

RESEARCH ARTICLE

Pursuing a strategy of ‘common benefit’ in business: The adoption of the benefit corporation model in Italy

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Abstract

A benefit corporation (BC) is a for-profit company that pursues common benefits for stakeholders. Adopting institutional theory, we analyse the characteristics of the company in relation to the common benefits a BC pursue and how BC model fits with corporate social responsibility (CSR) practices defined in literature. BCs were introduced by a 2016 law in Italy, that was the first European country to approve legislation for BCs, under which a company must indicate its specific common benefit in its articles of association (AoAs). We run a multivariate regression on data from a content analysis on companies' AoA and then use questionnaire data to perform a cluster analysis and interviews to provide additional information. We show that larger and profitable firms focus on customers, while mature firm focus on the environment in the definition of common benefit in AoA. There is resistance to profit sharing. Industry and location specific are important drivers. Among first evidences, it is interesting to see that the most frequent perceived advantage of BC status is differentiation, BC and BCorp do not in practice overlap, and ownership is the main promoter of the change to become BC.

KEYWORDS

benefit corporation, common benefit, CSR, institutional isomorphism, institutional theory, stakeholders

1 | INTRODUCTION

Recently, a growing number of companies are becoming benefit corporations (BCs) in order to pursue corporate social responsibility (CSR) aims (André, 2012). In order to find out how BCs reach CSR objectives, and how they reach them other than by adopting other

CSR instruments, it is important to analyse the characteristics of a BC and the advantages afforded by this corporate form.

Today, sustainability is recognized as an important reference paradigm in the economic development of an area and in business activities. There is a widely perceived need to find a meeting point between profit orientation, growth and economic development, and mitigation of the impact of consumerism on the environment and society (Marchini et al., 2020; Tibiletti et al., 2021).

A BC is a ‘hybrid’ form (André, 2012). Hybrid business include firms for which shareholder profit is the main goal, as well as firms for

List of abbreviations: BC, Benefit Corporation; CSR, Corporate Social Responsibility; AoA, Article of Association; BIA, B Impact Assessment.

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which profit is a secondary aim, which pursue more social aims in the broad sense (Clark & Vranka, 2012; Riolfo, 2020; Van Lunenburg et al., 2020). In general, the number of these hybrid organizations (Alexius & Furusten, 2020) is growing rapidly worldwide (Belz & Binder, 2017) and taking hold in the business sector (Hoffman et al., 2012; Stubbs, 2017).

The literature on the purpose and impact of corporations has shown that an excessive focus on profits can have unintended consequences for the environment, society and corporations themselves (for an interesting overview about sustainable entrepreneurship and business see Argyrou et al., 2021; Knoppen & Knight, 2022; Muñoz & Cohen, 2018). BCs are required to have a double purpose—profits and public common benefit—and as such represent a corporate form that fully integrates sustainability (Hiller, 2013). Other studies offer a sustainability-based typology for non-profit organizations and corresponding strategies to sustain the mission and/or financial objectives of non-profit organizations (McDonald et al., 2015).

The concept of BC originated in US legislation in 2011. The aim was to encourage all companies to combine the profitmaking side of a commercial enterprise with one or more social/environmental objectives. The novelty of the legal form BC is that it allows these two areas, which were previously distinct, to co-exist.

The Italian version of the BC was introduced by Law No. 208 of 28 December 2015. Italy was the first country in the European Union to introduce such a law. The BC is not a new type of corporation, but as a status can be included in one of the traditional categories (e.g., limited liabilities and public companies) as being intended to produce not only profit but also common benefit.

Since 2016, the number of BCs in Italy has grown, and they have spread across different sectors. But despite the growing number of BCs, in the United States and Italy, there are still many aspects of the model which require further study in order to distinguish it from existing hybrid company forms. There are different studies available on BCs (Gamble et al., 2020; Villela et al., 2021; Winkler et al., 2019), but as relatively new form, the BC has to date not been fully analysed by the literature.

A certified BCorp is a company of any legal form which has obtained certification on its level of responsible business conduct. A BCorp is subject to the B Impact Assessment (BIA), powered by B Lab, which evaluates companies across five broad categories: environment, workers, customers, community and governance (Castellini et al., 2019; Liute & De Giacomo, 2021). BCs are not the same as BCORPs. Not all companies become certified BCORPs before they become BC, or vice versa. Becoming a BC in Italy requires drafting a new article of association (AoA) with a public notary and entry on the public registry of companies. It is, however, important to underline that BCorp certification, after the first assessment, also requires companies to register as BCs if they are not already registered.

Our purpose here is to focus specifically on BC and to identify the main characteristics in relation to the common benefits a BC pursue and how BC model fits with CSR practices defined in literature.

There are some initial contributions on this topic (for the United States, André, 2012; Hemphill & Cullari, 2014; Hiller, 2013; for

France, Segrestin et al., 2020; for Italy, Gazzola et al., 2019; Nigri et al., 2020; Preghenella & Battistella, 2021). To the best of our knowledge, we are the first to make a content analysis of the AoAs of a sample of BC. The AoA is required to outline firm principles and importantly its precise aims in terms of common benefit. We run a multivariate regression on data from the content analysis on companies' AoA and also use questionnaire data to perform a cluster analysis. The final aim is to verify the drivers among company characteristics of the aim shown in the AoA and profit sharing of BCs (RQ1) and the motivations and the presumed advantages leading a firm to become a BC (RQ2). We also describe the changes in organization and reporting that the BC model involves (RQ3). Lastly, the common traits of firms that are recognized as BCs. A previous analysis conducted in Italy (Mion et al., 2021) has focused its attention on the information that could be found on the website of a sample of BCs, while we conducted our analysis directly inside the AoA, where the specific common benefit pursued by companies could be detected.

The contribution of this research is to provide baseline knowledge of BC status, which will be useful to underpin further study of its impact on business. Our findings demonstrate a close connection between corporate purpose and societal purpose (Sprague, 2010). We show that BC is much more structured (purposes set up in the AoA for the future) and transparent (use of the impact report as disclosure tool required by law) than other forms of CSR.

The remainder of the paper is structured as follows. Section 2 reviews the literature and background to the link between ethics in business and BCs. Section 3 introduces the theoretical framework of the paper and the research questions (RQs). Section 4 outlines the methodological approach, and Section 5 presents and discusses the findings. Section 6 concludes and summarizes the main insights.

2 | BACKGROUND AND LITERATURE REVIEW

In order to survive economically and socially, companies need to create and maintain relationships with numerous stakeholders in their context, and constantly adapt organization, internal resources and behaviour within these relationships (Spiess-Knafl et al., 2015). Today, there are new forms of enterprise that go beyond the idea of a purely economic entity, towards models where the concept of ethics and sustainability is integral to decision-making and strategic and operational processes. New business models incorporate systems combining the characteristics of both profit and non-profit business orientation. These may entail new ways of operating in an environmentally friendly and responsible manner and/or hybrid or grey sector forms of organization which reconcile different dimensions of value generation. The hybrid form of social enterprise is increasingly regarded as a successful mechanism for reconciling equity and efficiency with the creation of economic and social value. Hybrid forms can also be interpreted as concrete expressions of a growing sense of ethics in business and social responsibility on the part of citizens (Borzaga & Galera, 2012; Gonzales, 2010; Perrini et al., 2007). Italy

was the first country to introduce legislation for social cooperatives, in 1991, and has also been successful in increasing the number of social cooperatives over the years (Kerlin, 2006, 2012; Thomas, 2004).

The BC should not be seen as a poor imitation of a North American format, imported thanks to the fascination that the US exerts on Italians. It is rather the most recent product of the hybridization described above and should be seen as the expression of national tradition. Italy is in fact the only European country to have introduced BC as a form of company in 2016. And the AoA of a BC envisages the mission of assuming specific social responsibilities and committing to periodic and transparent reporting in addition to the objective of generating value for shareholders since it remains a for-profit company. There are no benefits for the BC in terms of fiscal benefit, tax relief or other financial advantages. This point is decisive in assessing the ethical stature of BC companies and their governance; there are no external elements like the expectations of benefits and rewards which might explain the status.

Among the core attributes of BCs in Italy, there is an expansion of the duties of directors to require consideration of non-financial stakeholders (Del Baldo, 2019). However, Italian legislation does not specifically regulate liability in the field of BC and does not give any beneficiary of common benefit the right to take legal action against the directors. In the United States, on the other hand, legislation on BCs requires them to have the purpose of creating general and specific common benefit and gives shareholders the right to take legal action against a director or officer in the following circumstances: failure to pursue or create the stated general or specific common benefit aims, failure to consider the interests of the various stakeholders listed in the AoA and failure to meet the transparency requirements in the AoA. However, in Italy, the Antitrust Authority is charged with overseeing the behaviour of BCs and can sanction for misleading advertising BCs which fail to pursue the common benefit without justification (Castellani et al., 2016).

BCs have received growing attention in the academic literature, in particular from 2012 with André, which was one of the first researchers to talk about it. In particular, he examines the statutes of BCs in five states in the United States and shows how legislation defines specific public BCs and holds them accountable for delivering these common benefits. He concludes that there are significant design-based concerns about the utility of the BC as an effective organization for implementing CSR.

After André, research in the field of BC took several directions. A recent article (Kirst et al., 2021) identifies 65 articles from peer-review journals written in the English language from 2012 to 2020 applying the string 'B Corp' or 'Benefit Corp' and categorizes four groups of research: (1) legal model and governance, (2) external environment, (3) entrepreneurial journey and (4) performance.

