

Entrepreneurial Virtues in CSR-Oriented SMEs. Reflections in Theory and Practice

Mara Del Baldo^{1*}

The paper describes, after a brief analysis of the literature framework on business ethics and CSR in SMEs, the principal findings that have emerged from a qualitative investigation focused on a case-study of an Italian SME, in which the entrepreneur's objectives comply with both economic and social issues and are inspired by virtues. Empirical analysis highlights the importance of transcendental values (virtues) which lie at the basis of the choices and decisions made by the entrepreneurial and managerial team. Such values are transferred to the entire organization thus making the approach toward social responsibility and sustainability authentic and effective. The reflections point out the relevance of values and virtues in the entrepreneurial and business context and help formulate the proposition that transcendental virtues are the "hidden" driving force that lies at the base of CSR and sustainable orientation, particularly in SMEs, due to the relevance attributed to people and relationships.

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1. Introduction

Entrepreneurial behavior and values lie at the base of CSR (Corporate Social Responsibility)-oriented strategies and actions (Spence 1999; Vyakarnam et al. 1997; Spence & Lozano 2000; Revell & Blackburn 2007). Especially in SMEs (small and medium-sized enterprises), which constitute the backbone of the socio-economic systems in the vast majority of the world (and in particular in Italy), the presence of ethical values possessed by the entrepreneurs (and their families) represents a fundamental driving force in the adoption of CSR and sustainability-oriented practices and strategies (EC 2002, 2011; EU 2004; Spence et al. 2003; Spence & Schmidpeter 2003; Russo & Perrini 2010; Nielsen & Thomsen 2006).

In the last ten years, due to the ever increasing and widespread global economic crisis, the corporate world and the scientific community have been rediscovering the importance of values in business management and of incorporating ethics into strategies (Solomon 1992, 1994; Ketola 2008; Hemingway & Maclagan 2004).

Recently, several studies of business ethics have emphasised the value dimension of entrepreneurial and managerial activity and have introduced concepts such as management integrity, authenticity and virtue. These are becoming widespread in the corporate context, giving rise to new models of governance and business aimed at

* Assistant Professor of Small Business Management, Department of Economics, Society & Politics, School of Economics, University of Urbino "Carlo Bo" - Via Saffi, 42 61029-Urbino (Italy). Email: mara.delbaldo@uniurb.it

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constructing a more civil economy and the common good (Carrol 2000; Driscoll & Hoffman 2000; Pruzan 2001; Cortright & Naughton 2002; Jurkiewicz & Giacalone 2004; Brown 2005; Knights & O'Leary 2006; Argandoña 2003, 2008, 2011). These studies are part of the theoretical framework of CSR and sustainability and can be placed within ethical theories (Garriga & Melé 2004).

Although few differences have been noticed regarding the ethical orientation of managers and entrepreneurs (Longenecker et al. 2006), some researches focusing on SMEs have demonstrated that ethically connected entrepreneurial and family values are the main drivers of corporate choices and foster the diffusion of CSR and sustainability (Jenkins 2004, 2006; Del Baldo 2006; Morsing 2006). Ethical issues of small firms are particularly tied to subjective and contingent factors (i.e., the central importance of direct and personal relationships, the connection between ownership and control, and the main role of the entrepreneurs and their families) as well as objective ones (i.e., the simplicity of the company organizational structure; the frequent and direct relationships with employees and more generally with the stakeholders) (Longenecker et al. 1989). These aspects are also confirmed in Bucar and Hisrich's empirical research (2001): entrepreneurs tended to express attitudes that were more ethical than those of business managers, leading the authors to conclude that ownership may result in more ethical dealings with stakeholders (Batchelor et al. 2011). Quinn (1997) - in a study aimed to determine if there was a link between the personal ethics of the owner/manager and his/her attitude to ethical problems in business - identified different attitudes related to religion, business and community.

The afore-said characteristics - which typify small-sized firms - facilitate the dissemination of shared values among the entrepreneurs and their community, to which the SMEs are deeply rooted (Spence & Rutherford 2003; Enderle 2004; Del Baldo 2010b). The common values are indeed the result of anthropological values rooted in the social, cultural and family context of which the entrepreneurs are the expression.

