, 5=extremely important).

As stated, these factors match the framework created by Ambler and Barrow (1996). There is a connection between interest and social value with psychological advantages, while the development and application values can be linked to functional benefits. Economic value is related to economic considerations.

The researchers, Berthon et al., have also suggested various applications for their scale. As previously mentioned, the scale is valuable as a template for evaluating attractiveness and understanding the features that are most important for the target audience of potential applicants for a company. Additionally, they acknowledge the potential use of the EmpAt scale to track changes over time in employees' opinions.

Another significant study that utilizes the widely adopted EmpAt scale is conducted by Reis G. and Braga B. (2016). They used the scale to study how attractive employers are from a viewpoint of different generations, covering baby boomers[58], boomers[59], and generation Y[60], who were actively participating in the workplace at that time. In their analysis, the study reveals the variables that differ in interest among various generations. For example, they emphasize the notable difference in the perception of the interest value, with baby boomers ranking it first, while generation Y expressing less interest, ranking it fourth. This study, like many others analyzed, supports the idea that evidence-based medicine should be customized according to the traits of the intended audience, and the EmpAt scale is well-suited for gathering such information (Reis and Braga, 2016).

This method has led several researchers to utilize the scale to investigate other factors impacting prospective employees' views. This result permitted Eger et al. (2019) to review studies published from 2005 by Berthon et al. up to their own research, including many more such as Reis and Braga's (2016). This allowed them to compare cross-cultural approaches to employer desirability.

[58] People born from 1946 to 1960
[59] Also called Generation X, it comprehends people born from 1961 to 1981
[60] Also named Millennials, it comprehends people born from 1982 to 1996

Most of these studies shared the use of the EmpAt scale and had similar methodologies and samples. The samples universally comprised final year business students. The key variation was the nationality of the participants, which became the focal point for investigation. Nationality becomes the focal point of investigation.

Eger and colleagues (2019) initiated their study to focus more closely on three aspects: the impact of employer appeal factors on students in the Czech Republic; analyzing any gender differences in this impact; and finally, a cross-cultural examination to identify if certain factors hold more weight for different nationalities. The findings related to the first aim will only be discussed regarding the third aim's comparative analysis. The results of their research showed that gender significantly influences perspectives on employer attractiveness, with females generally placing greater importance and being more attentive to employer branding factors overall compared to males. Interest Value appeared to be the sole factor unaffected by gendered viewpoints.

On the other hand, there has been more focus on investigating cross-cultural differences in employer attractiveness perceptions. To clarify comparisons between nationalities, a matrix was created with the six most highly rated factors from the EmpAt scale on one side, and results from past studies divided by nationality on the other. The countries included in this matrix were Australia (referencing Berthon et al., 2005), Sri Lanka (referencing Arachchige and Robertson, 2011), Norway (referencing Sivertzen et al., 2013), Turkey (referencing Alniack et al., 2014), Latvia (referencing Alniack et al., 2014), Brazil (Reis and Braga, 2016), and the Czech Republic. While not exhaustive, this matrix highlights relative and absolute differences that may be relevant for companies recruiting from these nationalities and shows the need for localization.

Generally, there was little interest in application value across nationalities, with only Norwegians and Czechs ranking it moderately high. However, at least one economic value factor was important to all. More specific patterns emerged, such as Sri Lankans valued developmental aspects, Brazilians interest value, and Czechs social value.

The main value of this research is its investigation of variations in how attractive employer qualities are viewed across cultures. It highlights the need to tailor messaging based on who you want to reach. Also, since this is an emerging field of study, it points to the importance of more research into crafting employer brand strategy. It further stresses the necessity for scholars to tackle more precise questions, like how to connect with a given audience, which can be accomplished through successful employer branding.

Regarding studies that have already been discussed previously, it is now relevant to refer again to the 2018 article by Hager and Seibt. Specifically, this paper expands the comparison between the EmpAt scale and two other more recent methods for measuring attractiveness. These other methods are the 2013 approach by Trost and the one created by Hager and Seibt in 2018.

Looking at them chronologically, Trost's method can be examined first. In his book, he proposes five main categories of employer characteristics that could make them attractive in the labor market. As shown in Fig. 10, even though the categories have different names, Trost in 2017 covers most of the values identified by Berthon et al. (2005).

1. OFFERS	2. TASKS	3. COMPANY
Pay Incentives Career opportunities Work-life balance	Interesting tasks and projects Internationality Innovation Influence	Products and services Company success Location Reputation Job security

4. EMPLOYEES	5. VALUES
Personality Level of education Teamwork Diversity	Organizational culture Quality of Leadership Trust and flexibility

Figure 10: Trost's employer characteristics
Source: Trost, 2013

The primary differences are based on the Employees factor, where Trost took into account employees' mindsets, personalities, and education levels as part of the social aspects covered by the EmpAt scale. The author examined job characteristics by looking at the specific tasks, duties, and positions held by employees. Other nuances were seen in the Company factor, which also includes the location of the company (Trost, 2013; Hager & Seibt, 2018). However, given the growing importance of certain places in recent years (like Silicon Valley for tech), this last factor seems valuable for measuring attractiveness on a relevant scale.

In 2017, Hager and Seibt created a 13-item scale with four factors: 1) The social component covers job traits related to the company's significance, teamwork, and social value; 2) Economic benefits, career prospects, and reputation factors are combined into status and perspective; 3) Independence and interest encompass variables related to the employee's autonomy and job engagement; 4) The latter considers work-life balance factors and represents the preference for low responsibility at work, which they called avoidance of responsibility. This shows that aspects not addressed by Berthon et al. (2005) and Trost

(2017) include the concept of preferring low responsibility. However, this thesis does not aim to determine which variables to use, but only to review the literature on this topic.

All thigs considered, this in-depth analysis aimed to uncover a thoughtful approach for researchers to understand attractiveness and the need to assist companies in determining which factors are most important to employees. More explanation was provided to Berthon et al. (2005) because of its widespread adoption and available verification showing its aptness for accomplishing this objective. However, this does not mean that other scales are less valuable than the EmpAt one. More research, especially empirical studies, is needed to assess this aspect since so far, only a few studies have concentrated on this subject.

2.5 How to implement EB

Up until now, we have talked about what employer branding management is, why it's getting more and more important, the main factors companies should consider when deciding to use EBM, and how it can help the company do better. All these factors were explained to show management that it is important to start using an employer branding strategy for a lot of different reasons. And even if the company does not have an official strategy, it still has one. Moving forward, we must offer companies tangible methods for utilizing employer branding over the long period, as part of our investigation into this subject. In the following sections, we will examine how managers can devise a strategy, implement it, and evaluate whether it is effective for their employer brand.

Sousa et al. (2016) conducted a study that serves as a useful starting point for examining how companies can develop their employer brand. Their paper outlines a real-world business case illustrating the strategies and techniques a major Portuguese corporation employed over time to establish its reputation as an attractive employer. Because their research traces an actual company's employer branding efforts from inception through multiple stages of evolution, it provides valuable insights for businesses aiming to enhance their employer brands. This narrative summarizes their paper, using it as a foundation for explaining how organizations can work on employer branding.

As discussed in the initial section on employer branding, this field stems from a combination of other disciplines in management studies. Sousa et al. found that in 2016, these disciplines included marketing, corporate branding, and internal branding. We will examine how their work has contributed to the growth of this field. We aim to demonstrate that employer branding draws from diverse knowledge bases and skillsets. To incorporate information about these contributions, it may be beneficial to also include design thinking in this list. We will also reference how it is leveraged in human resource development. Furthermore, we will consider the ethical implications to provide a holistic perspective. This progress also enables management to recognize that the acknowledgment they have received for their efforts can help promote the company to prospective employees. Subsequently, once we comprehend each role, we can determine how the company should develop and monitor an employer branding strategy. Additionally, any shifts in the needs and attitudes of stakeholders and employees will be reported to assist management in understanding potential business impacts moving forward. The COVID-19 pandemic has dramatically transformed how people live and work; it exemplifies a major change. We will discuss some frameworks and tips for managing such changes. The primary objective is to emphasize and focus on the salient points that can be useful in evaluating an employer branding strategy.

2.5.1 Contributions by different perspectives and fields

To start the pragmatic discussion, it is vital to highlight the positive impact that diverse approaches from disciplines outside of human resources can have on an employer branding plan. Recognizing that techniques and methods commonly utilized in marketing or branding can play a crucial role in the success of employer branding is key. This is especially relevant given the interdisciplinary essence of employer branding, as it entails the intersection of human resources with marketing and branding ideas. It bears mentioning that employer branding is still a relatively novel field, and leveraging more established techniques and methods from associated disciplines can help translate employer branding into a sustainable strategy. Numerous references in this thesis were drawn from journals spanning various fields. Studies include Gilani and Cunningham's research (2017) published in "The Marketing Review", the previously discussed paper on Berthon et al.'s EmpAt scale (2005) in the "International Journal of Advertising," the relationship between reputation, employer branding, and corporate social responsibility (CSR) examined in the "Public Relations Review" (Verčič and Ćorić, 2018), and Dineen and Allen's (2016) investigation of the significance of "Best Places to Work" certifications in the "Academy of Management Journal".

While these are just a few examples, they highlight the interdisciplinary nature of the literature on employer branding, drawing insights from various fields. However, it's essential not to overlook the significant contribution of the human resources discipline, which provides a unique perspective to other fields. In employer branding, every component plays a part in attracting, motivating, and retaining people. It's important to differentiate between the administrative tasks of human resources and the strategic aspects behind them. Pioneers in this field, like Backhaus and Tikoo (2004), have emphasized the role of internal and external marketing in attracting, motivating, and retaining human resources. They recommend applying marketing principles to engage current (internal) and potential (external) employees. Berthon et al. (2005) highlighted the importance of internal advertising and added internal branding to the recommendations, stressing not to neglect the internal audience and the significance of conveying the brand essence to employees.

Mosley (2014) took these recommendations and provided practical guidance for companies, especially during the initial phase of developing an employer branding strategy. Mosley stated that the team should include strategists and professionals who can gather best practices from different areas and integrate them effectively. He stressed the importance of a direct connection between teamwork, management, human resources leadership, and branding specialists. The team's abilities should be evaluated based on their capacity to gain insights from internal and external audiences, translate those into a suitable employer value proposition aligned with brand and marketing management, and implement them in micro and macro policies. Additionally, the team has to ensure proper communication of these policies to stakeholders. Mosley (2014) considered selecting the right team as the first key to success in the strategy, underlining the necessity for synergy at every stage of the process.

Recognizing the challenges facing HR, including talent shortages, Bailey et al. (2019) proposed an innovative approach for analyzing, developing, and implementing HR strategies called Design Thinking (DT). DT is a human-centered process focused on observation, collaboration, rapid learning, visualizing ideas, quick prototyping, and concurrent business analysis to drive innovation and strategy (Lockwood, 2010). This approach is seen as a solution for HRD because of its ability to enhance co-creation, participatory learning, prototyping, and monitoring, tackling complex problems by integrating different viewpoints. To demonstrate the depth of analysis possible with DT, Bailey et al. (2019) presented a case study of the Global Entrepreneurial Talent Management 3[61] (GETM3), a European project aiming to combine the needs of three stakeholders (universities, students, and employers) regarding developing young talent. The project takes an inter-sectoral, interdisciplinary, and intergenerational approach to talent management. The authors sought to provide more

[61] GETM3 is European funded project which aim is to combine the requests of three stakeholders (universities, students and employers) concerning the young talents future development. Its approach is inter-sectorial, inter-disciplinary and inter-generational. Available at https://getm3.eu/

insight into DT and how this mindset could significantly contribute to Human Resource Development (HRD) in finding appropriate, customized solutions. The research steps, especially the diagnosis phase and participatory learning, emphasize the importance of listening to stakeholders' opinions and framing problems in the most useful way for each specific case. DT's interdisciplinary nature, with tools and frameworks from diverse fields, makes it a valuable approach for developing a sustainable employer branding strategy.

The growth of employer branding has brought to light issues that were previously overlooked. As this field expands and employer branding continues to be examined by scholars, more attention should be paid to the ethical implications of such strategies. In researching for this thesis, It has also been considered this aspect, particularly in light of discussions around corporate social responsibility. Some researchers have tried to comprehend the effects of these kinds of policies. A relevant example is the 2017 article by Pitzz and colleagues in the Business and Professional Ethics Journal, which ethically analyzed international hiring processes. In particular, they investigated the impacts of recruitment policies utilized by corporations in developed nations on developing economies. Their questions centered on: first, the issue of "Brain drain" and recruitment's impact on this phenomenon, highlighting the problem of lost educational investment in origin countries; and second, the potential for firms and nations to enhance recruitment efficacy and the resulting consequences for migrant-sending countries. In their research, the authors focused on "Self-initiated expatriates" and "Skilled immigrants," distinguishing migration driven by poverty from migration pulled by recruitment policies (linked to HR strategies). They also referenced the field of nation branding, which is the marketing process to enhance a country's position, particularly regarding international relationships as a magnet for talent (Kerr and Wiseman, 2013). Such strategies could impact migration flows, and thus workforce availability, especially for skilled workers. As a result, the consequences may disproportionately affect developing countries while advantaging developed ones (Pitzz et al. 2017).

Though this thesis does not examine the ethical perspective in depth, it was important to mention it to provide a comprehensive overview of this topic. The need to create and implement ethical policies is significant and should be considered. Therefore, philosophical and ethical considerations ought to be incorporated into HR development strategic planning. Moving forward, all techniques related to these areas will be documented. While further targeted research is required to explore the ethical implications and perspectives of employer branding, the ethical viewpoint should always be an underlying consideration to achieve sustainable development of a company and its human capital.

2.5.2 The Development approach

In order to develop an effective employer branding strategy, it is crucial to follow a series of steps to properly implement a suitable and competitive approach for the company. The suggested process has four stages: diagnosis, benchmarking, implementation, monitoring and improvements.
The first phase involves evaluating the gaps and problems that management needs to tackle regarding its role as an employer among all stakeholders. The next step requires taking an external view by performing benchmarking to comprehend the actions, tactics, and efforts competitors are taking to build a distinctive position in the market. The third stage, implementation, includes applying the chosen actions to the specific case. This phase will contain presenting various models to help management organize the strategy. Finally, the monitoring and enhancement phase stresses the importance of continuously analyzing and controlling the evolution and changes in stakeholders' needs to tailor the strategy and resolve any gaps or issues that might surface.

2.5.2.1 Diagnosis: analysis and benchmarking

Diagnosis is the initial step a company must undertake before formulating the actions necessary to implement employer branding. This phase is critical for identifying gaps, issues, strengths, and weaknesses in the current employer branding strategy. It's important to note that even if a company has never actively implemented an EB strategy, it inherently possesses one. This is because employer branding encompasses all the attributes that people perceive about an employer, whether consciously or unconsciously. This point, emphasized by Minchington and Thorne in 2007, underscores the significance of establishing a direction aligned with corporate values, strategies, and brand.

As highlighted in the literature review, significant attention has been given to customization based on factors such as gender, nationality (Eger et al., 2019), generations (Bussin et al., 2019; Reis and Braga, 2016), and job characteristics (Hager and Seibt, 2018). Research on what talents perceive as most attractive, as described by Berthon et al. in 2005 and their EmpAT scale analyzed in the section "How to measure attractiveness," further emphasizes the importance of the diagnosis phase in identifying the variables most valuable to employees.

Subsequently, a more delicate phase ensues since it is imperative to extract the subjects that are recurring, most valuable, and significant by considering the perspectives of employees and other stakeholders (i.e. shareholders). Additionally, the issues that the company prioritizes must be contemplated. As Sousa et al. (2016) demonstrated, it could be prudent to combine attributes that may belong to the same theme by linking citations and information accumulated during the research. Reporting direct quotations from employees is vital here because it can genuinely convey people's viewpoints without any interpretation. This process guarantees less misconstruing and misleading constructions (Sousa et al., 2016). Incorporating direct quotations adds authenticity to the findings and ensures that the perspectives of employees are accurately represented, minimizing the risk of misinterpretation or distortion.

The paper discussed three central themes which were labeled using descriptive words: employees, empowerment, and engagement. The employee theme related to how the human resources division appeared to prioritize administrative tasks over people management. The empowerment theme involved the management team's difficulty with delegating responsibilities, communicating effectively, and aligning operations globally. Lastly, the engagement theme concerned the employees' lack of a sense of belonging, loyalty, and alignment with the company's strategy. Furthermore, outlines and summaries were created to bring the topics and their facets into sharper focus (Sousa et al., 2016). This method was also recommended by Mosley in his book (2004), where he emphasized the importance of this step for better tailoring the strategy to current employees' perceptions (Mosley, 2004). This process helps in refining and clarifying the key aspects, ensuring that the strategy aligns closely with the needs and expectations of the employees.

2.5.2.2 The Total Rewards Framework

In the diagnosis phase, having a framework is crucial because it prevents overlooking any factors that require analysis. In this paragraph, it would be relevant to discuss the Total Rewards Model, an important method identified by HR researchers and managers. This model provides a comprehensive approach encompassing all the benefits employees receive at work, including both intrinsic and extrinsic factors that impact employees' perceptions of their employer. As discussed in the article by Hareendrakumar et al. (2020), the Total Rewards model acknowledges the psychological aspects expected by employees, recognizing that individuals do not respond to a precise algorithm; therefore, human resources should be managed with care.

What's significant about this method is that it identifies a list of factors that a company should analyze and implement in its HR strategy to attract, retain, and motivate employees (Hareendrakumar et al., 2020). The Total Rewards Model has been studied by numerous researchers, and different frameworks exist in the literature, varying particularly in terms of the factors included. It's important to note that there are customizable aspects to consider, highlighting the need for flexibility and adaptability, especially when human resources are the subject.

The WorldatWork[62] association pioneered the Total Reward Model, having been founded in 1995. It is a group of professionals focused on sharing best practices in human resources management. Though initially concerned with payroll and compensation, the association expanded its focus as the job market evolved. The association's schema depicts at the center the five key factors of a total rewards strategy, with financial compensation as just one consideration. Also notable is the right side of the framework, which includes external influences when developing human resources plans. Culture, leadership, social norms, regulations are some of the aspects worth mentioning that influence how employees perceive the Total Reward strategy. The model spotlights total rewards beyond merely financial incentives, incorporating factors like well-being, benefits, and career development opportunities. By accounting for the external climate and prioritizing employee well-being, the structure provides a comprehensive approach to human capital strategy.

Figure 11: Worldatwork's Total Reward Model

Source: WordlatWork.org

[62] Available at www.worldatwork.org

The study by Hareendrakumar et al. (2020) is insightful for understanding the impact of the five central factors in the Total Rewards model. Specifically, they examined employees' perceptions of the fairness of HR strategies. Previous research has explored how incorporating a sense of equality mediates the relationship between implementing the Total Rewards model and employee loyalty (Hareendrakumar et al., 2020). As discussed in the section "Taking advantage of organizational identification and loyalty," employee loyalty contributes to company performance. Furthermore, Hareendrakumar et al. (2020) identified three justice-related aspects that influence employees' fairness perceptions: distribution justice (how outcomes are distributed), procedural justice (how benefits are allocated), and interactional justice (how employees are treated and informed about decisions). This shows that the Total Rewards Model must consider not just what rewards are given, but how they are allocated, communicated, and distributed. To provide practical suggestions on implementing employer branding, it is useful to understand that people's perceptions evolve regarding their perceived contribution to the company. As Hareendrakumar et al. (2020) discuss, HR aims to maintain employees' sense that they are treated fairly based on their contribution. In light of that, the authors surveyed 324 executive and non-executive employees in Kerala, India, and found factors like work-life balance, benefits, and career growth more impactful than other reward factors. This aligns with research on what makes an employer attractive and the most valuable factors from the employee perspective.

The Total Reward Model could be used to analyze generational preferences for attractiveness and the EmpAt scale according to Berthon et al. To elucidate the connection between these two concepts, a study by Bussin et al. (2019) provides valuable insights. The authors employed the Total Reward Framework to identify the factors that are most appealing to skilled Generation Y[63] individuals. The research comprised two primary phases: initially, they collected quantitative data from a sample of South African students; second, they collected qualitative data from young people as well as managers, executives, and HR professionals. To elucidate generational differences, they also examined the preferences of baby boomers[64] and Generation X[65]. In their paper, Bussin et al. (2019) presented the results using three Total

[63] Differently from previous research, in this article Generation Y, also named Millennials, comprehend the range of people born from 1981 to 2000.
[64] Differently from previous research, Baby Boomers include those generations born between 1946 and 1964.
[65] Differently from previous research, Generation X includes those generations born between 1965 and 1980.

Reward model diagrams categorized by generation, ranking preferences from one (most important) to seven (least important).

The analysis, which integrated quantitative and qualitative data, revealed some key findings regarding attraction factors. Figure 12 illustrates the seven most important rewards for Millennials. Examining the center of the diagram, it becomes evident that attraction is the focal point of the model.

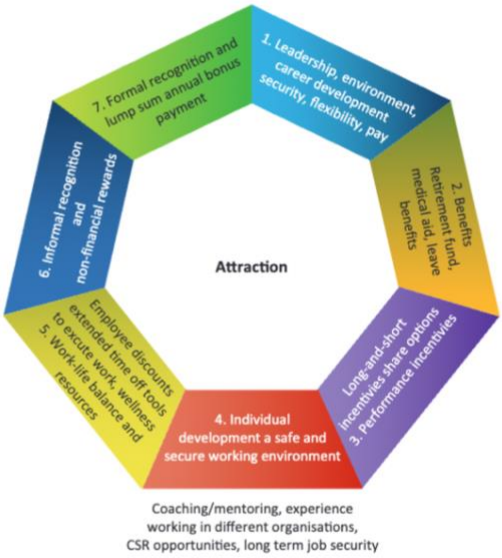

Figure 12: Total Reward model for Generation Y

Source: Bussin et al., 2019

The findings suggest that the younger generation is attracted to career growth, development, and leadership opportunities. Additionally, benefits such as retirement and medical aid are factors that young employees consider important when assessing a job offer. This aligns with Sharma's (2019) assertion that "Remuneration as a motivational tool in today's competitive era may be a dangerous mistake"[66], indicating this seem a trend in the focus of younger employees. Of particular interest are the 6th and 7th positions in the results, where informal recognition and non-financial rewards rank higher than formal and bonus payments. These insights are crucial to gather during the diagnosis phase to better tailor the HR strategy to the company's employees. Looking at the center of the schema, it's evident that the aim of the model is attraction. The results underscore that the youngest generation is primarily drawn to career development and leadership opportunities, with benefits like pensions and medical care also being significant factors in their job evaluation process.

[66] Sharma S., (2019), Employer Branding A Novel Route to Employee Retention and Competitive Advantage, Journal of General Management Research, Vol. 6, Issue 1, pp. 14–31

In the conclusion of their paper, Bussin et al. (2019) reflect on, although career growth and leadership rank highly in factors attracting employees, it is always essential to consider respondents' age and responsibilities. In particular, they emphasize that those just entering the workforce likely have different priorities than older employees with families or financial obligations to support. Additionally, young people tend to be more ambitious and aspire to advance their careers more than older people (Bussin et al., 2019). This reflection aims to help managers and professionals recognize the need to periodically conduct targeted analyses to better adapt to evolving labor market dynamics and generational preferences.

In summary, the diagnosis stage is highly significant and invaluable for pinpointing the focal point of an HR strategy: the company's employees. It involves conducting both quantitative and qualitative research to gain a deeper understanding of employees' patterns, attitudes, and concerns. There are various methods and frameworks in the literature that can help HR professionals investigate employee perceptions - the Total Rewards Model was highlighted here as it has been the focus of recent studies. The EmpAt scale could also gather helpful information on attraction factors and what employees value most. It's important to note that, at this stage, solutions and improvements should not be identified; the goal is to gather as much data as possible.

However, looking only within the company at internal employees may not be enough for an effective employer branding strategy. The company exists within a broader environment that should be considered. An external analysis is also needed to align the HR strategy with competitors' actions. The concept of fairness implies actions should be ethical both within the company and in the marketplace. Therefore, the next section will discuss benchmarking.

2.5.2.3 Benchmarking

This phase is crucial not only for aligning the company's actions with the market but also for gaining inspiration and ideas from the external environment. Benchmarking helps understand the standards, methods, and strategies used by other companies that could serve as a baseline. Gilani and Cunningham's literature review on employer branding referred to benchmarking as a "vital part," citing Mosley's work. They explained that this method could enhance the employment experience by incorporating best practices from top employers. Mosley advised focusing benchmarking on external reputation, attraction research, competitor analysis, and new joiner and exit surveys.

