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**B Corporations towards a new way of  
doing business: the effects of the  
Certification on companies in the  
Veneto Region**

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## Introduction

This research intends to examine a new business model that has recently emerged to address some problems caused by the economic system, proposing an innovative business idea aimed at the shared benefit. The proposed model is that of B corporations and the B Corp certification, which set this mission and inspire a community of about 4000 companies to follow this lead to collaborate in a positive competition for the benefit of the planet and its inhabitants.

In this period of unpredictable changes and economic and social instability, various gaps in the traditional economic system and the problems that derive from this have emerged. In particular, the companies have been placed at the centre of criticism for being the central cause of the harmful effects on the planet, with the emission of CO<sub>2</sub> or the waste of natural resources but also on people and the society linked to those actions. All these challenges are a direct consequence of traditional capitalism, focused solely on maximizing profits for shareholders, without considering the negative externalities that derive from these behaviours. For years, many economists and academicians, as well as governments, have accepted and adopted this approach of doing business and the philosophy of shareholder primacy, resulting in unsustainable economic practices that are no longer viable in the long term. In this context, companies occupy an ambivalent position: they can be used as a tool to benefit the few and harm many or at the service of all to bring concrete benefits (Marquis, 2020). Governments and the non-profit sector cannot solve these problems alone and need the help of companies that also focus their efforts on the common good. In this regard, a theory opposing the previous one has emerged in recent years, focusing on the well-being of stakeholders, including all categories directly or indirectly affected by the company's activity, such as employees, customers, suppliers, creditors, distributors, the media, and non-governmental organizations. Businesses have a fundamental responsibility in helping to improve the future of these categories, but it is necessary to reverse the traditional trend and direct it in this direction. Furthermore, in this unstable climate, customers, particularly young people, have opened their eyes to their responsibilities, purchasing and researching more sustainable products, stimulating a wave of boycotts towards companies that pursue unacceptable and unsustainable behaviour. As a result, many business models have evolved to address these needs and contribute to the well-being of stakeholders, delivering creative and distinct solutions. One of these was the introduction of Corporate Social Responsibility (CSR) into corporate governance, which obligates the company to achieve both public benefit and profit.

This solution apparently useful for bringing companies closer to the well-being of stakeholders in carrying out their business, has often resulted in the phenomenon of the so-called greenwashing, where the consumer is misled to the purchase of goods that are not sustainable. Even though CSR is a potentially effective tool, it has not been able to contribute on its own to the reform of the economic system.

In this scenario, a new business model known as B Corporations or B Corps has emerged to cover the deficiencies left by the previous one and to provide a new guideline for conventional business. These companies voluntarily submit to precise standards to be respected that bind the company to adapt its performances in the five impact areas of Governance, Workers, Community, Environment, and Customers, which eventually culminate in the homonymous certification. The symbol attests commitment of the business to give back to the environment and stakeholders more than what it exploits. The B Corps are hybrid companies that connect the for-profit to the non-profit world, stimulating an entire movement of companies to pursue the same objectives and contribute to reconvert the force of business towards people and the environment. The primary goal of a B Corporations is not limited to achieving certification but extends to continuous improvements and changes both internally and externally.

Through empirical research, this thesis intends to focus on these changes experienced by certified corporations, to understand if the B Corp certificate has stimulated innovation or development in the companies that have achieved it, and to investigate whether this tool actually elevates them above the colleagues present in the economic system.

To reach these conclusions, the thesis opens with the first chapter dedicated to the study of the literature concerning B Corps, from the birth of the movement to the global community that has developed over the years. Moreover, this section delves deeply into the certification process, to outline how to access the movement and understand what differentiates them from other certifications. Finally, it also takes into consideration the legal aspect, one of the most important achievements of the movement which culminated in the introduction of the legal form of Benefit Corporation.

The second chapter then shifts the focus on the Italian community and the approximately 115 B Corps that make up the movement in this area. Italy was the first country in the world outside the US to pass Benefit Corporation legislation, with the legal recognition of "*Società Benefit*". Hence, the study of the Italian community is significant for research both for the history that characterizes it and for its propagation.

After providing an overview of the movement's development in this country over the years, the analysis concentrates on the Veneto Region and the 13 Certified B Corporations that are based in this area. In this section, the study focuses on the propagation of certified companies in the region and on the main territories that have welcomed the movement, also paying attention to the structural composition that they demonstrate, comparing their size and sector to which they belong.

Following the introduction of the Italian movement, the third chapter introduces the case study of this research, namely the six companies in the province of Vicenza that have obtained the certification. This sample was subjected to an interview consisting of about ten questions and aimed at highlighting some significant aspects of their corporate mission and, in particular, the changes encountered following the recognition of B Corp.

Finally, the fourth and final chapter serves as a conclusion to the argument, summarizing the findings obtained from the companies' testimonies and answering the research's core question. This chapter attempts to outline the corporate profile of a B Corp that unifies the enterprises under consideration to establish a common thread that keeps them unified in the identity and orientation pursued. This introduction clarifies the evolution of these companies and explains what motivated them to adopt a hybrid nature that culminated in certification. To then get to the heart of the chapter and present the changes that the certification has stimulated both in the five thematic areas and in the mission and documenting any improvements or regressions over time. The investigation then culminates in a comparison between the innovation and development stimulated by these changes, to understand in what position the B Corp certification is placed and whether it can be used as a strategic tool for business activity.





## CHAPTER 1

### THE B CORP MOVEMENT. AN OVERVIEW OF THE PHENOMENON THAT PROMISES TO REMAKE CAPITALISM

#### 1.1 The need to remake capitalism. From Corporate Social Responsibility to B Corps

Business is one of the pillars of capitalist society. It can be used as a tool to benefit the few and harm the many, or it can prove to be a force that everyone can benefit from (Marquis, 2020). In recent years, the reputation of traditional capitalism has deteriorated. Corporations have been put at the centre of numerous criticisms regarding the lack of attention they invest in the environment and people's rights. Many companies, as a matter of fact, are accused of failing to take into account the harmful effects that their actions have on the environment, the CO2 emitted by their business, or the use of raw materials. Moreover, it often happens that these companies do not even consider the impact they have on society and people, from the populations who suffer the most from the pollution they produce, to the employees who do not enjoy fundamental rights. All these examples are the direct consequence of a business approach that only looks at the profit and the interests of stakeholders (Marquis, 2020). The legislation, albeit in a still slight form, has provided for minimum standards to be complied with, in order to protect these categories, and various corporations have worked to adapt their business activities towards greater attention to stakeholders (Di Cesare, Ezechieli, 2017). The business can lend itself to incredible improvements, but this involves revising the objectives of maximizing profit and distributing dividends to shareholders that have traditionally affected economic activities (Di Cesare, Ezechieli, 2017). As suggested by Porter and Kramer (2006), corporations and society need to be considered as two complementary entities that can benefit each other. For too long they have been distinguished and isolated, both by the business and by the society itself, but it is clear that the commonalities are worth noting and must be taken into consideration. Successful corporations need a healthy society and similarly, a healthy society requires successful businesses (Porter, Kramer, 2006). All actions aimed at the well-being of the community, workers, resources, and the climate also have positive consequences for the business itself, promoting growth and productivity. Adequate standards and regulations can protect both consumers and the business from a ruthless competition that results in the exploitation of people and the planet. A population that is doing well economically and in terms of health will be more prone to increase their demand for goods and services and consequently, these benefits to the business are then translated into concrete aid for society, such as the

increase of jobs and innovation that improves people's living conditions (Porter, Kramer, 2006). Nowadays, people, consumers, employees, and new generations demand much more from traditional corporations and expect them to move towards the needs of the 21<sup>st</sup> century. Business is a powerful instrument that can be exploited positively, but it is necessary to adopt appropriate regulations and focus on the interests of the categories that are generally not considered in traditional economic activities. It is clear this condition of business is not destined to last over time and that is why it is necessary to intervene to propose a concrete solution. However, as Di Cesare and Ezechieli (2017) have pointed out, the answer to business-related problems cannot be a radical approach that demolishes the concept of capitalism, without proposing a concrete alternative. In order to remake capitalism, it is necessary to start looking in the opposite direction to that usually adopted by the business. It is necessary to focus on different purposes and alternative solutions, starting from the essential need for reversing shareholders' primacy. Up to the use of new business models, including that proposed by the benefit movement which has already met with considerable success among companies interested in improving their way of carrying out economic activity: the B Corp movement.

*“Between the A of anticapitalism and the C of capitalism, there is the B of Benefit, an extraordinary and necessary path of evolution”* (Di Cesare, Ezechieli, 2017).

### **1.1.1 Reversing shareholders' primacy**

For a long time, the economic system, which affects the interests of the entire world every day, has focused on only one player in the game: the shareholders. Although this category represents only a small part of all stakeholders, it has historically been supported by leaders, businesses and even governments. This line of thinking, which embodies the *theory of shareholder primacy* (Hemphill, 2014), has built around itself a corporate culture that still affects the economy today. The maximization of profit and the well-being of shareholders are the cornerstone of this theory and for years have been the dominant principle in corporate management, concentrating the entire production activity and the entire decision-making process in this direction (Gazzola, 2018). Legislation has also traditionally sided in favor of maximizing profit and the interests of shareholders: in the case of disputes, the law has always supported the interests of the latter, at the expense of other categories. A milestone was in fact represented by the famous decision of the Michigan State Supreme Court, in the case "Dodge vs Ford". The ruling has indelibly marked the theory of shareholders' primacy in the USA, stating that: *“A business corporation is organized and carried on primarily for the profit of stockholders. The powers of the directors are to be employed for that end. The discretion of*

*directors is to be exercised in the choice of means to attain that end, and does not extend to a change in the end itself, to the reduction of profits, or the non-distribution of profits among stock-holders in order to devote them to other purposes.*” (Hemphill, 2014).

Freidman's theory also played its part in reinforcing the concept, helping to consolidate the theory of shareholders' primacy in corporate governance. The Nobel prize for economics Milton Friedman, in 1970 published an article that denounced corporate social responsibility as a potential danger for the company and a waste of shareholders' resources. Friedman believed that *“there is one and only one social responsibility of business – to use its resources and engage its activities designed to increase profits”* (Marquis, 2020). Clearly, this Friedman’s theory has conditioned many to follow his ideas, both in the US and around the world, especially those who could take advantage of it in exploiting people and the environment. The theory of shareholders' primacy still has solid foundations in the economy today and has influenced the concept of traditional capitalism that is linked to it.