The *first* field of studies includes articles that discuss the legal form adopted by different US states (Brown, 2016) and the most recent introduction in European countries (Sciarelli et al., 2020). Other articles focus on potential problems of the model (André, 2012,

2015). André (2015) suggests that the model neither limits shareholders' primacy nor empowers stakeholders but increases managers' duties and companies' costs. On the other hand, some authors focus on the potential gains (Hiller, 2013). In particular, Hiller (2013), called for research to identify 'the most significant motivating factor for an existing business to adopt the BC form'. Hiller (2013) asked whether the 'BC form is utilized by the traditional corporation, or is it primarily used to promote access to capital for entities that would previously have operated as nonprofit entities', and 'how are daily corporate decisions affected?'

The *second* theme includes papers that discuss the influence of environmental conditions and external factors on BC (Alonso-Martínez et al., 2019), while the *third* group of articles show stories and examples of BC and discuss the practical challenges regarding this kind of business and the motivation behind certification (Del Baldo, 2019; Miller-Stevens et al., 2018).

The *fourth* theme (performance) is discussed recently, considering the novelty of the legislation. In this field are in particular analysed dimension as CSR (Wilburn & Wilburn, 2014), the influence on costumers (Gazzola et al., 2019) and the use of BIA in decision-making (Nigri & Del Baldo, 2018).

Our study essentially contributes to the first and the second field of study above, and in particular aligns with Hiller's call for research regarding the investigation of motivating factors of BC form. In addition, we contribute to the recent studies from other countries different from the United States, with particular reference to Italy, which is one of the first countries in Europe adopting BC legislation. The studies are quite recent, and so we aim to fill the gaps in research about the reasons for which a company might become a BC, looking at motivations and advantages; and it describes the changes in organization and reporting required to become a BC.

3 | THEORETICAL FRAMEWORK AND RQS

BCs are part of a dynamic movement that aims to redefine the concept of entrepreneurial success. BCs in fact use their innovativeness and potential not only to generate profit but also to develop strong communities, protect the environment and at the same time provide incentives to achieve a higher purpose. One definition of BC is the one from André (2012, p. 133) that points out that 'the purpose of this new type of organization is to enhance corporate social responsibility (CSR) by providing legal protection to managements that want to both maximize shareholder income and pursue a social or environmental agenda'.

So analysing BC characteristics, and the motivations for, and implications of, being a BC, should reveal how companies are able to reach CSR objectives, and how they reach them other than by adopting instruments of CSR. We specifically focus on ethics inherent in the action developed by companies to reach CSR behaviour, aware that potentially CSR practices could not be strictly linked or hide 'ethically neutral' or even 'unethical' conducts (Brooks, 2010; Greenwood & Freeman, 2017; Kallio, 2007).

With regard to whether becoming a BC can be considered an aspect of CSR, Hiller (2013) identifies five characteristics of BCs. BCs provide a common benefit, have a specific annual disclosure with specific impacts provided that can be reviewed by independent third party, have broader goals for boards of directors beyond profit maximization, provide greater transparency and take action for enforcing the common benefit provided by an enterprise. These five aspects are consistent with the six factors underpinning the CSR framework, as identified by Crane et al. (2008), and show how it is valid to assess BCs from a CSR perspective. The six factors of Crane et al. (2008) include whether actions are voluntary, externalities are addressed, multiple stakeholders are considered, social and economic responsibilities exist, CSR is incorporated into the value system and whether CSR is integrated into core business operations.

In fact, becoming a BC is voluntary, and managing externalities is an important feature of this corporate form, since its purpose is to have a net positive impact on society. BCs moreover are required to consider a variety of stakeholders and integrate commitment towards them into company documents. BCs are in fact for-profit enterprises that must balance social and economic responsibilities and incorporate CSR into their value systems and operations.

Considering the aim of the BC model, becoming a BC assumes that a company engage a serious commitment to integrating CSR practices into a firm's business operations (Figure 1). It would mean providing transparency by adopting stringent criteria to monitor and assess profitability and social outcomes, in this way meeting social pressures and expectations.

The reasons for a firm's choice to become a BC and the impacts on its activity are investigated using institutional theory and in particular the lens of institutional isomorphism theory. This states that 'an organizational structure is formed through continuous interactions between the organization and its environment and purposeful adaptations of an organization with its environment' (Harjoto et al., 2018, p. 7). Di Maggio and Powell (1983, p. 149) point out that organizations in the same field tend to become increasingly similar. Isomorphism is a

constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions (Lammers & Garcia, 2017) and also reflects much older work done on strategic responses to external institutional responses for conformity (Oliver, 1991). From the institutional isomorphism perspective, organizations are pressured by local communities to engage in CSR practices and clearly specify the nature and level of their commitment. They thus tend to conform to rules and standards that prevail in a certain environment in order to gain legitimacy. Marquis et al. (2007) apply institutional isomorphism theory to CSR, claiming that institutional pressures from the community can influence the type and level of socially responsible actions. So in the institutional isomorphism view, organizations conform to the rules, standards and belief systems that prevail in the environment in order to gain legitimacy.

There are three mechanisms by which isomorphism occurs: coercive, normative and mimetic. According to DiMaggio and Powell (1983), coercive isomorphism results from both formal and informal pressures played on organizations by cultural expectations in the society within which organizations operate; normative isomorphism stems primarily from professionalization, while mimetic isomorphism occurs when the organization spontaneously carries out processes of imitation of other organizations to face situations of uncertainty. Considering specifically the link between the different forms of institutional isomorphism inside CSR practices and BCs, in coercive isomorphism, organizations are driven to apply CSR practices by pressure to meet the cultural expectations of society as a whole. Normative isomorphism concerns the level of education of a local community and can lead organizations to include CSR in their core activities as a result of educational and professional networks. Third, mimetic isomorphism represents the tendency of organizations to imitate other organizations' structures that includes CSR, when they believe that those structures are beneficial in period of uncertainties.

Considering that the presence of educational and professional networks are the crucial elements that characterize the normative isomorphism approach, while uncertainty is the powerful force that

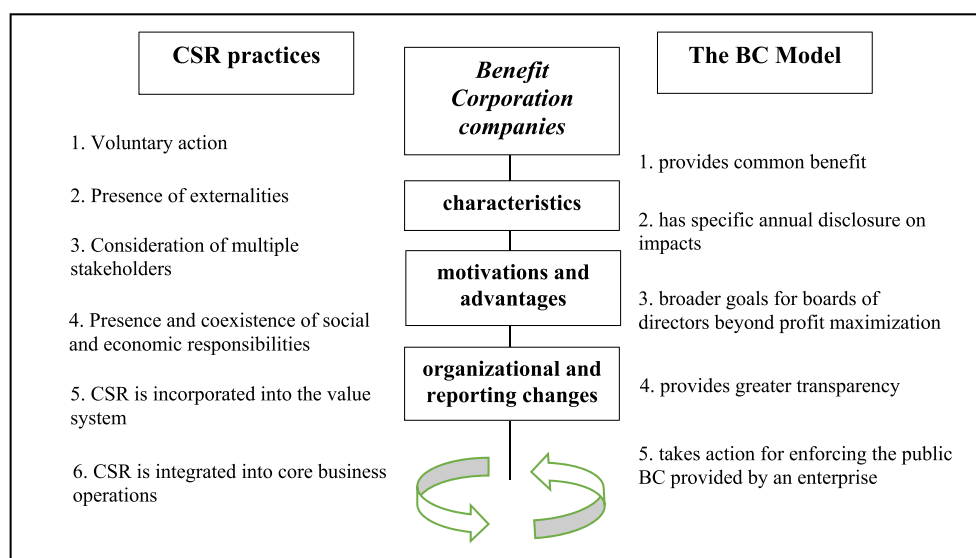


FIGURE 1 The BC model and CSR

encourage imitation in mimetic isomorphism, the adoption of BCs model is not strictly linked with none of those determining characteristics. As previously mentioned, becoming a BC has an important feature that is managing externalities, with the purpose to have a positive impact on society, also encouraged by law. For those reasons, coercive isomorphism approach is the one that better helps to explain the relationship between the external environment, pressure and opportunity to become a BC and the development of AoA outlining the firm's specific purposes and principles.

Using the lens of coercive institutional isomorphism, it is interesting to investigate the effect of company characteristics, for example, size or sales growth, and of aspects such as location and industry. Such features could in fact impact on the common benefit aims and profit sharing of a company, which are closely linked with CSR and also envisaged by the BC model. For example, it would be interesting to find out whether characteristics of local communities, such as political leaning, religious beliefs and average wages, affect the way in which organizations behave in a specific environment. Coercive isomorphism may also reveal to what extent companies operating in a specific industry, or with a certain sales growth rate, aim to reach the specific objectives of common benefit. We thus formulate the following RQ:

RQ1: What company characteristics are related to aims concerning common benefit and profit sharing in the AoA of BC?

Motivations to become BC can have different boosts. Aguilera et al. (2007) state that instrumental and relational motives are a driving force of social change and are in fact creating interesting new entrepreneurial structures. Thus, CSR tradition can drive to change AoA and formally become BC.