Nevertheless, only few researches have been carried out on SMEs and ethics (Courrent 2003) and, more specifically, on family SMEs and ethics, as well as on leader virtues in these contexts (Flores & Green 2013). Recently, some contributions from studies on leadership have focused on the personal virtues held by leaders (Riggio et al. 2010), partially filling in the gap existing in literature on these topics. Leadership ethics tend to emphasize the leaders' behavior and the values on which it depends. Leaders aiming to address organizational change from a humanist perspective must embody the virtues of courage, integrity, humility, reverence, optimism, and justice (Johnson 2009) including the three cardinal virtues of temperance, prudence and fortitude (Rahschulte 2010). Many of the virtues outlined in these studies align with aspects of the so-called "four chief virtues" of the ancient Greeks (Brown 2011). While the formal study of leaders' virtues is relatively new, different meta-analyses on leaders' ethics have been developed (Davis & Rothstein 2006; Martin & Cullen 2006) and several studies have specifically addressed the relationship between transformational leadership and ethics (Larsson et al. 2010). Other studies focused on the relationship between ethical leadership and value creation (but without any reference to SMEs) or were mainly oriented to investigate the importance of leadership in implementing an ethic model within organizations (Lloyd & Mey 2010) and their influence on organizational culture (Kaptein 2009). Furthermore, additional studies focused on ethic programs, CSR perception and job satisfaction (Valentine & Fleishman 2008).

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However, at present the relationship between CSR-oriented SMEs and virtues has not been investigated. In particular, past studies have not expressively analysed entrepreneurial virtues intended in a transcendental perspective, and there is not yet a specific body of research and empirical studies that focus on transcendental virtues in SMEs.

Consequently, the present work fits into the afore mentioned strands of thought and tries to contribute to fill the limitations of this research topic in the literature. Furthermore, within the several approaches to ethical theories, it proposes starting points for a reflection on entrepreneurial values and virtues. It strives to understand how these values fall into business activities and management and how they inspire and reinforce the tendency toward CSR and sustainability.

Does an adhesion to the philosophy and to the practices of CSR -which are reflected in a firm's mission, governance and accountability- arise from entrepreneurial virtues? On which specific entrepreneurial values and attitudes does it depend? How are entrepreneurial values and attitudes influenced by (and derived from) entrepreneurial virtues? The paper addresses these questions and describes, after an analysis of the literary framework on business ethics and CSR in SMEs, the principal findings that have emerged from a qualitative investigation focused on a case-study (Yin 1994) relative to an Italian SME. In this case-study the entrepreneur's objectives comply with both economic and social issues and are inspired by virtues: practical wisdom (Prudence); justice (Friendship); courage (Fortitude); moderation (Temperance). These virtues provide the foundations of an anthropological-based business culture which fosters and reinforces CSR-strategies and actions rendering them authentic and effective (Gowri 2007; Ruisi et al. 2009; Ruisi 2009). The empirical study points out that the diffusion of CSR is tied above all to the entrepreneur's values and these are in turn linked to the entrepreneurial virtues. The paper is divided into two main parts. The first presents the theoretical content and the strands of thought which have given importance to the entrepreneurship, values and virtue. The second part describes the main results that have emerged from an empirical analysis carried out using the narrative approach and focusing on a small-sized Italian company (BoxMarche). A brief discussion and concluding reflections follow.

2. Literature Review: A Brief Overview on Values and Virtues in Ethical Theories

Several significant ethical theories have been proposed as a basis for business ethics and applied to decision-making processes. The mainstream ethical theories include deontologism (Kantianism and Natural Rights theory), utilitarianism, theories rooted in political traditions (such as the integrative social contract theory and discursive ethics) and the virtue theories. These follow the Aristotelian tradition, which focuses on the agent and his/her moral character (virtue ethics) (Melé 2009, p. 86-94).

Various scholars have presented the Neo-Aristotelian approach to business ethics (Solomon 1994, 1999) such as the virtue ethics approach. On the basis of Aristotle's ethical standards, in the Middle Ages Thomas Aquinas developed specific norms and a realistic theory of natural law as a framework for a proper social order. This theory was used and widespread in an international context in Europe from the fifteenth to the seventeenth century and developed by the followers of the three major religions (Catholic, Protestant and Muslim).

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Value comes from the Latin *valere* (to be of worth) and it refers to a quality intrinsically worthy or desirable. We can speak of personal values, social values, corporate values, human values and ethical values. Personal values depend on each individual and express what is appreciated because of its moral, religious or aesthetical qualities or utility. Social or cultural values are values widely shared by members of groups and communities with a common cultural environment. They represent the conditions at the basis of the common good of each community -families, businesses, religious associations, sport clubs, political groups, etc.. They include full respect for human dignity and human rights, freedom, safety, order, peace and justice.