Fifty years after Friedman's statement, nothing much has changed in the economic world (Marquis, 2020). Nowadays, many companies continue this unsustainable practice of wasting and exploiting environmental and social resources, and corporate culture is still linked to Friedman’s theory. To oppose this line of thinking, in 1984 Edward Freeman developed a new philosophy on corporate governance, opposite to the previous one, and focused on the well-being of stakeholders and for this reason named "the stakeholders' theory" (Stieb, 2009). The latter is the most significant criticism of the concept of shareholder supremacy, as it focuses on the introduction of stakeholders’ interests in corporate governance (Bosch-Baida, 2013). According to Freeman, the stakeholder theory must gather two fundamental aspects: (1) the redistribution of benefits to stakeholders and (2) the redistribution of important decision-making power to stakeholders (Stieb, 2008). With these two conditions, the author intended to stress the idea of revolutionizing the classic concept of managerial capitalism by moving beyond the belief that the company has obligations only towards the shareholders. To revolutionize the company, it is necessary to ask a fundamental question at the base *“for whose benefit and at whose expense should the firm be managed”* (Stieb, 2008). In following these ideas, the business increases the power of stakeholders, which owns weight in the decision-making process to direct the company's actions towards the interests of their category. According to this theory, in order to last over time, companies must get rid of the short-sightedness of the traditional concept of capitalism that considers profits as the only business objective and focus more on the benefits that the company can bring to society (Bosch-Baida, 2013). The stakeholder category includes all groups that are directly affected by business

activity, such as employees, customers, suppliers, creditors, distributors, the media, non-governmental organizations, and even shareholders (Hemphill, 2014). With this business approach, the interests of shareholders are not completely excluded. These two categories must be well balanced and united in pursuit of the common goal of creating public benefit.

### **1.1.2 The Corporate Social Responsibility**

A concrete application of this theory in business was achieved with the introduction of corporate social responsibility that firmly opposes the principles of shareholders' primacy and takes into account the ethical impact of business actions (Grechi, 2019). With the emergence of Freeman's theory and the consequent application in CSR as a fundamental part of the company, a new chapter of the business of the 21st century opens.

The concept of CRS is an evolution of corporate governance, which has traditionally dominated the business world and has received considerable support among modern companies (Crane, 2008), becoming a real competitive advantage (Bosch-Baida, 2013). In contrast to what happened traditionally, with this new business approach the decision-making process is linked to the needs of the stakeholders and the creation of value through company performances (Bosch-Baida, 2013).

As pointed out by Crane (2013), there is no clear definition of CSR. The literature proposes hundreds of different ideas of the same concept, but it is still possible to identify its fundamental characteristics. They are mentioned by Crane (2013) and enclosed in six fundamental characteristics that business practices must show to be associated with the CSR concept:

#### **1. VOLUNTARINESS**

The first aspect must concern the voluntary nature of corporate action, undertaken independently by going beyond those imposed by law.

#### **2. INTERNATIONALIZATION OF EXTERNALITIES**

Generally, the success of the business activity is not determined by the effects it has on stakeholders, but only by profit. If the cost of externalities were taken into account, many successful businesses would not have top positions (Marquis, 2020).

Instead, in the case of CSR, the company considers the externalities of its business behavior in the decision-making process (Crane, 2013). These externalities may relate to the effects on people and their fundamental rights, the generation of CO<sub>2</sub> emissions or the use of natural resources, the pollution of the air and the environment that is born by neighbouring populations. In the absence of legislation, CSR is a voluntary business strategy that takes these externalities into account when making decisions.

### 3. ORIENTATION TOWARDS STAKEHOLDERS

One of the most important characteristics of CSR is the orientation of performance towards stakeholders (Crane, 2013). By adopting this new business model, the company activity goes from being shareholder-centric to stakeholder-centric.

### 4. ALIGNMENT OF SOCIAL AND ECONOMIC RESPONSIBILITIES

By adopting CSR, the company is not limited in the generation of profits. The company remains profit-driven but also integrates the public benefit into its mission (Crane, 2013). With CSR, the objective of generating profits and the objective of public benefit run on two parallel layers but are not mutually exclusive.

### 5. PRACTICES AND VALUES

Another element of distinction of the performances undertaken by a company that incorporates the CSR concerns the public benefit they must achieve. The philosophy and values underlying CSR impose the pursuit of actions to address social problems (Crane, 2013).

### 6. BEYOND PHILANTHROPY

The CSR is based on concrete actions, going beyond traditional charity activities. The fundamental concept is based on the corporate revolution towards a sustainable business that can benefit all the stakeholders involved and not a mere philanthropic action (Crane, 2013).

From these core practices that make up the definition of CSR, it is possible to identify the key points, useful to make the business a positive tool and to reverse shareholders' primacy.

The wide variety of definitions that are gathered into the concept of CSR, derives from the fact that it has no limitations in terms of application. It can be applied to any sector of the modern economy, from the private to the third sector (Crane, 2013), and any business dimension (Gazzola, 2018), only binding the company to the pursuit of common welfare as well as profit. This vast applicability has led every business activity to make it a personal application, Porter and Kramer (2006) highlight the importance of considering the company and society as two complementary and interdependent entities that can benefit from each other. The decision-making process must therefore focus on the creation of shared value for both entities and must integrate their interests into the corporate principles. Only with this approach, CSR serves its intended aim of benefiting stakeholders and providing a competitive advantage to the business. (Porter, Kramer, 2006).

However, revolutionizing the business in this direction requires costs and sacrifices that many

companies that are not sensitive to stakeholders are not required to bear (Gazzola, 2018). Investing in CSR involves an initial decrease in profit, motivated by environmental and social welfare objectives (Bosch-Baida, 2013). Companies that integrate CSR into their business model might beat higher labour costs or may find themselves revolutionizing the priority product or service because it does not comply with the corporate mission (Gazzola, 2018).

Through this practice, the company undertakes to modify its organizational and decision-making activities and to implement strategic changes to corporate governance (Porter, Kramer, 2006). After having set clear benefit objectives to be achieved, the company must also commit to publishing the annual activities that have been implemented throughout the year.

Despite some initial difficulties, however, many remarkable benefits can be gained from this procedure. In addition to the clear benefit for stakeholders and the environment, the company can benefit from it as well: CSR, when used appropriately, can be a source of opportunity and even a competitive advantage for the company (Porter, Kramer, 2006). Organizations that integrate ethical aspects into their business model often have positive results also in finding qualified human capital and can obtain incentives to innovate (Gazzola, 2018). In fact, many organizations applying CSR state that they are facilitated to find, motivate and retain qualified personnel within the company, but they especially benefit from the fact that they can attract new customers attentive to the impact of the product they purchase (Sprinkle, 2010).

### **1.1.3 Beyond CSR**

As mentioned above, CSR identifies a potential solution for reshaping traditional capitalism and putting it in need of society. Recently, however, several criticisms have emerged towards this tool, highlighting its weaknesses and its inability to improve the conditions of the business on its own. Although CSR is a very effective tool when used accurately, over the years this has not always been used correctly. Consequently, the results have not always been remarkable and a series of complaints have emerged towards the companies that, behind the CSR, have hidden a business that neglects the needs of society and an unsustainable behaviour.

Porter and Kramer (2006) acknowledge that the origin of this practice could be traced to its lack of effectiveness caused by the fact that the CSR has spread widely and rapidly among companies only when they have been hit by a wave of consumer boycotts for some practices deemed unsustainable and unacceptable. Many successful companies felt this wave and had to revolutionize certain aspects in order not to lose a large share of clients. Hence, this only translated into public relations and social campaigns aimed at saving their reputation and increase their credibility (Porter, Kramer, 2006), instead of applying concrete strategic and

operational measures. In addition to highly successful companies, even those that carry the reputation of having a severe impact on the environment have been led to include CSR in their business model, as a form of insurance to protect the corporate reputation. Customer-oriented companies, likewise, have used the tool only to attract new consumers, resulting only in marketing actions that declare the company's environmental concern, while hiding the actual practices (Porter, Kramer, 2006). These three examples fall into the so-called *greenwashing* phenomenon which consists in the misleading of customers regarding environmental and social practices pursued by the company, or the benefits that a product or service can have on the environment (Delmas, 2011). The common thread used by companies that use this practice is the use of two generally associated behaviours: poor attention to the environment and people, associated with a great communication action to put the spotlight on low-level “green” actions (Delmas, 2011). With this misleading method, the corporation may obtain a variety of benefits, including an increase in the number of sensitive clients, an increase in the credibility of products and services, which will improve its reputation, and an increase in earnings. Owing to greenwashing, all the benefits that could derive from the business that integrates CSR, are translated only in words and not in deeds.

Currently, this practice is widespread due to an absence of regulation in this regard (Delmas, 2011), and adequate punishments towards these corporate strategies are still not required by law to protect customers. As a consequence of these behaviours, the practice has lost value and credibility. Its main weaknesses concern the lack of appropriate regulations and concrete assessment tools capable of determining the effective sustainability of action and distinguish it from one that is only apparently “green” (Nigri, 2020). Despite the fact that CSR is potentially an effective tool, in recent years it has not brought any concrete results.

To evolve the business towards sustainable development, it is necessary to proceed with the creation of clear environmental standards, accepted and shared by all companies willing to integrate sustainable actions into their business model, and supported by evaluation tools and legislation built ad hoc to respect the fundamental mission. Even though the process appears to be long and complex, a solution can be offered by the B Corp movement which encompasses all the previous characteristics and applies them concretely in a sustainable business.

## **1.2 The B Corp Movement. An overview of the phenomenon**

In recent years, the business world has witnessed the birth of a new economic movement whose goal was to create a new and more advanced business paradigm that could transform the economic activity into a regenerating force for society and the environment (Di Cesare,

Ezechieli, 2017). This movement takes the name of B Corp movement, born in the United States in 2007, from the idea of three partners determined to find a solution to conventional business and improve it into a new regenerative force for the surrounding factors that are exploited by corporations. Traditionally, the economic world has always sided with the shareholders, putting their interests at the centre of the business, at the expenses of all the other players involved. With this new business philosophy, these factors become the heart of the company, reversing the traditional shareholders' primacy into a new stakeholders' primacy.

On the basis of this project, the three founders of the movement, Gilbert, Houlahan, and Kassoy, in 2006 founded B Lab, a non-profit organization that could provide clear standards for companies willing to join the community, legislation, and a guide to follow. These virtuous companies, committed to embrace this philosophy and change their business, are the B Corps. B Corps stands for B Corporations, enterprises of any type and size, belonging to any sector, but united by the desire to promote change for traditional business, creating benefits for people and the environment.