Porter and Kramer (2006) suggest that corporate social actions can be considered a strategic choice for firms which increase their competitive advantage and, at the same time, identify opportunities through BC for society and for themselves. Furthermore, empirical research (Dupire & M'Zali, 2018) shows a positive correlation between market competition and CSR and argues that socially responsible actions can be strategically chosen to differentiate firms from their competitors and enhance competitiveness, economic advantages and reputation.

Stakeholders are nowadays increasingly demanding for socially responsible activities, such as disclosure of environmental, social and governance performance. Coercive isomorphism can explain why many companies today obtain BCorp certification from B Lab before becoming BCs. To obtain BCorp certification, companies are required to improve and disclose their environmental, social and governance performance through BIA questionnaires, and to retain the certification, they are required to be in constant dialogue with stakeholders.

Considering possible advantages/disadvantages of a coercive isomorphism mechanism, for example, it is possible that unemployment and wage rate are a coercive mechanism based on workers stakeholders pushing firms to become BCs. Other stakeholders for which advantages can be considered are suppliers, customers or community.

The following RQ summarizes this:

RQ2: What are CSR-related motivations and assumed advantages for adopting the BC model?

Regarding the changes in organization and reporting consequent to the adoption of BC status, coercive isomorphism could explain how pressures on BC companies to meet the cultural expectations of society impact on managerial behaviour, for example, by involving different stakeholders in the decision-making process. Ownership is the direct responsible to define AoA, but involving also directors on this change can be a value added for future decision in the management of the society. Moreover, hiring new personnel or training employees and people in top position, organizing meetings and creating ad hoc committees can also help in the actual implementation of the BC model.

In addition to the stakeholders' involvement, also the formal organization of the firm can change. The adoption of the BC company form can change existing internal procedures or create new procedures to change the business and keep controls of the externalities created. An external consultant can help the transition. Moreover, the cultural force can bring towards the need to join associations and stay in contact with other BC.

We thus formulate the following RQ.

RQ3: What organizational changes and which kind of reporting practices does the BC model involve?

Once collected the results answering the defined RQs, lastly it will be extremely interesting to define common traits which could characterize the BC model. These traits could be generalized to different contexts and the context of investigation.

4 | METHODOLOGY

We used the setting of Italy because it was the first European country to enact specific legislation for BCs (Del Barba, 2016; Galeota Lanza, 2017) and because Italian data are available. The law setting up BC in Italy was introduced only in 2016, and there are little data available on it. Hence, to collect data, we used manual content analysis of AoA together with questionnaires and interviews.

We started (Figure 2) by extracting from the Italian Business Register of the National Chamber of Commerce a list of active companies, not in bankruptcy proceedings, with the acronym 'S.B.' or the full wording 'Società BC' in the company name, and which are not micro-enterprises. We included companies that exceed at least one of the last two requirements (revenue or employees) in at least either 2017 or 2018. The final sample comprised 53 Italian companies. For each company, we downloaded the AoA from the Italian Business Register. Analysing the number of companies that altered their AoA and thus show that they gained BC status, we observe that for most firms (about 28%), the first changes occurred in 2016, following the

Steps of methodology in chronological order	How was run	Purpose
1. Selection of BCs	Used company name for the legal term BC	Identify the sample
2. Search AoA document online and run a manual content analysis on AoA	Content searched= impact areas identified by B Lab in its B Impact Assessment: governance, workers, community, environment, and customers	Codify the dependent variable of the regression model to answer at <i>RQ1: What company characteristics are related to aims concerning common benefit and profit sharing in the AoA of BC?</i>
3. Match with financial statement data and run the regression analysis	Data downloaded from Bureau Van Dijk database	Codify the company characteristics to answer at <i>RQ1: What company characteristics are related to aims concerning common benefit and profit sharing in the AoA of BC?</i>
4. Descriptive statistics analysis on the 14 multiple-choice questions of the Questionnaire	The motivations and the advantages for a company adopting the BC model are explored	Answer at <i>RQ2: What are CSR related motivations and assumed advantages for adopting the BC model?</i>
	Specific aspects of BC status, including organizational changes after adoption, and reporting are considered	Answer at <i>RQ3: What organizational and reporting changes does the BC model involve?</i>
5. Cluster analysis on the 14 multiple-choice questions of the Questionnaire	Dendrogram	Explore what common traits do BC possess?
6. Interviews	Drafted open questions on the basis of the quantitative results which required clarification	Refine the interpretation of our quantitative results

FIGURE 2 Methodology

enactment of the BC law. The second highest level of changes occurred in 2019 (about 21%).

Manual content analysis was carried out on companies' AoA by all the authors. Content analysis is a widely used research method involving collection of quantitative data, especially for textual documents, in the field of business economics and, in particular, in CSR studies (Abbott & Monsen, 1979; Guthrie & Abeysekera, 2006). The analysis of companies' AoA in this study measures whether the AoA considers the five impact areas identified by B Lab in its BIA: governance, workers, community, environment and customers. If each of the five impact areas identified by B Lab appeared in the AoA, we coded it binomially as 1, otherwise 0.

We next downloaded financial statement data for the period 2016–2019 (latest year with available financial data) from the Bureau van Dijk database. We matched the financial statement data for our sample of 53 firms with the data from our AoA analysis. We ran a regression model on 53 companies for 4 years, resulting in an unbalanced sample of 195 observations. To answer RQ1, we analysed the

sample of treated groups of companies that adopted the BC model with the following multivariate regression model:

$$\text{AoA Purpose/Profit Share} = \beta \text{Size} + \beta \text{Leverage} + \beta \text{ROA} + \beta \text{Loss } t - 1 + \beta \text{Sales growth} + \text{Industry fixed effect} + \text{Location fixed effects} + e.$$

Given that the dependent variables are dummy variables, we used a logistic regression and robust standard error. Table 1 defines the variables. *AoA Purpose/Profit Share* come from the results of the manual content analysis. Independent variables are taken from prior literature. We include size, because larger firms are more sensitive political or regulatory scrutiny and may also be motivated by other underlying constructs such as the information environment, capital market pressure or financial resources (Garegnani et al., 2015). Studies of business ethics have frequently investigated the influence of size (Spence & Lozano, 2000; Tilley, 2000). We use profitability and leverage because a higher likelihood of profit-threshold meeting or debt covenant

TABLE 1 Variable definitions

Financial data	Variable name	Variables code
Life cycle	Sales growth	$(\text{Sales } t - \text{sales } t - 1) / \text{sales } t - 1$
Size	Size	Natural logarithm of total assets
Profitability	ROA (operating profitability)	Operating income/assets
	Loss $t - 1$ (total profitability trend)	1 if net income $t - 1 < 0$; 0 otherwise
Financial stability	Leverage	Equity/assets
Industry	Divided in four variables:	
	Manufacturing, agriculture and construction	1 if US SIC code first digit equal to 2 and 3 and codes 0139 and 1761 that include agriculture and construction; 0 otherwise
	Trade	1 if US SIC code first digit equal to 5; 0 otherwise
	Insurance	1 if US SIC code 6411; 0 otherwise
	Services	1 if US SIC code first digit equal to 7 and 8 and codes 4212, 4911 and 4950 that include transportation, electric and sanitary services; 0 otherwise
Location	Divided in two variables:	
	North	1 if the legal office is in the northern region; 0 otherwise
	Center_South	1 if the legal office is in the central or southern region; 0 otherwise
AoA	Variable name	Variables code
AoA purpose	Divided in five variables:	
	AoA_purpose_Governance	1 if yes; 0 if no
	AoA_purpose_Workers	1 if yes; 0 if no
	AoA_purpose_Community	1 if yes; 0 if no
	AoA_purpose_Environment	1 if yes; 0 if no
	AoA_purpose_Customer	1 if yes; 0 if no
Distribution of profits in favour of subjects other than shareholders	AoA_Profit_share	1 if yes; 0 if no
Questionnaire		
Questions	Variable name	Variables code
Motivation		
Main reasons underlying the decision to establish/amend the AoA to adopt the form of BC company	Divided in four variables:	
	Motivation_Reputation	1 if yes; 0 if no
	Motivation_Economic advantages	1 if yes; 0 if no
	Motivation_CSR tradition	1 if yes; 0 if no
	Motivation_From BC Corp	1 if yes; 0 if no
With reference to question sub (1), you can describe in more detail the determining motivation(s)	-	Open question
Would you make again the choice to become a BC company?	Repeated choice	Likert scale 1–5
Advantages		
Do you think that having been an 'early adopter' in terms of BC company has brought or will bring advantages?	Early adopter	Likert scale 1–5
What do you think are the actual advantages currently obtained following the adoption of the BC model?	Divided in four variables:	
	Adv_Differentiation	1 if yes; 0 if no
	Adv_Revenues_Loans	1 if yes; 0 if no
	Adv_Loyalty	1 if yes; 0 if no
	Adv_Production chain	1 if yes; 0 if no
	Adv_Workers	1 if yes; 0 if no

(Continues)

TABLE 1 (Continued)