Ethical values are based on moral qualities that contribute to human excellence: integrity, justice, gratitude, generosity and truthfulness. "They are objective, but at the same time they have a subjective dimension, since they can be discovered and applied by individuals" (Melé 2009, p. 16). Ethical values are closely related to Aristotle's idea of good, defined as an aim that can motivate action since it is perceived as something desirable or valuable. Human good (or moral good) provides reasons for acting ethically, and human values (or ethical values) are such reasons. Basic human good is: truth, beauty, work, friendship, religion (transcendence) and life.

Virtues (from the Latin *virtus*, meaning strength) are good character traits which contribute to a better perception of ethical values and reinforce the will for good behavior. They consist of qualities allowing a person to stay well and to act well by staying well (in other words, beatitude, happiness and prosperity). They are acquired by the repetition of good actions. Values belong to the cognitive sphere, whereas virtues refer to character. Human virtues shape moral character and human development since they are essential elements of human behavior. Virtues help to identify the good in each situation and to apply principles and norms correctly; they bestow interior strength for good behavior. Finally, principles and norms provide guidelines for determining what is morally unacceptable, for resolving ethical dilemmas and for acting as a guide to human excellence.

2.1 Transcendental Values, Cardinal Virtues and Entrepreneurship

The cardinal virtues were first introduced by Plato and are mentioned in the Bible. They were adopted and diffused by Christian authors (St Thomas Aquinas, St Ambrose). More precisely the so-called *cardinal* virtues are prudence, justice, fortitude and temperance. Further virtues, able to facilitate the practice of the cardinal ones, are hope, humility, honesty, etc.

Contemporary scholars have emphasized and developed some aspects of these four virtues in the business context. In the realm of business ethics, some studies have highlighted how transcendent values form the very foundation of the entrepreneur's soul, as well as of other key players and the company's mission statement (Ruisi 2009). "Virtue is not window "dressing", and virtuous business is a long way from the kind of "grafted on" public relations exercise the consultants favor (...) It is rather to emphasize that a virtuous company is a honest citizen" (Scruton 2008, p. 33).

According to Aristotle a sound ethical evaluation comes from a virtuous person or, in other terms, "a person used to desire what is good and noble" (Melé 2009, p. 73). Entrepreneurial excellence is attained through virtuous behaviour (Solomon 1994).

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According to Medieval philosophy, the fundamental characteristics of the human being (his transcendentals) can be traced back to the cardinal virtues: unity, truth, goodness and beauty (*unum, verum, bonum-pulchrum*) and the *value*.

Unity applies to the internal and external cohesion of the entrepreneur (and of the company) to stakeholders as well as his/her being the bearer of knowledge and know-how. The *verum* refers to the intelligence and entrepreneurial maturity applied in the making of choices. The *bonum* applies to the ethical dimension of the company's actions and therefore the objectives of the corporate mission (taking into consideration all the stakeholders' interests). It also implies attention to the value of people, to the ideas and actions taken and to a balance among conditions in which the company actions are carried out (models of work organization, corporate business atmosphere and governance, intra and extra-corporate relationships and leadership). Finally, the *value* refers to the individual's commitment to encouraging the phenomena of entrepreneurship by increasing human potential (Ruisi 2009).

These transcendental values lie at the basis of a renewed humanistic entrepreneurship. Bringing the virtue theme back to the business context and to the entrepreneurial behavior is important in order to apply general moral virtues (*natural* virtues) into the firm (entrepreneurial/firm virtues). These latter virtues allow a complete development of each economic agent (respectively or irrespectively of any stakeholder), of the firm and of the whole market.

There follows a brief description of each transcendental virtue and an example of how the virtues can be applied in a corporate context.

Practical wisdom (Prudence) aids practical rationality in identifying the right thing to do in each situation. Prudence supports the suitable means for attainment purposes, ultimately self-realization. Both practical wisdom and operative virtues (justice, courage, moderation) are necessary to act correctly. Prudent behaviors inside a company can come from three main areas which entail first of all the entrepreneur and the managerial team (Ruisi 2009):

1. knowing the nature of the company, the general principles of its government, the dimensions of the business development and, above all, business vision, purpose and goals;
2. having a clear hierarchy of ends-means business and their subordination, ultimately, to human progress and the common good (Zamagni 1995);
3. being aware of the entrepreneurial formula: the structure of the firm, the competitive and the social environment (the stakeholders and the relationship with them). It also means being aware of the characteristics of the human resources (professional profile of skills, motivations, aspirations, character and temperament, etc.), of corporate values and organizational climate and of the operational mechanisms actually implemented in the company.