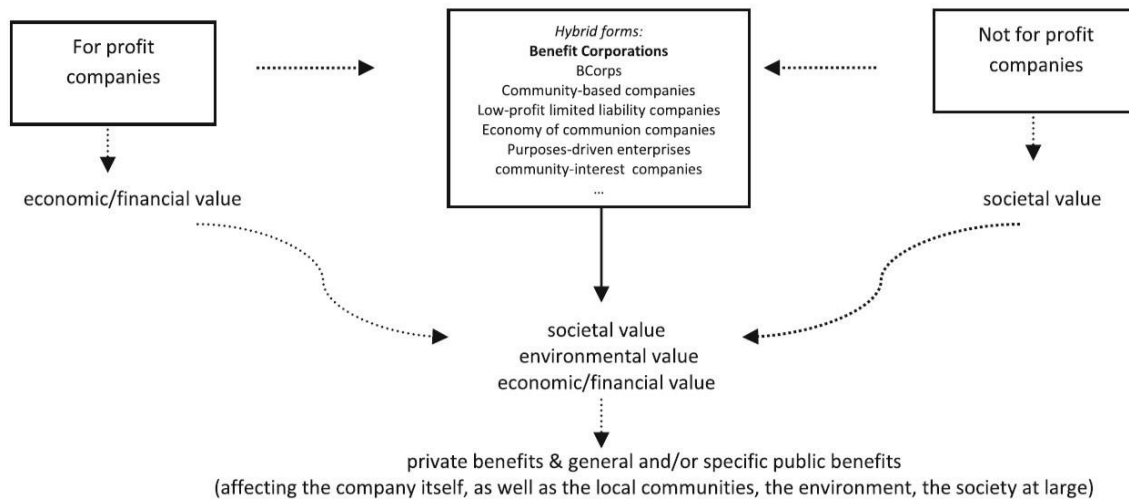
However, B Corps are not to be confused with non-profit organizations that put themselves at the disposal of the community to meet needs that institutions and the public sector alone cannot satisfy. B Corps represent an alternative for both the non-profit and for-profit sectors, combining them together in an innovative business model (Del Baldo, 2019): that of hybrid companies. These companies integrate profit objectives with the purpose they pursue, but it would be reductive to call them only "for-profit" because their primary objective remains to be "benefit", seeking to balance profits with the needs of all the other stakeholders (Di Cesare, Ezechieli, 2017). The B movement recognizes that the non-profit sector has great flexibility in addressing social and environmental problems, but it is constrained in generating profits, and fundraisers and donations may not be enough to address the problems associated with the business (Marquis, 2020). For this reason, B Corps were meant to make the most of the power of business, under the corporation form (Kimbell, 2013), and profits remain the means to address these problems (Stubbs, 2016). By virtue of the fact that the traditional idea of capitalism as we have been knowing for the last century is no longer sustainable and needs to be refined (Marquis, 2020), many scholars have expressed their support in the development of a new business model that moves beyond the traditional perception of the economy, towards one more evolved concept integrating sustainability in every action and every decision made by companies (Del Baldo, 2019). This solution can be offered by B Corps, because they are committed to sharing a new form of business destined to become the best for the world, incorporating principles of environmental sustainability and respect for people to the need of



creating income. Considering that they maintain the for-profit form, they could become a great example and positively influence many other companies that intend to follow the same path, without confining the creation of public benefits only to the non-profit world.

“Non-profits, as wonderful as they are, they are not the best solution for this kind of enterprise”, as stated by one of the three co-founders Jay Coen Gilbert, because they limit profit distribution which is important to attract capital (Del Baldo, 2019).

Figure 1: The dynamic balance between economic and social value.



Source: Del Baldo, Mara. «Acting as a benefit corporation and a B Corp to responsibly pursue private and public benefits. The case of Paradisi Srl (Italy)» *International Journal of Corporate Social Responsibility*, 2019: 4:4.

The values and ideals that characterize the B Corps are gathered in three fundamental principles:

- Legal accountability
- Public transparency
- Balance between profit and purpose

The combination of these three fundamental factors, in addition to the strict controls to which B Corps are subjected, enables the community to build trust and value both among competitors and customers who are increasingly attentive to the environmental impact of the product they purchase. Consumers today, and particularly the new generations, are interested in buying goods and services from virtuous companies that do not only place profits at the core of their choices but consider also the importance of the benefits generated by their actions (Marquis, 2020). Since the financial crisis of 2008, corporations have in fact been deeply criticized for their unmindful behaviour towards society, so much that they were portrayed as a "threat to human survival" (Hiller, 2013).

In case of B Corps, the assurance for the consumer is granted by compliance with the principle of transparency and accountability that these companies undertake to follow (Marquis, 2020).

The B Corp logo should reflect the high quality and great work that hides behind the product or the service offered by these activities, unlike many other businesses that display sustainability logos and messages to hide the truth. The consumer should be careful about what he buys, paying attention not only to the words displayed but also to the facts behind a product. One among all is the transparency of the company's actions, which are often hidden behind marketing, in the case of greenwashing. For this purpose, the certification serves to distinguish a good business from good marketing (Marquis, 2020) and guarantees consumer compliance with high standards that are always communicated in a transparent way on their goods or through their channels.

In this regard, it should be stated that the B Corp movement offers inclusive solutions suitable to accommodate any type of enterprise, not to transform all companies into B Corps, but to provide to any business clear and accurate assessment tools and standards of measurement of their impact. The fundamental objective of the movement is to allow companies to become aware of their performances' outcomes on society and the environment and share them transparently, in the same way as their financial results. (Di Cesare, Ezechieli, 2017).

### **1.2.1 The birth of B Lab: from AND 1 to B Corp**

The B Corp movement was born in 2007, in Pennsylvania, with the certification of the first corporation that decided to embrace the philosophy proposed by B Lab.

The birth of B Lab is to be attributed to the work of three friends with a very innovative vision towards the business, Jay Coen Gilbert, Bart Houlahan, and Andrew Kassoy. These three partners, after leaving their respective jobs in business and private equity, wondered what more they could do to improve the existing economy and in 2006 founded B Lab, a non-profit organization created to offer sustainable business ideas and to guide a movement of companies that wanted to use business as a force for good (Honeyman, 2019).

Before becoming co-founders of B Lab, Gilbert and Houlahan, between 1993 and 2001, experienced distinct success with their basketball shoe and apparel company, named AND 1. The company reached considerable results and in less than ten years grew to more than \$250 million in U.S. revenues, becoming the second most important shoe brand in the United States (Honeyman, 2019).

Within the company, the two colleagues were in charge of the most important positions: Houlahan served as CFO and then president of AND 1, while Gilbert was the head of product and marketing and then CEO, and due to their longtime friendship, they built a strong bond that then managed to transmit within the company as well, determining part of its success (Marquis

2020). With AND 1, Gilbert and Houlahan were already developing some traits of business that would later become the foundations of the B Corp movement. They wanted to create a stimulating work environment where people enjoyed working and develop a productive activity that took into consideration the needs of the community. The employees were proud to work in their company because this mentality of pursuing actions to benefit all the stakeholders connected to the company was unusual at the time. AND 1 was very involved in the well-being of the local stakeholders. Every year they donated 5% of their revenues to various non-profit organizations that helped the community, especially the education of teenagers, who represented a significant slice of their key consumers (Marquis, 2020). The mission of the company had no geographical boundaries: it focused on the implementation of the code of conduct also for foreign suppliers to ensure fair working conditions and professional development (Honeyman, 2017). Even though AND 1 was not born with the specific intent to benefit society, the founders created one footwear company that was more socially responsible than many other competitors on the market. This decision to do good and create public benefits was not connected to increasing brand credibility or to attracting new consumers, being them mostly unconscious teenagers, (Marquis, 2020) but was born after a traumatic event experienced by one of the co-founders that made him wonder what he could do more in life (Marquis, 2020). Gilbert's life and the business itself have been forever marked by the tragic event. This marked a starting point to do more and do better, both in their personal lives and in their economic activities (Marquis, 2020). After that moment, the mere business activity was no longer enough and this step towards a more advanced business concept would forever mark the philosophy of the two entrepreneurs.

Unfortunately, in 2005 AND 1 faced some crucial challenges that ultimately led to the deterioration of the company. The competition faced with the biggest shoe companies of the world was unsustainable and forced the two partners to take outside investments (Marquis 2020), but this eventually forced them to put the company up for sale.

Despite the failure of AND 1, Houlahan and Gilbert were not ready to give up on their idea of doing more. They were determined to create a solution for all those businesses that wanted to do more than merely generate profits. The two partners along with Andrew Kassoy, their long-time friend who worked in Wall Street as a private equity investor, challenged themselves to create a new company that could do good for the people and that could be an example for other businesses (Honeyman, 2019).

The first idea that emerged from the trio was directed at creating a new company that could embrace the values that characterized the previous economic activity of the two entrepreneurs.

Unfortunately, Whatever size and success this company achieved, it will never be able to address business problems on its own, nor will it inspire a wave of other businesses to follow in its footsteps (Marquis, 2020). They intended to make a difference by developing a solution that could be used by more than one enterprise at the same time to benefit the economy on a large scale (Honeyman, 2019).

To that end, they gathered the information and experiences of entrepreneurs, leaders, and investors and combined them with the business philosophy they wanted to create. What emerged from the survey were three key elements the trio could work on to offer long-term solutions to all companies willing to follow their lead. Marquis (2020) summarizes them in three aspects:

- provide clear standards to give accurate information to consumers, investors, and decision-makers about the product or service they should purchase. These standards were necessary to distinguish a good business from good marketing.
- provide a legal framework to ensure stability to these companies. Legal protection could help them adopt a long-term corporate mission, granting security and freedom of action to the business.
- create a community in which these companies could feel part of and through which to share their voices.

Eventually, the best solution that emerged from the testimonies turned out to be to establish a non-profit organization that could guide and inspire companies sharing the same values and principles. Hence, B Lab was founded in 2006 and immediately began working with various businesses, investors, and attorneys to draft legal requirements and performance standards to follow that eventually became the starting point of the B Corp movement (Honeyman, 2019). The first aspect they worked on was the accomplishment of a mission statement made up of 10 commitments, inspired by the US Declaration of Independence (Marquis, 2020). This document is The Declaration of Interdependence that must be signed by any company wishing to obtain the B Corp certification, to acknowledge what being part of this movement. It has no legal validity, but it creates a sense of belonging in the community and guides the business towards values and principles to follow (Marquis, 2020).