Questionnaire			
Questions	Variable name	Variables code	
You believe you have gained short-term advantages from:	Divided in four variables:		
	Short_Workers	1 if yes; 0 if no	
	Short_Community	1 if yes; 0 if no	
	Short_Suppliers	1 if yes; 0 if no	
	Short_Customers	1 if yes; 0 if no	
You believe you have gained medium/long-term advantages from:	Divided in four variables:		
	Long_Workers	1 if yes; 0 if no	
	Long_Community	1 if yes; 0 if no	
	Long_Suppliers	1 if yes; 0 if no	
	Long_Customers	1 if yes; 0 if no	
Organisational changes			
Who was the promoter(s)?	Divided in two variables:		
	Responsible_owner	1 if yes; 0 if no	
	Responsible_BoD	1 if yes; 0 if no	
Did the adoption of the BC company form have internal organizational impacts? Which of the following, among others?	Divided in 3 variables:		
	Org_Hiring	1 if yes; 0 if no	
	Org_Training	1 if yes; 0 if no	
Did the adoption of the BC company form have internal procedures impacts? Which of the following, among others?	Procedures	0 = no change 1 = change of existing procedures 2 = new procedures	
	Did you use of an external consultant when switching to BC company?	Advisor	1 if yes; 0 if no
	Do you feel the need to join an association and stay in contact with other BC?	Association	Likert scale 1–5
Reporting			
How did you inform workers of the transition to BC company?	Emp_disclosure	0 = no disclosure 1 = mail 2 = meeting	
With reference to the impact report provided for the BC, do you think it is a useful document for the disclosure of stakeholders?	Usefulness	Likert scale 1–5	
With reference to the previous point, is there a person specifically appointed, therefore with a specific delegation, to draft this report?	Person_dedicated_disclosure	Likert scale 1–5	

violation creates an incentive to decrease transparency (Dechow et al., 2010). We use sales growth because the economic life cycle is a determinant of disclosure. Finally, we include fixed effects because disclosure (Barth et al., 2001) varies by industry and location.

Next, we developed a questionnaire to be answered anonymously, with 14 multiple-choice questions. First, the motivations for a company adopting the BC model are explored. Next, specific aspects of BC status, including advantages, organizational changes after adoption, and reporting are considered. We tested the questionnaire on BCs and modified it slightly as a result.

Next, we searched company websites for an email address to send a survey in order to obtain private data on BC. We distributed it by email on 18 August 2020, using Microsoft Forms, an anonymous web-based system. Recipient companies received a survey package

containing a cover email explaining the importance of the research and encouraging them to reply (Appendix A). We received 10 answers, and to increase the response rate, we sent a follow-up email on 26 August 2020 (Appendix A). By the deadline of 15 September, we had received 20 replies. So we received 20 replies from the 53 firms in the sample, a response rate of 37.7%, which is aligned with the average response rate for studies using data collected from organizations (Baruch & Holtom, 2008).

For RQ2 and RQ3, we performed an initial study with descriptive statistics on the sub-sample of companies that answered the survey. We then conducted an agglomerative hierarchical cluster analysis with complete linkage clustering to identify clusters of companies with the same characteristics. A dendrogram was used to select a number of clusters. Descriptive statistics were then analysed to determine the

main differences between clusters. Because the survey is anonymous, we could not match survey responses with the financial statement data. We thus ran the cluster analysis on 20 observations.

Finally, we conducted a set of in-depth interviews to refine the interpretation of our quantitative results. On 27 January 2021 (Appendix B), we sent out a cover email to 10 of the companies involved in the first phase, and nine companies agreed to take part in an interview. We drafted open questions on the basis of the quantitative results which required clarification. The authors jointly discussed and proposed changes to define the final set of questions (Appendix C). Interviews were recorded and transcribed. Interviews were conducted in the mother tongue of the interviewees, that is, in Italian. The questions were sent to the companies in advance and asked during the interviews. One author conducted the interview and other(s) attended and took notes, sometimes intervening to request further or more complete information. Transcripts were then analysed separately by the authors, and interpretations were compared.

5 | FINDINGS

5.1 | Company characteristics and AoA content analysis

Companies are required by law to declare whether they are BC in their corporate AoA. They are required to highlight their commitment to pursuing one or more common benefit aims, operating in a

responsible, sustainable and transparent way towards people, territory, environment and other stakeholders. Our AoA content analysis divides common benefit aims according to their content using the following areas of interest or parameters: governance, workers, community, the environment and customers. The parameters are based on BIA impact areas.

Our interviews (Table 5) confirm that some companies used the BIA definitions to define their aims in terms of common benefit. Other companies choose stakeholders for whom the common benefit is based more on an ethical evaluation. When companies use the BIA impact areas, they do not perceive the need to change stakeholders defined in the AoA over time. The other companies however have considered doing so, and some moreover changed stakeholders as a result of the COVID pandemic.

Quantitative analysis shows that 74% of the companies in our sample (Table 2) highlight issues relating to *governance* among their aims in common benefit.

With regard to aims relating to *workers*, 64% of the sample reported their commitment to these stakeholders. Issues relating to career development and health and well-being of workers and collaborators are present in an almost equal measure. The issue of financial security emerged only in two AoAs in the form of 'recognition of bonuses and customized variable remuneration plans to support income'.

Meanwhile, 75% of the analysed companies undertook to pursue the common benefit of the *community* in which they operated. In order to find references to community in AoA, we used the BIA

TABLE 2 Descriptive statistics

Variables	N	Mean	SD	P25	Median	P75
AoA_purpose_Governance	53	0.74	0.45	0.00	1.00	1.00
AoA_purpose_Workers	53	0.64	0.48	0.00	1.00	1.00
AoA_purpose_Community	53	0.75	0.43	1.00	1.00	1.00
AoA_purpose_Environment	53	0.68	0.47	0.00	1.00	1.00
AoA_purpose_Customer	53	0.11	0.32	0.00	0.00	0.00
AoA_Profit_share	53	0.11	0.32	0.00	0.00	0.00
Revenues	195	42,882	157,160	2144	4505	14,616
Sales growth	195	0.54	1.93	0.00	0.07	0.26
Workers	195	150	513	12	23	43
Size	195	8.73	1.85	7.55	8.29	9.83
Total assets	195	68,544	308,433	1906	3988	18,546
ROA	195	0.08	0.14	0.01	0.07	0.12
Loss t – 1	195	0.16	0.37	0.00	0.00	0.00
Leverage	195	0.30	0.22	0.13	0.25	0.43
Manufacturing, agriculture and construction	195	0.36	0.48	0.00	0.00	1.00
Trade	195	0.17	0.38	0.00	0.00	0.00
Insurance	195	0.04	0.19	0.00	0.00	0.00
Services	195	0.44	0.50	0.00	0.00	1.00
North	195	0.79	0.41	1.00	1.00	1.00
Center_South	195	0.21	0.41	0.00	0.00	0.00

definition (tab. 1 in Del Baldo, 2019). The text of some AoAs show that 'community' can include civil society, the local area and the local economy, people at economic disadvantage, schools and universities, research centres, cultural events, donations to non-profit organizations and suppliers who meet sustainability standards. One of the interview questions aimed to clarify the concept of community. Companies mainly mentioned community in terms of research centres, young people, local area, institutions, voluntary bodies, churches and schools (Table 5).

Aims related to *environment* are important for 68% of the companies. These companies committed to building environmental management systems, which could control and reduce their impact on the environment.

Aims related to *customers* are considered by only a small proportion (11%) of the companies analysed. Interviews show that customers are considered in the health care industry, perhaps because they are the traditional stakeholders in this context.

In addition to indicating their common benefit aims, some companies highlighted the practice of *profit sharing* in the AoA. A company's commitment to donating some of its *profits* to parties other than shareholders, as related to its nature as a BC company, is an issue which appeared infrequently (only 11%, Table 2). Our interviews also show resistance on this issue (Table 5).

Table 2 shows descriptive statistics for company characteristics. Average revenue is about 43 million euro, with a large standard deviation (i.e., differences in the sample) between the 25th percentile of 2 million to the 75th percentile of 14 million. The median and 75th percentiles are much lower than the mean, showing that the majority of firms (75% of the sample) had revenues lower than 15 million euro and that just a few big firms—as outliers—drive the mean value. Using revenue to measure sales growth, we observe that, on average, growth has in general been positive and there is an increase in revenue compared to the previous year, but the median percentage increase is only 7%.

The same conclusion can be drawn from the number of employees. The mean of 150 differs from the percentiles, and 75% of the sample are companies with under 43 employees. Looking at company size (which we used in logarithm in the subsequent analysis), these companies have a mean of EUR 68.5 million and a median of about EUR 4 million in total assets.

Profitability shows that BCs have positive operating profitability with an average of 8% of returns on assets, and few companies have registered net loss (16%). Financial stability shows an average 30% of equity over total assets.

Regarding the industry breakdown, BCs are found mainly in the services sector (44%), followed by manufacturing, agriculture, and construction (36%). Other companies operate in trade (17%) and insurance (4%).

As far as geographical areas are concerned, Lombardy is the region with the highest concentration, followed by Veneto (untabulated). Both regions are located in the northern part of Italy and together they are home to a total of 79% of BCs. The centre–south of Italy, which includes the region of Lazio and the capital city Rome, as

well as the islands of Sardinia and Sicily, accounts for only 21% of the total number of observations.

RQ1: What company characteristics are related to aims concerning common benefit and profit sharing in the AoA of BC?

Table 3 shows that company characteristics relating to common benefit aims and profit sharing in the AoA of BC are size, profitability, growth, industry and location. This section describes the relationship between each characteristic in terms of which stakeholders are mentioned in AoA and the mention of profit sharing.