Benchmarking is essential for many strategic reasons. Given issues like skills shortages, job-hopping, and an increasingly competitive environment, it helps companies understand the benefits potential employees seek and why the most attractive companies earn that status. According to Bixby et al. (2021), benchmarking can reveal the total rewards packages competitors offer. They believe the analysis can be very thorough, identifying actions related to diversity, inclusion, leave, healthcare, retirement, insurance and more. The key is that benchmarking allows a company to align itself with the market by examining standards, methods and strategies successful companies use. This inspires ideas and best practices to incorporate, helping create an attractive employment experience.

For this purpose, it is important to choose correctly the enterprises you use as a benchmark. Some recommendations may result in the selection of the most attractive companies or the Best Places to Work using available rankings, considering the geographic location, industry, size or destination. The importance of this process was also emphasized by Joo and McLean (2006) who pointed out that companies that are considered the BPTW also have the best HR practices and their employees are likely to bring more value to the organization. By understanding this relationship, it is possible to learn more about top-level companies through rankings, particularly about their performance and practices (Joo and McLean, 2006).

The benchmarking stage signifies the conclusion of the macro analysis and diagnosis phase of the company's current situation before commencing the process of implementing an Employer Branding Management (EBM) strategy. As previously mentioned, it's crucial to acknowledge that even if a company lacks an explicit HR strategy, employees' perceptions and emotional engagement persist nonetheless. Therefore, the analysis phase is valuable for identifying what workers perceive, which reveals existing issues and strengths within the company. Once the internal review is complete, benchmarking provides a broader perspective by examining how other companies operate externally. At this point, it's crucial to share the findings with the team and ensure everyone comprehends the results, for which diagrams can be helpful.

After gathering and analyzing data in this manner, it's time to embark on the implementation path. In the next section, we'll discuss how the insights gained during the study can be strategically translated to serve the company's objectives.

2.5.3 The Implementation phase

Having with the overall strategic goals of the organization. Sousa et al. (2016) emphasized the importance of ensuring that HR activities, branding efforts, and corporate management objectives are in alignment to achieve overarching organizational goals.

To achieve this alignment, it is essential to analyze the priorities of stakeholders and assess the various aspects of each identified gap. Sousa et al. (2016) outlined three main aspects related to the main problems identified in the diagnostic phase: employees, commitment, and empowerment. For each aspect, they proposed a coordinated and strategic list of actions to address the company's situation effectively. Using Sousa et al.'s (2016) case study as a benchmark, it is crucial to identify the goals to achieve, such as aligning the organization with the group's strategy, improving the performance of the organizational structure, communicating effectively, and retaining and engaging employees. These goals provide a clear direction for the strategic plan. Moreover, Sousa et al. (2016) highlighted the importance of practical and itemized actions presented in a framework to make them more concrete and useful for examination. The coordinated relationship between these actions should be straightforward to grasp for clarity's sake, making them easier to implement. Lastly, the overall plan of HR activities, branding efforts, and corporate management objectives should be assessed to ensure alignment with the organization's strategic goals. This alignment is crucial for maximizing the effectiveness of the strategic plan and achieving long-term success.

Last but not least, another element that should be considered is to assess the suitability of the overall HR model, branding and corporate management objective. Although this whole process seems simple, it can actually be very difficult to achieve. Therefore, some models originally developed for other fields have been adapted and utilized in HR. Two such examples are the Value Proposition Framework and the Balanced Scorecard model, both originating from marketing. When these models are adapted for use in the field of Human Resources (HR), they are respectively referred to as Employee Value Propositions (EVP) and Human Balanced Scorecard (HBS).

The Value Proposition model, widely used in marketing, analyzes, assesses, and implements marketing plans to attract and retain customers, encouraging them to purchase and build brand loyalty. As described by Lusch et al. (2007),"A promise the seller makes that value received will be linked to value experienced. When a customer trades with a seller, they are implicitly assuming the value received will at least result in value experienced that meets or exceeds the value received"[67]. The EVP aims to attract, motivate, and retain talent within the company, leveraging a similar approach to the marketing concept.

The EVP framework is preferred by management due to its familiarity and simplicity, as it is commonly used for various purposes, including marketing. After the diagnosis phase, EVP helps gather and organize information in a structured manner. For instance, Randstad, a global employment agency, conducted a 2020 analysis highlighting key aspects an EVP should cover, such as work-life balance, compensation, job security, career path, and a pleasant working environment.

It is noteworthy that Randstad[68], a global leading employment agency, utilizes the EVP model to communicate with target companies, mainly the management of firms, emphasizing its effectiveness in explaining human resource dynamics to company boards. Moreover, organizational culture, as highlighted by Rob Bothma, a professional at Oracle Corporation, is a crucial element in EVP. Bothma emphasizes the importance of employees aligning with corporate values and strategy to increase organizational identification, thereby underscoring the need for professional marketers and corporate strategists in the development of employer branding. To offer a practical approach for management, Bothma (2019) proposes questions to verify alignment between the developed EVP and organizational objectives.

Bearing in mind that the Employee Value Proposition could be effective in aiding the strategic process, more should be said about which elements might be considered. Another perspective could be provided by Rob Bothma, a professional in Business Solutions at Oracle Corporation. In one of his recent articles, he also wrote on this topic. With respect to the Randstad research, he included organizational culture, highlighting the need for employees to align with corporate values and strategy. Recalling the importance of this alignment to increase organizational identification (which was analyzed in paragraph "Taking advantage of organizational identification and loyalty") as one of the objectives of EBM, this element is not trivial. Indeed, significant attention should be dedicated to it, and this represents another reason for the relevance of including professional marketers and corporate strategists in the development of employer branding, as suggested by Mosley (2014).

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[67] Lusch R.F., Vargo S.L., O'Brien M., Competing through service: insights from service-dominant logic, J Retail, 2007, Vol. 83, pp. 5–18
[68] Randstad, Employee Value Proposition, available at www.Randstad.it

Further, to provide a practical approach for management, Rob Bothma (2019) proposed some questions to help verify alignment between the developed EVP and organizational objectives. The questions cover six main areas: whether the EVP aligns with overall company strategy; if the strategy can attract talent; whether it retains and motivates current employees; how the EVP positions the company externally (as a leader or follower); if employees and candidates understand the differentiation; and whether the strategy is feasible.

Sengupta et al. (2015) also examined considerations for employer branding, particularly focusing on the impact of work values and demographics on psychological contracts. They investigated intrinsic factors such as personal preferences and attitudes, as well as extrinsic factors such as position and incentives, which professionals should take into account during implementation. They found benefit package perceptions are influenced by individual preferences and demographics like age, education, gender, and nationality, as demonstrated by other research referenced here. Translating all these preferences and factors into an effective personalized employer branding strategy is the real challenge.

Following, the Balanced Scorecard was thought by Kaplan and Norton in the early 1990s and is a framework that has its roots in marketing. The purpose of the model is to provide managers with a tool to understand the health of a company. Indeed, the framework aims to encompass all the objectives and stages that a company should achieve and go through to succeed in the market. The Balanced Scorecard looks at four perspectives that management should consider when running a firm: the financial perspective, which examines return on investment (ROI), cash flow sustainability, and monetary matters; the customer perspective, which covers client relationships, retention, and brand perceptions; the internal process perspective, which regards the stages and procedures needing implementation internally to accomplish the strategy; and finally, the learning and growth perspective, which is of great interest to HR since it considers employee perceptions, turnover, and satisfaction. A diagram showing each perspective related to the four areas is presented in Figure 13.

Figure 13: Balanced Scorecard

Source: Professional Academy, Marketing Theories - Balanced Scorecard

Before proceeding, it may be appropriate to note that the Balanced Scorecard is not an alternative to EVP or a method that should replace it. Instead, the two approaches can work together, with the Balanced Scorecard providing a way to translate EVP strategy into practical actions. Citing Fattah and Syaripudin (2016), the advantage of the Balanced Scorecard is that it provides an opportunity to "Transform mission and strategy into operational goals"[69] by breaking down the goal into internal processes.

To illustrate, imagine a company has identified issues with its customer care through EVP diagnosis and its objective is to improve the loyalty program. The Balanced Scorecard could outline specific actions like hiring staff to build customer relationships and enrich the customer experience. Following this approach, the Balanced Scorecard enables companies to define metrics and comprehend the relationships between each of them by analyzing the four main perspectives, ranging from financial to non-financial.

Fattah and Syaripudin's philosophical analysis in 2016 provides a compelling demonstration of how managers can utilize this model. In their study, they examined how both financial and non-financial perspectives can impact company performance, with a particular focus on

[69] Fattah D., Syaripudin M. A., (2016), Philosophical Business Performance Competition on the Balance Scorecard Approach, International Journal of Economic Perspectives, Vol.10, n. 4, pp. 541-551

intangible assets, notably human resources, which they referred to as "Intellectual treasure". They dedicated significant attention to the learning and growth perspective, emphasizing its potential to enhance overall company performance. Consistent with the findings discussed in the chapter on the objectives of Employer Brand Management (EBM), the authors supported the theory that performance improvement is more pronounced when focusing on non-financial aspects. They highlighted the indirect relationship between strategic internal activities and firm performance, illustrating through a case study how high-quality human resources can lead to error reduction, using the quantity of damaged goods as a measure.

To evaluate this relationship, Fattah and Syaripudin (2016) proposed three main steps: the "Performance effect" to understand the interplay between activities, "Performance triggers" which consider the importance of meeting standards, and "Financial relations". By introducing these elements, they underscored the role of strategy as a sequence of causal relationships that management must conceive and implement. Given the complexity of this issue, frameworks are essential to help design the path towards achieving company objectives and delineating the relationships among variables in the model. It is advantageous to consider each area of the model for every action to develop a comprehensive strategy effectively. Various versions of the model exist in the literature, providing a starting point, but management should identify the version that best aligns with the company's needs and customize it to support their strategy. For instance, Fattah and Syaripudin (2016) proposed several indicators for the learning and growth perspective, including compensation, involvement and engagement, employee skills, and career development, spanning from new hire onboarding to career paths.

In conclusion, there is no universally superior method or approach. Management can select the framework that best suits the company's requirements. Moreover, these two models can be combined to enhance strategy development further.

Finally, before we go on with the implementation phase section, it is important to remember that every plan should take the company's goals and pre-implementation standards into account. It is necessary to specify the short-, medium-, and long-term criteria. This stage needs to be approached carefully in order to track the strategy's development and determine whether it can accomplish its goals. Representatives of KPIs include return on investment (ROI), organizational health, opinion improvements, and company reputation.

In summary, the implementation phase is a sensitive procedure that needs to take several factors into account. In order to adopt an appropriate strategy that takes into account the unique needs of the organization, management must convert the insights gathered during the diagnosis phase. Customizing the strategy for the organization is essential because there is no one-size-fits-all formula that works for every business. The frameworks that are provided serve as realistic examples to assist management in developing an employer branding strategy, and the elements to take into account are a set of guidelines to follow.

2.5.4 Monitoring and improvements

There is always a need to compare actual metrics to established standards to identify misalignments and address gaps as they arise. The ability to effectively pinpoint the strengths and weaknesses of the strategy is necessary to refine it during execution. This highlights the importance of setting interim objectives to gauge if the strategy is on track. Moreover, as highlighted by Mosley (2014) in his book, top-performing companies frequently revamp or refine their strategies every four to five years. This is done to adapt to cyclical changes in both personnel and the market, which management must remain vigilant and responsive to. They must also understand and foresee needs and attitudes.

In addition to this, the continuous monitoring and improvements are necessary as soon as a paradigmatic or relevant change occurs, like the Covid-19 pandemic of the past years (2020-2021). This event demonstrates the importance of revising and updating employer branding strategies when paradigm shifts happen. Andrea Goodkin's 2020 article focuses on this need for adaptation. The author highlights how people's priorities changed due to the pandemic's impacts. For example, the health threat amplified awareness of employee wellness and well-being needs. Validating this trend, Goodkin noted that people are more stressed and anxious about the virus. Also, practices like remote work and learning became common because of lockdowns. So, the pandemic altered not just modalities but also perceptions and relationships between employees, employers, and coworkers. Therefore, Goodkin (2020) argued that companies should tailor strategies to address needs employees express during such events.

In light of this, the primary objective of management should be to create the optimal work environment for employees. This is crucial as it enables workers to be more productive and efficient in their roles, ultimately enhancing the company's performance, as discussed earlier in the chapter on Objectives of Employer Branding. While extreme events like the Covid-19 pandemic require immediate attention from management, there are also more foreseeable challenges such as an aging workforce that need to be addressed. Referring to the discussion by Bussin et al. (2019), they highlighted the differences between younger and older employees, emphasizing factors like societal responsibilities, family obligations, and financial stability.

In conclusion, monitoring and improving the work environment is an ongoing process that management must undertake to execute strategy more effectively, adjust course as needed, better meet employee needs, and address current worker priorities and potential talent requirements. It is only when these processes are conducted appropriately and timely that a company can sustain its competitive edge in the marketplace.

III. SYNERGIES BETWEEN CSR, EMPLOYER BRANDING AND SUSTAINABLE HRM

By integration of employer branding and CSR we mean the harmonization and interconnection of the concepts and practices of employer branding (promotion of the company's image and reputation as an employer) and Corporate Social Responsibility.

Integration occurs when the company considers CSR as an integral part of its employer branding, incorporating aspects of sustainability, ethics and social obligations into its identity and the narrative of the employer brand. This means that the company not only communicates its commitment to CSR to external parties, but actively involves employees in the implementation of shared objectives and initiatives, conveying the importance of these values and practices as part of the company culture.

With the first two chapters dedicated respectively to the detailed analysis of Corporate Social Responsibility (CSR) and Employer Branding (EB), we have laid the foundations for understanding the importance and impact of these two business strategies in the current context. However, it is crucial now to explore the fertile ground where these two dimensions meet and integrate, generating potentially significant synergies for modern organizations. This chapter aims to examine in depth the concept of synergy between CSR and Employer Branding, exploring how the adoption of socially responsible practices can not only enrich the corporate image and reputation, but also positively influence the perception of employees and of potential candidates, thus creating a virtuous circle of shared value and authentic involvement.

Implementing employer branding management result to have similarities to Corporate Social Responsibility (CSR) management. Recalling the first chapter, CSR was defined in 1953 as "The obligations of the businessmen to pursue […] lines of actions which are desirable in terms of the objectives and values of our society"[70]. Since then, companies started reported on ethical actions like philanthropy, social programs, and environmentalism for all stakeholders. Although overlooked, employees are a key stakeholder that can validate CSR sincerity internally (Brammer, 2007). Due to this, research by Carlin et al. (2019) examined

[70] Bowen H., (1953), Social responsibilities of the businessmen.

the link between CSR and employer branding. They found employer branding fills a CSR branding gap by caring on engaging employees. Mainly, they focused on potential and present employees by a co-creation approach using an inside-out direction (Carlini et al., 2019). It emerged that firms must be consistent on their CSR communication between external and internal reality, avoiding the "Disconfirmation gap"[71], as they called it. If branding sets high expectations but experience disappoints, employees may see hypocrisy, damaging relations and increasing turnover while decreasing performance.

Hence, employer branding can be an occasion to avoid this risk by guaranteeing an atmosphere of acceptance in line with the brand values and CSR strategies, consequentially positively impacting employees' performance. Carlini et al. declared that the success on those aspects requires the creation of a value propositions attracting employees aligned with company values, and consistent internal CSR experiences.

Another perspective on the synergies between CSR and Eb is provided by Verčič and Ćorić (2018). The authors investigated the connected between CSR, employer branding and reputation. They believed that reputation comprehends the latter two, strongly influencing stakeholders' minds. This has been proved by the data gathered on their research conducted on senior business students in the role of potential applicants to the most ambitious companies at the national level. Among top national firms, reputation and employer brand were strongly linked, so improving one benefits the other. Organizations succeeding on dimensions like creativity, cooperation, personal development, careers, and satisfaction exemplify this. To verify this, their sample was characterized by organizations succeeding on various scopes of employer branding such as "Enhancing individual creativity and innovativeness, improving intradepartmental and interdepartmental cooperation and teamwork, developing personal skills, helping in individual career development and assuring employee satisfaction"[72]. Therefore, investing in related initiatives like CSR, reputation, and employer branding together amplifies their effects. Employer branding can initiate this process.

In sum, in light of the results obtained from the two studies, firms should implement employer branding aligned with CSR strategies to enhance the company reputation and to

[71] Carlini J., Grace D., France C., Lo Iacono J., (2019), The corporate social responsibility (CSR) employer brand process: an integrative review and comprehensive model, Journal of Marketing Management, Vol. 35, 1–2, pp. 182–205

[72] Tkalac Verčič A., Sinčić Ćorić D., (2018), The relationship between reputation, employer branding and corporate social responsibility, Public Relations Review, Vol. 44, pp. 444-452

"Win the war for talent"[73] in high unemployment circumstances by attracting more talented candidates. (Bhattacharya and Korschun, 2008).

3.1 The Signaling Theory

3.1.1 Information asymmetry

Information plays a crucial role in the decision-making process across various domains, including households, companies, and governments. Individuals base their decisions on both public information, which is readily accessible to all, and private information, which is known only to a subset of the public. Stiglitz highlighted the concept of information asymmetries, which arise when "Different people know different things"[74]. This occurs because some data is private, leading to disparities in information between those who possess it and those who could potentially make better choices if they had access to it. Stiglitz (2000) identified two main types of information asymmetry: asymmetry of information about quality and asymmetry of information about intent. In the former case, one party lacks complete knowledge about the attributes of the other party, while in the latter case, one party is uncertain about the behavioral intentions or actions of the other party (Elitzur & Gavious, 2003). CSR initiatives of companies often fall under the latter category, as they involve signaling intentions or actions to stakeholders.

Much research on information asymmetry regarding behavior and intentions examines the use of incentives to mitigate potential moral hazards stemming from an individual's actions (Jensen & Meckling, 1976; Ross, 1973). While the literature on moral hazard in the context of executive decision-making is well-documented, this article focuses on the role of signaling in addressing information asymmetries related to latent and unobservable quality. This aspect constitutes a significant portion of management studies that explicitly apply signaling theory.

3.1.2 Key concept of the Signaling Theory

Having established the connection between information asymmetry and signaling theory in the preceding paragraph, this section will explore the fundamental components of signaling theory through a timeline, as illustrated in Figure 14. The timeline depicts two primary actors: the signaler and the receiver, along with the signal itself. Additionally, the timeline indicates

73 Bhattacharya C. B., Korschun D., (2008), Stakeholder marketing: beyond the four Ps and the customer, Jorunal of Public Policy & Marketing, 27(1), pp. 113-116

74 Stiglitz, J. E., (2002), Information and the change in the paradigm in economics, American Economic Review, 460-501.

potential feedback loops to both the signaler and the signaling environment, which will be discussed in detail in the subsequent section.

It is important to acknowledge that certain situations may involve multiple signalers, receivers, and/or signals. For instance, various individuals such as investors, employers, and bondholders may perceive multiple, and possibly conflicting, signals delivered by different entities within a firm. However, for the sake of simplicity, this discussion will focus on a single pair: the signaler and receiver communicating a single signal. This approach aligns with the development of signaling theory, which traditionally emphasizes one-to-one or transaction-specific communication.

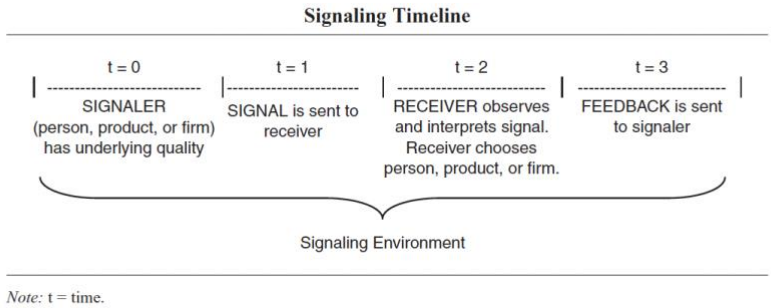


Figure 14: The Signaling Timeline

Source: Brian L. Connelly, S. Trevis Certo, R. Duane Ireland, Christopher R. Reutzel, Signaling Theory: A Review and Assessment, 2011

3.1.2.1 The Signaler

At the core of signaling theory is the concept that signalers are entities internal to a system (e.g., executives or managers) who possess information about an individual (Spence, 1973), product (Kirmani & Rao, 2000), or organization (Ross, 1977) that is not accessible to outsiders. In essence, insiders have access to both positive and negative information that would be valuable to outsiders. This information may include specifics about an organization's services or products, such as early-stage R&D results or preliminary sales records reported by sales agents. Additionally, insiders gather data about other aspects of the organization, such as pending lawsuits or union negotiations. In summary, this private information affords insiders a privileged perspective regarding the underlying quality of various aspects of the individual, product, or organization.

3.1.2.2 The Signal

Signalers have access to both positive and negative private information about their organization. They must decide whether and how to share this private information with external parties.

Signaling theory centers on the insiders' purpose to communicate positive information in order to convey favorable attributes about their organization. Said that, however, some researchers have observed actions taken by insiders that signal negative organizational qualities. For example, a company issuing new shares is usually perceived as a negative signal because it may suggest executives issue equity when the stock is overpriced (Myers & Majluf, 1984). Nevertheless, although insiders do not typically send these negative signals to outsiders deliberately for reducing information asymmetry, but it can be an unintentional result of their actions. In contrast, signaling theory focuses primarily on intentional actions insiders take to communicate positive, hard-to-observe qualities about themselves and their organization to outsiders. They could potentially overwhelm outsiders with a flurry of observable actions, but not all actions are considered to be useful signals. There are two key features for effective signals.

The first characteristic is observability, an index which measures how observable the signal is to outsiders. Signals that insiders send are useful for communication only if outsiders can readily understand them, otherwise it is difficult for receivers to use them. Observability is necessary but not sufficient for good signaling; the second key feature is signal cost. The concept of signal cost is so fundamental to signaling theory that it is often referred to as the "Theory of costly signaling" (Bird & Smith, 2005). The costs associated with signaling vary among signalers, as some firms possess better resources to bear the associated costs of communicating positive information compared to others. Conversely, some firms may lack the capacity or inclination to invest in such costs and may be inclined to engage in false signaling instead. For instance, obtaining ISO9000 certification involves significant costs in terms of time and effort. This makes false signaling challenging, as low-quality manufacturers would need to implement many more changes than high-quality ones to obtain certification. However, if the benefits of falsely signaling quality outweigh the costs for a signaler, they may engage in deceptive practices. But if dishonest signals proliferate, receivers learn on how to ignore them. So, for signals to keep working, their costs must prevent dishonest signaling from being worthwhile.

3.1.2.3 The Receiver

The third element in the signaling timeline is the receiver. According to signaling models, recipients are individuals external to the organization who lack information about it but have an interest in receiving it. However, there exists a partial conflict between signalers and receivers, as effective deceit would advantage the signaler while harming the receiver (Bird & Smith, 2005). For signaling to occur, the signaler must prompt some action from the receiver that the receiver would not have otherwise taken (i.e., signaling should strategically influence the receiver), and it usually follows that the receiver selects the signaler over alternatives. For instance, the receiver may make a decision about hiring, purchasing from, or investing in the signaler.

Studies testing signaling theory often involve shareholders (Certo, Daily, Dalton, 2001) and debt holders (Elliot, Prevost, Rao, 2009) as recipients. In marketing studies, customers are considered recipients (Basuroy, Desai, & Talukdar, 2006; Rao, Qu, & Ruekert, 1999). A crucial aspect of signaling is that external individuals have the potential to benefit (either directly or in conjunction with the sender) by leveraging the information conveyed through these signals. For example, shareholders would profit from purchasing shares of companies that signal a more profitable future. Similarly, customers would benefit from buying products and services associated with signals of high quality.

3.1.2.4 The Signaling Environment

The signaling environment encompasses the context in which the previously described actions take place. It can exist within an organization or between organizations and can significantly influence the effectiveness of signaling in reducing information asymmetry (Rynes et al., 1991; Lester et al., 2006). Environmental distortion occurs when the medium used to transmit the signal obscures the signal itself. For example, press releases serve as signals (Carter, 2006), but the reporting by media outlets on these releases can distort the message. Branzei et al. (2004) explain how external factors, such as other receivers, can also affect the dynamics between signalers and receivers. For instance, university rankings signal educational quality, but potential students may interpret the rankings considering the opinions of others (i.e., other receivers). Consequently, when individuals are uncertain about how to interpret a signal, they may resort to imitation as a decision-making strategy (Sliwka, 2007). This could result in a bandwagon effect, where signals are understood in a way that may or may not be correct (McNamara, Haleblian, & Dykes, 2008). Additionally, the presence of other signalers is meaningful when they provide honest signals, because they enhance the reliability of signals, while misleading when they provide deceptive signals since that they diminish signal reliability.

Summing up, Joseph Stiglitz pointed out that individuals have different intentions when it comes to conveying information: some people want to share information while others prefer to keep information private. However, regardless of the intention, "in either case, the fact that actions convey information leads people to alter their behavior, and . . . this is why information imperfections have such profound effects"[75].