In 2007, after only one year from the birth of B Lab, the first corporation obtained the B Corp certification and since then, the B Corp movement immediately started to grow, bringing 82 companies to achieve the certification only in the first year (Marquis, 2020). To date, a

geographical expansion occurred for the B Corp movement, counting over 3,500 certified B Corporations located in more than 70 countries (B Lab). The main strength of this community lies in the fact that it gathers under the B Corp Certification any type of business, of any size and that these are driven to work together in a positive competition, unlike any other certification (Marquis, 2020).

The foundation of B Lab was based on the idea that one day, all these Certified B Corporations could be the pioneers of a global movement where companies would compete to be the best for the planet (Ronco, 2018).

The essence upon which B Lab based its work can be described by three main objectives reported by Ronco (2018):

- To create a global community of Certified B Corporations, willing to base their whole business activity upon accountability and transparency principles, respecting the environment and the society.
- To improve the Mission Alignment (the alignment between the values pursued and achieved with the objectives the company actually gained) in more innovative businesses, in order to bring the economy closer to society's needs.
- To encourage a large number of companies to use the tools B Lab put at the disposal of every business activity conscientious of their social impact, with the ambition to evaluate and reduce their negative impact.

The first 100 Certified B Corporations, under the guide of B Lab, were also protagonists of the process that brought B Corps to be legally recognized. This new legal structure took the name of Benefit Corporation and was firstly introduced in 2010 in the state of Maryland, in the United States (Di Cesare, Ezechieli, 2017).

### **1.2.2 The B Corp Certification**

The B Corps voluntarily submit to precise standards that attest their attention to the categories of stakeholders and demonstrate this through the achievement of the homonymous certification. This commits the company to adapt its mission to the principles imposed by B Lab and to evaluate them through the appropriate procedure. Unlike other certifications that evaluate only one aspect of the company, such as the product, service, or production methods, the B Corp certification takes into consideration the company as a whole. The evaluation areas concern both internal and external stakeholders, from the internal structure and relations with workers to performances directed to local communities and attention to natural resources. Therefore, the

effects of these performances must fulfil in the impact areas of Governance, Workers, Community, Environment, and Customers (Honeyan, 2019). The last category is the most recent area of evaluation and, for this reason, it still includes few questions on which to focus the investigation. Instead, the first four categories are then classified into other sub-categories which include questions on transparency and accountability, workers' compensation and working conditions that they can find in the workplace, the enhancement of the territory and the community, as well as questions relating to the product, resource use and waste disposal (Hiller, 2013).

To complete the process and obtain certification, every company willing to enter the B Corps community must answer these questions and submit its performances to an evaluation tool called B Impact Assessment. The B Certifications is bound to a minimum score of 80 points out of 200 that the company must prove before being admitted.

The BIA represents the heart of the process and is the instrument that enables the company to transform the idea of using business as a positive force into real and concrete actions (Honeyman, 2019). It is an online and free platform made available by B Lab for all companies wishing to obtain certification and for all those businesses attentive to their impact on people and the environment who want to assess their performances. Through the platform, any company can self-evaluate its outputs and benchmark them against the results obtained by B Corps from all over the world, thus stimulating continuous improvement in the most critical sectors. The tool is constantly improving, touching more and more issues, and keeping up to date. On this purpose, B Lab releases an updated version of the BIA every two years (Marquis, 2020). Moreover, to avoid any conflicts of interest arising from the payment of the certification fees, and to maintain the BIA a valid judgement tool, B Lab established an Independent Standard Advisory Council that is in charge of its management (Marquis, 2020).

Nowadays, more than 40,000 companies belonging to 130 different sectors use the BIA to evaluate their activities and to measure their value (Honeyman, 2016), but only a limited portion of them then complete the procedure and join the B Corp community. The BIA was designed to be inclusive and fit any type of business, *“including manufactures, retailers, agriculture and service companies; businesses of varying size and structure, from sole proprietorship to multinational corporations; and companies from both developed and emerging markets”*. The only limitations imposed by B Lab concern the non-profit sector: non-profit companies and government organizations cannot obtain certification (Honeyman, 2019).

Once the BIA has been completed and the score has been confirmed by the B Lab team, the

company can finally display the certification logo on its products or services and can officially join the community. To finalize the process, each company is required to sign the Declaration of Interdependence, a document incorporating all the principles and values of the movement (Honeyman, 2019). It is a sort of declaration of intent in which the company undertakes to create a network with other certified companies. The aim of this document is to build a solid foundation for the community, to achieve added value and therefore a competitive advantage for all B Corp (Ronco, 2018).

The certification lasts for three years, at the end of which the B Corp is again subjected to the BIA and the evaluation process (Honeyman, 2019). In this way, B Lab assesses whether the company has achieved the main objectives of the mission, legal accountability, and public transparency and whether further improvements have also occurred. To strengthen these controls, the B Lab evaluation team also carries out sample surveys among certified companies during the three-year duration of the certification.

Another significant aspect that distinguishes this unique certification from the others on the market is that B Corp is not a point of arrival, but a starting point for the organization. B Corp Certification does not only prove where the company is excelling at the present, it also builds a solid foundation for a long-term commitment. Once the recognition from B Lab has been received, the company is expected to adopt strict legal requirements that commit it to respect all the stakeholders involved. The company's legal requirements to adapt may vary depending on the business type and size, but they are united by the fact that they are necessary to protect the interests of people, communities, the territory, and the environment even in the long term. These legal recognitions also vary from country to country, depending on the legal system in which the company is located. The B Corp, to comply with the legal requirements, will have to adopt the legal form of the benefit corporation, in the countries that recognize this legal status. If the latter is not yet accepted in the legal system, it will be sufficient to modify the governing documents ([bcorporation.eu/certification](http://bcorporation.eu/certification)).

When the company becomes part of the community it will come into contact with many other different B Corp, coming from all over the world and united by the sharing of the same ideals and the same aspirations. Nowadays, the majority of B Corp are small and medium-sized enterprises, made up of about 70 people. Recently, however, the movement has also attracted several multinational corporations such as Danone, Unilever, ENEL, who have seen in B Corp a potential solution to the problems that afflict the business today (Di Cesare, Ezechieli, 2017). Working and exchanging experiences in a heterogeneous environment is very positive and

stimulating towards continuous improvement. The B Corp certification should therefore not be viewed as an endpoint for a company that wants to have a better impact on the world, but as a starting point from which to learn and innovate in order to meet the needs of all stakeholders and not just those of shareholders.

### **1.2.3 The B Corp community**

Since the certification of the first B Corp, the movement quickly enlarged, gathering companies from all over the world. The phenomenon born in the United States in 2007 has been well welcomed in its country of birth. Only in the first year, 82 companies attentive to their environmental and social impact embraced the movement to become a better business than the majority of their peers (Marquis, 2020). Following the lead of some activist companies, many other US businesses have followed the same path and achieved the certification, expanding the American B Corp community into the largest in the world. To date, the USA hosts a third of the world's B Corps, counting approximately 1320 certified companies and rating as the country where the movement has achieved greater support.

However, the expansion was not limited to North America. To succeed and improve the existing way of doing business, B Lab was aware that the movement had to expand beyond the US borders (Honeyman, 2019). It is noteworthy to state that most of the B Corps today are based outside the country of origin of this unique certification (Marquis, 2020). To ensure that this expansion took hold, and that the community could build solid roots also in other countries, B Lab needed to carry out careful adaptation work. It was necessary to break down language barriers and prepare tools that could fit in many countries, such as the BIA (Marquis, 2020), and it was also fundamental to build a network of collaborators who could take the place of B Lab in their respective countries: the so-called country partners. These partnerships allowed B Lab offices to be hosted in Australia and New Zealand, in Canada, in the UK, in Taiwan, in Europe, East Africa, Hong Kong, China, Korea, and in South America, with a special delegation called Sistema B (Honeyman, 2019).

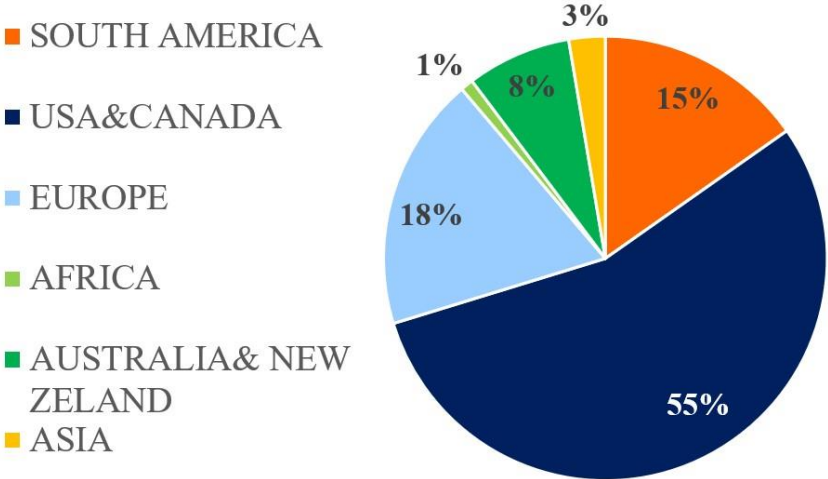
The diffusion of the B Corp model all over the world has followed the same procedure as in the USA. Some virtuous companies have become leaders of the movement in their own national territory and have encouraged other businesses to follow their example (Marquis, 2020). The outcome was definitely positive. With this expansion method, each country has been able to develop its own idea of business improvement, proposed on the basis of their respective needs and cultures (Marquis, 2020), while respecting the standards of B Lab. In so doing, the B Corp movement has become global, spreading to South America, Europe, UK, Australia, and recently



also to Asia (Marquis, 2020), counting today a community of almost 3800 companies, located in 74 countries (bcorporation.net).

The following graph (Fig. 2) is presented to better clarify the distribution of B Corps in the world. The ultimate aim of presenting the whole sample is linked to the analysis of the distribution of the phenomenon and how this has been accepted by countries since the first certified B Corp.

Figure 2: Global distribution of B Corps



Source: personal processing. Data taken from data.world "B Corp Impact Data", dataset created by B Lab in 2017, last update: 2020.