In the multivariate regression analysis (Table 3), size is a significant determinant of the specific aim as stated in the AoA. Workers stakeholder is used by smaller companies (estimate beta regression coeff. -0.431 , p value .001), and customer as stakeholder is used by larger companies (coeff. 0.372 , p value .100). Smaller companies tend to direct common benefit more to internal company stakeholders, while larger companies more often look outside the company. This may be because larger companies have more resources available to identify and meet needs of customers, while smaller companies tend to address stakeholders closer to them.

Less profitable firms tend to state an aim related to governance (coeff. -4.859 , p value .010), while more profitable firms tend to state an aim related to customers (return on asset coeff. 6.494 , p value .001; loss coeff. -5.255 , p value .000). Again, more profitable firms will probably have more resources available to identify and meet needs of external stakeholders.

Sales growth is a significant determinant of environment-related aims, which tend to be stated by companies with lower growth (coeff. -1.638 , p value .013). A possible interpretation of our finding is that a more mature firm may consider focus on the environment in order to re-start growth and continue business activity.

Leverage is never a significant determinant.

Looking at the industries, we used fixed-effect dummy variables by choosing the best-fit comparison group to the regression model. Governance, workers and environment are stated more frequently on AoAs in the insurance industry, which is significantly different from other industries. Insurance companies are probably more attentive to governance because they are subject to more stringent regulation than other categories of company. They may be more attentive to environmental issues because management culture in insurance tends to 'align' with management culture of listed companies, and in recent years, this has become sensitive to environmental issues. Customer related aims, on the other hand, are used more by services and manufacturing, agriculture and construction. Table 5 shows that the industry is important in setting the aim appearing on the AoA and that quantitative regression results are confirmed qualitatively. Possible qualitative explanations, considering the answers of some interviewees, are the presence of industry-specific stakeholders.

Finally, the centre–south region is the comparison group in the fixed effects of the two regions in the north of Italy. Location is a determinant of aim stated in the AoA in all regressions. The aim related to community is significantly determined by location only.

TABLE 3 Regression analysis (N = 195 observations for 2016–2019, unbalanced sample)

	AoA_purpose_Governance		AoA_purpose_Workers		AoA_purpose_Community		AoA_purpose_Environment		AoA_purpose_Customer		AoA_Profit_share	
	Estimate	p value	Estimate	p value	Estimate	p value	Estimate	p value	Estimate	p value	Estimate	p value
Size	0.075	.577	-0.431	.001***	-0.115	.342	-0.146	.189	0.372	.100*	-0.925	<.001***
ROA	-4.859	.010***	-0.799	.680	2.164	.323	-1.180	.455	6.494	.001***	-6.516	.028**
Sales growth	0.442	.416	-0.255	.669	0.216	.670	-1.638	.013**	0.119	.905	-0.948	.399
Leverage	-0.135	.207	0.086	.372	-0.141	.202	0.008	.921	-0.099	.613	-0.733	.272
Loss t - 1	1.521	.326	1.699	.205	1.460	.258	0.519	.618	-5.255	<.001***	4.637	.019**
Manufacturing, agriculture and construction	-13.763	<.001***	-13.601	<.001***	-0.187	.674	-14.938	<.001***	15.109	<.001***	17.703	<.001***
Trade	-14.750	<.001***	-15.515	<.001***	-0.627	.200	-13.643	<.001***				
Insurance					-0.935	.367						
Services	-14.890	<.001***	-14.628	<.001***			-16.549	<.001***	16.203	<.001***	16.914	<.001***
North	-2.052	.001***	-1.752	.002***	-1.167	.074*	0.959	.023	-1.149	.022**	1.913	.045**
Constant	16.591	<.001***	19.793	<.001***	2.842	.002***	17.298	<.001***	-19.257	<.001***	-13.460	<.001***
Mean VIF	4.14		4.14		4.14		4.14		4.14		1.47	
Adj. R ²	0.145		0.041		0.181		0.076		0.103		0.134	

Note: Variables are defined in Table 1.

*Significance at 10% level.

**Significance at 5% level.

***Significance at 1% level.

Environment-related aims are cited more frequently in the AoA of northern companies. Qualitative interviews also confirm that location is important in amending the AoA.

Table 3 shows that larger firms have a negative relationship with the inclusion of an indication of profit sharing. To evaluate this finding, we need to realize that 50% of our sample is a small-medium enterprise. A significant difference with the United States is that in Italy, BCs are usually small mainly because the Italian economic system itself is based on small-medium enterprises (Del Baldo, 2019). Profit sharing is thus carried out more frequently by small-medium enterprises. Interviews revealed that small

companies tend to use collaborative governance or give shares to employees. Few small companies are currently considering profit sharing.

The use of profit sharing as an aim is also determined by lower profitability (lower return on assets, higher past net loss), and by industry, and is more frequent in the north of Italy. The relation with profitability can be interpreted as the lower importance ascribed to profit-driven issues by companies which share profits. The relation of profit sharing with industry and with location may reflect specific contexts where there are advantages in being a first mover.

Variables	Mean	SD	P25	Median	P75
Motivation					
Motivation_Reputation	0.30	0.47	0.00	0.00	1.00
Motivation_Economic advantages	0.10	0.31	0.00	0.00	0.00
Motivation_From BCorp	0.30	0.47	0.00	0.00	1.00
Motivation_CSR tradition	0.35	0.49	0.00	0.00	1.00
Repeated choice	4.90	0.31	5.00	5.00	5.00
Advantages					
Early adopter	3.40	0.94	3.00	4.00	4.00
Adv_Differenciacion	0.60	0.50	0.00	1.00	1.00
Adv_Revenues_Loans	0.10	0.31	0.00	0.00	0.00
Adv_Loyalty	0.30	0.47	0.00	0.00	1.00
Adv_Production chain	0.30	0.47	0.00	0.00	1.00
Adv_Workers	0.10	0.31	0.00	0.00	0.00
Short_Workers	0.35	0.49	0.00	0.00	1.00
Short_Community	0.55	0.51	0.00	1.00	1.00
Short_Suppliers	0.15	0.37	0.00	0.00	0.00
Short_Customers	0.45	0.51	0.00	0.00	1.00
Long_Workers	0.65	0.49	0.00	1.00	1.00
Long_Community	0.75	0.44	0.50	1.00	1.00
Long_Suppliers	0.50	0.51	0.00	0.50	1.00
Long_Customers	0.90	0.31	1.00	1.00	1.00
Organizational changes					
Responsible_owner	0.80	0.41	1.00	1.00	1.00
Responsible_BoD	0.45	0.51	0.00	0.00	1.00
Org_Hiring	0.20	0.41	0.00	0.00	0.00
Org_Training	0.40	0.50	0.00	0.00	1.00
Org_Meetings_committees	0.75	0.44	0.50	1.00	1.00
Procedures	1.60	0.50	1.00	2.00	2.00
Advisor	0.45	0.51	0.00	0.00	1.00
Association	3.75	1.12	3.00	4.00	4.50
Reporting					
Emp_disclosure	1.65	0.67	1.50	2.00	2.00
Usefulness	4.40	0.82	4.00	5.00	5.00
Person_dedicated_disclosure	0.75	0.44	0.50	1.00	1.00

TABLE 4 Questionnaire answers (N = 20 firms, response rate 37.7%)

TABLE 5 Interviews summary

	Interview 1 60 min	Interview 2 35 min	Interview 3 30 min	Interview 4 50 min	Interview 5 30 min
AoA	2016	2016	2016	2017	2016
Begin	From a non-profit organization to a profit Ltd BC company	From 2 companies (profit + ONLUS) to one company BC	For the second certification BC Corp in 2020 is required to be BC	Division from the old shareholders and foundation of a new BC	An kept the form of BC also after being acquired in 2017
Choice driven by	Driven by the type of business	General ethical evaluation	Driven by (1) type of business, (2) BIA impact areas and (3) shareholders participation	Driven by previous CSR practice and by women-based firm	Driven by our intent for the common benefit
Business and location	Business and location	Business	No, independently	No, independently	No, independently
Change over time	Yes, it has changed last year	No, stakeholders depends on ethical evaluation	All stakeholders already included	Yes, I would include all areas of BIA	No, but create a larger sharing with interdependence agreements
Community	Scientific research centres	Young people	Local territory	Local territory, institutions and voluntary bodies	Local territory
Profit sharing	-	Sharing of the well-being as philosophy	Not done but it can be a challenging and innovative element, that would involve more the stakeholders	Yes, participatory governance with employees	Not done but it can be a hint for the future
Motivations					
Economic advantages	BC form chosen to show that the focus is not only on profit	Thanks to the absence of tax incentive, there are not companies that become BC only to take advantage to it	There is not an indicator as increase of revenues due to BC, however it creates relations for possible future economic advantages	The economic advantage is not a short term or the only advantage, but it is important, and after 3 years of work, we start to see it.	Yes, that is, will to be hired by us
BCorp	Not in the past and neither in the future	In future	2016	BCorp pending 2017 for a new BC foundation	2015
Repeated choice	Certification would have been seen only as a marketing operation	Identity	Identity	Identity	Identity
Dominant	Ownership and governance	Type of business	BCorp certification	Founders motivation	Founders motivation
Comparative	No industry-size competitors BC	No incentive from competitors	No incentive from competitors First 50 BC Corp and first in the industry BC in Italy	No, we are the first BC, a BC Corp, in our industry, and we want to create the culture and ask other firms in the industry to become it	No, we are the first BC in our industry and in our local territory, and we helped other firms in our territory to start the road to BC Corp



TABLE 5 (Continued)