Signaling theory offers a distinctive, practical, and testable perspective on issues of social selection under the presence of imperfect information. In this comprehensive analysis, we aim to clarify the many concepts involved in the theory; we examine the different players involved, including the signalers, signals, and receivers that management scholars have looked at in their utilization of the theory.

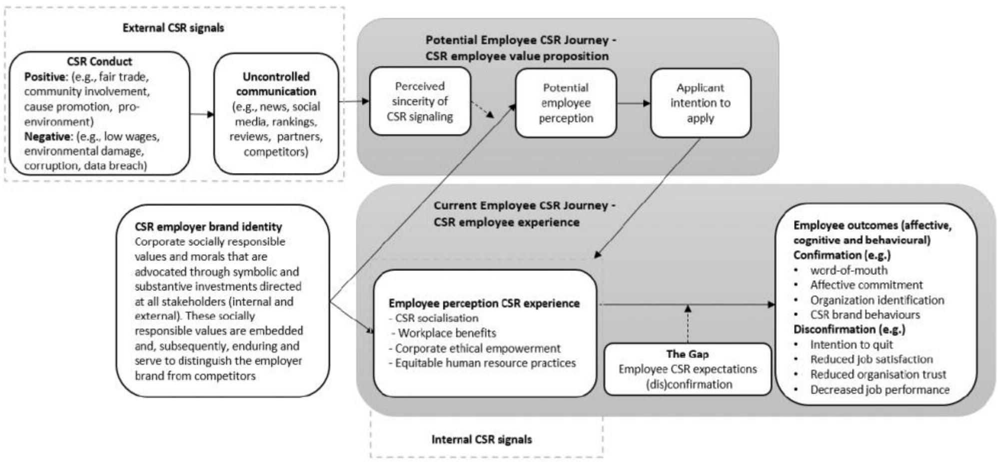


Figure 15: The Corporate Social Responsibility Employer Branding Process Model
Source: Brian L. Connelly, S. Trevis Certo, R. Duane Ireland, Christopher R. Reutzel, (2011), Signaling Theory: A Review and Assessment.

3.1.3 Potential Employee and Current Employee CSR process

The main idea of signaling theory is that information impacts the decision-making of individuals, businesses, and governments. Signaling theory mainly concentrates on reducing information imbalance between different parties. Information imbalance can occur in both directions.

75 Stiglitz J. E., (2002), Information and the change in the paradigm in economics, American Economic Review, 460-501.

In this particular section, we will focus on applying signaling theory to the context of this thesis, which revolves around potential candidates and current employees in relation to their employers. For example, job applicants use their qualifications to signal their potential performance to employers. Similarly, companies can signal their commitment to social values (Miller & del Carmen Triana, 2009), making themselves more attractive to potential employees (Ryan, Sacco, McFarland, & Kriska, 2000) and enabling them to attract a highly talented workforce (Greening & Turban, 2000). Signaling theory offers a useful framework for conceptualizing the corporate social responsibility (CSR) employer branding process model, as scholars have recognized that companies use CSR information to positively influence various stakeholder groups. Previous research on CSR has employed signaling theory to explore aspects such as firm attractiveness, recruitment, and the self-selection of employees (Highhouse et al., 2009; Jones et al., 2014). However, it's important to recognize that many corporate social responsibility (CSR) efforts include aspects of unmeasurable quality, such as cause-related marketing, voluntary contributions, or process enhancements focused on decreasing waste. The original meaning and structure is retained while using different vocabulary and phrasing.

Unfortunately, these elements can create opportunities for opportunistic firms to engage in false signaling (Kirmani & Rao, 2000). The presence of asymmetric information about a firm's CSR activities plays a crucial role in stakeholders' assessment of the firm's social performance. Dögl and Holtbrügge (2014) suggest that firms can influence employee perceptions by employing signaling theory in their internal policies and practices, as employees tend to rely on evident characteristics associated with their company's corporate policies. Similarly, Ryan et al. (2000) found that potential employees are more likely to apply for employment and remain engaged in the recruitment process of those firms that utilize signaling strategies to enhance their attractiveness. These findings indicate that in the context of CSR employer branding, it is advantageous for firms to provide detailed information about their values and expected employee behaviors during recruitment to avoid information asymmetry from the beginning of the employee journey. With this understanding of signaling theory's relevance to CSR and employer branding, we are going to present the Corporate Social Responsibility (CSR) Employer Branding Process Model proposed by Carlini, J., Grace D., France C., and Lo Iacono J. in their article "The corporate social responsibility (CSR) employer brand process: Integrative review and comprehensive model" wrote in 2019.

3.1.3.1 Potential Employee CSR Journey

The Model illustrates the CSR employee value proposition as the journey a potential employee undergoes. A company leverages its CSR employer brand identity to enhance its appeal during the hiring process and differentiate itself from competitors (Knox & Freeman, 2006), thereby gaining a competitive edge. However, the effectiveness of the CSR employee value proposition can be influenced by external CSR signals, which can affect the perception of potential employees and their subsequent intention to apply. Consequently, the Model identifies three primary components of the potential employee's CSR experience: the perception of the potential employee, the applicant's intention to apply, and the perceived authenticity of CSR signaling. The following section provides a more detailed explanation of the relationships among these three constructs.

3.1.3.1.1 Potential Employee Perception

The potential employee perception refers to how an applicant perceives the job features and attributes of a prospective employer. The employer branding process involves actions that companies can take to influence potential applicants' perceptions, making the company's attributes and job features more appealing (Knox & Freeman, 2006). According to Lievens and Slaughter (2016), the employer image serves as a temporary mental representation for individuals to evaluate a company's attractiveness as an employer. As analyzed in the previous section, one of the main objectives of employer branding related to CSR is to positively shape potential employees' perceptions of the company, which can be achieved by providing details about the company's socially responsible ethics and values.

Indeed, research by Backhaus and Tikoo (2004) and Highhouse et al. (2009) has shown that Corporate Social Responsibility (CSR) initiatives positively influence a company's attractiveness as an employer. Additionally, Jones et al. (2014) suggest that job seekers anticipate feeling a sense of pride by affiliating themselves with a company that exhibits superior corporate social performance. Since potential employees have limited information about the actual job, they rely on the company's reputation to determine whether it is a desirable place to work (Schlager et al., 2011).

3.1.3.1.2 Intention to Apply

According to Jones et al. (2014), the job seekers' intention to apply for a company is affected by the firm's specific attributes and job characteristics, specifically the firm's CSR employer

brand identity, which represents the firm's CSR values and morals communicated through its behavior and communications. Hence, this allows potential applicants to assess the perceived alignment between their own values and the company's, influencing their application decision (Cha et al., 2016).
Highlighting the significance of CSR to job applicants, Schlager et al. (2016) identified that social value, including factors like amicable relationships among colleagues, a respectful workplace environment, and a people-centric attitude, holds the utmost importance in attracting potential hires. Reputational aspects, such as the prominence of products, are considered less significant. Furthermore, Davies et al. (2018) revealed that the demographics of potential employees, such as age and gender, affect their perception of CSR attractiveness. Particularly, older men tend to respond more positively to the warmth and competence portrayed by the employer brand.

Therefore, given the importance of employer brand identity for potential employees, it is crucial for firms to signal their social responsibility through various means, such as advertising and public relations. This signaling helps create a unique value proposition that attracts talent whose values align with those of the firm. On account of this, even in times of high unemployment, strategic CSR signaling can help companies 'win the war for talent' (Bhattacharya & Korschun, 2008).

3.1.3.1.3 Perceived sincerity of external CSR signals

As depicted in the Model, the perceived sincerity of CSR signaling by potential employees is influenced by the firm's CSR conduct and resulting uncontrolled communications. This perception of sincerity then impacts the potential employee's perception of the firm, ultimately leading to their intention to apply. The external CSR signals are a result of both internal and external CSR activities within the firm. In contrast, non-CSR firms may focus their CSR efforts solely on achieving a desired corporate reputation, social status, or perceived external prestige (Hameed et al., 2016). Traditionally, firms invested in external stakeholders to cultivate a positive reputation and enhance stakeholder perceptions (Highouse et al., 2009). Building on the principles of signaling theory, the Model suggests that firms engaging in genuine CSR signaling will have an advantage over competitors whose CSR initiatives are perceived as insincere (Du et al., 2010). Insincere signaling occurs when a firm's initiatives are clearly motivated by extrinsic factors, such as profit maximization (Du et al., 2010).

3.1.3.1.4 *The role of uncontrolled communication in perceived sincerity of CSR signals*

It is crucial to bear in mind that the firm does not have the ability to regulate all forms of communication. The Model proposed in this study conceptualized these type of communications as *uncontrolled communications*. Uncontrolled communications encompass various channels such as word-of-mouth, personal interactions, perceptions of resource commitment, non-sanctioned blogs, and websites. Grace and O'Cass (2005) found that stakeholders often consider uncontrolled communications more credible as they are not manipulated or regulated by marketers. Consequently, uncontrolled communications have a significant and direct impact on stakeholder behaviors and attitudes. This suggests that if an organization employs deceitful, insincere, or dishonest tactics, uncontrolled forms of communication will actively expose these inconsistencies (Scheidler et al., 2018). For instance, Nyilasy, Gangadharbatla, and Paladino's (2014) case study of Beyond Petroleum revealed that the company's claims of excellent environmental credentials in their marketing campaign were contradicted by a devastating oil spill, which garnered extensive uncontrolled media coverage due to the inconsistency and hypocrisy involved. In another instance, Pollach and Schlegelmich (2010) found that consumer response to a company's corporate hypocrisy resulted in buyer boycotts. Therefore, an inconsistent CSR strategy reported in uncontrolled communications will have a negative impact on potential employees' perceptions. Additionally, our Model suggests that if a potential employee is successful in their application, they will begin the journey as a current employee, which we will discuss further. In summary, the analyzed Model illustrates that CSR employer branding positively influences potential employees' perceptions of the company and, consequently, their intention to apply. However, for this influence to occur, potential employees must perceive external CSR signals, including uncontrolled media sources such as social media, news, reviews, and CSR rankings, as genuine indicators of the firm's CSR practices. If uncontrolled media reporting disproves the CSR employer brand identity, then candidates will perceive the company's messages and values as insincere. Furthermore, the Model implies that if a potential employee successfully applies, they will begin the journey as a current employee, which will be discussed shortly.

3.1.3.2 *Current Employee CSR Journey*

The employee journey in the field of corporate social responsibility (CSR) refers to how the worker connects and engages with the organization. According to the Model, this process

starts before the individual becomes an applicant and continues until they leave the organization.
When properly executed, the employer's CSR guarantees that internal signals align with the identity of the CSR employer brand, thus creating an embracing implementation of the CSR strategy of the company. As a consequence, it establishes a coherent employer brand identity and employee experience. As illustrated in the Model, when employees' CSR expectations are confirmed, it results in positive outcomes.

Therefore, comprehending and enhancing the employee experience is a critical priority for organizations (Moroko & Uncles, 2008). The employee experience encompasses all the elements and interactions that occur throughout the employee's journey, known as touch points (Rosethorn, 2009). From the perspective of signaling theory, these touch points serve as internal signals that either confirm or challenge the authenticity of the CSR employer brand identity. Thus, the employee CSR experience includes interactions with and perceptions of internal CSR initiatives. Moreover, to gain insight into the alignment between the CSR employer brand identity and the actual employee CSR experience, it is essential to examine the internal CSR initiatives that shape the employee's experience. The Model identifies four main internal CSR initiatives: CSR socialization, workplace benefits, corporate ethical empowerment, and equitable human resource practices. The following section provides a more detailed explanation of these four relationships.

3.1.3.2.1 CSR socialization

Employee socialization techniques aim to integrate workers so they can make informed choices that benefit the company brand (Kim et al., 2005). In the context of corporate social responsibility, CSR socialization refers to how much an employee feels supported by the company culture and environment to learn and connect with its CSR values, beliefs, and expectations. This process begins during hiring as part of effective human resources practices, ensuring potential recruits understand the company's core social responsibility beliefs and can either opt out if their values do not align or continue with the recruitment process if they do. Once an employee joins the company, ongoing CSR socialization, including supervision and guidance, becomes crucial as employees develop skills in their roles and relevant CSR responsibilities.

In CSR-focused companies, employees are often expected to act socially responsible from the start. To facilitate this, companies may provide guidance through various tools such as training, annual reports, guidance materials, newsletters, meetings with CSR experts, videos, orientations, events, and storytelling (Maon et al., 2009). Davies and Crane (2010) argue that ongoing CSR socialization is critical, emphasizing the need for employees to understand the challenges of balancing a triple bottom line (economic, social, and environmental) in highly competitive markets and align their practices with company strategies. They suggest that hiring individuals with both experience and skills in mainstream brand management and a connection to the triple bottom line philosophy is rare but essential for creating employee engagement with a strong CSR philosophy. Therefore, CSR socialization not only equips employees with relevant company-specific social responsibility skills and knowledge but also helps them navigate the complexities of CSR implementation in today's competitive business environment.

3.1.3.2.2 Workplace benefits

At the most basic level, employees require a safe and functional environment in order to effectively fulfill their roles and responsibilities. However, when a company provides non-financial workplace benefits beyond legal requirements, this signals a substantive investment and commitment to employees. Clark et al. (2017) suggest that offering workplace benefits like flexibility, recognition, and work-life balance not only improves employee performance but also positively impacts their overall work experience. Well-known companies such as Microsoft and Google are praised for offering workplace benefits such as nap rooms, gyms, lactation rooms, and childcare facilities. Therefore, it is logical to assume that workplace benefits contribute to the corporate social responsibility employer brand of an organization.

3.1.3.2.3 Corporate Ethical Empowerment

According to Powell et al. (2013), corporate ethical empowerment (CEE) is crucial to ensure "Employees are given the ability to make meaningful contributions to the way CSR is strategized, managed, implemented and maintained"[76]. CEE involves actively encouraging employees to participate in co-creating CSR, moving away from traditional top-down CSR where the concept is conceptualized and implemented solely by management. Since a

[76] Powell S. M., Davies, M. A. P. Norton, D., (2013), Impact of organizational climate on ethical empowerment and engagement with corporate social responsibility (CSR). Journal of Brand Management, 29(9), 815-839.

company's responsible conduct stems largely from employees' daily choices and actions, employees are central contributors to a CSR-focused philosophy. CEE, or Corporate Ethical Emancipation, acts as a guiding principle for brand behaviors and facilitates the co-creation of initiatives that align with the company's values and mission.

Instead of being an isolated initiative, CEE should integrate seamlessly with an ethical internal climate that forms the basis for expected behaviors (Powell et al., 2013). By promoting active ethical engagement, it is anticipated that more effective CSR approaches will enhance employee knowledge and significantly improve their behavioral engagement (Bhattacharya, Sen, & Korschun, 2007; Matten & Crane, 2005). Additionally, involving employees in mechanisms like CEE during the planning process ensures they develop a sense of ownership and pride, thereby further enhancing the employer brand associated with CSR (Maon et al., 2009).

3.1.3.2.4 Equitable Human Resource practises

Equitable Human Resource Practices (EHRP) encapsulate the perception among employees that their organization is committed to fostering a fair and unbiased work environment (Barrena-Martínez, López-Fernández, & Romero-Fernández, 2017). These practices aim to create an environment where all employees can thrive, regardless of their race or gender, signaling to current staff the company's dedication to social concerns (Lii & Lee, 2012). At the heart of EHRP is the principle of prioritizing value creation in the design of corporate social responsibility human resource strategies. This entails a commitment from companies to understand and address the most significant issues for their employees.

Specific practices identified by Barrena-Martínez et al. (2017), drawn from international benchmark reports, include: employment policies; labor relations management; safety measures and occupational health initiatives; education and training programs; diversity and equal opportunity initiatives; and gender-neutral compensation policies. Research findings by Lii and Lee (2012) suggest that employees who perceive their workplace as equitable and fair are more likely to exhibit positive emotional and behavioral responses, thereby contributing to a strong corporate social responsibility employer brand.

3.1.3.3 The Gap: employee CSR expectations (dis)confirmation

Our model demonstrates how employee expectations regarding corporate social responsibility, whether confirmed or disconfirmed, moderate the relationship between their perception of CSR experiences and their outcomes. This concept, often referred to as "the gap", is akin to the confirmation/disconfirmation paradigm commonly applied in understanding customer satisfaction but is equally relevant for employees, who can be viewed as internal customers. By applying this paradigm, we can better grasp the factors that influence employee outcomes within the context of CSR employer branding.

When an employee's expectations regarding CSR align with their actual experiences (confirmation), it tends to result in positive employee outcomes. Conversely, when there is a mismatch between expectations and experiences (disconfirmation), the outcomes depend on the direction of this discrepancy.

In the case of positive disconfirmation, where the employee's experience exceeds their initial expectations, we anticipate strong positive outcomes such as positive word-of-mouth, emotional commitment to the organization, identification with the organization, and engagement in CSR-related behaviors.

Conversely, negative disconfirmation occurs when the employee's experience falls short of their initial expectations. This scenario typically leads to negative employee outcomes, including intentions to leave the organization, reduced job satisfaction, diminished trust in the organization, and lower job performance.

3.1.3.3.1 Employee outcomes

In recent years, there has been a surge in academic research focusing on the psychological effects of corporate social responsibility (CSR) initiatives aimed at current employees, also known as micro-CSR (Gond, El Akremi, Swaen, & Babu, 2017; Aguinis & Glavas, 2012; Rupp & Mallory, 2015). Micro-CSR studies have investigated the causes and outcomes of CSR activities to gain a deeper understanding of employee and company performance (Hansen et al., 2011). Gond et al. (2017) integrated individual reactions to CSR into attitudinal and behavioral outcomes, demonstrating that positive employee outcomes such as positive word-of-mouth, affective commitment, organizational identification, and CSR brand behaviors can occur when employees perceive CSR positively. On the other hand, recent research suggests that inconsistent CSR strategies perceived by employees can lead to intentions to quit, decreased job satisfaction, reduced organizational trust, and poorer job performance (Gond et al., 2017).

In summary, the model for CSR Employer Branding Process proposed by the authors suggests that employees possess a unique "insider status" that enables them to directly experience and comprehend the consistency or inconsistency of CSR strategies. This means that current employees are better positioned than external stakeholders to assess and compare both external and internal CSR signaling initiatives as part of their daily work lives. Consequently, this can lead to increased awareness of information asymmetry. However, the firm can utilize internal CSR signals such as CSR socialization, corporate environmental engagement, workplace benefits, and employee health and retirement plans to actively shape the employee's CSR experience and prevent negative discrepancies, namely disconfirmation. This level of accountability ensures that the firm's actions align with its stated values. Additionally, this model emphasizes that CSR initiatives facilitated by the CSR employer brand identity are likely to have a positive impact on the employee's overall perception of their CSR experience, ultimately resulting in positive employee outcomes.

To conclude, we can state that with the comprehensive review of previous research and theories in these areas, the authors have developed a comprehensive model, the so-called CSR Employer Branding Process Model. This model takes into account how both potential and current employees engage with CSR. Furthermore, it supports the argument that CSR should be approached sincerely and embedded within a firm's operations, rather than being treated as a mere add-on to products or services. The authors propose that CSR signaling may not be universally applicable to all firms. However, through a comprehensive understanding of the constructs and relationships outlined in the model, organizations can construct robust and sustainable CSR employer brands. Such brands can effectively attract and retain employees who align with the company's values.

Therefore, when starting a new job, one's preconceived notions about the work environment are quickly either confirmed or disproven. To prevent inconsistent or misaligned communication between a company's internal and external branding efforts, one potential solution is to consolidate the design, implementation, and monitoring of these processes under a unified CSR employer brand identity. This approach would enable the corporate brand to convey a clear and cohesive message about its CSR values to all stakeholders. From the standpoint of employees or potential employees, these communications should clearly outline realistic expectations regarding their roles as both beneficiaries and executors of the CSR brand.

Developing a brand centered around core CSR values and articulating responsibility to both internal and external stakeholders can effectively integrate signals for both audiences.

The second managerial implication underscores the importance of actively managing employees' internal CSR experiences. The model highlights the necessity for managers to

prioritize CSR socialization, Corporate Environmental Engagement (CEE), workplace benefits, and Employee Health and Retirement Programs (EHRP).
These internal signals related to CSR can enhance and align employees' values and knowledge while encouraging them to engage in socially responsible behaviors. However, it's crucial for firms to consider the broader internal climate when implementing these signals. The company must ensure that the overall work environment supports employee interactions that enable them to influence the firm's CSR strategies, implementation, and maintenance.
Furthermore, these practices must continually adapt to meet the evolving needs and expectations of society. For instance, the ongoing issue of an aging workforce reinforces the necessity for human resource and employer branding practices to keep pace with changing workforce dynamics (Truxillo, Cadiz, & Hammer, 2015).

To anticipate what we going to study on the following section, we recall the importance of the implementation of Corporate Social Responsibility, as analyzed in this chapter and in chapter 1 of the thesis. We have proved that CSR is not limited to a series of isolated philanthropic initiatives or social responsibility activities, but deeply permeates the culture and identity of the company itself. Through CSR, an organization demonstrates its commitment to society and the environment by integrating ethical and socially responsible values into its daily operations. This commitment to CSR also has a significant impact on human resources management, in particular by improving the attraction of potential employees and the retention of those already hired. Organizations that embrace CSR recognize the importance of building a corporate culture based on trust, integrity and respect for people and the surrounding environment. This culture permeates all areas of the company, including human resources management.
Therefore, CSR provides a solid basis for developing and implementing sustainable HRM. When an organization adopts CSR principles, it naturally becomes inclined to incorporate sustainability considerations into its HR policies and practices. This translates into human resource management that not only seeks to optimize economic performance, but also promote employee well-being, inclusion, diversity and equity.

In this way, we move from the discussion of CSR to Sustainable Human Resource Management. CSR provided the ethical and value foundation on which sustainable HRM is based, facilitating the integration of sustainability principles into personnel management policies. Ultimately, sustainable HRM becomes a natural extension of CSR, promoting a corporate culture based on social and environmental responsibility, as well as employee well-being and development.

3.2 The sustainable Human Resource Management

Sustainability in the discipline of human resources has become an increasingly central theme in the personnel management strategies of modern organizations. This trend is fueled by the growing awareness of the profound link between corporate social responsibility and the employer branding.

First of all, CSR plays a fundamental role in orienting the company's identity and reputation towards ethical and socially responsible values. Through CSR initiatives that go beyond the mere profit motive, an organization demonstrates its commitment to society and the environment, creating a positive impact that goes beyond corporate boundaries. This commitment, when communicated effectively, can serve as a powerful driver for employer branding.

Employer branding, in turn, is based on the idea of creating an attractive and distinctive image of the organization as a desirable employer. Organizations that successfully integrate CSR practices into their corporate culture and personnel management policies are able to build an employer brand that goes beyond the simple compensation aspect. Employer branding supported by a strong commitment to CSR becomes a reason for attraction for talents who are looking not only for a job, but also for an organization with which to share common values and objectives.

Ultimately, sustainable HRM acts as the glue that unites CSR and employer branding in an integrated approach to people management. Sustainable HRM focuses not only on traditional personnel selection and development practices, but also on incorporating principles of social responsibility and sustainability into human resources policies and decisions. This includes adopting flexible working policies, professional and personal development programs, as well as an emphasis on inclusion and diversity. The synergistic integration of CSR, employer branding and sustainable HRM not only improves the attractiveness of the organization for potential candidates, but also contributes to building a strong and committed corporate culture, capable of attracting and retaining the best talent in the long term.

This section will concentrate on one facet of the broader organizational sustainability agenda: sustainable HRM. Sustainable HRM is broadly defined as practices aimed at enhancing employees' capability and willingness to remain in employment both presently and in the future.

3.2.1 Defining Sustainable HRM

The concept of sustainable HRM in the built environment and ergonomics literature primarily focuses on enhancing employee productivity while also considering employees' interests. One approach to increasing productivity is through the creation of "intelligent buildings" that promote employee happiness, leading to more efficient interactions between employees and their surroundings (Clements-Croome, 2005; Smith and Pitt, 2009).

Mariappanadar defined sustainable HRM as managing human resources to optimally fulfill the present organization and community's requirements without impeding the ability to meet future needs (Mariappanadar, 2003). Sustainable HRM encompasses a comprehensive perspective, emphasizing HRM's capacity to engage with the sustainability agenda from various standpoints to satisfy the needs and interests of the organization's diverse internal and external stakeholders (Järlström et al., 2018). This approach contributes to balancing the needs across generations (Pabian, 2017) and involves providing employees with access to a more natural environment, ensuring that employers meet the needs of the workforce (Gould, 2009), and providing comfortable workspaces that inspire creativity and reduce sick leave (Clements-Croome, 2005).

Investing in such environments allows employers to benefit from employees having their demands met during work hours (Zink, 2014) and experiencing increased well-being (Martin et al., 2013; Smith and Pitt, 2009), creating a "win-win situation"' by strategically managing the interdependencies and interrelations between employee activities and the surrounding environment (Zink, 2014).