It is clear that North America, including the United States and Canada, is the leader of the movement, accounting for 55% of the total. Europe shows the second largest number of B Corp, with 18%, including also the UK which alone records 7%, while South America is the third country with 15%. Oceania also records a good diffusion of B Corps, with 8% of the total. Currently, the least likely countries to host this new business paradigm seem to be mainly Africa and Asia, accounting for only 4% of worldwide B Corps. Although the presence of these companies is still reduced in these two territories, a good response has already been obtained from some companies from Taiwan, East Africa, Hong Kong, China, Korea, which between 2015 and 2018, contributed to the spread of the offices of B Lab in their respective territories (Honeyman, 2019).

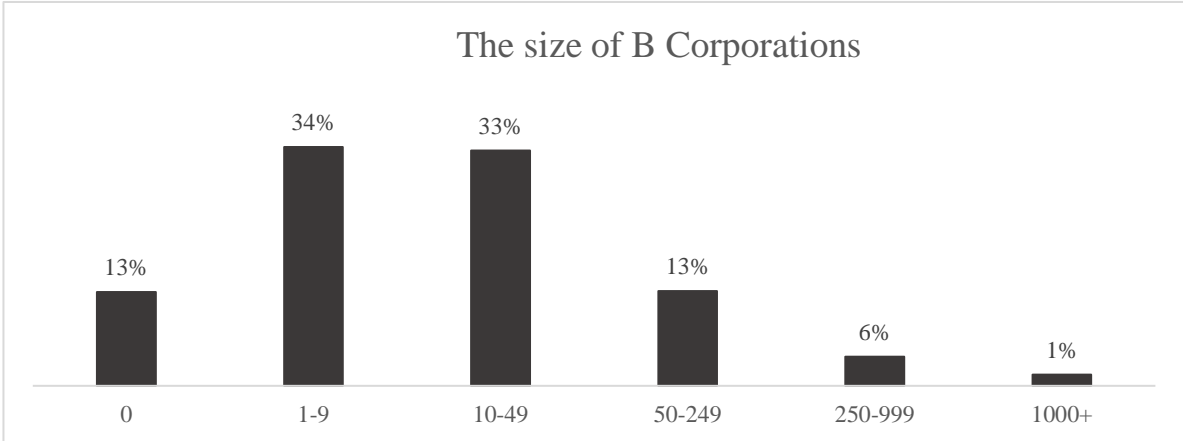
Taking into consideration the European continent, the countries where the community has spread are in total 21, currently counting almost 900 Certified B Corporations. Among these, it is worth mentioning the UK, which hosts (to date, February 2021) the largest number of B Corp in Europe, with a total of 350 certified companies. France is the second country, with 116 B Corps, followed by Italy with 113, Spain with 55 and Switzerland with 47

(bcorporation.eu/directory). As the world's second geographical area for the spread of the movement, the European continent proves to be very attentive to this new form of sustainable business.

However, the first country that helped B Lab in spreading the community in Europe was Italy. The Italian company, named Nativa, was the first in Europe to achieve the certification and to become the first European partner of B Lab. The two co-founders were the first propagandists of the community in their country and thanks to their commitment, Italy was the second country, after the United States, where the legal form of benefit corporation was recognized (Honeyman, 2019). The community is constantly expanding and is destined to grow rapidly also in the future: "scaling up with integrity", as mentioned by one of three co-founders of B Lab (Di Cesare, Ezechieli, 2017). The goal of the community is, in fact, to build solid foundations and strong examples to follow, to attract the attention of more and more companies, without however loosening controls and reducing the strength of certification (Di Cesare, Ezechieli, 2017). In 2020, despite the considerable difficulties that each company had to face, there were almost 600 new certified B Corps. From the beginning of the year to today (February 2021), almost 40 companies have already achieved the same result (bcorporation.eu/directory).

The community is very heterogeneous, including both small companies and recently also some multinationals. The great majority, however, are small businesses with between 1 and 50 employees: 67% of the global B Corps is part of this category.

Figure 3: The size of B Corps



Source: personal processing. Data taken from data.world "B Corp Impact Data", dataset created by B Lab in 2017, last update: 2020

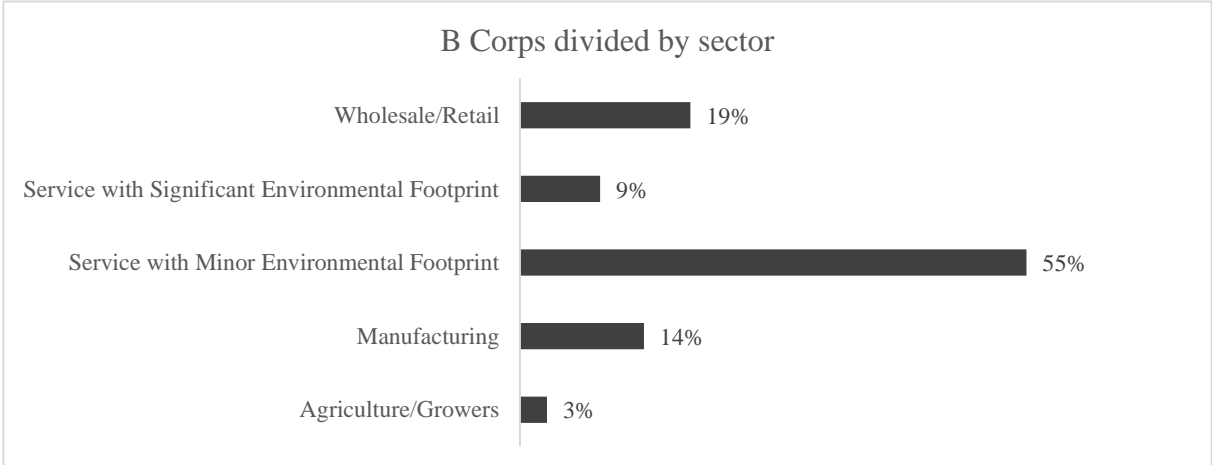
A considerable number of certified companies (13% of the total) belong to the medium-sized group and only 6% is made up of companies with a number of employees between 250 and 1000. The largest corporation in the community, worth mentioning in this classification, is the

Brazilian company called Natura that boasts 10,000 employees.

The remaining B Corps, which make up 13%, declare that they have no employees.

As regards the sector to which companies belong, the B Corp Certification does not impose any restrictions for participation. The community is heterogeneous also in this aspect, including very different fields and specializations.

Figure 4: B Corps divided by sector



Source: personal processing. Data taken from data.world "B Corp Impact Data", dataset created by B Lab in 2017, last update: 2020

Half of the B Corps (53% of the total) belongs to services sector with a minor environmental footprint, followed by the wholesale and retail sector and manufacturing sector, comprising 19% and 14%, respectively. The minority, on the other hand, is divided between services with a significant environmental footprint, which concerns 9% of the total of B Corps, and agriculture with 3%. Among these, the most widespread industry in the community is Food and Beverage, which alone accounts for 12.3% of the total number of companies belonging to the movement. In addition to the previous category, other industries which are widely spread among the community should also be mentioned. They are the apparel and footwear activity, education and training services, home and personal care, IT software, marketing, and communication.

**1.2.4 Reasons to join the B Corp Movement**

Being part of the global community is one of the main advantages of a B Corp and one of its greatest strengths. A business alone cannot make a difference, but together with the strength of thousands of companies, it can achieve great results. By becoming part of the community, the business comes into contact with virtuous leaders, businesses from all over the world, and people committed to redesign the economic system. The environment is very stimulating and allows to develop solid relationships, collaborations, exchange of ideas, between all the actors

involved (Honeyman, 2019). B Corps often have access to know-how and innovative tools shared among the community that they can use in their own business to stay on top (Di Cesare, Ezechieli, 2017). Many companies declare that thanks to the B Impact Assessment, they have been able to accurately measure the effects of their performances and compare them to thousands of other outcomes, to be conscious about the future objectives on which to intervene to improve the most critical aspects. Being part of a community encourages every company to confront its peers and stimulates continuous improvement of the business activity (Honeyman, 2019).

However, the advantages for the B Corps do not stop only in the strength of the community, but also extend to the economic sphere. Business relationships are often established between colleagues to encourage the growth of the movement and its credibility while at the same time obtaining products and services at advantageous prices (Honeyman, 2019). Investors and consumers are often willing to spend their resources in B Corps as well, not only due to the level of trust achieved with the certification or as a result of the high credibility, but above all for what the certification itself embodies. People, and in this case companies with purpose, don't buy what the company produces but they purchase the essence and the reason that hides behind the good (Sinnek, 2019), and the B Corp certification is the mirror of how the company operates and why it does it that way (Honeyman, 2019).

Nowadays, people are more and more careful about what they buy and want to invest their resources in companies that look beyond just profit. The certification, which is protected by rigorous standards and various controls, serves the company to establish a relationship of trust with consumers and investors because it identifies why it is conducting its business and how it is doing it. (Honeyman, 2019). This trust is also shared among millennials and the various talents who often choose B Corps to undertake their career path (Marquis, 2020). They seek a solid link with the purpose of a company and the social value it intends to achieve and often find it in these companies that are committed to improving their impact on people and the environment (Marquis, 2020).

The entrepreneur itself benefits from this situation because the certification attracts talents and stimulates a lasting relationship between them and the company (Di Cesare, Ezechieli, 2017). Entrepreneurs no longer have to worry about finding qualified personnel, because they spontaneously show up at their door, as reported by Tiffany Jana, the co-author of "The B Corp Handbook".

The advantages for the members of the community are also associated with the fact that they easily attract the attention of the media, which often find themes of discussion in the B Corp

movement. The power of the media can be exploited by sharing its mission and amplifying the voice of all the colleagues who are committed to transforming the business into a force for good (Honeyman, 2019).

To achieve this final goal, the movement had to well protect itself and ensure long-term stability. Finally, the last advantage of being a B Corp is linked to the mission of the company which cannot be easily changed in the case of corporate upheavals that could endanger it. One of the essential requirements that companies must meet to join the movement concerns the legal aspect. Through this bureaucratic step, the B Corp mission becomes part of the company's DNA, protecting it from any changes in leadership, generational changes or new acquisitions that could alter its activity (Honeyman, 2019).

### **1.3 Stages of the certification**

Unlike any other certifications used in the professional field, the B Corp Certification distinguishes in that it is not only linked to a product, a production process, or the method in which they are carried out. B Corp is a recognition that covers all facets of the business. It analyses both the effect on internal stakeholders, such as workers, and on external stakeholders, including suppliers and the community. It also examines how the business impacts the environment and what measures it takes to reduce this impact. It is possible to state that the B Corp Certification focuses on a much broader aspect than a simple certification. That is, how and to what degree the business generates shared value and how it plans to pursue it after the eventual certification achievement.