	Interview 1 60 min	Interview 2 35 min	Interview 3 30 min	Interview 4 50 min	Interview 5 30 min
Differential	Identity and obligations for managers	Philosophical process	Long-term obligation BC is a choice for the long term and not a choice for the need of a moment or for a 3-year BC Corp certification	Long-term obligation for any possible change in the governance	Long-term obligation for any possible change in the ownership
Disadvantages	No instead	Cost to change AoA, shareholders meetings, prepare impact relation; you cannot make mistakes because everybody will see it	No, impact relation can create costs to implement a process to collect data to train workers or hire consultants, but later, it gives advantages	A possible critical point could be the difficulty in keeping the equilibrium between profit and common benefit purpose, doing too many activities for the benefit and getting an economic loss	No, on the contrary, we had difficulties before becoming BC to justify some initiatives
Reporting	Focus groups	Necessary to give a feedback also in terms of value created	It will be possible only when stakeholders will have the awareness. We work to improve this awareness first.	Good, preferred by tenders, contests which feeds a virtuous circle	All our initiatives have to be measurable (i.e., anonymous survey to employee to ask how they feel taken in consideration)
Satisfaction measurement	Help from universities to develop it				

TABLE 5 (Continued)

	Interview 6 55 min	Interview 7 40 min	Interview 8 20 min	Interview 9 60 min
AoA	2016	2019	2016	2018
Begin	Few months after the law implementation	From a form of collaborative ownership	New company born as BC	From our business model
Choice driven by	Driven by BIA impact areas	General ethical evaluation	General ethical evaluation	General ethical evaluation
Business and location	50% business, 50% values	Business	No, independently	No, independently
Change over time	All stakeholders already included	Yes, because the stakeholder is the one involved in the common benefit	Decided by BoD	Constant evaluation
Community	Church in helping disadvantaged family, schools and cooperatives in our municipality, voluntary body operating in our province and at Italian and international level	Everyone with who we have a relation	All stakeholders	Local territory

TABLE 5 (Continued)

	Interview 6 55 min	Interview 7 40 min	Interview 8 20 min	Interview 9 60 min
Profit sharing	Investments in welfare linked to the reach of earnings thresholds, dividend distribution to employees based on performances of their team and change of the strategy plan towards a ownership shared with employees (even if it is restrained by Italian regulation)	Done even before BC, with the form of collaborative ownership	We have set up a philanthropic fund, which takes profits from the company and reinvests them (i.e., in Africa in charitable actions)	No, but a large amount of donations
Motivations				
Economic advantages	Yes, if BC is associated to BCorp because BCorp is a certification with higher marketing communication than other certification (ISO) and this is the way to have an impact on the market. Our purpose is to sell our consulting service to our clients	Only when the market will recognize a value to BC	Yes, but not measurable	Now, attract workforce and increase processes efficiency. We think the market in the future will recognize it
BCorp	2016 Just after being BC	No	No	2019 After being BC
Repeated choice	Identity	Identity	Identity	Identity
Dominant	Founders motivation and BCorp certification	Founders motivation	Firms values	Strategic objective and firm value
Comparative	No, we are the first BC in our industry	No influence from others	No, we are the first BC in our industry	We are the first BC in our industry in Europe. We want to be the first mover. We faced with firms in our territory
Differential	Protect from the arrive of investment funds, obligation for any possible change in the ownership and help in BCorp certification	BC is more than a certification BC force you to integrate values in the organization and management	BC model gives substance to a value approach	Change of global vision, for all departments
Disadvantages				
Disadvantages	Difficulties in speaking a language for few, BC is a model that takes time to spread out	Absence of stringent constraints	No	Workload and costs to change procedure Risks (no layoff, no scandals, ...) Call for rigour
Reporting				
Satisfaction measurement	Measurement for environment, survey to employee, consulting service for clients, value assigned by investors to our project and endorsement by community	Involvement of stakeholders in the writing of the impact relation	Our stakeholders are satisfied	We are working on a tool of strategic monitoring Preparing a code of conduct that requires suppliers to be BCorp

5.2 | Questionnaire

This subsection presents and analyses the results of the questionnaire. In order to interpret these answers in the real life context, we also present findings from the in-depth interviews.

RQ2: What are CSR-related motivations and assumed advantages for adopting the BC model?

5.2.1 | Motivations

The first question on the survey regards the main motivations of the decision to establish or modify the company's AoA to adopt BC status. Only a small percentage of companies opted to become BCs for *economic return* (two firms, or 10% of the sample, Mean in Table 4). This is in line with the purpose of this type of company, which is to challenge the pursuit of profit as the only goal and promote common benefits alongside profits. The interviews confirm that economic return is not a reason to become a BC, but that becoming a BC can yield economic advantage in the long term. Other economic advantages revealed by the interviews include the capacity to attract new employees interested in sustainability issues and the possibility of selling consulting services for other firms becoming BC or BCorp or for writing the impact report. Another economic advantage is the increase in efficiency.

Furthermore, it is interesting that a higher percentage of companies (six firms, 30%) indicated that *reputation* motivated their decision to adopt the BC model. This is consistent with one of the reasons put forward by supporters of BC, in other words, the opportunity to join other high profile and respected companies at the forefront of a growing movement and create a strong reputation as a leader company. Companies tend to become BC to enhance reputation rather than obtain legitimacy from BC status.

The same percentage of firms (six firms, 30%) stated that they became BC because they were already *BCorps*. A company receiving BCorp certification, and its public score from the private institution B Lab, has 2 years to transition to a BC by amending its AoA. However, 14 firms were not BCorps before becoming BCs. A company applying for BCorp certification can obtain a higher score if it is already a BC, and this offers the incentive to companies to change their legal status to BC before becoming a BCorp. This incentive, however, would be a fruitful topic of future research, because our interviews supply evidence that it is perhaps not strong enough.

Our interviews confirm that the BC form has a longer term perspective than BCorp certification, and BC reduces future uncertainty because it ensures a focus on certain values if there is a change in governance or ownership.

The highest percentage (seven companies, 35%) responded that their motivation was the natural evolution of their history of practising CSR. One company reported in the interview that they had already been involved in many CSR initiatives in the past, and the choice of stakeholders and the reason they became a BC were closely linked to this company history.

All respondents answered the question 'Would you still choose to become a BC company?' positively, with an average of 4.9 on a Likert scale ranging from 1 to 5. The interviews revealed that this is related to the creation of a BC as an identity.

Interview statements (Table 5) also enrich the interpretation of *motivations* in the analysis of the questionnaire. To explain questionnaire responses, we asked in the interviews about dominant motivation, comparative motivation and differential motivation. The main dominant motivation tends to be the founders' motivation. Other dominant motivations are related to the type of business or help in having a good BCorp certification rate. In terms of comparative motivation, the firms interviewed are in general the first BCs in their specific industry and location and were not incentivized to BC transition by competitors. The main differential motivation is related to the long-term obligation to follow a common benefit for future shareholders and managers.

5.2.2 | Assumed advantages

BCs consider that being an 'early adopter' has brought or will bring advantages, with an average of 3.4 on a Likert scale ranging from 1 to 5. The majority of answers focused on *differentiation* from competitors (12 firms, 60%), followed by greater customer loyalty (six firms, 30%) and better relationships along the production chain (six firms, 30%). Moving to short-term advantages that the respondents believed they had obtained, these were perceived to be from *community* (11 firms, 55%), followed by customers (nine firms, 45%) and workers (seven firms, 35%). For the medium- and long-term horizon, the number of respondents who believed they could obtain advantages increased as follows: from *customers* (18 firms, 90%), the community (15 firms, 75%), workers (13 firms, 65%) and suppliers (10 firms, 50%).

The additional quantitative analysis untabulated shows that even if a company was a BCorp before becoming a BC (Motivation_From

TABLE 6 Cluster analysis

Cluster	N	Motivation	Advantages	Org	Reporting
Cluster 1	5	Reputation	Long-term advantages	Advisor association hiring	Lower usefulness perception
Cluster 2	1	-	-	-	-
Cluster 3	9	CSR_tradition and From BCorp	Differentiation long community	Training	Person_dedicated_disclosure
Cluster 4	5	Non-reputation	Long customer	Meeting	Usefulness

BCorp = 1), the company sees other advantages in becoming a BC, but more in the long than in the short term. Comparing firms that were had BCorp certification with firms that did not, the former see the BC form more as an additional advantage related to production chain, to employees in both the short and long term, and to suppliers in the long term. Few pre-BCorp firms (2, 33%) consider differentiation as the advantage of becoming a BC.

We also made in-depth analysis on disadvantages. The interviews showed that companies do not see significant disadvantages in becoming a BC, while on the contrary before becoming a BC they had difficulties in justifying some initiatives.

The interviewees made several comments on issue of tax, explaining that the absence of tax incentives can be considered positive. In a country like Italy where the culture would incentivize companies to perform actions to get tax incentives, the presence of a BC tax incentive would have attracted people who would have changed their AoA only to have a tax reduction, without really trusting in this issue or performing real actions for the common benefit.

RQ3: What organizational changes and which kind of reporting practices does the BC model involve?

Moving on to organizational impacts, *ownership* was the main promoter of change (16 firms, 80%), followed by members of the board of directors (nine firms, 45%). In 15 firms, 75% of all cases, the adoption of the BC form entailed new opportunities to meet various company players in committees and, in 40% of cases, specific training sessions for workers. On the management front, the main impact was the inclusion of new internal procedures (median = 2). Only nine firms, 45% of the sample, had employed an advisor, and these companies mainly felt the need to join an association (average 3.75 out of 5).