Justice (Friendship)

Justice is a virtue that regulates the relationships with others; it is the constant and perpetual wish to give each other their own rights. In a broad sense justice refers to benevolence and care for the good of others and thus it is close to *caritas*, communion and friendship. It comprises all of the virtues regarding human relations including: honesty, loyalty, gratitude, generosity and solidarity.

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In an entrepreneurial context, one could consider: commutative (reciprocal) justice in relationships between companies and their employees, between companies and various economic players and between the company and its stakeholders; distributive justice for what concerns the duties of the State toward the company and the individuals; legal justice for the duties of the company (other than individuals) toward the State. Justice leads to: distributing joint or shared property with equity; contributing what is due to society in order to provide appropriate social conditions for the human development (social justice); improving the natural environment, the habitat of human beings, including future generations.

Courage (Fortitude)

This virtue means persevering or pursuing what is good in spite of obstacles, allowing one to overcome fear and to strive to attain goals essential to a human way of life. Courage motivates people to reach valuable goals in an appropriate way.

Moderations (Temperance)

The virtue of temperance (in classical nomenclature) regulates the human inclination toward pleasure in order to avoid extremes (the unrestrained search for pleasure and lack of self-control).

In a business context, it regulates the actions with moderation of satisfaction and pride for the present results or for what will be reached.

All of these virtues require the determination of the “golden mean” of the operative moral virtues and have been considered the fundamental human virtues, acquired by repetitions of acts (Melé 2009).

The following brief description of a business case underlines how such virtues are applied in the making of entrepreneurial choices and corporate strategies.

3. Values and Virtues in Action in Italian Small-Sized Companies

3.1 Methodology and Data

The empirical study was developed according to a qualitative approach and a case study methodology (Yin 1994; Eisenhardt 1989). The inductive research was aimed at understanding which ethical values and virtues that entrepreneurs possess allow them to orient business action toward CSR strategies and how they translate them into practice.

BoxMarche has been selected among a sample of SMEs which has been analysed in a previous more ample research focused on the diffusion of CSR and sustainability-oriented strategies in Italian SMEs (Del Baldo 2012). BoxMarche belongs to an Italian Region (the Marche) which is a typical example of the widespread diffusion of the entrepreneurial fabric based on family SMEs (Del Baldo & Demartini 2012). Its excellence can be traced to three aspects typical of orientation toward social responsibility and sustainability: attention to the development of employees and collaborators and to different stakeholders; a strong relationship with the local community and a distinctive capacity for dialogue and communication.

According to theoretical sampling, extreme cases enable easier observation of the phenomenon and facilitate pattern recognition (Eisenhardt & Graebner 2007). This case-study also follows both the dynamics of the narrative case and the research case (Naumes & Naumes 2006) since researchers are actively engaged with the entrepreneurs/managers

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and are oriented to spreading the best practices among other companies and stakeholders.

Semi-structured and open interviews have been addressed to the managers as well as to employees and some key-stakeholders (i.e. customers and suppliers, for a total of ten people). Interviews were carried out during visits to the company's premises, and took place on a monthly basis, lasting about 3 hours each, during the years 2011 and 2012. A second source of data collection derives from the consultation of corporate websites and the analysis of corporate documentation: internal communications (newsletters, company magazines), accountability tools (i.e. social balance, integrated balance) and corporate books and publications. Furthermore we were able to directly observe the entrepreneur's behavior, taking part in seminars, workshops, and in different focus groups aimed at raising awareness on CSR and sustainability in schools, social groups, local institutions (entrepreneurial and civic associations, other companies, etc.). The following table (Table 1) provides a brief picture of the company.