The fundamental characteristic that differentiates this acknowledgment is that it does not only guarantee the company a certificate of merit but enables it to become part of a network of organizations that share the same values and the same goals.

Being of much broader views than other certifications, the attestation process starts with a verification of the company's performances, covering five thematic areas and a transparency questionnaire. The first verification phase must guarantee that the organization meets the performance requirements and concludes with a further review of the findings collected, conducted by a third party hired by B Lab. In case of a positive outcome, the company must also meet the legal requirements and finally sign the Declaration of Interdependence. After paying the annual fees and signing the B Corp Agreement, the company can display the B Corp logo on its products or services, having finally joined the network (Honeyman, 2019).

### **1.3.1 Meet the performance requirements through the BIA**

As already stated, B Lab is the entity responsible for the assignment of the B Certification, ensuring that businesses follow the stringent criteria and high standards required to obtain the status of B Corp. The tool invented by the no-profit organization, necessary to conduct this evaluation, is the Benefit Impact Assessment, which is the heart of the certification process. The entire process in fact revolves around this tool since it consists of evaluating the performances of the companies under analysis and of certifying the actual possibility to obtain the B Corp acknowledgment.

The BIA is a free and easy-to-use online platform (Honeyman, 2019) that is also made available to companies that focus on maximizing their effect on the stakeholders and the environment. For this reason, it is considered as a dual-purpose tool used both by B Lab to assess the certification and by companies interested in discovering the impact of their performances and benchmarking them for other B Corps' virtuous acts. It allows businesses the opportunity to determine where they are doing well and where they have space for improvement (Honeyman, 2019), enabling them to compare and constantly develop their social and environmental programs based on inputs obtained from the B Corp community (Stammer, 2016). With this purpose, to measure their performances, thousands of companies from all over the world have registered to the online platform since the development of the BIA. Over 40,000 businesses currently use the B Impact Assessment to calculate their value and business efficiency (Di Cesare, Ezechieli, 2017).

The B Impact Assessment can be used by any corporation since it is planned to suit all business models, from manufacturing to agriculture and service firms, from sole proprietorships to multinationals, including companies of all sizes (Honeyman, 2019). To permit an equal playing field between all these different types of business, B Lab created this instrument to be versatile, adaptable to any specific circumstance, and standardized in the evaluation (Honeyman, 2019). The BIA is essentially an online platform to register by entering their personal data and basic company-related information, such as the location, the number of employees, the sector to which they belong, and the main activity of specialization. During the initial compilation phase, further questions may be demanded to the member of the company that is responsible for the compilation, such as some precisations about the nature of the organization and the form of ownership, the existence of other places where the operation is located, and a detailed description of the product or service delivered. The person in charge of carrying out this delicate procedure can vary depending on the size of the company: in the case of small businesses, B Lab advises that the CEO responds to the BIA questions, while, in the case of bigger

organisations, where it would be difficult to include the CEO in the process of filling out the questions, it is advisable to set up a working committee to review the findings (Honeyman, 2019). The personal information entered by the company on the platform is strictly confidential and no charges for using the service will be applied before the final certification phase (Honeyman, 2019), that is reserved only for those companies which can comply with the requirements laid down by B Lab to obtain certification.

Once the company registers on the online portal ([bimpactassessment.net](http://bimpactassessment.net)), a personal dossier is created, including all the above-mentioned features and the answers to the questions composing the BIA to which the relative scores will be assigned. These ratings are obtained by answering the 182 overall questions that make up the B Impact Assessment, which are grouped into 6 assessment categories:

- Governance
- Workers
- Community
- Environment
- Clients
- Disclosure Questionnaire

These five categories and the Disclose Questionnaire are a set of questions that cover all the values and principles of the B Corp movement. Through this questionnaire, B Lab verifies the proximity of the ideals of businesses intended to join the network of these virtuous companies (Honeyman, 2019). To do so, these questions are formulated in order to be as accurate as possible, trying to fully cover the aspects of the company being analysed.

The first category of analysis encountered in the compilation of the self-assessment concerns corporate governance and the impact this has both within and outside the company. This group of questions focuses on how the corporate mission has been sculpted into the company's DNA, through a survey on the characteristics of the latter and on how aspects relating to society and the environment are included in the decision-making process. The investigation then continues with questions regarding the corporate ethics and how this is specified in job descriptions, performances reviews and in corporate governing documents, with specific attention to corporate transparency in communicating mission-related performances (Honeyman, 2019).

The governance is the core of the entire business model and should not be underestimated in the B Corp transaction process. An entrepreneur who is particularly attentive to the *purpose* of

its business must also be prepared enough to create a corporate environment capable of enduring changes of ownership or management (Honeyman, 2019). It is also for this reason that, in this section of the BIA, it is requested to describe how the company's social and environmental commitment is guaranteed in the long term.

The second category of assessment moves the focus to another extremely relevant issue, which is at the centre of various legislative reforms and corporate policies, not only in the B Corp network but also in many other businesses that are attentive to the subject: the workers. The workers of an organization are the force that drives the activity and can be seen as the funder's right arm in the pursuit of its mission. They embody a very important topic of the BIA for all the reasons listed above, but most of all to give the proper meaning to this category, which is still not being regarded with sufficient dignity in many countries of the world. It is for this reason that B lab is committed to verifying whether the company approaches the issue appropriately.

The first series of questions regarding workers, comprehends some topics related to the measure of the business, counting the number of workers effectively employed, those with a part-time employment contract, and the temporary workers. The investigation then moves on to financial security, which must be seen as the most important aspect of this category because it investigates the salary modalities and it assesses whether the organization offers decent work programs that enable economic development and the reduction of inequalities. To complete the survey and to determine the impact of the company under analysis on this category of stakeholders, the candidate is also asked to provide proper information related to health protection programs, workplace safety, policies and practices related to professional development, and the channels to measure the level of employees' engagement and satisfaction. As mentioned in The B Corp Handbook, the practices that businesses adopt to positively impact their employees are very personal and may vary depending on the size and type of business. What is undeniable is that encouragement and attention for workers provide reciprocal gains both for the latter and for the company itself, which will build strong and lasting relationships with its present staff and will be able to attract highly qualified and motivated employees. At this point of the BIA, the survey moves on to the "community" impact area to determine how the business under analysis contributes to the economic and social well-being of the society. Very often, B Corps feel very close to the territory in which they are based and the community in which they live. That's why they are always inclined at planning activities, events, or projects aimed at achieving shared benefit. The possibilities of making a good and remarkable impact on the community and the environment are innumerable and they are usually established on a



personal basis by the business, upholding the principles and ideals that it pursues. The objective of the B Impact Assessment is to bring out to what degree and how the organization, which intends to join the world of B Corp, is acting positively on this issue, by posing questions related to diversity and inclusion, job creation, civic involvement and philanthropy, and supply chain management.

The “Environment” impact area is the fourth category that the interviewee encounters in the compilation of the self-assessment. This category concerns specific practices adopted by the organization to improve its environmental impact, which is measured on the basis of questions related to the following macro-areas: the company’s carbon footprint both on the air and the climate, the water supply management and waste disposal that affects both the land and all forms of life that inhabit the heart.

The B Corp movement is extremely dedicated to designing a network in where the belonging companies are committed to doing something good for the planet, by restoring environmental resources that the economic activities usually tend to subtract from it. For this reason, B Lab pays considerable interest and concern to this category, to shed light on the practices employed by businesses already belonging to the B Corp movement and by those seeking to reach the achievement.

Finally, the candidate moves on to the last of these five categories that verify the actions and practices conducted by the organization in the previous 12 months.

The attention of this group of questions is focused on the clients and the partnership that the company has decided to develop with them. The “Customers” Impact area is a recent introduction in the B Impact Assessment, which, in fact, presents a relatively limited amount of questions that the interviewee will be expected to answer. The reason behind this insertion in the self-assessment is to be brought back to the philosophy of the B Corp movement to create shared value and positive impact. Having an excellent customer service, establishing long-term customer relationships, and granting quality products and services is one of the first actions the economic activity can put into action to positively impact the community (Honeyman, 2019).

At this stage of the B Impact Assessment, the company under analysis, intended to achieve the B Corp Certification, is provided with its own personal score, obtained on the basis of the about 125 responses completed so far. The more the company gets closer to the values preached by the B Corp network, the higher its ranking.

After completing this group of questions, the candidate is also required to fill the so-called Disclose Questionnaire in order to complete the survey. This last section is particularly sharp, with a total of 57 questions that contain more complex and more delicate issues concerning the

business than the previous ones. In terms of determining the possibility to obtain certification, the organization must report all good actions carried out over time, but material negative impacts cannot be neglected. In this series of questions, the interviewee must also declare all sensitive activities, fines and sanctions concerning the company or its partners that have touched the interests of the business activity in its years of experience.

This last series of questions of the B Impact Assessment is to be intended by B Lab solely for informative reasons since the issue posed does not impact the final score of the business, obtained in the previous 5 categories. However, it is important to determine whether the organization has been engaged in negative activities that should be investigated by the certifiers, before awarding the B Corp certifications. In the event that B Lab spotted one or more critical areas in the Disclose Questionnaire, regarding the company or the background of the entrepreneur and its managers, further documentation and additional explanation would be expected from the company's spokesperson. In the worst-case scenario, the certification will be withdrawn or denied in the event of serious actions taken by the company (Honeyman, 2019).

Even though the questions are standardized to every organization that wants to launch the process and complete the online self-assessment, the BIA includes also various levels of detail varying depending on the size and scope of the business, the presence of other certifications and philanthropic programs, records, or non-financial accounts (Nigri, 2020). As a matter of fact, B Lab is continuously evolving its most important tool: in its 150 iterations, several compilation languages and the characteristics of different economic systems have been included in order to make the service more accessible and adaptable to any form of business (Di Cesare, Ezechieli, 2017).

By answering questions belonging to these six thematic categories, the organization will verify its own area of impact and receive a score which, summed up to the 182 overall questions, will assess the value of its performances over the preceding 12 months.