E. Cohen, S. Taylor, and M. Muller-Camen outline key principles of sustainable HRM, including alignment with the organization's sustainability strategy, fair treatment of employees, promotion of their development and well-being, enhancement of employees' skills, values, and confidence, consideration of both internal and external stakeholders, and support for environmentally friendly practices within the organization (Cohen et al., 2012b; Ehnert & Harry, 2012). Another approach links sustainable HRM to broader HRM practices and the concept of employee engagement, focusing on effectively involving employees in their work roles (Kumar and Kumar Sia, 2012). This approach emphasizes mutual benefits for both parties in the employment relationship through the practice of sustainable HRM. However, it's noted that these practices can be problematic as they primarily focus on increasing employee productivity. Organizations promote sustainable HRM through various common HRM practices, with line managers increasingly responsible for implementing sustainable HRM policies (Jarlstrom et al., 2018; Kramar, 2014). Inclusive workplaces are created through initiatives promoting work-life balance (Hirsch, 2009), flexible working practices (Atkinson and Sandiford, 2016), and regulating working hours to promote gender equality (Zbyszewska, 2013), among others.

A third definition of sustainable HRM incorporates corporate social responsibility into regular HRM activities like training, performance reviews, recruitment, selection, and job design (Bichard, 2008). This approach also emphasizes principles of social justice and utilizes input and expertise from various social partners to provide benefits for organizations and society more broadly (Parkes and Davis, 2013; Van de Ven et al., 2014).

In summary, sustainable HRM aims to increase employee productivity while ensuring employees have a better-designed work environment, leading to increased job satisfaction, improved well-being, and reduced health problems among employees. The concept is evolving, with various definitions emphasizing different aspects of sustainability dimensions.

3.2.2 Impact of Sustainable HRM on Work Engagement and Perceived Employability

In light of the definition of Sustainable HRM, in today's business landscape, the role of human resources management has evolved beyond mere personnel administration, and it has become imperative to embrace sustainable practices in order to ensure not only employee satisfaction and commitment, but also their professional development and adaptability to the ever-changing labor market.

Within this chapter, we will delve into the influence that sustainable HRM has on work engagement and the perceived employability of employees. However, before delving into the empirical evidence and theories that support this correlation, it is crucial to have a comprehensive understanding of the concepts of work engagement and perceived employability.

3.2.2.1 Work Engagement

Scholars have conceptualized work engagement in various ways (Christian et al., 2011; Juchnowicz, 2012; Kinowska, 2009; Lewicka, 2019; Shuck & Wollard, 2010; Simpson, 2009). Generally, it pertains to attitudes in the workplace, primarily encompassing job involvement, organizational and professional commitment, and work engagement.

According to Juchnowicz (2012), work engagement is defined as a type of attitude toward work comprising three components: cognitive, emotional, and behavioral. Commitment entails that the employee possesses knowledge about the organization (cognitive attitude), harbors positive feelings toward it (emotional attitude), and accepts its values, goals, leaders' behavior, and actions (behavioral attitude). An engaged employee focuses on tasks, executes them passionately and enthusiastically, maintains a positive attitude toward the organization, and takes actions beneficial to the company (Juchnowicz, 2012).

Another perspective defines work engagement as employees' attachment to the organization or their professional roles (Kahn, 1990). This attachment is manifested through a physical, cognitive, and emotional connection to the company or profession. Conversely, an uncommitted employee distances themselves from the organization or professional role by disconnecting physically, cognitively, and emotionally. Here, commitment revolves around the psychological bond between the employee and the organization or role and can be categorized into organizational attachment and professional attachment. The former relates to the employee's attitude resulting from positive social exchanges at work, which can occur in various relationships, such as those with the organization, team, or supervisor. The latter, professional attachment, pertains to commitment to a profession, involving specific activities requiring certain competencies and conduct as per the profession's requirements (Meyer, 2016).

Engagement also denotes a positive mindset concerning employment, characterized by high energy, dedication, passion, and full concentration on work (Schaufeli et al., 2002). It comprises three factors: vigor, dedication to work, and absorption in work. Vigor signifies high energy, enthusiasm, perseverance, and willingness to work even in challenging circumstances (Bakker & Schaufeli, 2008); dedication refers to a strong identification with one's job, providing a sense of value, significance, and pride; absorption manifests as intense focus on work and difficulty in detaching from it. The positive work-related mindset of vigor, dedication, and absorption in one's role cannot be considered engagement if it is a temporary feeling. Thus, work engagement is consistent and not focused on any specific object, event, or behavior.

Committed employees typically exhibit high energy levels and good health. They are often more willing to work beyond regular hours and experience significant job satisfaction (Schaufeli et al., 2008). The benefits of employee engagement have positive effects on both the organization (Saks, 2006) and the employees themselves, leading to increased happiness (Schaufeli et al., 2008).

Research indicates that work engagement is a significant outcome of Sustainable Human Resource Management practices (Parakandi & Behery, 2016). Employee commitment plays a pivotal role in driving growth and competitiveness within organizations. Studies in this field focus on changes in organizational conditions, particularly regarding the labor market and employees' needs. Consequently, competition for Human Resources entails actively seeking out talented employees. Work environments become spaces where individuals seek meaning and engage in diverse activities. The high level of competitiveness necessitates creating conditions for employees to achieve above-average results, enhance processes, and adopt innovative approaches. Employee engagement is essential for addressing contemporary organizational challenges (Lewicka, 2019).

3.2.2.2 Perceived Employability

Employability is meaningfully linked to sustained employment, career success, personal marketability, and attractiveness in the labor market (Williams, 2015). Although the concept of employability is defined in various ways in literature, the term highlights the capability of an individual to make a difference in the labor market (Vanhercke et al., 2014). From a competence perspective, employability involves continuously realizing, acquiring, and creating work by effectively employing one's skills and abilities (Heijde & Heijden, 2006).

Another approach to this topic is the concept of dispositional employability, which is defined as "Active adaptability at work and it manifests in openness to changes at work, job and career resilience, career proactivity, career motivation, and work identity"[77].

Perceived employability, on the other hand, considers the current workplace context, job availability, and labor market conditions which reflects on the employees' perception to the chances of securing themselves a job in both internal and external labor markets (Forrier & Sels, 2003). This perspective, developed by Rothwell and Arnold (2007), emphasizes the alignment between job quality and intentions. In this study, we adopt Vanhercke et al.'s (2014) definition of perceived employability as an individual's perception of their ability to obtain and maintain employment. Perceived employability is a characteristic that individuals

[77] Fugate M., (2006), Employability. Encyclopedia of Career Development.

identify and evaluate and, its assessment, takes into account individual characteristics, abilities, and motivations, which influence suitability for a job. Additionally, individuals consider external factors such as previous job experiences and the state of the labor market, as these factors impact their chances and opportunities for finding and retaining a job position (Vanhercke et al., 2014).

Having defined the meaning of the concepts of Work Engagement and Perceived employability, from now on we will analyze how the two factors influence the Sustainable HRM.

Starting with work engagement, we have previously assumed that Sustainable development, which is the delicate balance between economic, social, and environmental objectives, requires a holistic approach to strategic human resource management (SHRM) and the necessity of sustainable practices. Extensive research indicates that the achievement of sustainability goals is facilitated by employee engagement on Sustainable HRM practices (Arnaud & Wasieleski, 2014). The literature demonstrates that employee-centered interactions, such as empowerment and job enrichment, not only promote employee self-actualization, self-determination, and dignity, but also contribute to the organization's attainment of sustainability goals across economic, social, and environmental dimensions (Podgorodnichenko et al., 2020). Motivated, committed, and dedicated employees who are willing to take proactive measures play a crucial role in realizing the core elements of sustainable development goals (SDGs). Research confirms that achieving this is feasible by treating employees sustainably and responsibly, especially by integrating a long-term perspective into their relationships (Becker, 2011).

Moreover, studies indicate that HRM practices fostering positive employee attitudes also stimulate environmentally friendly behaviors, known as "Green behaviors" (O'Donohue & Torugsa, 2016). Consequently, green HRM practices, including environmental training, support for work-life balance, attention to employee health and safety, and initiatives enhancing employee engagement, reshape the connection between environmental management and financial performance.

In conclusion, when organizations adopt sustainable practices, employees are more likely to be dedicated to advancing the organization's environmental goals and less likely to undermine them (Harvey et al., 2013), as they perceive these goals as their own.

Following, the concept of sustainable human resource management (HRM) focuses on increasing employee employability as one of its pillars. Sustainable HRM adopts a long-term perspective on developing workers' abilities to perform current and future jobs. Enhancing the employability of the workforce aligns with sustainable HRM's future orientation. The article by Lulewicz-Sas A., Kinowska H., and Fryczyńska M. (2022), taken as basis for this analysis, examines how perceived employability varies according to organizational contexts. Perceived employability depends on the conditions employers provide at work. Taxing jobs constrain retaining and obtaining new positions. While work itself can be demanding, management systems and HRM policies can significantly positively impact this. Sustainable HRM positively affects employability by utilizing human capital without limiting its growth potential. Although HRM traditionally aims for organizational outcomes like productivity, customer satisfaction, and profits, sustainable HRM also supports broader sustainable development goals ethically.

However, there is some ambiguity regarding whether sustainable HRM practices increase internal or external employability. Sustainable HRM often targets current employees for retention, potentially only improving perceived internal employability. This could limit the overall impact on employability. Nevertheless, employability links to sustainable HRM objectives. Offering training and enabling networking and relationships, especially for older workers, aligns with sustainable HRM's long-term perspective. Career management as part of sustainable HRM also relates to employability by promoting health, satisfaction, and productivity (Lulewicz-Sas A., et al., 2022). Although employees perceiving high employability differs from seeking new jobs or leaving for other employers, external employability only prompts departure if workers have disengaged career orientations. When sustainable HRM fits a common good concept and achieves social goals, both internal and external perceived employability engage with sustainable HRM.

Addressing the concept of perceived employability, we delve into the three fundamental principles of sustainable HRM: enhancing employees' employability, fostering work-life balance, and promoting personal autonomy in professional development (Zaugg et al., 2001). Moreover, the ROC model, which embodies Respect, Openness, and Continuity, underscores the enduring outlook of HR practices within sustainable HRM (De Prins et al., 2014). This long-term perspective aligns with the sustainable work objectives in the EU, which seek to aid workers in maintaining employment throughout their extended careers (Eurofound, 2021). Employability encompasses not only current job performance but also the ability to adapt to future work activities. Future-oriented sustainable HRM plays a crucial role in enhancing the employability of the workforce.

What is more, the conditions provided by employers in the workplace significantly influence perceived employability (Van der Klink et al., 2016). Occupations that subject employees to physical and mental stress impede their capacity to maintain their current position and obtain new job prospects. Although work can be inherently demanding, the organizational management system and HRM policies and practices significantly influence this aspect. When sustainable HRM emphasizes the adoption of sustainable development principles and manages labor resources to enhance their future growth potential, it positively affects employability.

Human Resource Management (HRM) aims to achieve intra-organizational outcomes such as improved work productivity, increased customer satisfaction, and enhanced financial performance for the organization (Ybema et al., 2020). Given the sustainable development goals, HRM assumes a critical role in advancing these objectives while adhering to ethical principles and promoting social, economic, and environmental advantages (Karman, 2020; Stankevičiūtė & Savanevičienė, 2018). The duty of enhancing employability primarily falls under one of HRM's functions, namely employee development. Employees enhance their employability by participating in valuable training programs that are also recognized in the labor market. Additionally, self-development activities should be encouraged without jeopardizing the organization's intellectual capital. Another key factor is to pursue jobs that increase the chance of obtaining more rewarding career prospects and furnish workers with avenues to construct professional networks and bonds (Stankevičiute & Savanevičiene, 2018).

In the context of enhancing perceived employability, offering training programs to employees, particularly those nearing retirement age, is of greatest importance (de Grip et al., 2020). This approach aligns with the long-term perspective of sustainable HRM. The findings of a study conducted among primary school employees by Veld, Semeijn, and van Vuuren (2015) further support this notion. The authors of the study highlight that HR practices within an organization, particularly those supporting training, mobility, development, as well as employees' preferences in these areas, contribute significantly to their perceived employability. Additionally, career management, as a component of sustainable HRM, has positive effects on employee health, job satisfaction, and productivity, all of which are closely linked to employability. This article emphasizes enhancing perceived employability through sustainable HRM in organizations, while also exploring HR practices as factors contributing to sustainable employability. HR practices that impact employee health, motivation, skills, and knowledge are closely associated with increased sustainable employability. Furthermore, the impact of these practices is amplified when they are widely adopted by employees, even if the number of practices implemented is limited, as observed particularly in small organizations.

Research has indicated that sustainable HRM and the development of sustainable employability occur when employees actively participate in the process (Veld et al., 2015). However, it's important to distinguish between an employee's perception of their high employability and their decision to actively seek new job opportunities, which are two separate issues. The latter can present challenges for employers, especially when involving valuable employees. However, an employee's decision to leave their current employer is typically influenced by their external employability only when they have a disengaged career orientation.

On the other hand, if sustainable HRM aligns with the concept of the common good and achieves social goals beyond the organization, then perceived employability, whether for the internal or external labor market, will be positively impacted by sustainable HRM practices.

Therefore, the research allowed confirming that Sustainable HRM practices like promoting ethics, diversity, flexibility, equitable pay, and pro-environmentalism positively have a positive impact on work engagement and perceived employability (Veld et al., 2015). In practice, this means that employers should create work environments that support sustainable development, while the perception of employability is influenced by a combination of individual and situational factors. Individual factors include employee competencies, work experience, education, and health status. Situational factors, on the other hand, are external to the individual and are mainly determined by labor supply and demand dynamics, government policies, and the structure of the labor market. Employability should therefore be viewed as an outcome of the interaction between these various dynamic factors. These findings have significant implications for organizational leaders and policymakers in shaping sustainable Human Resource Management policies and practices. For those aiming to enhance employee engagement, the focus should be on providing flexible working conditions that promote ethics and diversity, avoiding discriminatory compensation practices, and implementing strategies that encourage mindfulness in goal-setting, training, and performance evaluations. Conversely, employability is primarily influenced by labor market dynamics, such as supply and demand, as well as individual attributes like skills, experience, and education.

By way of conclusion, the studies analyzed in this section have shown that HRM practices that foster positive employee attitudes also encourage environmentally friendly behavior. In organizations that prioritize sustainability, employees are more likely to be dedicated to achieving the organization's environmental goals and less likely to undermine them, as suggested by Harvey et al. (2013). Existing literature indicates that Human Resource Management (HRM) practices related to sustainability, such as providing environmental training, supporting work-life balance, prioritizing employee health and safety, and implementing initiatives to enhance employee engagement, can influence the relationship between environmental management and financial performance (O'Donohue & Torugsa, 2016). The attainment of economic, social, and environmental goals, central to sustainable development, relies on enthusiastic, committed, motivated, and devoted employees who strive to do their best to achieve them. Research confirms that achieving this is facilitated by treating employees in a sustainable and responsible manner, particularly by incorporating a long-term perspective into employee relations, thus applying a Sustainable Human Resource Management approach, as advocated by Becker (2011).

IV. BUSINESS CASE:

THE IMPLEMENTATION OF SUSTAINABILITY IN BOTTEGA VENETA

4.1 General overview of the company

From 20 July 2023 to 31 January 2024, I was had the chance to work as an intern in Bottega Veneta at its headquarters in Vigonza, in the province of Padua. My task in these six months has been to support the purchasing office, which deals with directly purchasing all the raw materials, structural components, semi-finished products, accessories, and packaging necessary for the production of the brand's footwear, which will then be distributed in the Brand's own sales points, called Directly Operated Stores (DOS), and in large-scale distribution warehouses, the so-called Wholesale.

During the internship, I also had the opportunity to analyze the Vendor Rating of suppliers and EP&L report that the Kering group, of which the company is part, requests every half of the year. This involves the monetary valuation of the company and the analysis of its environmental impacts, on its business operations and its supply chain from cradle to finished product.

This thesis therefore aims to describe the main activities that Bottega Veneta carries out to address the sustainability goal, with respect both to the environment and to the resources working within the company, its employees.

The data contained in this section, as well as all the information regarding the company itself and the strategies involved, has been provided internally by the specific departments of the company for the aim of this thesis. In addition, in many cases Kering' strategies will be mentioned, instead of those specific to Bottega Veneta; being the House part of the Group, those strategies are automatically applied to it too.

4.1.1 History

Bottega Veneta was founded in 1966 by two artisans, Renzo Zengiaro and Michele Taddei, in Vicenza. The company, founded at a family level as a manufacturer of leather goods, was transformed into an industry in 1973 where Taddei was responsible for the commercial part and Zengiaro was the creator and designer of the bags.

At the beginning of the 1970s, Zengiaro developed a wide-weave nappa leather that still identifies the company throughout the world today, the famous "Intrecciato". In the 1980s, after the leaving by the founders, the company began to lose its value. The attempt to relaunch the company in the following years failed: more than 70% of the bags, which represent the core business, were made of nylon, a material that does not require the refined craftsmanship skills that have always distinguished the company. In 2001, when Gucci Group acquired the company, Bottega Veneta was bankrupt and also owned a brand whose image was severely damaged, far from the discreet luxury that characterized it.

Later, in May 2001 Patrizio di Marco joined the company as CEO (Chief Executive Officer) and a month later Tomas Maier as Creative Director. The situation immediately improved. Maier presented his first Spring-Summer 2002 collection, receiving immediate acclaim. The goal of the two was to make Bottega Veneta synonymous with exclusivity, high design and high quality of materials, craftsmanship, all characteristics capable of making the product an innovative, functional and timeless luxury good. Finally, in January 2009 Marco Bizzarri replaced Patrizio di Marco, joining the company as CEO.

In the following years, Bottega Veneta integrated its collections with jewellery, home fragrances and furnishings, continuing to offer an exclusive and refined range of clothing, bags, shoes, small leather goods, luggage, household items and gift items.

Starting from September 2019, Mr. Bartolomeo Rongone takes on the role of CEO of Bottega Veneta with the mission of making the new creative vein that has characterized the Italian brand since 2018, when it reached its full potential, shine again, supported by the creative director Matthieu Blazy.

Currently the company has emerged as one of the world's leading luxury brands. Its products are present all over the world, from Europe to Asia, from North America to Japan. Distribution in specialized shops and selected sales outlets is complemented by an ever-increasing number of boutiques owned by Bottega Veneta. The boutiques, designed by Tomas Maier and meticulously crafted to exacting standards, allow customers to make their purchases in an environment characterized by luxury, privacy and comfort. These boutiques, like the vast range of products, reflect the exceptional tradition and supreme quality of Bottega Veneta.

Since its inception in the mid-1960s, Bottega Veneta has established a new benchmark for luxury. Inspired by Italian culture yet with a global perspective, the House is characterized by a refined attitude. Bottega Veneta utilizes noble materials to craft thoughtful pieces that seamlessly integrate into the lives of their owners. The House adheres to a fundamental philosophy of style, innovation, and luxury, which is evident across its comprehensive offerings for women, men, and home.

4.1.2 The Creative Directors

Compared to other fashion houses, there have not been many creative directors at Bottega Veneta. The first was Laura Moltedo, wife of Michele Taddei, one of the two founders. In 1998, the English designer Giles Deacon was hired as creative director, and he concentrated mainly on clothes, immediately achieving great success. In 2001 Tomas Maier became creative director of Bottega Veneta and held this role for 17 years. Later, in 2018, the young British designer Daniel Lee was appointed as Bottega Veneta's new creative director, replacing his predecessor. The goal was to modernize the Kering-owned brand, which had been stagnating creatively since 2015. Under Lee's leadership, Bottega Veneta's signature design codes were reimagined for a contemporary aesthetic characterized by oversized silhouettes, quilting, and intricate leatherwork. Thanks to Lee's revitalization, Bottega Veneta reemerged as one of the most coveted brands, offering innovative yet artisanal products that stayed true to the house's heritage of superb craftsmanship and materials. In 2022, Matthieu Blazy took over as Bottega Veneta's creative director after Lee's departure. Blazy aims to build on Lee's legacy while also putting his own stamp on the brand.

4.1.3 The Style of the Brand

Bottega Veneta is famous for its very sober style, the use of natural colors such as brown, dove grey, various shades of beige, black, and the very clean lines of clothes and accessories. The patterns, mostly geometric, are rarely used, the items are mainly classic-cut dresses and many skirts. That of Bottega Veneta has been defined by experts as a "discreet luxury", also given the choice not to put the logo on bags and accessories, a philosophy chosen by the company since the seventies. Tomas Maier has maintained this spirit by continuing to design very discreet and without excess garments. The company has always aimed at good quality materials, producing everything in an artisanal way, creating functional products with a style that lasts over time, without going out of fashion.

What has made Bottega Veneta famous throughout the world is its “Intrecciato”, a technique that it invented, and which consists of intertwining small leather ribbons to form a truly uniform fabric for bags and other products. It is a very complicated artisanal process, which must be performed standing - usually by at least two people for each product - and which requires a lot of arm strength, following a very precise diagonal pattern. This technique is a common denominator of Bottega Veneta products; you can find it on every category of the brand: from its shoes, bags, jackets, to its penholders, agenda and home furniture. A real symbol of the company.

The objective that Bottega Veneta sets itself is to bring out the customer's personality, making it prevail over the brand and logo. What identifies a Bottega Veneta product, in fact, is the "Intrecciato", which has become its visible signature over time. The total peculiarity of this type of processing and the extreme precision and complexity necessary for its execution, cannot be performed by a machine, but rather requires the complete artisanal production of all types of articles. Bottega Veneta's most appreciated and loved "iconic" bags, for example, require around two days of work to be made.

4.1.4 Financial aspects

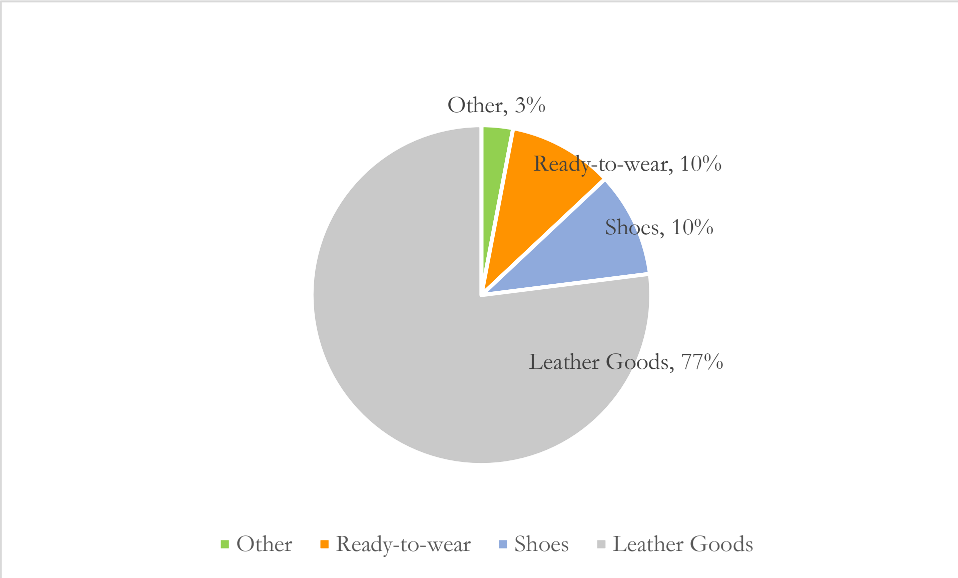
In 2023, Bottega Veneta's revenue totaled €1,645 million, representing a 2% decrease on a comparable basis compared to 2022. Despite this decline, the House is effectively executing its brand elevation strategy and gaining popularity among high-end customers. As part of its exclusive, high-end positioning, Bottega Veneta focuses on selling its products through its directly operated physical and online stores, which accounted for 82% of its revenue in 2023 (up from 78% in 2022). Sales in directly operated physical and online stores increased by 4% on a comparable basis, driven by resilient sales and momentum in online channels. Wholesale income dropped 24% on a comparable basis, since Bottega Veneta restructured this distribution network to collaborate with a limited number of chosen partners. Given the significant proportion of sales generated in directly operated stores, the revenue analysis by region only includes sales in physical and online stores.

In Western Europe, revenue increased by 4% on a comparable basis, with robust growth in the first half tempered by a slowdown in demand among local customers and a weaker-than-expected recovery in tourist numbers in the second half.

In Japan, revenue rose by 12% at constant exchange rates compared to 2022, driven by higher tourist numbers offsetting a return to normal in sales to local customers.

North America saw a 2% increase in sales on a comparable basis relative to 2022, showcasing resilience despite challenging market conditions.

Sales in Asia-Pacific remained stable overall, with improved performance in Greater China offsetting lower revenue in South Korea and Southeast Asia. Sales expansion in other countries outside the main market stayed strong.



