

# BEYOND THE COMPLIANCE: ETHICAL GOVERNANCE IN ITALIAN CORPORATIONS

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## Abstract

This study aims to analyze the relationship between corporate social responsibility (CSR) and compliance, focusing on the role that CSR may play in strengthening compliance mechanisms within the corporate governance (CG) system. Specifically, this work intends to investigate whether, and to what extent, CSR practices contribute to the development of a culture of legality and transparency, promoting the alignment of the company with stakeholder expectations. The focus of the study is on the most prominent ten Italian companies, chosen by market capitalization, as they are subject to increasing pressure from various stakeholders. Our purpose is twofold: on the one hand, to understand the role of CSR in supporting corporate compliance dynamics; on the other, to explore how companies communicate and report this interaction in their official documents, with particular reference to sustainability reports.

In a constantly evolving regulatory and reputational context, the topic of compliance has progressively extended beyond mere adherence to legal norms, encompassing ethical and value-based aspects inherent to social responsibility. Historically, the concept of compliance was articulated as a set of procedures and internal controls, aimed at

ensuring the organization's adherence to existing legislative and regulatory provisions, with a predominantly reactive and legal-formalist approach. According to the literature reviewed, compared to the past, compliance today increasingly refers to an integrated governance system that incorporates principles of integrity, transparency, and accountability, positioning itself as a strategic tool for managing reputational risks and strengthening stakeholder trust. In parallel, the concept of CSR has also evolved over the past 20 years. Once regarded as a set of voluntary and peripheral initiatives relative to the core business, often aimed at improving corporate image, CSR is now increasingly considered as a structural element of corporate strategy, integrated into decision-making processes and internal control systems, with a direct impact on organizational performance and the legitimacy of the firm within the socio-economic context.

The research is based on a qualitative approach and employs content analysis as the main methodology. The sample consists of the 10 largest Italian companies by market capitalization, listed on the Italian Stock Exchange (FTSE MIB). The choice of these firms reflects the intent to analyze entities with complex CG systems and subject to high standards in non-financial reporting, pursuant to Legislative Decree 254/2016 and European Sustainability Directives. Content analysis was applied to the sustainability reports published by the companies in the sample, with particular attention to the sections concerning: 1) compliance policies and internal control systems; 2) CSR practices and sustainability governance; 3) code of ethics and training; 4) whistleblowing, audit, and risk management. The textual material was manually coded to identify recurring patterns, divergences, and forms of integration between compliance and CSR. The qualitative approach allowed for the capture not only of the frequency, but also the depth and consistency of the content, providing a solid foundation for theoretical reflection on the interaction between social responsibility and regulatory compliance in the Italian context.

The qualitative analysis of the sustainability reports highlighted a growing convergence between the dimensions of CSR and compliance within the sampled companies. All the documents examined contain explicit references to compliance practices and structures, often integrated into sustainability governance systems. The analyzed companies declare the adoption of an integrated approach to risk management, in which environmental, social, and governance (ESG) issues are systematically considered within internal control models and corporate procedures. Particular attention emerged regarding staff training on ethical matters and the promotion of a corporate culture oriented toward responsibility. Some reports highlight the existence of internal committees dedicated to both compliance and sustainability, suggesting an increasing institutionalization of the link between these

two areas. Moreover, the companies most active in terms of CSR also demonstrate a more articulated structure in whistleblowing procedures and independent audit systems.

The results of the study provide relevant theoretical contributions to the literature on sustainable CG, showing how CSR can serve as a lever for the evolution of compliance systems. In particular, the integration between CSR and compliance appears to facilitate the adaptation of firms to complex regulatory environments, promoting the construction of more robust organizational legitimacy. From a practical perspective, the study suggests that sustainability-oriented governance can strengthen safeguards for legality and risk prevention, transforming compliance from a reactive function into a proactive dimension of corporate strategy. Companies that succeed in coherently integrating CSR and compliance not only respond more effectively to regulatory pressures but also enhance their accountability toward stakeholders.

We are aware that the study presents several limitations. First, the analysis is confined to a limited sample of ten Italian companies, selected based on market capitalization, which reduces the generalizability of the findings. Second, although the content analysis methodology offers interpretative depth, it does not allow for an assessment of the actual effectiveness of the CSR and compliance practices declared in the reports. Furthermore, the study relies on interpretations that, while following logical rigor in the definition of variables, are subject to the authors' subjective evaluations. This issue, in a future implementation phase of the study, could be addressed by strengthening the methodology section and including an explanatory table, outlining the nature of the variables and the specific object of the research, following the reviewed literature.

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