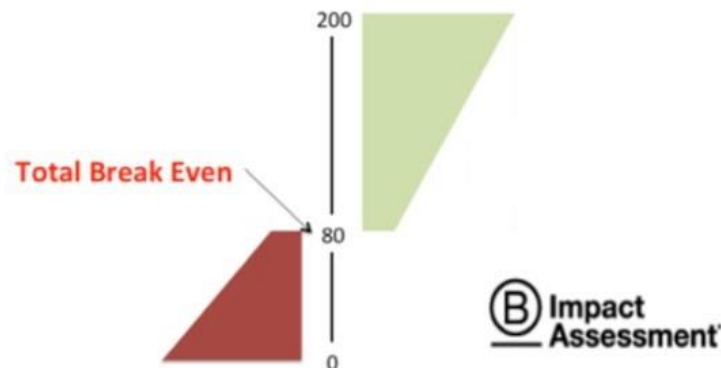
The entire assessment process is focused on the actions, initiatives, and decisions made in the last year of work and not on the aspirations that the organization hopes to accomplish in the future. For this specific reason, this unique clause precludes the opportunity for start-ups with less than one year of experience to apply for the B Corp Certification (Honeyman, 2019). However, by listening to the requests of these early-stage enterprises, B Lab has come to a solution to this issue. An alternative category has therefore been developed that can be put side by side with the current B Corps: Pending B Corps. This unique status is intended to certify that these early-stage businesses are willing to obtain the definitive recognition of B Corp and in the

meantime, they pledge to uphold its ideals and standards (Honeyman, 2019).

On the other hand, for companies with more than one year of experience, the path to becoming a B Corp involves answering the above-mentioned 200 BIA questions and achieve the minimum score of 80 points, imposed by B Lab. As suggested by Honeyman (2019), any favourable score earned on the basis of the results attained with respect to corporate governance, the employees, the community, the environment, and the customers, suggests that the organization is having an overall positive impact and it's generating public benefit. Despite this, on average, businesses who plan to test their work with the B Impact Assessment do not meet the minimum score set by B Lab and achieve a result between 40 and 60 points out of a maximum of 200 points. The scale invented by B Lab to test companies' performances is between 0 and 200 points (Nigri, 2020), able to quantify whether a company generates or subtracts value from the society (Di Cesare, Ezechieli, 2017).

The companies willing to obtain the B Corp recognition are required to exceed at least the minimum threshold of 80 points, which corresponds to the minimum score necessary for certification purposes (Honeyman, 2019). These 80 points are an especially significant value

Figure 4: Total Break Even. Between the creation and destruction of value



Source: Di Cesare Paolo, Ezechieli Eric. *Le Benefit Corporation e l'evoluzione del Capitalismo. Vol. IV, in L'azienda sostenibile, di I Libri di Ca' Foscari, a cura di Stefano Bianchi Marco Fasan, 55-78. Edizioni di Ca' Foscari, 2017*

and an important milestone for any company oriented towards creating public benefit because it coincides with the *Total Break Even* (Di Cesare, Ezechieli, 2017): the balancing score demonstrating that this company is returning to the environment and the society as much as it is taking away from it. Di Cesare and Ezechieli (2017), the two founders of Nativa, the Italian pioneer company of the B Corp movement born in Italy, demonstrate how the *Total Break Even* Point is the keystone of the B Impact Assessment, splitting this scale of 0 and 200 between regenerative companies who are producing public benefit and those that still cause harm to the

society and the environment (Fig.4).

For this reason, B Lab imposes the achievement of the *Total Break Even* as the first qualification for all those businesses seeking to obtain the certification, to skim the virtuous companies that deserve the B Corp acknowledgment from those that still have several gaps to fill before being able to become part of the business community that is truly pursuing the change in the business world.

Clearly, it is a small percentage that identifies companies that fulfil these initial criteria, among the 50,000 businesses that use the BIA to assess their impact. Moreover, the data is further reduced if we consider only those that complete the process and achieve the certification. As proof, Di Cesare and Ezechieli (2017) report that, in October 2017, the available data showed that only 4% of the companies using the tool met the standards, while the average of the scores obtained by the majority of businesses, was equal to 55 points of the BIA.

Despite these data seem to reveal that the certification process is reserved only for a narrow niche, being the great majority of companies of the world non-B Corps, the results obtained by the BIA are actually promising. The real purpose of the B Lab is not to turn all corporations into B Corps, but to provide all of them with the ability to evaluate their social and environmental impacts in a univocal and analytical manner and to communicate them transparently (Di Cesare, Ezechieli, 2017).

Finally, once the questionnaire has been completed by answering the overall 200 questions, the B Impact Report will appear on the company's personal BIA page. This online one-page report (Honeyman, 2019) is a summary document of the entire previous phase of assessment, where the scores related to the five categories are displayed.

The B Impact Report allows the company interested in joining the B Corp network to become aware of its performances related to the workers, the community, the environment, the governance, and the clients.

At this point, the B Impact Report is not yet official and will be validated by B Lab only at the time of certification attestation. In the meantime, the organization under analysis can draw its considerations on the basis of the outcomes gathered and determine whether or not it needs improvement interventions and how they can be applied.

Once the certification has been achieved, the organisation can use the Report as an identification document of its results up to that point. To be more transparent towards the stakeholders and the shareholders, the B Impact Report can be exposed on the company website or in any other platform related to the company. In case of non-certification due to insufficient score, the

summary document is in any case useful to shed light on which category to work to enhance the company's outputs (Honeyman, 2019).

### **1.3.2 Validation and verification phase**

The second main pillar of the certification process involves the verification of the validity of the assessment, also supported by a further investigation concerning the transparency criteria that the organization must meet. This multi-step verification process is reserved only to the particularly deserving companies who, in the first phase of the B Impact Assessment, were able to stand out from the majority and obtain a suitable score for certification. First of all, after the submission of the questionnaire, B Lab charges an inspector of its staff to verify if the company meets the 80-point bar for the Certification. The responsible for this evaluation process is a B Lab Standard Analyst who establishes which is the most suitable path to follow for the company during the certification process, according to its size and characteristics. This supervisor, after having obtained the completed self-assessment, needs to proceed with the review through an analysis of the company's eligibility and suitability for the certification, checking that the candidate interviewed correctly followed the "track" during the assessment and if necessary add interim revisions ([bimpactassessment.net](http://bimpactassessment.net)).

Unlike other more traditional certifications used among companies, in the case of the B Corp one, the verification phase does not take place on-site. The documentation necessary to assess the business' ability to achieve the recognition and exhibit it in its product or services is submitted by the company itself through the online procedure of the BIA and then it is remotely reviewed by B Lab, only in a telematic manner.

Once the self-assessment has been completed by the interviewee, B Lab organizes a review call with the latter and requests to provide supporting documentation to attach to some random BIA questions that have obtained a positive outcome (Honeyman, 2019). These supporting documents must be furnished by the organization before the virtual interview in order to allow the commissioner to dedicate an adequate amount of time to the inspection.

The questions are randomly chosen and generally cover 6 to 15 aspects of self-assessment ([bimpactassessment.net](http://bimpactassessment.net)). The B Lab Standard Analyst carries out the analysis process with the company's manager with the aim of better understanding the business' performances and at the same time explaining more clearly to the interviewee the purpose behind each question (Honeyman, 2019). At this stage of the verification process, if the assessment is completed correctly and the score gained by the company is still equal or greater than 80 points, the responsible will inform the organization of the further steps to follow to complete the procedure.

On the opposite, in case of negative findings that reduce the score, making it lower than 80 points, that are not enough to ultimate the certification process, B Lab will interrupt the evaluation of the organization under analysis, instructing it to strengthen the fundamental aspects (Honeyman, 2019).

If the first hypothesis is fulfilled, the next steps to follow for the company still eligible for the certification require the submission of additional documentation. B Lab invites the interviewee to demonstrate and comment other three to six heavily weighted questions, thus providing the additional documentation necessary to support the responses (Honeyman, 2019).

In addition to these two significant document-based examinations, B Lab also pays close attention to the company’s background, checking the reviews of public records, news sources and searching engines for company names, brands, executives, founders, and other relevant topics. The information that emerged throughout this phase of the investigation is handled in the same manner as the questions in the Disclose Questionnaire: they do not affect the final score but could be useful in bringing out some critical issues.

At this point, if the organization’s score is still eligible for obtaining the certification, the verification process can be considered concluded and the company will only need to face the last bureaucratic step before being allowed to display the B Corp logo on its products or services.

**1.3.3 Last bureaucratic step: meet the legal requirements**

At this stage of the process, all that remains is to formalize the certification. Once communicated the approval by the Assessment Reviewer, B Lab will send the company a list of directives and an electronic version of The Declaration of Interdependence to be signed

*Figure 5: Certification fees*

Annual Sales	Annual Certification Fee
€0 - €149,999	€500
€150,000 - €1,999,999	€1,000
€2MM - €4,999,999	€1,500
€5 MM - €9,999,999	€2,500
€10 MM - €19,999,999	€5,000
€20 MM - €49,999,999	€10,000
€50 MM - €74,999,999	€15,000
€75MM - €99,999,999	€20,000
€100 MM - €249,999,999	€25,000
€250 MM - €499,999,999	€30,000
€500 MM - €749,999,999	€37,500
€750 MM - €999,999,999	€45,000
€1 B+	€50,000+, scaling based on company size

Source: <https://bcorporation.net/certification>

(Honeyman, 2019). With this document, the business commits to pursue increasingly sustainable goals and actions and to adopt a business process that is closer to the community and the environment. Thus, it validates its belonging to the B Corp community, which will also be made public by B Lab and published on its platforms. The non-profit organization would also require the company to sign the B Corp Agreement, an extra contract that lays out the terms and requirements deriving from B Certification (Honeyman, 2019). Finally, to finalize the process, the organization only needs to pay the annual certification fees which are calculated upon the annual revenues of the company. This annual payment ranges from a maximum of \$50,000 to a minimum of \$500, granting each company a fair treatment based on its dimensions (Fig. 5). The certification is valid for three years from the moment of acceptance and signature of the Declaration of Interdependence. At the end of the three years, B Lab recommends the organization to proceed with the completion of a revised version of the BIA to renew the certification (Honeyman, 2019). Even in case of re-certification, a review process would have to be carried out to certify that the performances implemented in the last years are compatible with the standards and principles acquired from the B Corp culture and is thus appropriate for certification.

Finally, the last bureaucratic aspect that companies must demonstrate to become part of the B Corps community concerns the legal requirements. This phase of the certification process does not affect its achievement and it does not result in the final grade of the BIA. However, it is an important and necessary aspect, introduced by B Lab to ensure to the whole network of organizations that are part of it, that the new entry is legally obliged to respect its cardinal principles. In doing so, it supports the preservation of the community's ideals while also ensuring the same treatment for all participants.