Graph 4: Revenue by product category in Bottega Veneta

Source: Kering, Financial Document 2023

Leather goods remain Bottega Veneta's core business, accounting for 77% of total sales. Both new and iconic lines, along with their seasonal variations, have achieved great success among the House's customer base. The House's strategy focuses on maintaining its exclusive positioning in leather goods, particularly by driving sales growth through higher prices and an improved product mix, which includes the introduction of new, highly exclusive lines.

Ready-to-wear revenue experienced solid growth in 2023, with new collections, particularly in womenswear but increasingly in menswear as well, being very well received. The House's jewelry line also achieved high levels of success. However, sales momentum in the shoes category was less robust.

4.1.5 The Kering Group

Bottega Veneta belongs to the French multinational Kering Group (known until June 2013 as PPR, an acronym for Pinault-Printemps-Redoute). The spirit of the group is to allow its customers to "[…] Express, fulfill and enjoy themselves through our products. This is in line with underlying societal trends: increases in purchasing power, people seeking to affirm their personality and the desire to look and feel good"[78]. The strategy on which Kering Group is mainly based is to grow the brands connected to it in the luxury and lifestyle sector, expanding their presence within new markets, strengthening it in mature ones and expanding their channels and distribution network. The company's philosophy is encapsulated in the motto "Empowering imagination", which reflects its dedication to pushing brands beyond their limits to enhance and innovate, maximizing their artistic and financial potential. By prioritizing creativity at the core of its strategy, Kering empowers its Houses to push boundaries in creative expression while shaping the future of luxury in a sustainable and responsible manner.

Kering Group holds a prestigious multi-brand portfolio: Gucci, Bottega Veneta, Yves Saint Laurent, Balenciaga, Alexander McQueen, Boucheron, Pomellato and Brioni.

The Kering Group's turnover for the year 2023 was estimated at 19.56 million euros, 4% less than the previous year, and the breakdown divided by brand sees Gucci in the lead (50%), Yves Saint Laurent in second place with 16%, followed by Bottega Veneta with 8%, while the other brands represent 26% of the turnover. The group suffered a decline of 4%, going from 20,351 in 2022 to 19,566 million euros in 2023.

4.2 The sustainability strategies

Today, more than ever, it is imperative for companies to not just claim they care about reducing resource consumption and respecting the people within their business ecosystems, but to recognize these as absolute necessities. This is not a new concept for Bottega Veneta, as it aligns with the corporate strategy of the entire Kering group. The company has been acutely aware of its socio-environmental responsibility for decades.

The main strategy of the Kering group is based on disruptive innovation and the creation of value through sustainability, supported and guided by CEO François Henri-Pinault, who has always been convinced that "Luxury and sustainability are one and the same"[79]. Reflecting François-Henri Pinault's deeply held conviction, sustainability is at the core of Kering's strategy as much as its creative and modern vision of luxury. Likewise, it is an ethical necessity and a catalyst for innovation and value creation for the Group, its Houses, and its stakeholders.

[78] Kering, available at www.kering.com
[79] François-Henri Pinault on the Kering website available at www.kering.com/en/sustainability/

4.2.1 Integrating ESG into the Company's strategy

Kering has demonstrated a longstanding commitment to ESG (Environmental, Social, and Governance) issues, particularly those related to the environmental and social aspects of its business. This commitment stems from the strong vision and ambition of Group CEO François-Henri Pinault. Kering has been publishing non-financial indicators for about 20 years, including its first sustainability roadmap in 2006 and its Environmental Profit and Loss (EP&L) statement in 2015. These initiatives have allowed the group to gain valuable experience, especially in conducting materiality exercises.

The current sustainability roadmap, initiated in 2017 and set to end in 2025, is intentionally designed for the long term, allowing Kering to align its strategy with long-term objectives while remaining flexible and adaptable to changing contexts. For instance, the group re-examined its materiality analysis in view of the Covid-19 pandemic to guarantee its pertinence. The pandemic has accelerated the need for action on issues such as biodiversity, climate change, circularity, and employee well-being, which are now at the forefront of the group's strategy.

CEO F.H. Pinault has placed these challenges at the heart of the group's strategy, with Chief Sustainability and Institutional Affairs Officer, Marie-Clare Daveu, responsible for rolling out the Sustainability Strategy. Kering has 90 employees dedicated to sustainability across the holding company and each Maison, with a dedicated Sustainability Committee at the Board level to ensure oversight of these topics.

In April 2022, Kering's Board of Directors created a new function: Climate Change Lead, filled by Jean-Pierre Denis, to ensure that the Board addresses all impacts of climate change and incorporates these issues into its work and strategy. Kering has been recognized among the world's 100 most exemplary companies in terms of sustainable development by Corporate Knights' 2023 Global 100 rankings for the sixth consecutive year, holding the top spot in the "Textile, Clothing, and Luxury Product" category.

In January 2017, Kering announced the next phase of its sustainability strategy, involving all Group brands, including Bottega Veneta. This strategy sets ambitious objectives to reduce the Group's environmental impact, promote social well-being, and create innovative platforms, aiming to define the highest standards of best practices in the luxury sector.

The new strategy, titled "Crafting Tomorrow's Luxury," outlines clear objectives to be achieved by 2025, categorized under the themes of CARE for the planet, COLLABORATE with people, and CREATE new business models and innovations.

- CARE for the planet: This theme encompasses measures aimed at protecting nature, biodiversity, and animal welfare, as well as reducing the group's climate impact.
- COLLABORATE with people: This aspect focuses on the social component, aiming to preserve Kering's know-how, support the continuation of craftsmanship traditions, and promote forward-thinking employment practices.
- CREATE new business models and innovations: This theme emphasizes the innovation dimension, with a focus on developing new business models and investing in disruptive innovations. Examples include the development of the second-hand market or the rental market, as well as the creation of new or sustainable solutions for sourcing raw materials.

Among the objectives, we can find:

- 100% traceability of the main raw materials and 100% compliance with the Kering Standards for raw materials and production processes (the Kering Standards)
- 40% reduction in impact measured in terms of environmental profit and loss (EP&L), considering greenhouse gas emissions, water use, water and air pollution, production of waste and changes in land use
- Creation of a Kering Supplier Sustainability Index to ensure that the level of sustainability of each individual supplier is visible to all the Group's brands
- Contribution to achieving a positive social impact along the entire supply chain, with particular attention to the places of supply of raw materials.

In addition to having defined these social and environmental objectives, the Group is committed to developing new business models, integrating innovative approaches for the procurement of raw materials and new technological solutions for materials, as well as providing its contribution to the creation of a solid "circular economy".

In the development of the CARE aspect of the strategy, Kering has established dedicated structures to address specific aspects of its businesses. One notable tool is the Environmental Profit & Loss Account (EP&L), introduced in 2015 and extended to the entire group in 2017. This tool enables Kering to measure the environmental footprint of its activities across six dimensions, including CO_2 emissions, water consumption, water pollution, land use, air pollution, and waste generation, from raw material extraction to the final product in stores and consumption by consumers.

The supply chain is identified as the primary area where Kering generates over 90% of its impact. Therefore, the implementation of the sustainability strategy begins here, starting from the sourcing of raw materials to the production of final goods and services, and extending to stores and consumers. The EP&L tool aids Kering in identifying key drivers to reduce its environmental footprint throughout the production process. By generating revenue from its impacts, the company can concentrate its sustainability plan, enhance procedures and supply chains, and adjust technology decisions.

The EP&L tool, initially designed for internal management, has been made public and available in open source by Kering. The methodology is accessible to all, reflecting the company's commitment to transparency and accountability. Achieving sustainability objectives in the coming years will require the adoption of cutting-edge social and environmental standards across all supply chains linked to the Group.

The Kering Standards define the criteria that guide the commitment and actions of all Group brands. These standards encompass traceability, social welfare, environmental protection, animal welfare, and the use of chemical substances. With a focus on specific requirements, the Kering Standards are particularly significant upstream in the supply chain, during the extraction and processing of raw materials, especially for leather and fabrics.

Bottega Veneta, operating in the luxury market, navigates supply chains characterized by thousands of predominantly small suppliers, a highly fragmented market, and a strong emphasis on craftsmanship, primarily based in Europe and Italy. Therefore, starting from 2017, the company has evaluated the degree of adherence of all new and current suppliers to its sustainability principles and has supported them in their efforts to meet the required standards. For instance, they are aware that a collaborative relationship with suppliers is essential to achieve mutual value in the long-term benefits that sustainability can offer to companies across the group.

Despite the strong motivation to achieve excellence and ambitious sustainability objectives, the company is aware that all this takes time, and that intermediate, realistically achievable goals must be established to encourage and support any progress and improvement. Therefore, during this transition phase that Bottega Veneta and its suppliers has faced together, it is the focal company's responsibility to offer the latter the necessary technical assistance through training and the creation of a platform dedicated to suppliers to promote the Kering Standards and encourage sharing best practices. Bottega Veneta first and foremost wishes to collaborate with suppliers, helping them to integrate and understand the Kering Standards.

This will be topic of the next section: the analysis of how Bottega Veneta and its suppliers cope with sustainability according to the Standards Kering has imposed. In detail, we will first deal with the environmental impact, so the CARE aspect of "Crafting Tomorrow's Luxury" and following we will analyze the activities held for dealing with the COLLABORATE area.

4.3 CARE – the research question

Nowadays, the implementation of a strategy aimed at sustainability has become a necessary condition for operating in the fashion sector. In order for the objectives of the focal company's strategy to be achieved, they must also be pursued by all actors in the supply chain. For Bottega Veneta, it is essential that a relationship of collaboration and integration is established also with its suppliers so that high levels of sustainability can be achieved.

However, it is not always certain that all the actors in the supplier chain approve and agree to collaborate in the implementation of the sustainable strategy decided by the focal company.

For this reason, in this section, it was decided to analyze the two points of view, both that of the internal company and second raw material suppliers (external level), with the aim of giving answers to the following questions:

- Which are the Standards that Bottega Veneta suppliers have to implement to deal with sustainability? What response attitude do they take? How can they be classified?
- How does Bottega Veneta overall behave on sustainability issue? From 2020 to the second half of 2023, has there been overall improvement in the sphere of sustainability?

For the internal perspective it was decided to use the vendor rating as an analysis tool, while for the external perspective a quantitative investigation methodology was decided by administering a questionnaire to raw material suppliers.

4.3.1 Kering' Standards

Kering's stringent sustainability standards stem from its dedication to mitigating the adverse environmental impacts associated with its activities across the entire supply chain.

Additionally, the company is committed to promoting the adoption of best practices that generate positive social and environmental outcomes. Furthermore, the group invest in innovations and new technologies to obtain the best sustainable solutions for raw materials and production processes. In particular, it is necessary that the procurement and processing of all raw materials take place in compliance with all the principles set out below, which are the basis of the Kering Standards:

- Precautionary Principle: The application of this principle ensures that techniques are not utilized until there is a consensus from the scientific community on their safety for both humans and the environment;
- Compliance with Laws and Regulations: Kering adheres to all national and international laws, conventions, and regulations governing its operations;
- Traceability: The company ensures reliable and verifiable traceability of its products throughout the supply chain;
- Animal Welfare: Kering upholds high standards for animal welfare, covering all aspects related to the treatment, breeding, transport, and slaughter of animals.
- Environmental Protection: Kering abstains from any activities that involve the degradation or destruction of natural ecosystems and promotes environmentally friendly production methods.
- Climate Change Mitigation: The company is committed to reducing its negative impact on climate change through various initiatives.
- Ethical Treatment of Workers: Kering ensures an ethical approach towards people working in the supply chain, as outlined in the Supplier Charter of the Kering Code of Ethics and the Kering human rights policy.
- Innovation: Kering integrates new technologies and innovative solutions in the supply of raw materials or in processing and production techniques wherever possible.

The Kering Standards are designed to embrace a comprehensive and responsible approach throughout the manufacturing process of each brand within the Group. This approach is applied meticulously at every stage of the supply chain, starting from the farming of livestock for leather or supplier factories, all the way to the production of finished products.

As the market increasingly shifts towards more sustainable practices, adhering to the Kering Standards provides suppliers with a competitive edge, positioning them ahead of their competitors. Suppliers undergo assessments based on their alignment with these standards in the sustainability section of the Kering Vendor Rating system. This evaluation process serves as an additional incentive for suppliers to adopt the Kering Standards, potentially leading to increased business opportunities with the Kering group.

Each individual Kering Standard comprises two sections:

- Minimum Requirements: This section outlines the essential criteria that suppliers must meet to achieve compliance with the Kering Standards.
- Further Conditions to Satisfy Kering Standards: Suppliers are expected to work towards fulfilling additional conditions outlined in this section to align with best practices in their respective sectors. These conditions represent ongoing improvements that suppliers need to make in order to fully comply with the Kering Standards.

4.3.1.1 Minimum requirments

In order to be a Bottega Veneta supplier, it is necessary to promptly implement the measures and commitments described in the previous section for each product (raw material, semi-finished finished product) which are aligned with the Kering Sustainability Principles attached to the agreements with suppliers. Kering requires its suppliers to communicate these measures and commitments to their subcontractors to ensure full compliance with the standards. Any non-compliance may be considered a violation of the commitment undertaken in relation to the Kering Sustainability Principles defined in the agreement with the supplier.

4.3.1.2 Further conditions to satisfy Kering' standards

Suggestions and recommendations are provided for putting best practices into practice, to be considered as complementary to the minimum requirements above. All suppliers should be prepared to make continuous improvements to their business practices to achieve the standards required by Kering.

Further Additional Terms will become Minimum Requirements for suppliers of Kering brands in the near future (1-3 years) and all these conditions will become mandatory by 2025 (date indicated in Kering's 2025 Sustainability Strategy). Please note that suppliers already aligned with the Conditions additional or part of them will benefit from a better score in the Kering Vendor Rating System.

These provide further and in-depth information on the Kering Standards, with particular regard to aspects such as the management of chemical substances, compliance with social responsibility standards, the environmental profit and loss statement (EP&L) and FAQs.

The Kering Standards are reviewed on an annual basis and the Group's brands adapt and define their objectives within this general framework and within the established timescales. Please note that the Kering Standards apply only to production intended for Kering Group brands and not to the entire production of a factory or supplier.

Now we are going to analyze the standards for suppliers of raw materials of leather.

4.3.2 Kering' Standards for Raw Materials

This section examines the Standards required of suppliers, focusing on two different types of raw materials (fundamental in the shoes business unit): leather and cotton.

4.3.2.1 The Leather

Leather manufacturing can have major negative effects on the environment and society due to practices during the farming phase. Although leather is viewed as a by-product or co-product of the meat business, we want to ensure its sourcing is done in the most responsible and sustainable manner possible, to help decrease the negative impacts of farming. These potential adverse effects include direct results of livestock production like converting natural habitats into pastures, using synthetic chemicals or practices that affect animal welfare. Therefore, collaboration across the whole supply chain is necessary to guarantee traceability and long-term sustainability.

In fact, complete traceability of the leather along the supply chain is the only way to mitigate the risks related to social and environmental impacts. For their part, suppliers need to commit to improving this requirement by interacting with slaughterhouses and other entities in the supply chain. They should also be aware of animal welfare practices used in the breeding and slaughtering countries, as well as trying to source supplies from farms with production systems recognized and verified as sustainable and aligned with required standards.

4.3.2.1.1 Minimum requirments

Suppliers must verify that the leather does not come from farms linked to any form of deforestation in the Amazon biome implemented since July 2006, or from farms that appear in the list of those subject to the embargo promoted by the Brazilian environmental body IBAMA. Leather suppliers must: examine the source of supply of the leather together with their sub-suppliers, concretely verify in detail the origin of leather coming from South America and cease any relationship with any non-compliant sub-suppliers.

They are required to make every reasonable effort to provide Kering with information on the origin of the leather, requested for the EP&L report. This information includes: the headquarters and name of the tannery carrying out the finishing, the headquarters of the tannery carrying out the pickling, tanning and retanning operations if different from the one carrying out the finishing, the headquarters (country, region) of the slaughterhouse and the nation of origin (the country of breeding).

Furthermore, suppliers must evaluate the risk of purchasing raw or processed hides from different countries based on the following factors: agricultural practices, environmental pollution, animal welfare, labor practices, etc. To support this, a list of "preferred countries" and some explanations are provided.

In cases where the supplier does not source from a "preferred country," it is imperative that they collaborate with the focal company to conduct a thorough examination of the origin of the leather. This involves determining the exact origin of the hides up to the farm level and verifying whether it meets the Kering Standards. If necessary, the supplier and focal company must define and implement corrective actions.

Moreover, suppliers must adhere to the Kering Standards regarding animal welfare and ensure that their sub-suppliers are informed of the necessity to monitor and verify compliance with these standards.

Additionally, suppliers are obligated to adopt and implement procurement practices that prioritize high working and social conditions of workers throughout the supply chain. These practices should align with the principles outlined in the Kering Code of Ethics and the Supplier Charter.

4.3.2.1.2 Further conditions to satisfy Kering' Standards

Leather suppliers are strongly encouraged to work with existing traceability systems, such as those provided by ICEC (Quality Certification Institute for the Tanning Industry), LWG (Leather Working Group) or CSCB (Certificaçao de Sustentabilidade do Couro Brasileiro) .

By 2025, all suppliers will be required to purchase raw or processed leather only from countries identified as "preferred" by Kering or from specific sourcing sources that have been verified as sustainable.

Finally, all suppliers/sub-suppliers who deal with live animals will have to accept the application of the specific Kering Standards for the welfare of the various species and the related verification through the demonstration and verification of the standards relating to animal welfare in slaughterhouses.

4.3.2.2 The Cotton

Cotton is a crucial raw material for the products of Kering's brands. It is cultivated in around 80 countries worldwide, covering approximately 33 million hectares (roughly 2.5% of global arable land) and accounting for 36.5% of fiber demand. The majority of cotton grown globally relies heavily on pesticides and fertilizers. This raises clear sustainability issues, as does the unsustainable water usage for most cotton crops. Moreover, sourcing cotton presents major challenges regarding sustainable cultivation, with instances of forced and child labor. Just a tiny fraction (under 1%) of cotton production can be considered truly sustainable. Additionally, other standards for textile processing and chemical management have been updated.

4.3.2.2.1 Minimum requirments

Suppliers are required to exert every effort to disclose information regarding the country of origin (i.e., the country of cultivation) of the cotton they supply. Under no circumstances should they procure cotton from Uzbekistan, Syria, Turkmenistan, or any other countries deemed "high risk" due to child labor or forced labor practices in cotton production.

Additionally, suppliers must furnish evidence of their compliance, as well as that of their sub-suppliers, by submitting documents demonstrating traceability to the country or countries of origin.

Furthermore, suppliers must strive to incorporate certified organic cotton into their supply chains. Lastly, suppliers must procure from producers who uphold the human rights and social requirements outlined in the Kering Code of Ethics.

4.3.2.2.2 Further conditions to satisfy Kering' Standards

Suppliers are expected to purchase only GOTS certified organic cotton throughout the fabric supply chain. In cases where this is not feasible, a combination of GOTS and OCS (Organic Content Standard) certified organic cotton is acceptable. For instance, products can have a GOTS certification for yarns and fabrics, and an OCS certification for other processes such as dyeing and finishing, up to the final product. This approach ensures the integrity of organic cotton at every level of the supply chain.

Furthermore, suppliers should prioritize cotton grown using regenerative agricultural practices, as it offers various ecological and social benefits. These practices include restoring soil health, sequestering additional carbon, protecting biodiversity, and ensuring farmers receive fair compensation for adopting improved practices. Whenever possible, the focal company should prioritize sourcing cotton grown using regenerative methods, provided that these practices and their outcomes are verified by a third party. This includes cotton produced under the Regenerative Organic Certification (ROC).

Any other certified cottons, such as Made in Africa cotton (CMiA) and Better Cotton Initiative (BCI) certified cotton, are not preferred choices over the above-mentioned certifications unless their sustainability can be demonstrated and verified.In addition, through the support of the focal company, suppliers should source organic cotton. Finally, suppliers must be able to provide all the appropriate documentation to support the certification statements.

4.3.2.3 Kering' Standards for production processes

In this section, to complete the general picture of the shoes business unit, the standards of two fundamental production processes for the footwear world will be illustrated: tanning and footwear production.

4.3.2.3.1 The tanning

The fundamental principles underlying the Kering Standards for tanning include:

- Compliance with all national and international laws, principles, and regulations, especially regarding human rights, fundamental freedoms, health, safety, and the environment, as outlined in the Supplier Charter of the Kering Code of Ethics;
- Avoidance of the use of potentially dangerous chemicals;
- Adoption of the best practices available for the health and safety of employees;
- Enhancement of energy and water efficiency levels, monitoring and measuring them at every stage of the process;
- Treat waste and wastewater adequately;
- Promote the recycling and upcycling of waste and production waste;
- Satisfy the certification criteria required in the environmental and social fields;
- Make every effort to offer chrome-free or metal-free tanned products;

- Ensure traceability throughout the tanning process.

4.3.2.3.2 The shoes production

As for tanning, we illustrate the fundamental principles for the process in question, which partly coincide:

- Adhere to all national and global laws, principles and regulations, particularly those concerning human rights, fundamental freedoms, health, safety and the environment, as outlined in the Supplier Charter of the Kering Code of Ethics;
- Refrain from using potentially dangerous chemicals;
- Implement the most effective practices available for the health and safety of employees;
- Enhance energy and water efficiency levels, monitoring and measuring them at every stage of the process;
- Treat waste and wastewater adequately;
- Promote the recycling and upcycling of waste and production waste;
- Satisfy the certification criteria required in the environmental and social fields;
- Do not use leather from unknown tanneries;
- Do not use PVC in the products or packaging of the Group's brands;
- Provide environmental KPIs (e-KPIs), i.e. key performance indicators at an environmental level;
- Implement environmental best practices;
- Chase the following certifications: ISO 14001 (environmental management system), ISO 50001 (energy management system), ISO 45001 (health and safety management system) and SA8000 (social responsibility);
- Suppliers are encouraged to participate at the Science Based Targets (SBTi) initiative, a partnership between CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

4.3.3 Research Method

The research carried out proposes two different points of view, one internal to the focal company and one external and the time period analyzed is from October 2022 to October 2023 inclusive.

To analyze the internal perspective, it was decided to use the vendor rating. This is a strategic tool for implementing an efficient and sustainable supply chain. In fact, it allows you to draw up an accurate supplier base and precisely evaluate their suitability to supply certain goods or services.

To understand the degree of involvement and sharing of suppliers (external point of view) it was decided to proceed with the quantitative methodology or by administering a questionnaire to the Bottega Veneta supplier base.

4.3.3.1 Vendor rating

To research the internal perspective, we utilized the Vendor Rating. The Vendor Rating proposed by Bottega Venata is done twice a year (one analysis per semester). The analytical approach is multi-perspective, in fact, for its implementation three different departments are involved which reflect the three dimensions of the Triple Bottom line:

- Security which deals with corporate social responsibility, i.e. the area concerning the ethical implications within the strategic vision of the company (social dimension);
- Production which deals with the planning, procurement and advancement of the raw material and the finished product (economic dimension);
- Sustainability which deals with the planning, implementation and verification of action plans to implement sustainability within all company processes.

Specifically, each department is asked to assign, within the relevant parameters, a rating from 0 to 5 to each supplier, where:

- 5 = excellent;
- 4 = good;
- 3 = sufficient;
- 2 = insufficient;
- 1 = not acceptable;
- 0 = N/A (not applicable).

Suppliers are considered eligible if they acquire a score equal to or greater than 3 while they are ineligible if it is less than 3.

The Security department of Bottega Veneta, which deals with corporate social responsibility is asked to assign a rating for the following parameters:

1. Supplier Compliance Audit Level which is the evaluation of the direct supplier;

2. Audit Compliance Level of sub-suppliers which is the assessment of the supply chain of each direct supplier (it is calculated as the arithmetic mean of the judgments that suppliers give to their sub-suppliers);
3. Supply Chain Compliance Audit Level (prime contractor and sub-suppliers) which is the average between the assessment of the prime contractor (direct supplier) given by Bottega Veneta and that of its sub-suppliers (second and third level suppliers) given by the suppliers.

The Production department assigns a rating to the following parameters:

1. Quality, measures responsiveness in problem solving, compliance with chemical and physical tests;
2. Research and development, measures the technical/versatility capacity, the degree of innovation and prototyping, the industrialization and product/design development capacity;
3. Production, measures punctuality and information on progress;
4. Cost, measure includes the unit cost of the raw material, the availability of negotiation and the quality of the feedback;
5. Relationship with management, measures the quality of the relationship that the supplier has with the production department in terms of collaboration, support, agility and timeliness and the level of compliance.