Table 1 - Company's profile

<i>BoxMarche</i>
<i>Company title:</i> BoxMarche Spa, Corinaldo (AN) <i>Founded:</i> 1969 <i>Economic Sector and corporate purpose:</i> Paper industry: design and production of packaging in the food and houseware sectors. <i>Employees and Total Sales (2012):</i> 49 employees; 11.201.662 euro; <i>Economic subject:</i> Ownership: open family-owned business <i>Instruments of implementing and communicating CSR:</i> Social report, year 2003; Global report, year 2006 ISO 9001, year 2001; OHSAS 18000-SA 8000, year 2003. <i>Mission:</i> "to be an excellent company, based on solid principles, that works to enrich all interested parties: clients, suppliers, employees, partners, the region and the outside community"

4. Case Analysis: The Findings

Before analysing the reflection of entrepreneurial virtues in the company's day-to-day activity, we briefly sum up the key characteristics of the company behavior and management.

The first is relative to the presence of a strong system of shared family and company values (Table 2). The values are: diligence, labor, equity, trust, honesty, simplicity, integrity, parsimony, sense of family, team spirit, enthusiasm, energy and responsibility.

The second relates to the orientation toward CSR and sustainability, which is strongly desired by the entrepreneur, visible and integrated in the enterprise. The top-level entrepreneurial/management commitment and engagement represent "the first best practice".

Thirdly, purpose, vision and values are constantly reinforced through culture and processes and continuously communicated throughout the organization and beyond. Effective stakeholder engagement processes are present. The cohesion to stakeholders represent a source of mobilizing resources with far-reaching consequences, and above all the growth of intangible capital (social capital, relational capital and intellectual capital).

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The fourth aspect refers to the decision-making process which is based on collaboration, sharing and transparency. A relational approach prevails and is centered on the value of trust. Values and missions are shared, explained and communicated, thus ensuring consistency in decision-making and avoiding value-gaps.

The fifth aspect applies to the adoption of instruments of accountability (social balance, ethical code, integrated report). The social and environmental engagement is complex and structured with a number of projects directed to different stakeholders that have been implemented for years.

A further distinctive aspect is the company's rootedness and its engagement to spreading well-being in the local community in which it is located. The firm belongs to a geographical area historically characterized by a solid rural tradition, a typical expression of the Marchegian culture which forms the basis of the entrepreneurial culture and favors the assumption of social and civic responsibility (Del Baldo 2012).

Lastly, BoxMarche is characterized by a high degree of openness to partnerships and affiliations to local, national and international networks aimed at cultivating the culture of responsibility and sustainability. It desires to understand and support best practices adhering to multiple occasions of exchange and comparison (workshops, forums, meetings, testimonies, etc.).

Table 2 – Key principles

<i>BoxMarche</i>
Partnership
Goal of the Firm: overcome individual interests for the success and the longevity of the firm; this is the only way to ensure a peaceful future for employees.
Organization: research best practices for the organization of labor; emphasize flexibility and professionalism of personnel.
Respect for the Individual: valorize the dignity of employees, encourage personal growth through continual training, believe in the capacity of others and respect their work; manage conflicts.
Environment and Territory: become a reference point for all businesses in the region with respect to the environment by committing to sustainable development, conforming to laws and going beyond the standards, orienting, raising awareness among clients, employees, suppliers, and seeking out new opportunities with respect to the environment, instilling a relationship of trust and transparency concerning the firm's activities between the local community and local government. -Prize for the Social Responsibility of Businesses awarded to BoxMarche for being "a solid reality that donates 15% of its earnings to corporate giving, and pays close attention to the environment, research, development and society." -Italian Balance Oscar 2007 for the category of Medium and Small Enterprises, thanks to the 2006 Global Report (Integrated Report), centered on the innovation of the "3Ps": Products, Processes and People. - Confindustria Award for Excellence (2006), for being a "business champion for the development of the territory." - "Work Value" Prize (2007) assigned to BoxMarche, one of the 10 best Marchegian firms, distinguished for their contribution to best practices in the quality of work.
Quality: Operate with excellence, choose among infinite possibilities the key of the process, exceeding the client's expectations. 2003: Quality Award Italy for SME 2005: Winner, Sodalitas Social Award for the category "SMEs" 2005: Recognition of benevolence, City of Corinaldo 2006: Official Selection at the Second European MarketPlace on CSR 2006: Multi-stakeholder Panel (multi-stakeholder counterpart for the Italian CSR Forum) 2007: Winner, "Oscar di Bilancio" (Global Report Award) 2007 in the category of Small and Medium-sized firms (Milan, FERPI)
Constant improvement: practices and spreads a culture of constant improvement at all levels and in all contexts of the organization.

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Departing from this brief analysis, below are summarized the most relevant findings relative to entrepreneurial virtues as well as some extracts from interviews addressed to the entrepreneur.