BCs informed workers through personal meetings (median = 2) rather than impersonal emails. The impact report is considered a useful document (average 4.4 out of 5), and 15 firms, 75%, appointed a specific person to draft the impact report. The interviews show that some companies are now developing a system to measure stakeholder satisfaction and making surveys of customers and/or employees. Other companies are considering how to change the impact report to make it more useful for stakeholders.

Lastly, the cluster analysis of the questionnaire shows the common characteristics of BCs in terms of motivation, advantage, organizational change and reporting divided by clusters.

Cluster 3 (Table 6) includes the largest number of BCs (9). The common characteristics of the majority of Italian BCs show that the main motivation for becoming a BC is related to the importance ascribed to stakeholders and social issues in the past. The advantages of the BC model are mainly related to long-term advantages for the community and differentiation from competitors. This cluster is also characterized by organizational changes, including training, and by the presence of dedicated staff in charge of drafting the impact report.

Cluster 3 is followed by two equally sized clusters of five companies with different characteristics. Cluster 2 has one outlier. This cluster is very different from the other clusters. Cluster 1 is characterized

by motivations related to reputation: perceived long-term advantages for customers, suppliers, workers and communities; frequent presence of an advisor and very high importance ascribed to an association for networking with other BCs; and high frequency hiring of new individuals, with strong importance attached to meetings. Cluster 4 is characterized by motivations not related to reputation, perceived long-term advantages for customers, total importance attached to meetings and the highest average perception of usefulness. There are no significant differences between clusters in terms of the changes in procedures and reporting used to explain BCs for workers.¹

The cluster analysis of the mapping of BC motivations and implications reveals common traits, which can also be found in other contexts. This is a preliminary finding and could be used in future research to investigate whether the traits (motivation, advantages, organizational change and reporting) of BC in Italy are the same to those of BC in other countries.

6 | DISCUSSION

We now summarize our findings and briefly discuss the most significant points.

Evidence examined in relation to RQ1 shows that larger and profitable firms tend to focus on customers, while mature firm focus on the environment, thus confirming that according to coercive isomorphism society and external expectations could influence specific characteristics of CSR purposes and specific objectives of common benefit in BC. This could be because larger firms, usually having bigger market shares and greater numbers of clients, are interested in sharing common benefit with their customers, one of their largest stakeholders. Mature firms, on the other hand, could be more interested in focusing on the environment; having acquired and stabilized their market shares, environmentalist credentials might be one way of gaining broader stakeholder appreciation.

Although there are interesting examples of small firms as first movers in the field, the widespread resistance to profit sharing shows that in these comparatively early days of BC, companies are more interested in pursuing non-monetary common benefit. For profit sharing to become a reality, our data show that external industry and location-specific drivers are important.

Evidence in relation to RQ2 shows that financial return is not generally a motive for becoming a BC, but can be a possible longer term consequence related to membership of networks, attracting employees and improving efficiency, in alignment with coercive isomorphism theory. This is a particularly relevant aspect, which is

¹We perform a robustness test using the average linkage clustering instead of the complete linkage clustering. Results are qualitatively the same. Compared with the use of complete linkage clustering of the main analysis, first and second clusters are the same, the third cluster is divided in two subgroups and the fourth cluster is reduced from five to three observations because two observations are considered outliers. Differences between subgroups of Cluster 3 is that in the organizational change, in addition to training, one group give more importance to meetings; differences in Cluster 4 is that outliers drive the motivation related to Non-reputation; the other conclusion about the common traits are the same. We conclude that discussion of common traits are robust to the use of a different dissimilarity measure and linkage method of clustering.

strictly linked with constitutive elements of CSR practices, like the presence of externalities, as well as the fact that some principles related to social responsibilities are incorporated into the value system, and not specifically with the goal of obtaining better financial performance.

Another interesting finding is that we have empirical confirmation that BC and BCorp do not in practice overlap. There are companies that become BC because they were BCorp previously, and BC which intend to become BCorp in the future, and BC with no relation to BCorp. BC differs from BCorp because BC has a long-term perspective enshrined in the AoA, which is retained even if governance

changes. Becoming a BC is voluntary, just as practising CSR is voluntary, but BC in a sense is stricter. Once a company has adopted BC status, and the type of common benefit it pursues is stated in the AoA, future governance and ownership is obliged to follow the same aim.

It is also significant that many companies would repeat their choice of becoming a BC, saying that ‘BC is an identity’. This is the reason why the dominant motive becoming a BC is related to owner values. This is an example to show how CSR is incorporated into the value system in BC model, confirming that, according to coercive isomorphism approach, social change could push entrepreneurs

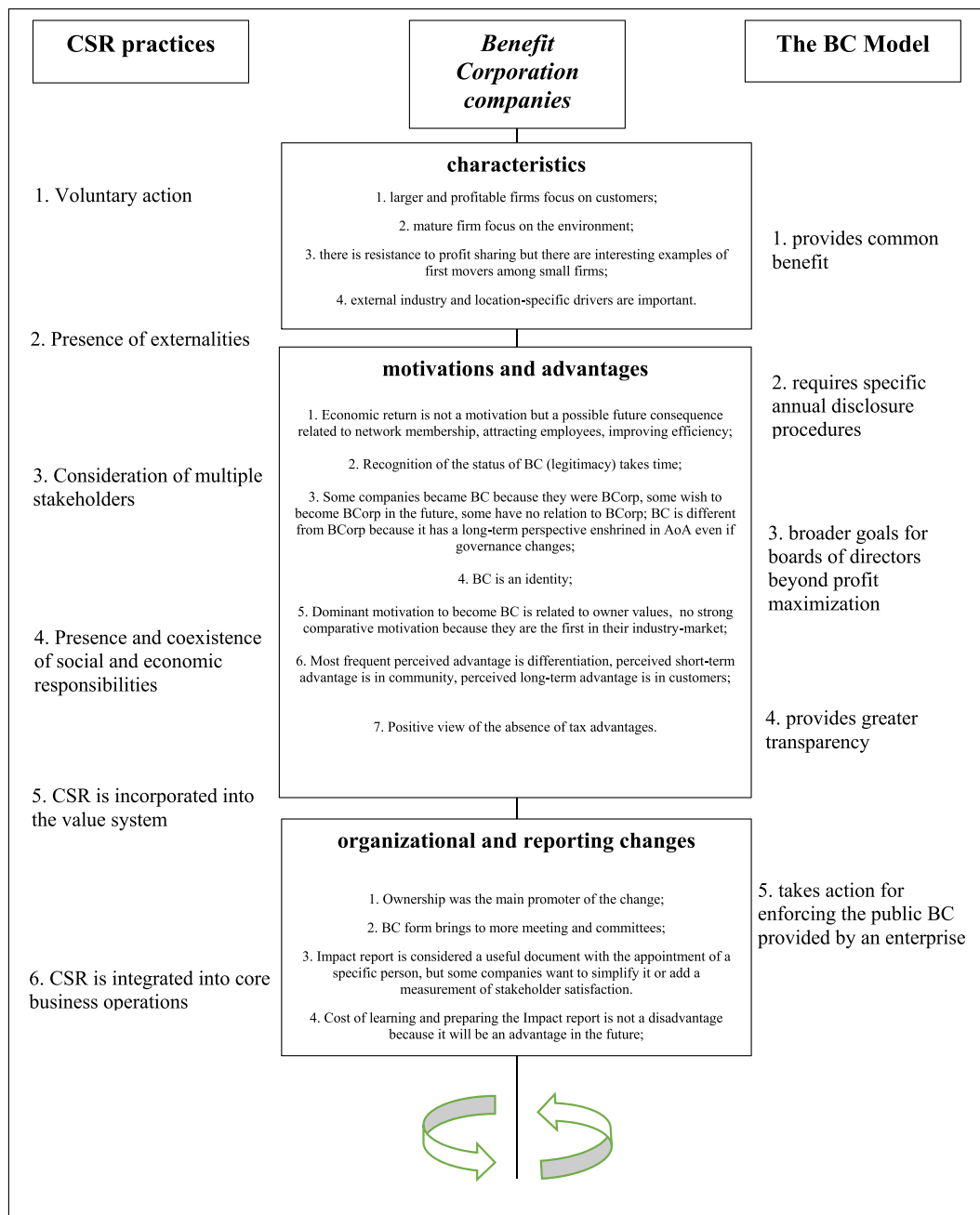


FIGURE 3 The BC model and CSR: The impact on BC companies

to create new business structure. We found no particular evidence of comparative motivation, probably because our sample consisted mainly of companies that were first in the field of BC in their sector. The current absence of tax advantages is generally considered as positive; absence of tax advantage is expected to encourage companies and management to focus on CSR values in the BC model.

The most frequent perceived advantage of BC status is differentiation. Differentiation changes across time horizons; for companies looking for short-term advantage, the perceived advantages come from community, and for companies looking for long-term advantage, the perceived advantages come from customers.

Evidence in relation to RQ3 shows that ownership is the main promoter of the change. This is significant in terms of coexistence of social and economic responsibilities, as it is significant when CSR is incorporated into the value system. BC status may lead to more meetings and more committees, which confirms that the consideration of multiple stakeholders typical of CSR implies more frequent and shared management decision-making in BC model.