The Sustainability department assigns a rating to the following parameters:

1. Traceability, measures the % of quantity of raw material traced, specifically for leather suppliers the country of origin is requested for five different phases (breeding, slaughter, WB tanning, Pickling tanning, Crust tanning) while for suppliers of cotton (or fabrics containing cotton) only the country of origin is traced;
2. Kering Standards, measures the level of implementation of the reference standards;
3. Environmental aspects, measures the degree of implementation of environmental protection names and certifications (for example ISO 14001);
4. Social aspects, measures the degree of implementation of certifications in the fields of safety and well-being at work, ethical and social (for example SA 800, BS OHSAS 18001).

Finally, we score an overall score for each department:

- Security rating;
- Production rating;
- Sustainability rating;

and an overall score that summarizes the evaluation of the 3 bodies involved: Final Rating.

4.3.3.2 Supplier Questionnaire

For analyzing the effectiveness of sustainability practises from the external perspective, those of suppliers, it was decided to propose them a questionnaire to understand their perceptions and opinions regarding the following two dimensions: Kering Standards and Environmental & Social.

It was decided to use a quantitative methodology which is market research with the aim of obtaining statistically representative data of the suppliers of the shoes business unit. The questionnaire administered is divided into two dimensions, each of which is in turn divided into several sub-dimensions to which suppliers must assign a grade based on their perception in terms of importance, support given by Bottega Veneta and consistency with its own standards. Furthermore, each sub-dimension was assigned a higher maximum achievable score, related to the importance it has for the implementation of the complete strategy.

You can see below the two dimensions, each sub-dimension and the related maximum score:

KERING STANDARDS	
UNDERDIMENSIONS	MAXIMUM SCORE
A. Codes et Principes	5
B. E-Learning on Kering Standards	3
C. Company policies & initiatives	7
D. Carbon fooprint	2
E. Supply Chain Risk Management	3
F. Profilo Fornitore	7
G. Kering Standards - Leather	8

H. Kering Standards - Precious Skins	7
I. Kering Standards - Tanning	12
L. Kering Standards - Leather Goods and Shoes Manufacturing	4
M. Kering Standards - Cotton	8
N. Kering Standards - Synthetics	5
O. Kering Standards - Textile Processing	7
P. Other good practices	2
TOTAL	80

Table 2: Kering Standards

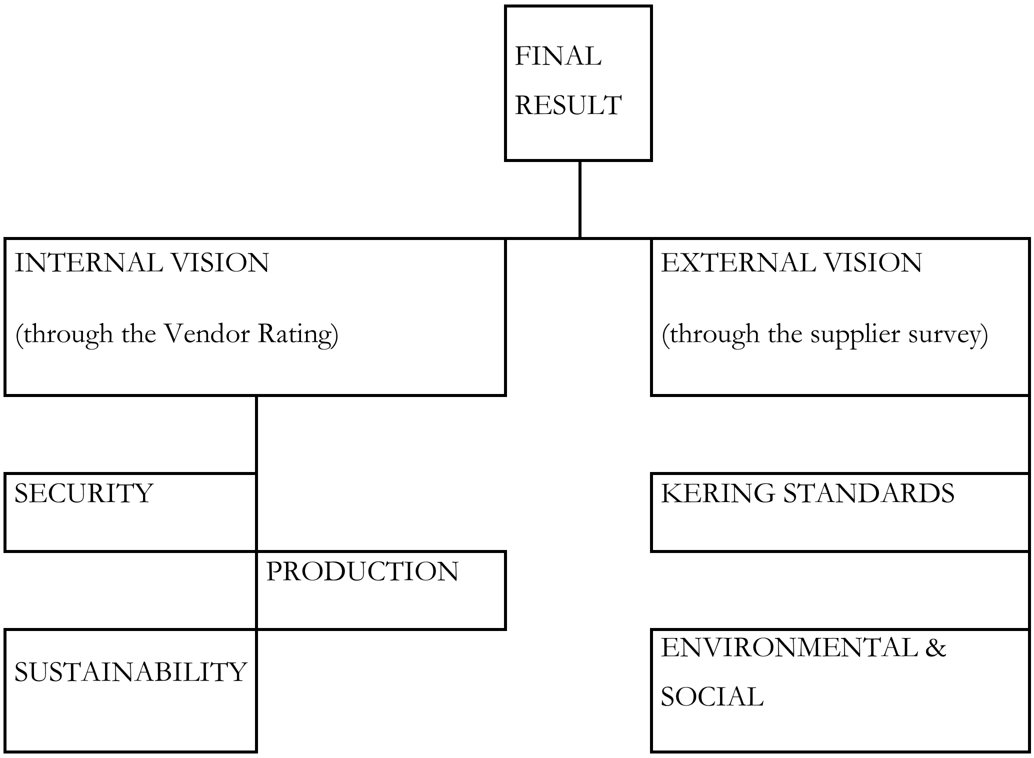
ENVIRONMENTAL & SOCIAL INDEX	
UNDERDIMENSIONS	MAXIMUM SCORE
A. COMPANY WORKFORCE	30
B. WELFARE/SERVICE SOCIAL	12
C. CHILD&FORCED LABOUR	6
D. FREEDOM OF ASSOCIATION	8
E. DISCRIMINATION	4
F. DISCIPLINE AND GRIEVANCE PROCEDURES	4
G. HOURS OF WORK	6
H. REMUNERATION	4
I. HEALTH & SAFETY	15
TOTAL	89

Table 3: Environmental & Social Index

The Kering standards have a more significant impact on the production dimension of suppliers while the requirements in the Environmental & Social dimension are aimed more at health conditions, working conditions, adequate wages, training, protection of rights, equal opportunities and company benefits.

Note that in both dimensions there are sub-dimensions with different scores and therefore will have different impacts, furthermore for the Kering Standards dimension there are specific principles for the type of material produced by the specific supplier, like cotton, leather, precious skin and other.

Here, the summary of how our research will be conducted:



4.3.4 Supplier Park

In this study, the supplier base chosen for analysis was determined using the Pareto Principle, also known as the 80/20 rule. This principle posits that 80% of the results come from 20% of the actions. Therefore, it was decided to analyze 20% of the suppliers, who account for 20% of the raw material orders for the shoes business unit.

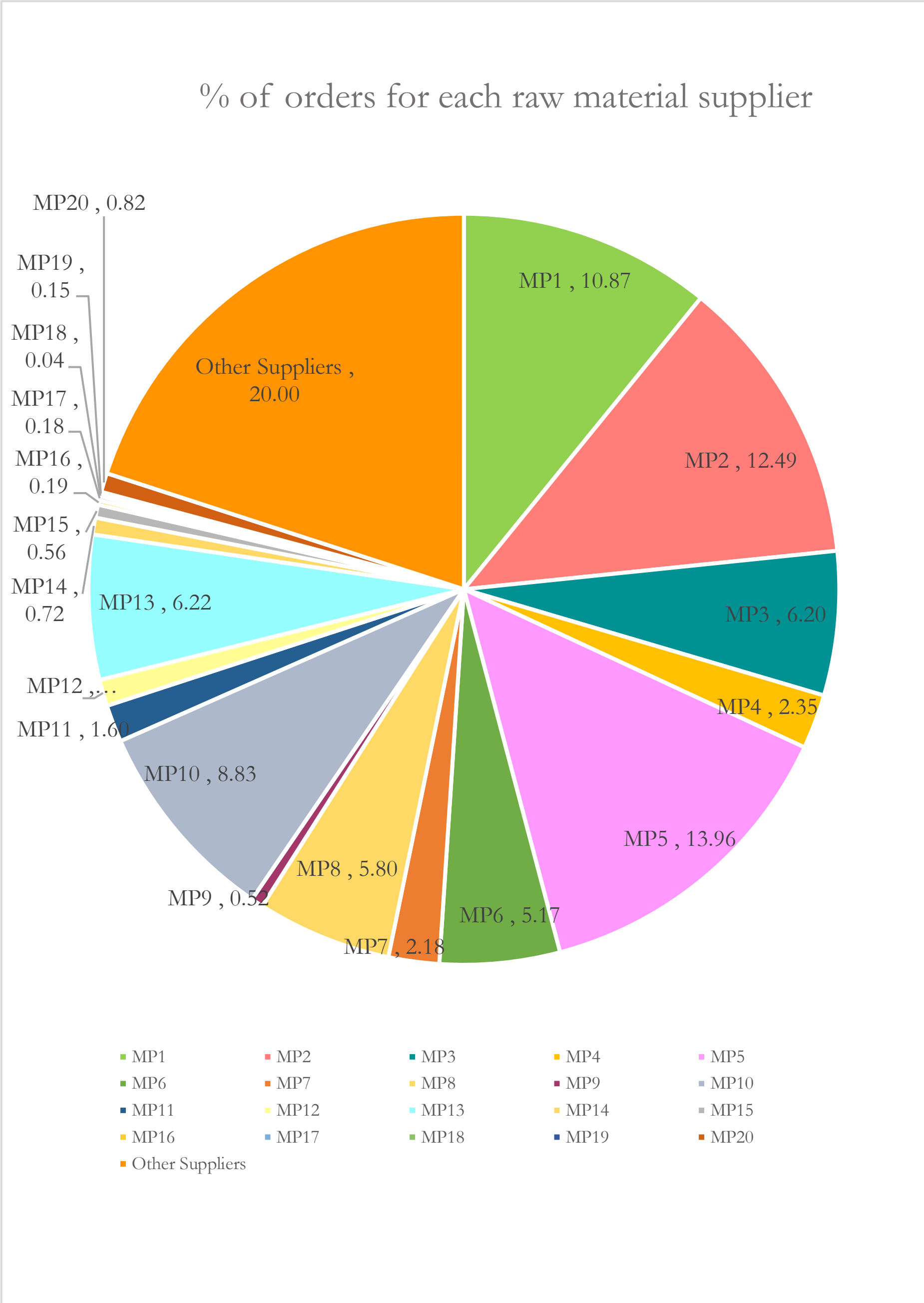
For reasons of privacy and company policy, the actual name of the suppliers will not be used but fictitious names will be used.

From the application of the Pareto Principle, a pool of 20 suppliers has been identified on which the previously explained analysis will be carried out.

Table 4 shows the chosen supplier base:

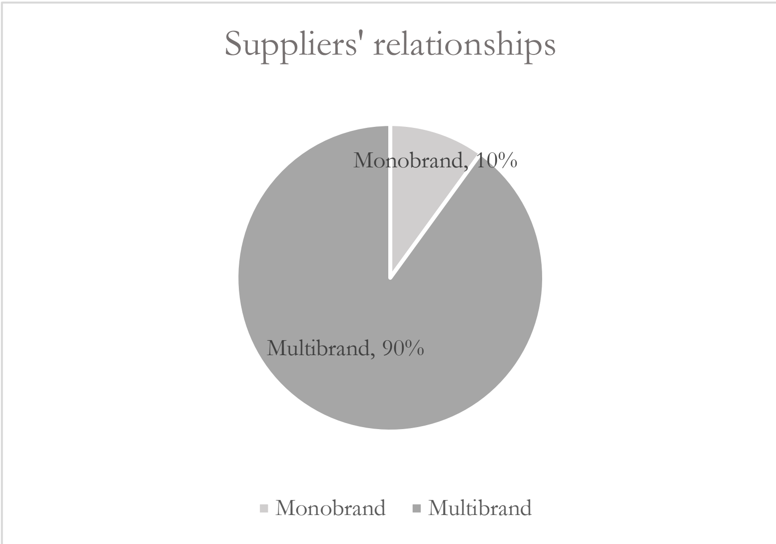
SUPPLIER	PRODUCT CLASS	% ORDERED SUPPLIER
MP1	Leather	10,87%
MP2	Leather	12,49%
MP3	Leather	6,20%
MP4	Leather	2,35%
MP5	Leather	13,96%
MP6	Leather	5,17%
MP7	Leather	2,18%
MP8	Leather	5,80%
MP9	Leather	0,52%
MP10	Fabrics	8,83%
MP11	Fabrics	1,60%
MP12	Leather	1,14%
MP13	Leather	6,22%
MP14	Leather	0,72%
MP15	Leather	0,56%
MP16	Leather	0,19%

Table 4: Supplier park



Graph 5: Percentage of orders for each raw material supplier of the Shoes Business Unit

It was decided to classify the suppliers based on the type of product class since, based on the raw material supplied, the required standards vary.

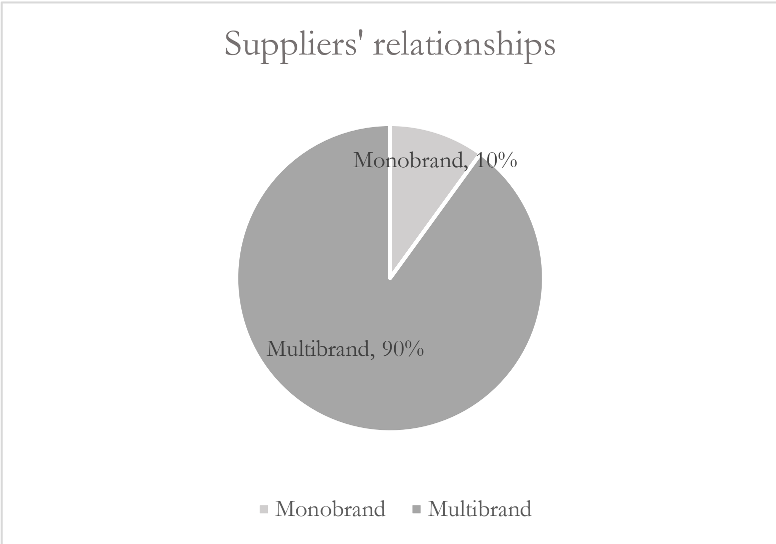


Graph 6: Classification of the supplier base by product class

For the shoes business unit, as visible in the graph below, leather (86%) has a significantly higher impact in terms of quantity than fabrics, which account for 14% of suppliers.

Furthermore, as illustrated in the previous chapter, based on the raw material supplied, suppliers will have to guarantee different minimum requirements and adapt to different standards and requirements. A first example is the required traceability of the raw material: for leather suppliers, they are required to trace the origin from breeding, slaughter, WB tanning, Pickling tanning and Crust tanning, while for fabrics, traceability of only the country of origin is required of origin or that of cultivation.

Furthermore, we analyzed whether or not the raw material suppliers who work with Bottega Veneta also have relationships with other brands of the Kering group. Below we see the breakdown (graph 7) and note that 90% have multi-brand relationships. This aspect will be very useful for subsequent analyzes and will be of fundamental importance to understand if there is a correlation with the level of compliance with the Kering standards.



Graph 7: Raw Materials Suppliers' relationships

The size of each supplier was measured by asking each for its number of workers, as shown in Table 5:

SUPPLIER	NUMBER OF EMPLOYEES
MP01	147
MP02	0
MP03	8
MP04	43
MP05	53
MP06	16
MP07	25
MP08	36
MP09	137
MP10	14
MP11	74
MP12	86

MP13	28
MP14	27
MP15	10
MP16	153
MP17	30
MP18	24
MP19	27
MP20	15

Table 5: Number of employees per each supplier

We will analyze whether this dimension is related to the level of sustainability of each supplier.

4.3.5 Analysis of the internal point of view of the focal company

In this paragraph the final results obtained are analyzed: the final objective is to see if there is a correlation between the internal vision of the company and the external one in order to outline a path for implementing sustainability within the processes, to make them still more efficient and supporting suppliers and all the actors involved in the supply chain whenever necessary. In fact the integration between everyone is fundamental and essential in order to fully achieve the objectives pursued by the Kering Group. Suppliers (both of raw materials and finished products), as illustrated previously, are a fundamental part of the process therefore for Bottega Veneta, as for all the other brands in the Group, it is essential to create, grow and implement a development program that integrates the needs of both parties.

Furthermore, we want to analyze what impact the actions implemented so far have had. The results are analyzed both in the internal scenario (through the Vendor Rating) under the three aspects of Security, Production and Sustainability, and in the external scenario (Supplier questionnaire).

To outline the internal point of view of the company, as explained previously, the Vendor Rating tool was used for three different periods:

- 1st Semester 2022;
- 2st Semester 2022;

- 1st Semester 2023;

Overall the result summarizes the trend from the beginning of January 2022 and June 2023 (18 months in total).

Let's see the results obtained below.

4.3.5.1 Security

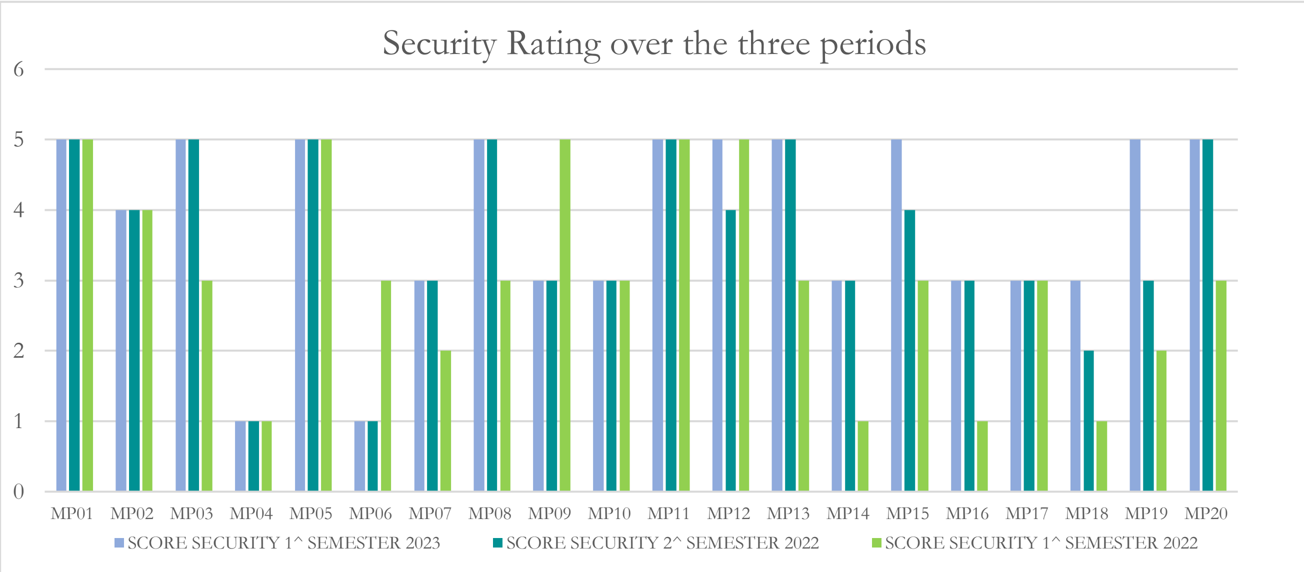
Below is the total score of each supplier acquired in the security area for the three analysis periods (Table 6).

SUPPLIER	SCORE SECURITY 1^ SEMESTER 2023	SCORE SECURITY 2^ SEMESTER 2022	SCORE SECURITY 1^ SEMESTER 2022
MP01	5	5	5
MP02	4	4	4
MP03	5	5	3
MP04	1	1	1
MP05	5	5	5
MP06	1	1	3
MP07	3	3	2
MP08	5	5	3
MP09	3	3	5
MP10	3	3	3
MP11	5	5	5
MP12	5	4	5
MP13	5	5	3
MP14	3	3	1

MP15	5	4	3
MP16	3	3	1
MP17	3	3	3
MP18	3	2	1
MP19	5	3	2
MP20	5	5	3

Table 6: Supplier rating in the security sphere

The trend of the score obtained by each supplier in the three analysis periods is shown (graph 8):



Graph 8: Supplier rating in the security sphere

This graph shows the trend of the score obtained by each supplier over the three periods. It is clear that 50% of suppliers improved their score, 40% of these maintained their level while 10% of suppliers worsened.

The minimum acceptable limit for the supplier to be eligible is 3 so we find suppliers who are not eligible: MP04 and MP06. With these suppliers it is necessary to resort to a more supportive intervention and understand what causes this score step, in the case of MP06 it is necessary to understand the cause of the deterioration.

Overall we obtain that 90% of the suppliers are suitable with an average score of 3.5, in the following table we report the average for each period analyzed (Table 7).

AVERAGE SCORE	
SCORE SECURITY 1^ SEMESTER 2023	3,85
SCORE SECURITY 2^ SEMESTER 2022	3,6
SCORE SECURITY 1^ SEMESTER 2022	3,05

Table 7: Average score on security rating

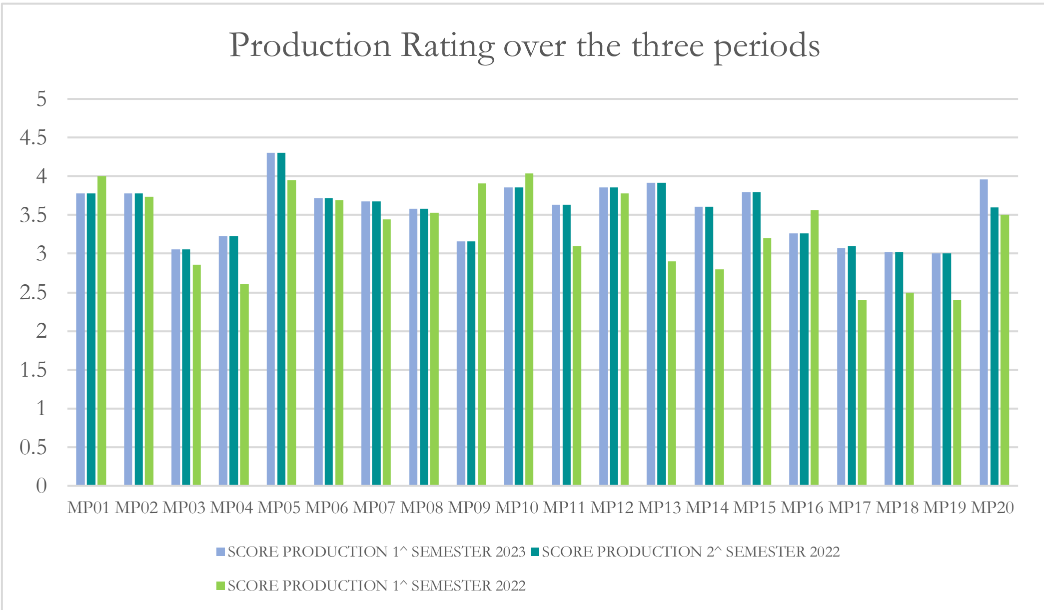
4.3.5.2 Production

Below is the total score of each supplier acquired in the security area for the three analysis periods (Table 8).

SUPPLIER	SCORE PRODUCTION 1^ SEMESTER 2023	SCORE PRODUCTION 2^ SEMESTER 2022	SCORE PRODUCTION 1^ SEMESTER 2022
MP01	3,775	3,775	4
MP02	3,78	3,78	3,74
MP03	3,06	3,06	2,86
MP04	3,23	3,23	2,61
MP05	4,305	4,305	3,95
MP06	3,72	3,72	3,69
MP07	3,68	3,68	3,44
MP08	3,58	3,58	3,53
MP09	3,155	3,155	3,91
MP10	3,86	3,86	4,04
MP11	3,63	3,63	3,1
MP12	3,857	3,857	3,78

MP13	3,92	3,92	2,9
MP14	3,605	3,605	2,8
MP15	3,8	3,8	3,2
MP16	3,263	3,263	3,56
MP17	3,07	3,1	2,4
MP18	3,02	3,02	2,5
MP19	3,005	3,005	2,4
MP20	3,96	3,6	3,5

Table 8: Supplier rating in the production sphere



Graph 9: Supplier rating in the production sphere

From graph 9 we note that all suppliers are eligible (scores equal to or greater than 3). Over the 3 periods, 85% of these increased their score while 15% decreased it. It is noted that the two unsuitable suppliers in the Security area are suitable here but from the production point of view MP06 remained constant while MP04 went from a condition of unsuitability to one of suitability.

Also, in this area an average score of 3.5 is obtained, the average scores for each period are shown below in table 9.