Prudence

In the selected firm a clear vision exists as well as long-term goals and well-delineated short-term objectives. Both on a formalized and non-formalized level numerous encounters (forums, open days, internal meetings and multi-stakeholders forums) and tools (Intranet, direct relations, newsletters, company magazines, etc.) - aimed at communicating the visions, purposes, strategies and objectives - are present.

Mission and vision are based on shared values and goals. They are ethically founded and the accountability tools (ethical code, social balance, integrated report) make it possible to appreciate the ethics of the business goals pursued and the resources employed. In fact, the global report of BoxMarche includes the sustainability and social report and a specific section on intangible resources.

Different strategic business areas are adequately defined in terms of coherence among their various dimensions (i.e. business resources and structure/system/processes). The instruments of analysis and communication addressed to the stakeholders are used to verify the adequacy of the strategies employed to guarantee the economic/financial, social and environmental equilibrium. Governmental principles are respected, i.e. economization, solvency, precaution, etc.. An adequate level of managerial competence is present.

The concept of responsibility pervades the organizational culture. It develops from the cardinal figure of the entrepreneur (and his family), is shared by the collaborators, and is transmitted to every stakeholder who enters into a relationship with the company through recommendations, constructive explanations and dialogues.

Agreements of different natures (formal and informal) with concurrent actors (suppliers, competitors and customers) exist.

Special attention is focused on the improvement of human resources, both in terms of training, adoption of incentive mechanisms and procedures aimed at spreading knowledge (i.e. duties rotation, working teams, meetings, celebrative events), as well as in terms of attention to the well-being inside and outside the company.

“The enterprise has a soul and it has those intangible assets linked to the spirit and to the dignity of the person. The value of BoxMarche products is measured by a profound harmony with all of our ‘travel companions’ who smile, suffer, and live within the company. Our best technology (people) comes home at night. With the passion that we put into this partnership, we will obtain significant results even in the global context, which doesn’t mean only internationally, but also “in the family”. A friendship that is transformed into a partnership.” (BoxMarche, letter from the Managing director, Global Report 2011).

“This is a living company, a place in which fantastic people live side by side and their passion not only gives them an income but contributes to building the cathedral, civilization and fostering the passion as a driving force behind life and work. And we really enjoy ourselves. Collaborating derives from the Latin and means ‘cum vergere’, that is helping each other: when we deal with clients or people within the company who are highly

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satisfied. Success is the excellence obtained by people doing their jobs well." (T. Dominici, Managing Director of BoxMarche, 15 September, 2011).

Justice

The aspects considered appropriate to assess the presence of the virtue of justice in the management of the selected company are the following: developing fair working relationships; enhancing professionalism within the company; implementing honest conduct and transparent relationships with stakeholders outside the company; promoting the local territorial development; complying with the law and avoiding any prosecution.

The company's attention to the virtue of justice can be synthesized in the following aspects:

- Clarity of business roles and responsibilities, transparent paths and career advancements; attention focused on the generational handover. According to the values of BoxMarche, objectives are shared among the entrepreneurial family and the management and also the ownership is shared outside the family group.

- Better working conditions (in terms of salary, flexible working hours, shifts, leaves) compared to those provided by the law, as well as the recognition of every kind of diversity; the presence of mechanisms (formal/informal) tended to favor the empowerment of all employees. Specific training programs have been implemented aimed at young new employees and interns (numerous agreements have been made with Italian and foreign high schools and universities). This collaboration enables to improve each employee's skills and allows a smooth generational handover of the competences at each organizational level (managers and workers).

- Presence of development workshops, competence sharing and feedback mechanisms (suggestion box, circles of quality, brainstorming sessions, etc). For instance BoxMarche has recently introduced a new organizational model ("customer-desk") aimed at enhancing the problem-solving capability.

- Adoption of numerous (product, social and environmental) certification systems and different initiatives of stakeholders' dialogue and commitment as well as cultural, environmental and social projects implemented at a local, regional and national level.

- Adoption of customer satisfaction mechanisms (addressed to external clients and employees) aimed at testing their effective behaviors; adoption of a large number of initiatives aimed at improving the business atmosphere. Consequently, there is a low or zero level of conflict with personnel and other stakeholders. BoxMarche adopts the "philosophy of the smile," which celebrates the value of cordiality as a fundamental part of every human relation. Some instruments are: the "Pleasure Graph", a sort of self-evaluation by the department heads; research on staff satisfaction; incentive trips and company dinners for workers and for charities; scholarships for workers' children; inclusion in cultural events promoted in the territory.