Our findings on reporting related to BC show that the impact report is considered a useful document where specific staff is in place to draft it, as supposed adopting coercive isomorphism approach. Even though some companies wish to simplify it, or add a measurement of stakeholder satisfaction, the cost of the impact report is not overall a disadvantage because it will constitute an advantage in the future. Here too, certain aspects of CSR re-appear, such as the integration of CSR into core business operations, and aspects of disclosure involving multiple stakeholders.

Findings from the final cluster analysis of the BCs examined show that there are certain common traits in the 'typical' group of companies adopting BC status (Figure 3). First of all, the typical BC has previous experience in CSR or was BCorp certified at the time it became BC, its perceived advantages are differentiation and long-term advantages from community. The feature of a long-term goal for the community is a persistent trait which characterizes the specific nature of this corporate structure and could in fact characterize BC longitudinally in all the various different contexts where it could be adopted. Lastly, the dendrogram analysis reveals the importance for the typical BC of providing training on the concept of common benefit. BC status can necessitate significant organizational change, which requires the informed involvement of all levels of staff. It also means that the impact report has to be drafted in a transparent and effective process and a person dedicated to its preparation is important.

7 | CONCLUSIONS

There is an increasing search for convergence between the aims of companies and society to achieve common benefit in the long term. The traditional vision of corporate governance, according to which organizations are profit-driven entities, has to be revisited, and it is increasingly accepted in CSR that a firm's goals go beyond the pursuit

of profit only. The combination of profit objectives (typical of for-profit companies) with the objectives of common benefit (typical of non-profit associations) has given rise to BCs. These companies, in addition to creating profit, pay attention to societal well-being through the implementation of activities aimed at pursuing common benefits. The fact that there are no benefits for the BC in terms of fiscal benefit, tax relief or other financial advantages is decisive in assessing their assumed ethical stature.

A new business model capable of combining a profit-oriented mission with ethical values, including some kind of commitment, is increasingly needed. Traditional companies had the sole purpose of distributing dividends to shareholders, but BCs reflect a more evolved paradigm, and their corporate purpose, in addition to profit objectives, integrates the pursuit of BCs for society and the environment.

Italy was the first European country to legislate for the establishment of BC. Our research contributes to recent empirical research and aims at identifying the main characteristics of BCs, particularly by using data from AoA to deepen the concept of 'common benefit' and its determinants. We show that the main determinants of common benefit aim as appearing on the AoA are size, profitability, industry and location. Main results show that larger and profitable firms focus on customers, while mature firm focus on the environment. There is resistance to profit sharing but there are interesting examples of small firms as first movers in this field. Finally, the industry or sector and location-specific drivers are important. Our study investigates a selection of company characteristics; however, a limitation of the study is related to the low statistical model fit that suggest that other causes of AoA common benefits can be investigated in the future.

Our questionnaire and interviews further reveal common reasons for becoming a BC, as well as perceived advantages, organizational changes and reporting impacts. We show how the BC model fits with CSR and how it differs from other CSR practices. We find that (1) applying for BC status is voluntary, but once it is obtained, new governance and ownership is bound more tightly to the status, and is obliged to take into account this business objective; (2) the BC model deals particularly with externalities, since its purpose is to bring a net positive impact to society; (3) the BC model entails multiple stakeholders and the coexistence of social and economic responsibilities, as showed by its higher numbers of committees and meetings; and (4) the BC model incorporates CSR into the value system and the business operation. Being a BC is an identity that differentiates a company from its competitors; it is not simply a way of obtaining financial results.

It is interesting to note that common traits of the 'typical' group of companies which became BC are that they had previous experience of CSR or BCorp certification. They also adopt the BC model in order to differentiate themselves from competitors, and, above all, their main aim is to gain long-term advantages for the community. Acquiring BC status requires significant organizational changes including provision of training, and the process of drafting the impact report requires specific skills and resources.

The contribution of this research is also to provide a baseline of knowledge about BC for use in future research into its possible impact on business. Our findings demonstrate the close connection between corporate purpose and societal purpose (Sprague, 2010).

The fact that AoAs are required to stipulate common benefit aims of BC allows for a unique kind of socially responsible business with great potential for sustainable practices (Hiller, 2013). Our interviews revealed that modification of the AoA was closely connected to the aim of compelling directors to take into account stakeholder interests. In the future, it will be interesting to verify whether BC changes the face of commerce and the relationship between business and society.

As noted above, there is incentive for companies to change their legal status to BC before obtaining BCorp certification. However, our interviews suggest that the incentive could be not strong enough and it would be useful to analyse it in future research.

Today, there are new opportunities to study the impact of recent efforts to integrate the interests of business and society. A limitation of this study is the fact that it is confined to Italy, even if few general considerations should be taken in considerations, as well as the fact that, both in Italy and in the countries where the BC model could be adopted, no database of BCs exists and it is not easy to identify all these companies. The next steps would be to enlarge the sample to include further BCs in Italy, and then BCs in other European countries, comparing legislation frameworks and impacts on business and society.

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APPENDIX A: COVER EMAIL FOR THE QUESTIONNAIRE

Dear X,

Below you will find a link to a survey questionnaire that is being conducted by the University of Parma and the Catholic University of Piacenza. Specifically, we have designed the questionnaire to study the motivations and impacts of adopting the BC model by Italian companies. It forms part of a broader research project whose main object is to study the governance and management model of BCorp and BC.

link

The research project involved an initial empirical phase of census and analysis of the various issues related to the adoption of the BC model. This phase has now ended, and we are now in the process of collecting responses to the survey, which we submit for your attention.

The survey will take no more than about 5 or 10 minutes of your time (the 15 questions are designed to elicit quick answers). It should be answered by a worker who has been directly involved in the process of adopting the new AoA BC model, and who knows the

evolution and internal and external organizational, management, and information impacts of your company.

It should be noted that the results of the survey will be treated and processed anonymously.

We thank you in advance for your collaboration in the project, which we believe would enrich research on the BC theme and help to increase awareness within the scientific community on the key principles of this corporate model. A supporting pillar of this model is the sharing of information by all actors involved.

Dear X,

We apologize to have disturbed you again.

Not having received formal confirmation of the completion of the questionnaire referred to in the subject (for your convenience below, please find a copy of the email sent about 1 week ago).

link

We kindly ask you to consider proceeding with this compilation, given the importance of our research on BC, which we believe is vital and indispensable for society's future.

It takes an average of about 6 minutes to complete the questionnaire.

Thanks again and we hope you can participate in the questionnaire survey.

APPENDIX B: COVER EMAIL FOR THE INTERVIEWS

Dear X,

First of all, we thank you again for your contribution for the collection of information regarding the research conducted by the University of Parma and the Catholic University of the Sacred Heart (Piacenza) aimed at studying the motivations and impacts of the adoption of the BC model by the Italian companies.

The analysis of the data and the related scientific article prepared have obtained the favor of an important international journal, which has very positively evaluated the purposes and methodology of the research.

Now we have to face the second step of the study, which consists in carrying out interviews on the subject under investigation; for this purpose we have identified, within the overall sample, 10 relevant companies, already involved in the first phase.

For this reason, we are contacting you in order to ask your willingness to give us about 20 minutes of your time, starting from next week, in order to conduct a short interview (remotely, via MSTeams) on some specific aspects concerning an in-depth analysis of the motivations that led to the adoption of the BC model.

Dates and times that we propose for the short interview are the following:

Thursday 4th February: morning

Tuesday 9 February: afternoon

Wednesday 10 February: afternoon

We kindly ask you to indicate a time slot on one of these days to be able to proceed with the interview, which as stated should not take more than 20 minutes of your time.

We look forward to receiving your kind acknowledgment.

We are pleased to take this opportunity to offer you our best regards.

APPENDIX C: INTERVIEW QUESTIONS

Note: The interview has been taken in Italian, and this is only an English translation of the Italian questions used:

AoA

- When did the path towards becoming a BC begin?
- How have you done the choice of primary stakeholders to set the AoA purpose? Have you been driven by an evaluation linked to those that are most influential for your business, or have you made an ethical evaluation, abstracting yourself from your specific context?
- Did the industry or the geographical location affect the choice?
- Do you think you will change the identification of the primary stakeholders to set the AoA purpose over time? Why?
- Have you taken into consideration the 'community'? What does 'pursuing a common benefit of the community' mean?
- Have you considered the possibility of carrying out the profit sharing? If so, based on what logic? If not, have you thought about proceeding in this sense in the future?

Motivations

- Do you expect being a BC company to positively impact company economic results?
- Was the company already BCorp certified? If so, was becoming a BC just a formality or did it lead to additional BCs?
- Do you think is possible to go back to a non-BC? Based on your experience, would you make the same choice again? Why?
- Was the choice to become a BC conditioned from the inside or from the outside? Was there a clearly identifiable element that triggered the choice? (DOMINANT MOTIVATION)
- Are there other companies in the industry or in the geographical location who, before your company, have made this choice? And has this been an incentive for you to adapt or be the first? (COMPARATIVE MOTIVATION)
- Why did you choose to become a BC and not other tools available in terms of sustainable business development? Which element of being a BC differentiate the choice? (DIFFERENTIAL MOTIVATION)

Disadvantages

- Do you think there are also disadvantages/negative aspects related to the adoption of the BC model in the short term? And in the long term?

Reporting

- Do you also intend to measure the degree of satisfaction of the primary interlocutor involved?