AVERAGE SCORE	
SCORE PRODUCTION 1^ SEMESTER 2023	3,56
SCORE PRODUCTION 2^ SEMESTER 2022	3,55
SCORE PRODUCTION 1^ SEMESTER 2022	3,30

Table 9: Average score in production rating

4.3.5.3 Sustainability

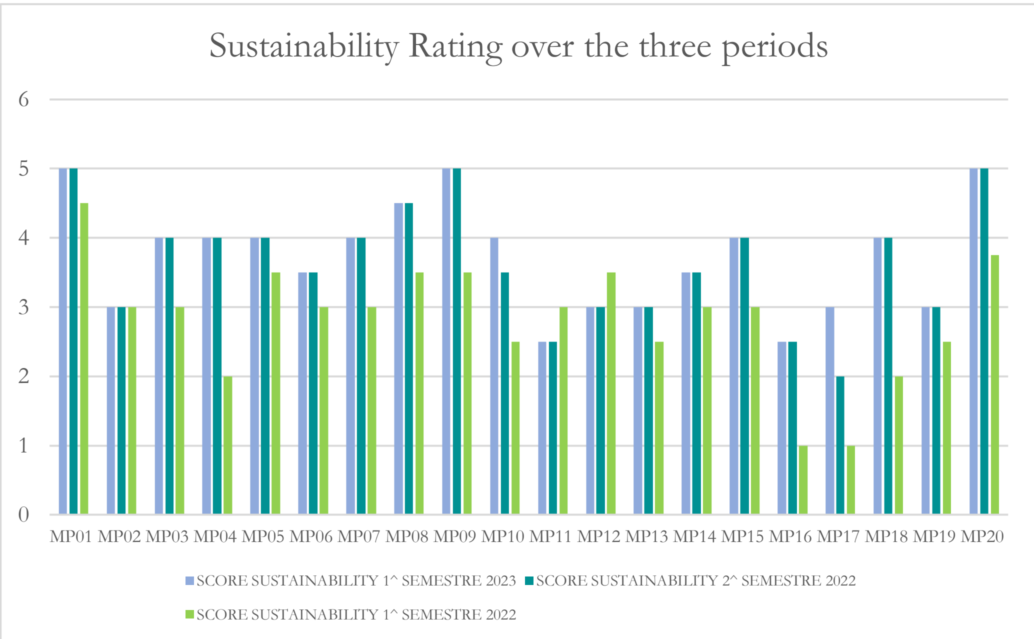
Below is the total score of each supplier acquired in the security area for the three analysis periods (Table 10).

SUPPLIER	SCORE SUSTAINABILITY 1^ SEMESTRE 2023	SCORE SUSTAINABILITY 2^ SEMESTRE 2022	SCORE SUSTAINABILITY 1^ SEMESTRE 2022
MP01	5	5	4,5
MP02	3	3	3
MP03	4	4	3
MP04	4	4	2
MP05	4	4	3,5
MP06	3,5	3,5	3
MP07	4	4	3
MP08	4,5	4,5	3,5
MP09	5	5	3,5
MP10	4	3,5	2,5
MP11	2,5	2,5	3
MP12	3	3	3,5

MP13	3	3	2,5
MP14	3,5	3,5	3
MP15	4	4	3
MP16	2,5	2,5	1
MP17	3	2	1
MP18	4	4	2
MP19	3	3	2,5
MP20	5	5	3,75

Table 10: Supplier rating in the sustainability sphere

The trend of the score obtained by each supplier in the three analysis periods is shown (Graph 10).



Graph 10: Supplier rating in the sustainability sphere

From the graph we note that 90% of the suppliers are eligible, of which 28% went from unsuitable to eligible over the 3 periods.

Furthermore, 85% of suppliers increased their level of sustainability in the analysis period, while only one supplier remained in a stalemate situation, 10% decreased their result, specifically MP11 went from being suitable to not being suitable eligibility.

The average score for this area is 3.4, with an average reported by period in Table 11.

AVERAGE SCORE	
SCORE SUSTAINABILITY 1^ SEMESTRE 2023	3,73
SCORE SUSTAINABILITY 1^ SEMESTRE 2023	3,65
SCORE SUSTAINABILITY 1^ SEMESTRE 2023	2,84

Table 11: Average score in sustainability rating

4.3.5.4 Conclusions

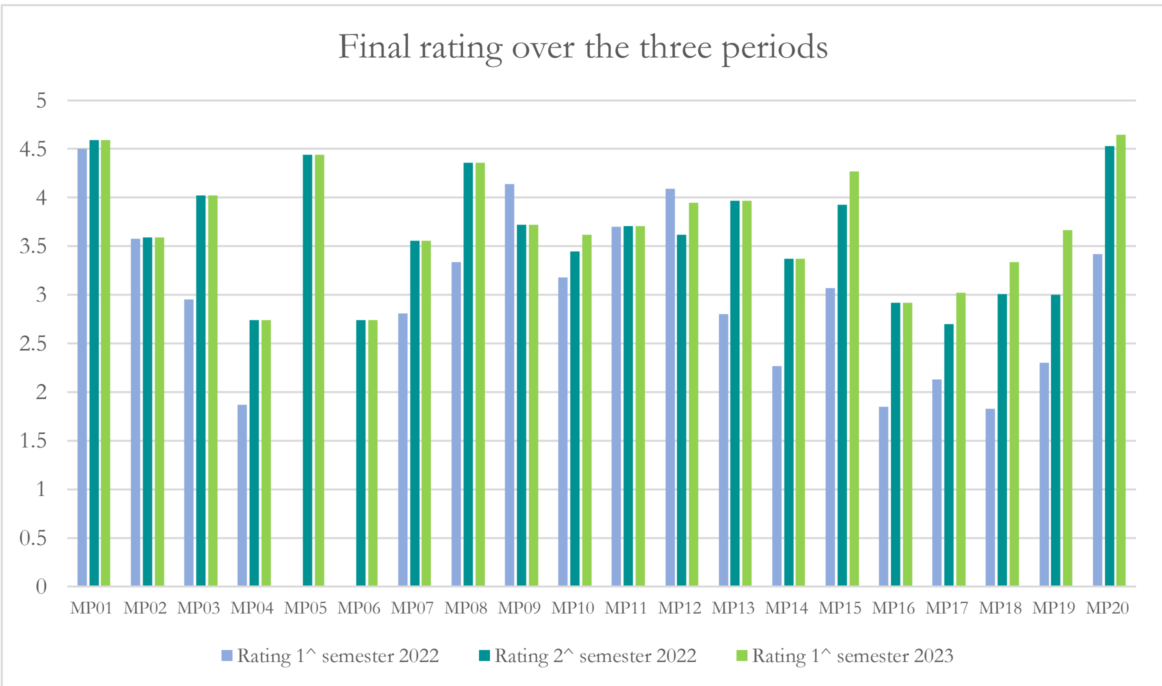
Below we report the total rating of all three dimensions of each supplier (Table 12):

SUPPLIER	Rating 1^ semester 2022	Rating 2^ semester 2022	Rating 1^ semester 2023
MP01	4,50	4,59	4,59
MP02	3,58	3,59	3,59
MP03	2,95	4,02	4,02
MP04	1,87	2,74	2,74
MP05	4,15	4,44	4,44
MP06	3,23	2,74	2,74
MP07	2,81	3,56	3,56
MP08	3,34	4,36	4,36
MP09	4,14	3,72	3,72
MP10	3,18	3,45	3,62
MP11	3,70	3,71	3,71

MP12	4,09	3,62	3,95
MP13	2,80	3,97	3,97
MP14	2,27	3,37	3,37
MP15	3,07	3,93	4,27
MP16	1,85	2,92	2,92
MP17	2,13	2,70	3,02
MP18	1,83	3,01	3,34
MP19	2,30	3,00	3,67
MP20	3,42	4,53	4,65

Table 12: Overall rating

The trend of the score obtained by each supplier in the three analysis periods is shown (Graph 11).

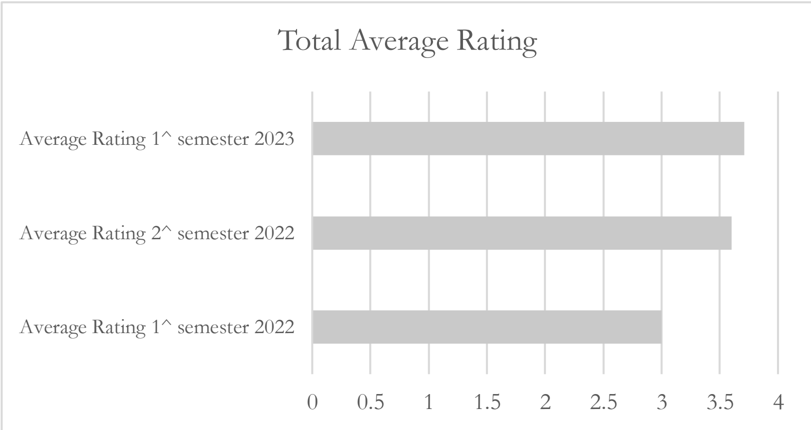


Graph 11: Overall rating

Overall, a growth trend can be seen in the three periods analyzed for each supplier; in fact, 90% of suppliers improved their score.

Furthermore, 15% of the suppliers have an overall unsuitable score while 50% are eligible but, being in the range from 3 to 4, it would be appropriate to increase it in order to arrive with a score between 4 and 5, in a perspective of continuous improvement.

Below it was decided to report the average rating in the three periods:



Graph 12: Average rating per semester

4.3.6 Analysis of the external point of view of the focal company

The analysis of the suppliers perception of their application towards Kering Standards and Environmanetal and social indixes provides the results for detecting the external point of view of the research.

The reference period for all responses is from October 2022 to October 2023.

Below we will see the score assigned by each supplier for each dimension.

Eligibility occurs by achieving a score equal to or greater than 50%.

4.3.6.1 Perception of the Kering' Standards

As anticipated at the beginning of the section, the Kering standards are in turn divided into different sub-dimensions to which the suppliers have assigned a grade based on their perception in terms of importance, support given by the focal company and consistency with their own standards. See the meaning of the letters in tables 2 and 3.

The scores assigned by the supplier are shown below (Table 13).

UNDERDIMENSIONS																
SUPPLIERS	A	B	C	D	E	F	G	H	I	L	M	N	O	P	TOTAL RATINGS	RATING IN %
MP01	5	1	5	2	3	7	0	6	6	4	3	0	0	2	44	55%
MP02	5	1	5	2	3	7	8	0	11	0	0	0	0	2	44	55%
MP03	5	1	5	2	3	7	8	0	11	0	0	0	0	2	44	55%
MP04	5	1	5	2	3	7	0	0	0	4	0	0	0	2	29	36%
MP05	5	1	5	2	3	7	8	0	11	0	0	0	0	2	44	55%
MP06	5	1	5	2	3	7	7	0	11	0	0	0	0	2	43	54%
MP07	5	1	5	2	3	7	7	0	11	0	0	0	0	2	43	54%
MP08	5	1	5	2	3	7	7	7	0	4	0	0	0	2	43	54%
MP09	5	1	5	2	3	7	7	0	11	0	0	5	0	2	48	60%
MP10	5	1	5	2	3	7	0	0	0	0	0	5	6	2	36	45%
MP11	5	1	5	2	3	7	0	0	0	0	0	0	6	2	31	39%
MP12	5	1	5	2	3	7	8	0	11	0	0	0	0	2	44	55%
MP13	5	1	5	2	3	7	7	0	11	0	0	0	0	2	43	54%
MP14	5	1	5	2	3	7	7	0	12	0	0	0	0	2	44	55%
MP15	5	1	5	2	3	7	7	0	0	0	0	0	0	2	32	40%
MP16	5	1	5	2	3	7	7	0	11	0	0	0	0	2	43	54%
MP17	5	1	5	2	3	7	0	0	0	0	0	5	6	2	36	45%
MP18	5	2	5	2	3	7	8	0	0	0	0	0	0	2	34	43%
MP19	5	1	5	2	3	7	8	0	11	0	0	0	0	2	44	55%
MP20	5	1	5	2	3	7	0	0	0	0	8	0	6	2	39	49%
RATING MASSIMO	**5**	**3**	**7**	**2**	**3**	**7**	**8**	**7**	**12**	**4**	**8**	**5**	**7**	**2**	**80**	**100%**

Table 13: Kering Standards Rating

Overall, scores higher than the minimum suitability limit (50%) are obtained, in fact, as shown in Chart 11, 70% of suppliers positively evaluated the implementation and application of the Kering standards.

It means that this portion of suppliers considers them consistent and applicable in their processes. It is fundamental to analyze the reasons why 30% of suppliers are not fully satisfied with the implementation of the required Kering standards. The overall average obtained is 51% so this dimension will certainly need to be improved and implemented more.

Graph 13: Suitability of Kering Standards

4.3.6.2 *Environmental and Social index*

In this paragraph we see the feedback from suppliers in the Environmental & Social dimension, the scores are shown in Table 14 below.

UNDERDIMENSIONS											
SUPPLIERS	A	B	C	D	E	F	G	H	I	TOTAL RATING	RATING IN %
MP01	30	9	6	8	4	4	6	4	14	85	96%
MP02	30	9	6	6	4	2	6	4	14	81	91%
MP03	30	6	6	8	3	3	6	4	14	80	90%
MP04	30	6	6	5	2	2	7	4	14	76	85%
MP05	30	7	6	6	4	3	6	4	13	79	89%

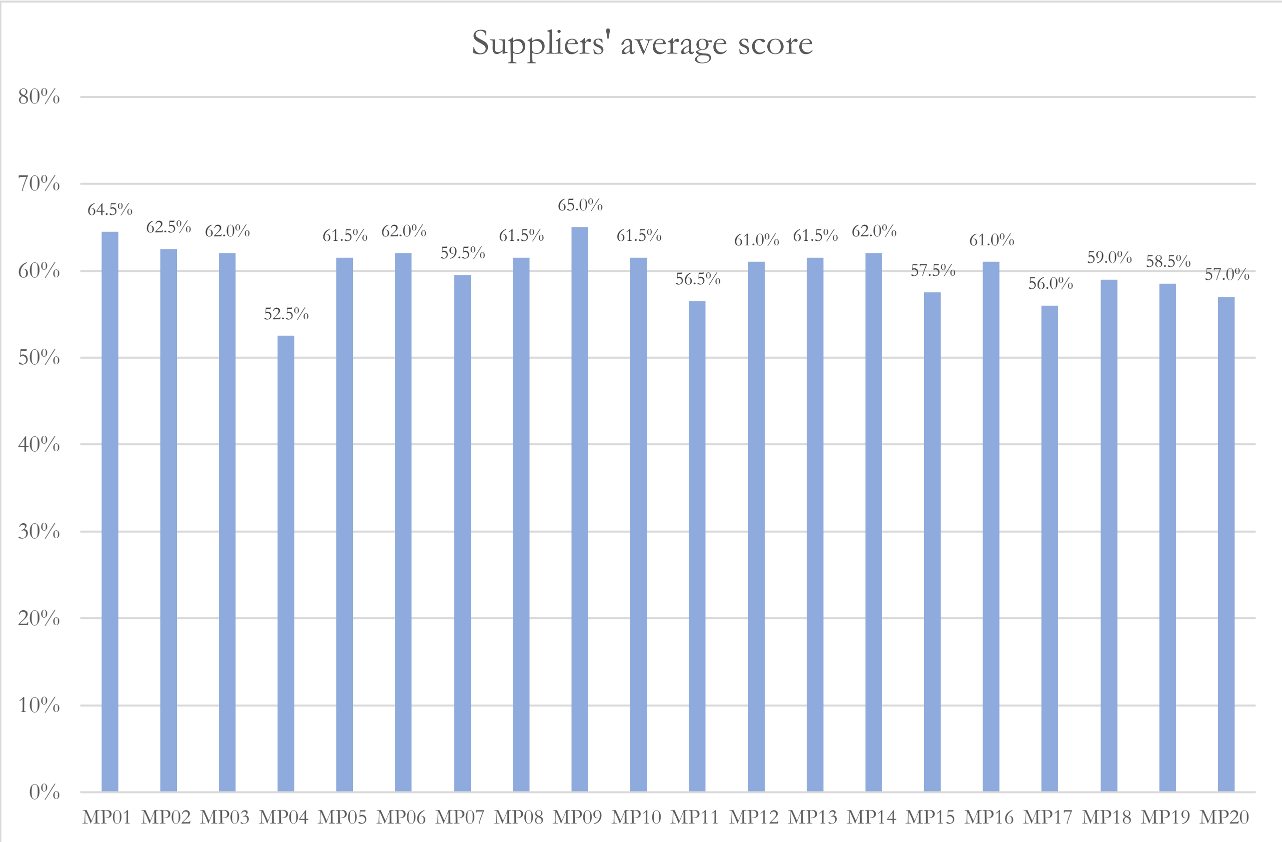
MP06	30	10	5	5	3	4	6	4	14	81	91%
MP07	30	6	6	5	2	3	6	4	14	76	85%
MP08	30	7	6	7	3	3	6	4	14	80	90%
MP09	30	6	6	8	4	4	6	4	14	82	92%
MP10	30	11	5	8	4	4	7	4	14	87	98%
MP11	30	8	6	8	3	4	5	4	14	82	92%
MP12	30	8	6	4	3	3	6	4	14	78	88%
MP13	30	6	6	7	3	3	6	4	15	80	90%
MP14	30	6	6	7	3	3	6	4	15	80	90%
MP15	30	9	6	7	3	4	6	4	14	83	93%
MP16	30	7	6	6	4	3	6	4	13	79	89%
MP17	30	7	6	5	2	2	7	4	13	76	85%
MP18	30	9	6	7	4	4	6	4	14	84	94%
MP19	30	6	6	4	2	2	6	4	13	73	82%
MP20	30	7	6	5	2	2	6	4	13	75	84%
RATING MASSIMO	**30**	**12**	**6**	**8**	**4**	**4**	**6**	**4**	**15**	**89**	**100%**

Table 14: Environmental and Social index

In this dimension we note that all the suppliers expressed a very high score, in fact they are all between 80% and 90%. This means that all the suppliers analyzed work consistently with the conditions required by Bottega Veneta.

4.3.6.3 Conclusions

Overall, 80% of scores were obtained above the eligibility limit as is evident from the following Graph 14.



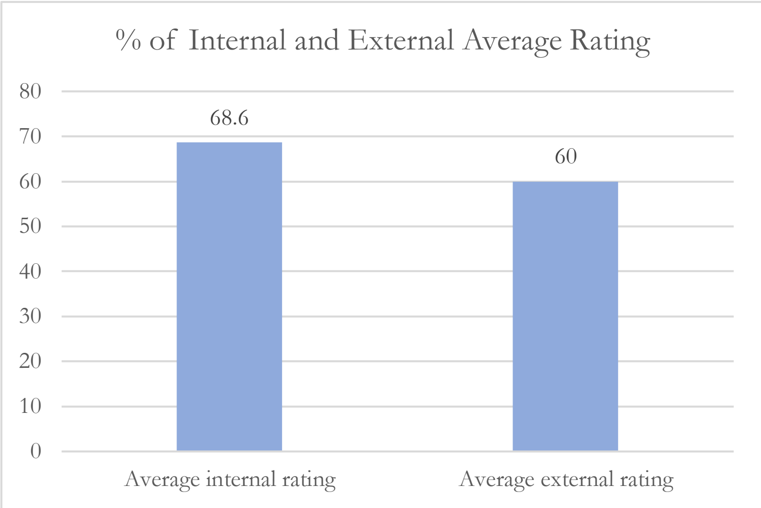
Graph 14: Suppliers average score on Kering Standards and Environmental & Social Index

The average score is 60%, evidence of the fact that there are gaps to be filled in the Kering Standards dimension.

To achieve the desired levels, it will be necessary to delve deeper and outline the causes of these scores given by suppliers and proceed with development and greater integration with suppliers for those factors that are critical.

4.3.7 Overall conclusion

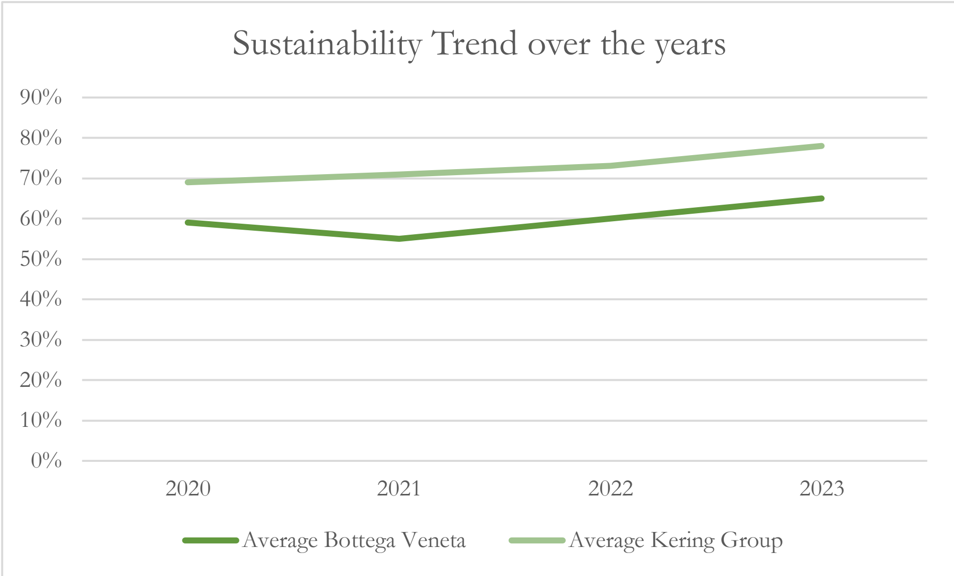
Considering both analyses, we can see that the overall score average is consistent (graph 15).



Graph 15: Average internal and external rating

As we can see from the graph, we notice a gap of 8.6%, this means that there is good consistency between the internal and external perception of the company. In fact, the supply chain is overall integrated (average score of 62%) in both visions. As previously analyzed, the result is an overall increase in sustainability within the processes, an increase in the quality of the raw material and therefore also of the finished product. Furthermore, the relationships between the focal company and suppliers must be increasingly nurtured with a view to collaboration and integration. This results in a competitive advantage for all actors involved in the same supply chain.

With graph 16, we can see the trend of sustainability implemented within Bottega Veneta's processes, from 2020 (2 years after the first implementation) to 2023 (Graph 16).



Graph 16: Sustainability Trend

The sustainability implementation path undertaken by Bottega Veneta is similar to the Group's core strategy, in fact we see that the sustainability trend is growing in the period analyzed (from 2020 to 2023). This trend reflects the level of implementation of the Group's strategy in Bottega Veneta and more generally in all brands.

The objective is to improve it further, trying to get closer to the value of the entire Group and reach the maximum value by the end of 2025.

4.4 COLLABORATE

As we have understood so far, Bottega Veneta is dedicated to minimizing environmental impact, but also fostering employee voluntarism, and contributing to charitable causes. The company upholds the highest social responsibility standards throughout its entire supply chain. After examining the implementation of the sustainability concept within the company's operations and among its external suppliers, we are now going to explore the COLLABORATE theme in the "Crafting Tomorrow's Luxury" strategy. This strategy marks a crucial milestone in the company commitment to sustainability and reflects its desire to be leaders in the luxury industry not only for the final product but also for its responsible business practices.

Cooperation is not just a buzzword for Bottega Veneta; it represents a real pledge to create meaningful and lasting connections with both internal and external groups involved. This includes employees, suppliers, local communities, and other important players across the whole value chain. Kering, believing that close teamwork with its stakeholders results in better economic, environmental, ethical, and social outcomes, maintains its rich legacy, advances equality and diversity, and hopes to be seen as a model employer. These commitments are upheld via its 2025 sustainability plan pillar, Collaborate. Additionally, Bottega Veneta obtained a score between 41-50% in the 2022 Fashion Transparency Index[80].

From the above analysis, it ensures that all suppliers adhere to environmental regulations, prioritize worker safety, treat employees with dignity and respect, and embrace eco-friendly manufacturing practices. To fulfill these corporate social responsibility goals, Bottega Veneta is implementing a range of economic, legal, ethical, and social initiatives, which will be detailed here.

4.4.1 Legal compliance

The adherence to established rules and regulations is an essential aspect of the legal obligations that businesses must fulfill. Bottega Veneta is expected to uphold these standards while operating within the framework of society. These fundamental guidelines are a reflection of societal values and ethical principles, dictating how the company should conduct its business operations in a transparent and equitable manner. The formulation of these laws and regulations is the responsibility of local, regional, and national legislators, ensuring that the business can thrive while also prioritizing the welfare of society as a whole. To reduce the chance of facing legal action due to not following regulations, Bottega Veneta has named a compliance officer in an important role within the company structure. This ensures that the business meets all of its legal duties.

In order to achieve its legal obligations, the company produces goods and services that adhere to product safety standards and regulations, as analyzed in the previous section; it promotes advertising which is truthful and does not mislead consumers. Labor laws regarding wages, workplace safety, industrial relations, and anti-discrimination are followed and employees are paid at least minimum wage in a safe working environment free from discrimination. Contracts with internal and external stakeholders are fulfilled to protect their rights. This includes employment agreements, partnerships, property leases, and vendor relationships. Suppliers are treated fairly and helped to maintain quality and delivery standards. Intellectual property laws are enforced to protect the rights of inventors and creators; Trade secrets, patents, trademarks and copyrights are all areas the company

80 Fashion Revolution's Fashion Transparency Index (FTI) is a tool to push and incentivise the world's largest fashion brands to be more transparent about their social and environmental efforts. The FTI is published annually and includes a review of 250 of the world's largest fashion brands and retailers.

safeguards; Customer privacy is respected and information protected through stated policies and data security measures; Environmental laws are followed to reduce hazardous waste, conserve biodiversity, and prevent pollution, and finally, Taxes and other government duties are paid properly and accounts kept transparently to facilitate monitoring of the business's economic activity.