Other indications of the degree of justice that have emerged are related to factors such as: gratitude, desire to reciprocate the kindness of others; affability, forging more friendly, pleasant and decent relationships with others (employees, external partners, suppliers, customers, etc.); faithfulness in keeping promises to people (professional commitments, union agreements, etc.).

"To celebrate 40 years of business activity, BoxMarche has chosen to share the occasion with "its people". We could have done without this celebration, as times are troubled and the tendency is to cut costs. But, just as in a family, the superfluous is given up, but relationships, important moments in life, friendships, exchange of views and the sharing of

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values and principles, cannot be given up". (T. Dominici, Managing Director of BoxMarche, 2011).

"We had two years of loss: the director did not receive a salary but we doubled investments in training and innovation". (T. Dominici, Managing Director of BoxMarche, 12 January, 2012).

Fortitude

Behaviors testifying to resilience are reflected in the company with the ability to resist and overcome difficulties/problems (credit, solvency, intensification of competitive pressure, etc.) arising either in situations of cyclical business crisis or in the intense collaboration and transparency with customers, supplier, institutions, etc..

Indicators of virtuosity (fortitude) are also relative to the presence of mechanisms able to support the employees motivational status based on monetary benefits (profit sharing) as well as non-financial ones (trips, tokens, scholarships, etc.), the presence of tools of communication, and the high level of innovation.

Other aspects are related to certain associated virtues: magnanimity in taking tough measures to safeguard the survival and the development of the company; magnificence in carrying out projects of great impact to benefit not only the stakeholders but also the wider community (in the name of the common good); patience with oneself and others when faced with many difficulties (first of all managerial and competitive); perseverance, especially when struggling to get the expected results; hope and humility.

"This is the second year with a financial loss. But if we consider the added value which represents the corporate value, and not just the net revenue, we can see that there has been growth. The stakeholders should be able to look beyond the "keyhole" and perceive the real growth of a company. A tree falling makes more noise than a forest growing; the value of a company is not just expressed by the numbers that most people see. Despite the global crisis, we continue to aim for a collaboration of efforts and growth. Collaboration is essential for putting ideas and passions together. Growth at all costs? Sometimes it is not necessary to grow. First we must allow people to grow, in terms of culture, passion, willingness, interests and quality of life. What tangible goods we may lose we gain with intangible goods. Growth is not necessarily in terms of turnover, but in relationships, knowledge and values, which are intangible most of the time and connected to the virtues that the people of Box Marche put into their work. Numbers do not emerge if there are no values". (T. Dominici, Managing Director of BoxMarche, 5 May, 2012).

Temperance

Moderating behaviors occur in the company undertaking operational decisions of investment; of growth starting from the actual availability of resources, skills and organizational competences (entrepreneurial, managerial and technical); decisions about participation in a strategic alliance starting from the effective sustainability in the long term.

To understand if the spirit of moderation is really embodied by the entrepreneur we considered the following aspects:

BoxMarche carries out balanced investments and coherent dimensional growth paths based on qualitative development: innovation, staff training, social, environmental and not only economic performance. The entrepreneur and the managers have always interpreted growth from a holistic perspective (following the triple bottom line approach -

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environmental, economic and social - development) mainly focusing on the growth of the people and of their community.

The company experiences coherence between the economic flows and those of the family; both social systems (family and business) are nourished by values; the family is the holder of values and a source of strength. The entrepreneur's lifestyle is not consumerism but based on frugality, sobriety and a sense of duty and sacrifice. The entrepreneurial and managerial team is able (since it desires to) to find the time for moments of reflection, shared with employees and other stakeholders, i.e. schools and universities (through special collaborations and workshops).

Other linked virtues whose presence is reflected in the narrative stories of the entrepreneur are: gentleness and humility in relationship with stakeholders; clemency toward those who commit errors inside the company; modesty in relation to objectives and results achieved so far; continence in resisting temptations to excel in the managerial process compared to available resources, capabilities and competences.