Bottega Veneta is expected to act as a responsible legal entity by all key stakeholders, such as customers, suppliers, employees, regulators, and the general society. The company diligently fulfills all its legal obligations towards these societal stakeholders. Neglecting the legal rights of any stakeholder group could potentially harm the reputation of the company and may even result in costly legal actions against the company.

4.4.2 Ethical compliance

What is more, Bottega Veneta upholds a strong commitment to ethical responsibility towards its key stakeholders. In order to fulfill this responsibility, Bottega Veneta operates in a manner that is both ethical and fair. The company ensures that all stakeholders, including customers, suppliers, employees, investors, and leadership, are treated with fairness and respect. Bottega Veneta goes beyond fulfilling normative expectations, embracing activities, practices, and standards that may not be explicitly stated but are anticipated by society. While distinguishing between ethical and legal expectations can be challenging, as legal regulations are based on ethical principles, Bottega Veneta acknowledges that ethical expectations extend beyond the basic requirements of the law.

Bottega Veneta upholds its ethical obligations through various initiatives: the company ensures that its employees receive a higher minimum wage, guaranteeing competitive pay that reflects their dedication and commitment to their assigned tasks and responsibilities. In addition to adhering to labor laws, it goes the extra mile by implementing employee welfare programs. These initiatives include providing training to promote mental and physical well-being, as well as fostering an environmentally responsible mindset. The company also supports its employees' professional growth and cultivates a work environment that facilitates a healthy work-life balance. Ethical sourcing is a priority for the company, as it ensures that all raw materials are obtained from suppliers who prioritize environmental sustainability. Bottega Veneta makes sure that products and services are ethically sourced across the whole supply chain. The company also checks that the products from suppliers use sustainable practices. All groups involved, like suppliers, workers, and distributors, are treated respectfully and fairly by the company. It maintains ethical work standards for its supply partners, using products that meet fair-trade rules. Recognizing its duty to the environment, the company not only follows basic environmental laws but also takes active steps to reduce its carbon impact. Furthermore, it makes significant investments in environmentally conscious businesses.

4.4.3 Social compliance

Bottega Veneta is both committed to the wellbeing of its employees, as well as those of the surrounding community and the preservation of the expertise characterizes it. The company places significant importance on sharing this knowledge, particularly through collaborations with specialized educational institutions.

4.4.3.1 Safeguarding craftsmanship and prompting the community

Safeguarding craftsmanship and upholding traditional expertise is a key objective for Kering. With the rich legacy of its brands, Kering takes pride in protecting craftsmanship and ensuring the continuity of time-honored know-how. In 2020, Kering introduced a supplier training platform and started specific initiatives to preserve ancient crafts and local customs. As such, Kering, and consequently Bottega Veneta, aims to strengthen engagement with stakeholders to promote sustainable luxury and ensure the wellbeing of employees, suppliers and customers globally. Kering actively participates in industry-wide initiatives and reinforces partnerships with esteemed academies and universities.

In 2017, Kering created a supplier training platform that maintains Kering's leadership principles while readily sharing best practices.

Kering's brands also preserve the heritage of their local communities by providing training programs on artisanal skills and traditions. For example, on the last October 2023, Bottega Veneta opened *Labor et Ingenium Academy*, a workshop where company employees, new hires and external students can learn from master craftsmen both the teaching and processing techniques. "The Labor et Ingenium Academy is a strategic pillar for preserving the unique savoir-faire of Bottega Veneta […] Excellent craftsmanship and creativity are an integral part of our brand and the heritage of our region of origin, Veneto. With the Academy, we take the collective ethos that is at the heart of Bottega Veneta to an ever-higher level, building on our rich history of sharing skills and innovation to nurture the artisans of the future"[81].

[81] Bartolomeo Rongone, direch speech at the inauguration of the Academy

The Italian fashion house Bottega Veneta is continuing its efforts to train future artisans by supporting the Bartolomeo della Montagna Institute in Vicenza as part of the second year of the Altagamma "Adopt a school" project. This initiative was launched in 2021 through a collaboration between Altagamma and the Ministry of Education to foster partnerships between technical and vocational schools and the industry. Bottega Veneta's support of the school aims to provide training and development opportunities for students interested in pursuing careers as artisans in fashion and design. The goal is to nurture talent and skills that will contribute to the future of Italian luxury craftsmanship.

Kering helps gifted people who will influence the future of fashion. The company partners with ANDAM (National Association for Development of Arts and Fashion) and their annual fashion prize. Annually, Kering recruits recent Parsons BFA Fashion Design graduates chosen through the Kering and Parsons Empowering Imagination contest.

Furthermore, Bottega Veneta responded to the need to compensate for the high demand for highly qualified personnel and the shortage of specialized artisans by inaugurating in October 2006 a leather goods school, in collaboration with the Vicenza School of Arts and Crafts, the costs of which are completely supported by the brand. The recipients of the "Bottega Veneta Leather Goods School" are young people between 18 and 25 years old, who receive three-year training, upon completion of which the most qualified are offered the opportunity to join the company.

A further demonstration of the commitment to maintaining links with the territory and of the company's interest in improving the quality of life of people in the communities in which it operates (promoting integration, education, health, dignity and women's rights, culture and the arts), is the establishment in 2011 of a social and economic project called Comunità Montana Femminile, for the benefit of the Comunità Montana Alto Astico and Posina, an area with a high rate of female unemployment in the heart of Veneto . The project, started by the Montana community, the Veneto Region and the Province of Vicenza, together with Bottega Veneta, led to the creation of an artisan laboratory for leather processing in the center of the town of Arsiero, in which 32 people work today.

Given the success of the first cooperative, a second was established in Pedemonte, in which 24 people are employed. Both cooperatives are specialized in threaded weaving and have already obtained certification as "Artistic Crafts Workshops". Although leather goods represent 85% of Bottega Veneta's total sales, the product offering has been further expanded and diversified, offering collections of men's and women's clothing and footwear, furniture and home accessories, up to launch, in November 2011, of a line of perfumes for him and her, which for the company represents "a point of arrival and departure at the same time. It evokes an idea of lifestyle."

Despite the strong international character that the company promotes, Bottega Veneta has demonstrated a strong bond with the territory, deciding not to relocate its production and to spread the culture of quality Italian products. 98% of Bottega Veneta production is made in Italy, and in particular in Vicenza and its surroundings. The remaining 2% is represented by the high jewelry collection they produce in Pforzheim, Germany.

4.4.3.2 Being an employer of choice

As part of its Collaborate sustainability strategy pillar, Bottega Veneta aims to become an exemplary employer in the luxury industry. Specifically, the company strives for excellence in parity, diversity, and inclusion, and is committed to providing a stimulating and supportive work environment for all its employees. Workplace well-being and social benefits programs, along with three internal global campaigns launched in 2017 (employee referral hiring, internal mobility, and parent-friendly policies offering equal benefits to all Group parents such as providing 14 weeks of paid baby leave to all parents of a new child), further enhance employee engagement.

Talent development is a fundamental managerial principle and corporate culture guideline; the Group encourages its employees to realize their full potential and creativity.

Bottega Veneta 's commitment to corporate social responsibility (CSR) is greatly influenced by its strong brand image. By utilizing CSR as a strategic tool, the company effectively sets itself apart from its competitors. These CSR initiatives have not only positioned the company as a socially responsible entity but have also fostered trust among its existing employees, but moreover, these initiatives have successfully cultivated a positive brand perception among potential customers.

4.4.3.3 Women in the supply chain

In many countries, women face barriers that are considered socially and economically unacceptable. Diversity, parity, and supporting women's talent are top priorities for Kering. The Group aims for gender parity and salary equality across its corporate hierarchy and all Group positions. The Leadership Gender Diversity program promotes women's access to prominent management positions and fosters a culture of equality.

To further promote gender equality, Bottega Veneta conducted an extensive study in 2019 to examine the role of women in the supply chains of the Italian luxury industry. This research was done in partnership with the Camera Nazionale della Moda and three expert groups (BSR, Wise Growth, and Valore D). The investigation pinpointed four main areas to concentrate on: employment conditions and economic prospects, leadership and career progression, parenthood, and workplace behavior and harassment. Building upon this project, training sessions were also conducted with some of the company's suppliers in 2020.

Italy accounts for a significant portion, 87.8 %, of the Kering Group's global supply chain. This luxury sector powerhouse relies heavily on small- and medium-sized enterprises (SMEs) in Italy, which are predominantly family-owned and operate with less than 50 employees on average. These companies are known for their specialized craftsmanship and contribute to the unique artisanal nature of the Italian supply chain. Notably, a study conducted by BSR reveals that the majority of employees in these enterprises are women, making up 63 percent of the workforce among the 189 suppliers involved in the project.

Kering is deeply committed to promoting gender equality. In fact, in 2019, Thomson Reuters recognized Kering as the 10th best organization out of 7,000 global entities on their Equality & Diversity index. However, Kering aims to go even further by 2025, striving for gender balance and eliminating the gender pay gap at all levels within the Group. To address the less visible barriers hindering women's economic empowerment in Italy, Kering has partnered with BSR. Together, they aim to identify and address these challenges, particularly within the luxury industry. It is worth noting that Italy currently ranks 79th on the World Economic Forum Global Gender Gap Index 2023, indicating that gender inequality remains a significant concern in the country.

Furthermore, at Kering, including Bottega Veneta, building a supportive and inclusive working environment for women employees worldwide is one of the top priorities. This entails promoting parity, inclusion, and diversity. Through its longstanding commitment to gender equality, Kering places diversity, parity, and supporting women's talent at the core of its corporate culture and initiatives. The Group's Human Resources philosophy encompasses all aspects of diversity and places particular emphasis on equal opportunity.

In 2010, the Group launched an internal program to advance this priority, becoming one of the initial signatories of the Women's Empowerment Principles charter developed by UN Women and the UN Global Compact. These principles provide guidance on promoting the presence and advancement of women in business and society at large.

With 55% of Top Management, 58% of the Board of Directors, and 33% of the Executive Committee being women, the Group takes pride in being one of the most feminized companies in the CAC 40[82].

4.4.3.4 Labor integration

On April 19, 2022, Kering and the French Labor Ministry signed a partnership agreement to promote the integration of young employees, vulnerable people, and individuals with disabilities into the workforce. Through this partnership and its longstanding commitment to inclusion, Kering aims to remain an employer of choice that champions diversity at all levels.

"We are excited to sign this agreement with the Labor Ministry to strengthen our integration efforts, particularly for youth, vulnerable groups, and people with disabilities. At Kering, we strive for greater diversity in our talent recruitment and support them throughout their careers. This partnership will help us go even further"[83] said Kering's Chief People Officer.

The agreement focuses on three key commitments:

- Hiring young people into permanent and temporary roles, with a focus on those from underprivileged areas and with disabilities. Kering will also take on apprentices across all occupations and provide internships for disadvantaged youth and people with disabilities. To support this, Kering will partner with organizations specializing in employing people with disabilities nationwide. Additionally, Kering will collaborate with schools and universities to promote integration, make hiring more diverse, and improve recruitment and training.
- Providing mentoring by Kering employees at all levels of responsibility to students from middle school through university. This builds on Kering's internal "Giving Back" program which raises awareness and facilitates employee volunteering with mentoring organizations. Through this, Kering encourages employees to mentor youth during paid working hours.
- Supporting the integration of young people through partnerships with nonprofits and direct assistance. For example, Kering will hold awareness and training

[82] The CAC 40 (Continuous Assisted Quotation) is an important French stock market index. The index is a measure of the 40 most influential stocks from among the top 100 largest companies by market capitalization listed on Euronext Paris.
[83] Béatrice Lazat, Kering's Chief People Officer

workshops in collaboration with specialist organizations. Kering is also leading a mentoring project with several universities in the Paris region.

4.4.3.5 Employees wellbeing

The men and women directly employed by the Group and its suppliers are fundamental to Kering's organization and its ability to create value. In order to maintain its high economic, environmental, ethical, and social performance, Kering is dedicated to upholding human rights and preserving its heritage and diversity. Kering's business conduct is grounded in the respect and protection of human rights. Since its inception, the Group has prioritized social and environmental responsibility in its operations and structure. As early as 1996, Kering demonstrated a strong commitment to integrity by establishing its first Ethics Charter. Today, with over 38,000 employees globally, Kering adheres to major international guidelines on human rights and fundamental freedoms.

Thus, at Kering, well-being at work is a priority. Kering has recently reached an agreement with the European Works Council regarding the promotion of well-being at work. This agreement outlines four key areas of focus for enhancing well-being: the professional sphere, the social and personal sphere, the health sphere, and the societal and environmental sphere.

In light of that, the Group has always prioritized listening to its employees and taking their feedback into account. Earlier this year, during the annual global employee listening survey, thay discovered that well-being at work is a major concern for their workforce.

In response to this feedback, they are implementing a wide range of concrete initiatives, programs, and policies to improve the well-being of employees. For instance: they understand the importance of starting off on the right foot when joining a new company, so they are gradually introducing buddy programs to complement the already existing on-boarding process. Similarly, they recognize that having a fulfilling career path with stimulating opportunities is closely linked to well-being. Therefore, they are strengthening their internal mobility program to ensure that employees can transition to new roles when the time is right. They also acknowledge the need for employees to disconnect digitally, and as such, they provide well-being training sessions for managers to identify and support those at risk. Additionally, they offer dedicated hotlines for mental health support. And there are many more projects planned for the future.

With a workforce of 47,000 individuals across various Houses and locations worldwide, Kering is fully committed to addressing the topic of well-being and making meaningful changes to create the best possible workplace for everyone.

For instance, on 21st of March 2023, Kering and all its Houses celebrated the first-ever Global Learning Day. Bottega Veneta opened its doors to all employees to learning, curiosity and moments to grow together. It is an occasion that the HRM gives employees to confront on different thematic of the company in all the aspects, such as what employees would like to enhance for their personal career growth, new activities they would like to manage both related to their job position but also personal activities.

For example, in December 2023 there has been the annual Kering Conference showing the results of the Global Learning day held in October where it has been highlighted the most frequent answers. There has been positive comments such as "Labor conditions in Bottega Veneta are good, and I am happy to work in this company", "I work on an environment where discriminations and teasing do not exist, and I always feel to be treated with respect and dignity", "The work I manage makes me feel at ease and proud of the worker I am", "Bottega Veneta is really committed on sustainability issues, and I am really proud of this since they are values that I consider as extremely important", but also observations like "During the last year, I did not feel supported by my manager and I did not had the chance to discuss on my carrier", "I am not able to find a balance between my work and my life outside, and this affects my result on the job because I feel stressed" and "I think that not everyone has the possibility to establish himself and I do not think to have good career opportunity here" that make the company aware of what still are the issues that should face.

To conclude, promoting well-being at work is an ongoing challenge, but the Bottega Veneta is dedicated to taking impactful actions that foster open dialogue at all levels of the organization and support the well-being of each and every employee of the company.

From the analysis of the data above-analyzed, we can say that, although the path is still long, Bottega Veneta has all the instruments and the right collaborators, i.e. suppliers and employees, to achieve an higher degree of sustainability over its business model, reducing at the least possible its impact on the planet, and prioritizing employees still more.

CONCLUSIONS

In conclusion, this research has underscored the critical importance of Corporate Social Responsibility (CSR) and Employer Branding in the modern business environment. CSR has transitioned from being an optional practice to a key necessity, with companies increasingly acknowledging the significance of social responsibility in building trust and fostering positive relationships with stakeholders, particularly employees. It has become evident that the traditional Neoclassical approach, which viewed employment solely as a source of income, has given way to a more holistic and humanistic vision of work. This new perspective recognizes work not only as a means of generating income for living but also as an opportunity to pursue shared interests and values, personal motivation, individual development, and satisfaction.

Despite being initially attributed to the Covid-19 pandemic, phenomena like "Quiet Quitting" and "The Great Resignation" have persisted in subsequent years, emphasizing the need for companies to pay closer attention to these deviations into more attention for social values. Notwithstanding these phenomena pose risks to companies, they also present significant opportunities for growth and change for employers. Quiet Quitters are individuals who are waiting for managers to provide encouragement, listen to their concerns, and align with their values. By doing so, managers can reignite their motivation and satisfaction, ultimately helping them transition from a state of disengagement to thriving at work.

Therefore, the question posed in the introductory part of this thesis finds its answer here. To address the evolving needs of employees and prevent them from feeling unfulfilled in their work, resulting in underperformance, companies must first recognize the evolution of their demands and then create work environments that promote employee well-being and contribute to their personal and professional growth, thereby addressing the challenges and opportunities of the contemporary labor market. All of this is possible by recognizing the importance of Corporate Social Responsibility.

The analysis has highlighted how influential figures like Adriano Olivetti and Brunello Cucinelli have been pioneers of this paradigm shift, recognizing the social role of the company and promoting concepts in line with this view. Their innovative vision has demonstrated that a company can and should be not only an economic entity but also an agent of social and cultural change within society. Therefore, it refers to a concept that reflects companies' willingness to take responsibility for the environmental, social and economic impacts of their activities. Companies adopting CSR policies consider the interests of stakeholders beyond solely those of their shareholders; they aim to contribute to the well-being of the environment and the society in which they perform.

Hand in hand with the concept of CSR is Employer Branding. The more CSR initiatives a company undertakes, the higher its reputation among employees and potential candidates. For instance, Employer Branding has emerged as a fundamental element for talent attraction and retention, with companies investing in building a strong image as a desirable and sustainable employer. The company positions itself as a place where people want to work, capable of attracting, engaging, and retaining qualified talents with whom they share interests and visions. Furthermore, the thesis demonstrates that becoming an employer of choice is increasingly essential for companies striving to remain competitive in the market. Employer branding, as perceived by employees, is crucial even if a company does not actively pursue a strategy related to it. This concept is relevant for small and medium enterprises (SMEs) as well, as they must compete with larger companies to retain and attract top talent. Factors such as brain drain, talent scarcity, job-hopping, and demographic shifts emphasize the need for firms to empower employer branding.

The implementation of employer branding is also economically significant. The cost of turnover, including the loss of know-how and skills, recruitment and training expenses, and the need to reorient employees, underscores the importance of prioritizing employee retention and satisfaction. In today's digital and competitive market, people are fundamental to company growth, as emphasized by a constitutive approach and Resource-Based View conceptualization. Consequently, customization and tailoring of Employer Branding Management are essential to effectively target both internal employees and external candidates. Understanding the motivations and interests of individuals through benchmarking and analyzing the external environment is crucial, as each company's population is unique and requires a tailored approach.

The analysis of the synergies between CSR and Employer Branding provided has revealed that these practices are complementary and mutually reinforcing. Companies that successfully integrate these two concepts not only enhance their reputation and attract top talent but also can achieve sustainable competitive advantages in the long run.

Furthermore, this research has emphasized the vital function of Sustainable Human Resource Management (HRM) in backing and advancing Corporate Social Responsibility

(CSR) and Employer Branding inside companies. Through policies and practices focused on employee well-being and sustainability, companies can create a positive work environment and contribute to achieving both business and social objectives, enhancing a company's reputation and attracting qualified talents. However, it is essential to recognize the risk of asymmetric information that could negatively influence the experience of employees and potential employees, thus avoiding the problem of signaling theory.

CSR and EB are effective tools for projecting a positive image of the company, highlighting its social commitment, and the professional development opportunities offered to employees. However, there is a danger that the company may communicate excessively or misleadingly, presenting an image that does not fully reflect the reality of the work experience within the organization. The problem of signaling theory arises when companies use communication and branding deceptively to influence public perception without a genuine commitment to sustainable, responsible, or beneficial practices for employees. This can lead to a gap between the public image projected by the company and the reality of its actions and behaviors. Consequently, it is crucial for companies to be transparent and honest in their communications regarding working conditions, growth opportunities, and benefits offered to employees. Only through accurate and comprehensive information can ensure that current and potential employees make informed decisions and that the corporate image is authentic and respectful of workers' expectations.

In the dissertation, the issue of asymmetric information has been analyzed from both the perspective of a potential candidate and an employee of the company. It has emerged that when an employee's expectations regarding Corporate Social Responsibility (CSR) align with their perceived CSR experience (confirmation), it is likely to lead to positive outcomes for the employee. In contrast, when expectations and experiences are not consistent (disconfirmation), two possible situations may occur depending on the nature of the disconfirmation. In the first situation, called positive disconfirmation, the employee's experience with the company surpasses their initial expectations. In these cases, positive outcomes for the employee are expected, such as positive word-of-mouth, emotional commitment, identification with the organization, and actions that reinforce CSR branding. On the other hand, the second situation, called negative disconfirmation, happens when the employee's experience does not meet their initial expectations. This situation leads to adverse outcomes for the employee, such as intentions to leave the job, decreased professional satisfaction, erosion of trust in the organization, and diminished work performance.

Thus, the Signaling Theory emphasizes the importance of information conveyed by a company to influence the perception of its intentions and practices. In the context of Sustainable Human Resource Management (HRM), this theory becomes crucial to understand the value of transparently and authentically communicating corporate commitments to sustainability.

Sustainable HRM becomes a powerful signaling tool. When a company adopts sustainable HR practices, it is sending a strong and clear signal to the labor market and stakeholders. Transparency in hiring policies, the development of sustainability-focused training programs, and the promotion of an ethical values-based corporate culture become powerful messages. These signals help create a reputation for genuine commitment to sustainability, which, in turn, can positively influence the perception of employees, potential employees, and the corporate community. Companies embracing Sustainable HRM can convey a message of social responsibility and foresight, demonstrating that they care about the well-being of employees, the environment, and the community at large. This approach not only can improve the company's attractiveness to talents seeking a socially responsible employer but also helps build a relationship of trust with existing employees and the community, promoting a solid and sustainable corporate reputation in the long term. In summary, the combination of Signaling Theory and Sustainable HRM becomes crucial for building an authentic, responsible, and attractive corporate image.

Finally, in the last chapter, research was conducted on Bottega Veneta and its sustainability strategies, providing a detailed analysis of the company's efforts in achieving ESG (Environmental, Social, and Governance) objectives and addressing challenges related to caring for the planet and the well-being of its resources, the employees.

Starting from the analysis of Kering' sustainability standards for raw materials used in footwear production, the diligence of suppliers was mapped through Vendor rating, particularly analyzing the three key points of sustainability, safety, and production. It emerged that 15% of suppliers scored insufficiently, 50% reached a sufficient score (with a score between 3 and 4), and the remaining 35% achieved a good score. It is suggested that suppliers with just sufficient scores intensify their efforts to improve their sustainable practices to reach higher standards for future improvements. This internal analysis provided insight into the implementation of these guidelines since suppliers were valued by Bottega Veneta department managers themselves.

Subsequently, an external view was provided, with suppliers self-assessing compliance with Kering' standards and the Environmental and Social Index. The internal data provided revealed an average score of 51% compliance with Kering standards, while scoring very high on the Environmental & Social Index, ranging from 80% to 90%. Considering both indices, the external analysis conducted on suppliers showed an average score of 60%, indicating a gap concerning Kering' standards.

However, both internal and external analyses highlighted an overall positive rating, with results exceeding 60%. This suggests effective implementation of sustainability strategies by Bottega Veneta, which is increasingly approaching the overall average of the Kering group. In conclusion, the research has shown that Bottega Veneta is making significant progress in adopting sustainable practices, demonstrating a growing commitment to sustainability and compliance with industry standards. However, there are still challenges to be addressed to close the gaps identified and continue to improve performance in this area.

On the other hand, regarding the social sphere, it is evident that the company has been implementing various projects for improving employee well-being and enhancing corporate reputation to attract new potential candidates, aiming to rank as a Best Place to Work. For this reason, one of Bottega Veneta's pillars is the ambition to become an employer of choice regarding equality, inclusion, and employee well-being, ensuring efficient working life balance and company growth in line with employee demands. The company is also very active in the community's well-being with initiatives in the surrounding area to strengthen ties with local institutions and reinforce local craftsmanship with the openness of Labor et Ingenium Academy, for example. What is more, the Global Learning Day has been established, an opportunity where employees have the chance to freely express their thoughts regarding the company's operations on employees' well-being, thus providing feedback on which the company can work and improve.

By way on conclusion, the business case on Bottega Veneta has demonstrated concretely the importance of integrating CSR practices into a company's business plan to improve its Employer Branding and attract the most qualified employees. As demonstrated, companies investing in sustainability not only encounter employee demands but also improve the overall well-being of the company. Investigating employees' perceptions allows for customization of employer branding strategies, enhancing the company's attractiveness as an employer of choice and enabling it to attract and retain top talent while addressing talent scarcity.

Additionally, personalized strategies can help multinational firms navigate cross-cultural differences in perceptions, ultimately improving their effectiveness in diverse markets. Happy and satisfied employees not only contribute to the company's success but also perform better, ensuring the achievement of corporate goals and maintaining a positive and productive work environment. Hence, effective people management is essential for companies to sustainably grow in today's competitive market.

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