“Our company is a team. We are inspired by positivity and enthusiasm: we have great projects for the future and for that reason we have to remain united. The secret is a simple one: we must be a team not when it comes to organizational procedures; but bearing in mind a person's soul, a sense of belonging, a belief in one's job, from the simplest to the most complex, as everyone contributes to the common good. This requires courage, determination, sensitivity, a passion for teamwork: individual talent and friendship must be involved to unite people, fortitude, a sense of sacrifice and a relish for challenge. We need soul, sensitivity and trust in others”. (S. Pierfederici, letter from the Chairman of BoxMarche, Global Report 2011, p.13).

5. Summary and Conclusions

There is a strong need for virtuous conduct in the business world. The company analysed is an example of virtuosity. It is conceived as a laboratory in which to form the minds and hearts of all subjects (stakeholders) concerned. It is seen as a good place in which to lead a good life and as a school of virtues because of the time spent there and the energies invested. It is not only a factory, but a place in which people discover themselves and meet others, and a knowledge-based company that is first and foremost relations-based. Its competitive success grows out of the commitment to values and to the human spirit, and a type of “art” lives, reconciling economic objectives and humane ones. In this sense BoxMarche can be considered a “company with a soul”, that means a virtuous company based on core principles: trust, vision, courage, community, creativity, patience, humanity integrity, diligence, enthusiasm and openness.

These traits are typical characteristics of the so-called “convivial” companies (Del Baldo, 2010a) and arise from social and anthropological variables: the value of family, considered the first source of “energy” and of values extended to the company in a virtuous relationship; the strong ethical and moral foundation -whose roots derive from Marchegian civilization and rural culture, and are permeated by religious principles (Quinn, 1997); the membership of entrepreneurs and firms in small towns in the province characterized by authentic social cohesion and a sense of community; the strong desire and capacity to “attract” and “infect with enthusiasm”.

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The art of managing relationships is expressed in the creation of both formal and informal partnerships, which move companies like BoxMarche to promote local, national and international networks. The entrepreneurs who manage them are aware that through corporate practices they are building culture. Through relationships they promote the growth of “being” before “having”. In brief, they feel “called on” to exercise virtues. Their cardinal virtues (prudence, justice, courage, temperance) can be traced back to the repetition of good managerial practices. They are strongly convinced that only if managerial action arises from this heritage of virtue, can the foundations of a harmonious corporate development take place. They can (and they want to) nourish the process of the empowerment of human capital and knowledge. And they are aware that such knowledge in the workplace is a process beginning with the individual.

The virtuous entrepreneur is a “man of trust and hope”. Trust and hope are anchored in the support of the collaborators, which depends on a relaxed atmosphere and a sense of esteem spread throughout the company. Trust and hope are anchored as well in the appreciation of consumers, the loyalty to suppliers, the trust of financial backers, the acceptance of the local community and the fair play demonstrated by competitors.

We can conclude by saying that such entrepreneurs and such companies (like BoxMarche) are not so rare, but more frequently they are “unknown”. And it is important to know and evaluate examples which are not “fantastic”, but quite simply “ordinary” in the sense that they are really humane and at the same time capable of expressing transcendental value orientations, shifting from theory to practice.

These reflections point out the relevance of values and virtues in the entrepreneurial and business context and help formulate the proposition that transcendental virtues are the “hidden” driving force that lies at the base of CSR and sustainable orientation, particularly in SMEs, due to the relevance attributed to people and relationships.

Therefore, this study tries to enrich the research field focused on SMEs’ business ethics and to open a new research line tied to the relevance of transcendental values and virtues. Hence, the value of the present work is firstly attributable to the attention paid to transcendental virtues and values and their connection to personal, familial and territorial shared values (of ethical, cultural, anthropological nature) typical of SMEs. Secondly, its originality is attributable to the meeting point of the perspective of CSR-oriented strategies in SMEs, ethics in SMEs and leadership studies. The work has also practical implications for regional policies aimed to promote CSR and sustainability in local contexts since it aims to re-evaluate the proactive role of virtuous SMEs in developing their socio-economic environment.

Despite providing some additional contributions to the afore-mentioned emerging lines of study, this study has a number of limitations (some of which could be overcome at later stages of the research). Firstly, we mention that the limitations are mainly related to the fact that the empirical study is qualitative in nature and based on the analysis of an exemplary, single case-study. Thus, the results cannot be generalized and more research is needed in the future. Possible research developments could derive from the analysis of multiple case-studies, both relative to SMEs and larger companies. Moreover, the qualitative study could then be accompanied both by a comparative and a quantitative research aimed at verifying specific hypotheses drawn from the proposition.

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