First thing, B Lab is expected to ensure that B Corps pay consideration to the effects of their actions on the stakeholders as part of the terms of the certification. Such legislative modifications are often demonstrated by companies with structural changes and revisions of the Article of Associations, modifying its legal status to Benefit Corporations or equivalents ([bcorporation.eu](http://bcorporation.eu)).

Benefit Corporations, as widely discussed in the following paragraphs, correspond to a complementary legal status to B Corps, although it is important not to classify them under one single definition (Ronco, 2019). They are easily associated because they reflect an alternative way of doing business that ties together the non-profit with the for-profit worlds (Nigri, 2020) and they are both born out of the highly valuable work carried out by B Lab. The main difference consists in the fact that the Benefit Corporations are organizations that have acquired

institutional forms with a unique legal structure, while the B Corp are companies of any type that have chosen to embrace the philosophy of the movement and obtain certification (Nigri, 2020).

The biggest issue that emerges at this stage is the lack of univocal and shared laws between the states in which the B Corps are based (Honeyman, 2019). This makes it impossible for businesses that wish to comply with the legal requirements imposed by B Lab to meet a clear and straight line to follow. Instead, this path varies from country to country and from the company's structure.

To meet the legal requirements, B Lab does not enforce a strict timing, since each company can complete it in a personal manner based on its own characteristics and, above all, on the basis of the legislation it meets on its country of lease. They are listed in the appropriate section of the site corresponding to the certification ([bcorporation.net](http://bcorporation.net)) and they include:

- Adopt Benefit Corporation structure or equivalent within two years of certifying
- Amend governing documents to include specific mission-aligned language with 90 days or 1 year depending on the region
- If your corporate structure and region of incorporation do not have a designated legal framework, there is no additional legal requirement to attain certification, but the company will support B Lab's public policy objectives of passing benefit corporation legislation in its state, province, or country of incorporation.

In the event that the organization fails to meet the legal requirements in the time and manner imposed by B Lab, the latter may withdraw the certification or decline the possibility of applying for it after three years (Honeyman, 2019).

These legal requirements, as stated above, are certainly very important for B Lab and for the community, deterring any issue to enter the B Corp world, but they are highly important also for the business itself. By adopting a legal status, the entrepreneur can place the stakeholders at the top of its priorities when making decisions, because the community to which they belong, the environment and the workers thus become part of the company's DNA and not merely a passing interest (Honeyman, 2019). In addition, the status also allows the business to build strong foundations, offering greater security in case of structural innovation such as shifts in ownership, leadership changes, sales or acquisitions, ensuring that the new owners or the new board of managers would be obliged to take into consideration the stakeholders' interests when making decisions. It ensures the protection of the company's mission in the long term (Honeyman, 2019).



#### **1.4. Legal recognition of Benefit Corporations**

For all the reasons pointed out in the previous paragraph, it is essential that all B Corps comply with the legal requirements stated in the certification process. The procedure is complex and takes a significant amount of time to be accomplished, which is why it is the company itself to decide which is the best method to adapt its Article of Association and its governing documents to the principles of the community or to adopt the Benefit Corporation status. This approach would inevitably be formulated based on the characteristics of the organization, such as the type of business and its volume, but especially on the basis of the laws of the country in which it is located.

Currently, there are few countries in the world that welcome the legal recognition of Benefit Corporation, but B Lab is constantly looking for new locations in which to expand the community. From the moment of its origin and the birth of the first Certified B Corporation, B Lab has undertaken valuable work on the propagation and the promulgation of the model. The project is constantly improving, attracting more and more participants and more businesses from all over the world. Moreover, some of these companies become B Lab delegations in their own country and pursue the objective of working with the local attorney to obtain legal recognition for this new business model also in their country of origin.

This movement of leaders has made significant progresses since the certification of the first B Corp. One among all was the great work conducted with American public attorneys that contributed to the promotion of the Benefit Corporation as a new legal form of business.

More precisely, since 2007, the B Lab movement encouraged the introduction in the United States of a law regulating Benefit Corporations as an institutional form. The non-profit organization was determined to ensure fair recognition of its new business model, but it was also aimed at fixing the various flaws that, at that time, characterized the American Legislation which had always unfairly favoured the interests of shareholders upon those of stakeholders (Marquis, 2020). The work conducted by B Lab reversed this trend forever with the revision of the US economic legislation.

Adequate consideration to stakeholders' interests was eventually assured by US legislation in 2010, when the first law regarding Benefit Corporation passed. On 13<sup>th</sup> April of the same year, the Governor of Maryland signed the *Senate Bill 690*, introducing the *Maryland law*, leader of Benefit Corporation discipline for the US and the rest of the world (Ronco, 2018). The State of Maryland was then followed by more than other 35 US states including California, Illinois, Louisiana, Massachusetts and Vermont, followed also by Virginia, New Jersey, Hawaii, New

York, Washington, South Carolina, Illinois, Pennsylvania, Washington DC, Arkansas, Colorado, Delaware (Honeyman, 2019). In addition to the first 35 American states that have pioneered this approval, other countries have also demonstrated their will and belonging to the American community, achieving the recognition of the legal status of Benefit Corporation also in their legislation. They are Italy, which can declare the introduction of the legal status of *Società Benefit* in the Italian jurisdiction, and Colombia that recognized the *Sociedad de Beneficio e Interés Colectivo* or BIC Corporations in its legal system. However, the interest in Benefit Corporations did not end with these two countries. In addition to Italy and Colombia, several other countries around the world have chosen to follow the lead, inspired by a desire to innovate their local business law and to improve it to the next level. In the last few years, in fact, legislation has passed in Ecuador and the Province of British Columbia, in Canada, where the law was approved unanimously, but also a significant number of countries have undertaken the process and it is working on it. Discussions are underway in South America, with Argentina, Uruguay, Chile, Peru, and Brazil that are willing to obtain the legal recognition, followed also by other nations all around the world such as Canada, Portugal, France, Australia, and Taiwan (Marquis, 2020).

At the beginning of its project, B Lab, had focused its attention only inside the USA, trying to pass the legislation in as many countries as possible. The expansion of the legislative model of the Benefit Corporations outside the USA was not part of the initial project, largely due to the vast variety of legislative discrepancies that each country faced, some of which were already closer to the needs of stakeholders, while others were firmly committed to the shareholders' primacy (Marquis, 2020). B Lab had not anticipated such a high level of participation in this short period of time. The surprise was that the movement took off on its own, even outside the United States (Marquis, 2020). Many companies already committed to the principles and values related to sustainability and the benefit of stakeholders had already tried to carry out actions related to business improvement and were just waiting to find the right method to raise these values with legislative recognition. The diffusion of the Benefit Corporation model gave them the proper solution to be included in the legislative framework of their country.

At this point B Lab had to intervene to guide and to protect the project that was spreading even outside the US borders (Marquis, 2020), thus it designated these pioneer companies as its own foreign delegations. One of them was Nativa, the Italian partner with whom B Lab could spread the US model. The two founders of Nativa, Paolo di Cesare and Eric Ezechieli, carried out an important campaign to spread the "Benefit" framework, which eventually found support also in

the Italian legislation. When the law passed in 2015, Italy became the first country in Europe to promote the Benefit Corporation model as a legal status (Marquis, 2020).

With this new legal tool companies must declare the fulfilment of stakeholders' benefit as the base of corporate mission and protect it in the long term. This transaction not only provided employees, suppliers, local community, and the territory with adequate protection and proper recognition but also ensured the entrepreneur to carry on its business in the way it considered appropriate, without the threat that one legal action could reverse the course of its activity, as used to happen before 2010. Honeyman (2019) suggests that: *“in case of crisis [...], or leadership change, social and environmental values can get pushed aside if they are not embedded in the company's foundation document. The benefit corporation legal structure provides entrepreneurs, owners, and investors with the assurance that the company's social and environmental values will remain equally important to making profit”*. In fact, legal protection permits the entrepreneur to pursue his mission even in the long term, ensured by the fact that leadership changes, generational shifts, acquisitions, or capital raises will not easily affect the company's DNA (Honeyman, 2019). These features motivated the legal work conducted by B Lab with the public attorneys that eventually resulted in the legal recognition of this new form of corporation. Like any other corporation, even those with the "Benefit" denomination fall within the for-profit category, with modified obligations that impose on them, in addition to the objective of gaining profit, also the mission of generating public benefits through their value-based actions.

These actions found their roots in three cardinal principles that influence their activity: the purpose of creating public benefit, which is the main difference from other companies, the accountability of not causing harm to people and the environment and therefore to commit to maintaining sustainable behaviour towards all stakeholders and finally, the need to be transparent when communicating their work, usually through an annual report (Del Baldo, 2019). Benefit Corporations' core attributes are actually built upon these principles and can be summed in three key aspects presented by Del Baldo (2019):

1. Establishing a corporate purpose-oriented at making a material positive impact on the society and the environment
2. Extending the duties of directors to require consideration of non-financial stakeholders as well as the financial interests of stakeholders
3. Reporting its social and environmental performance using a comprehensive, credible, independent, and transparent third-party standard

These three requirements are common in every country where the legislation has passed, and they define the basic structure of all Benefit Corporations. However, there are also some differences from state to state, where law differentiates in less relevant aspects, such as the need to establish a benefit director, the need to vote for the transaction to Benefit Corporation and the contents to be included in the annual benefit report. These differences are slight and do not involve significant aspects of the three core principles of public benefit, accountability, and transparency (benefitcorp.net).

To meet the first two aspects that distinguish Benefit Corporations from other companies, they need to reform their governance, incorporating their social mission into the governing documents (Marquis, 2020). Hiller (2017) proposes an interesting classification of the five areas that the statute of the Benefit Corporations must contain: (1) the purpose to provide public benefit, (2) the independent third-party standard that reviews the achievement of the public benefit, (3) the duties of the directors to give priority to stakeholders' interests in the decision-making process, (4) transparency, and (5) enforceability.

#### 1. Public benefit:

The governing documents must declare the purpose of these corporations, which is to be directed at the creation of public benefit and not just at profit maximization, followed also by the "specific advantage" they intend to achieve through their acts (Ronco, 2018). This reform of governing documents generally takes place with the modification of the statute with an adequate description of the mission and purpose of the business. According to US law, Benefit Corporations must deliver a general public benefit, which is described as "*A material positive impact on society and the environment, taken as a whole, assessed against a third-party standard*" (Hiller, 2017). In addition to the general public benefit, the law states that the corporation also includes in the statute the description of a specific public benefit that it intends to pursue, which could be the promotion of or the preservation of the environment, health, arts, science, and knowledge, as well as providing jobs or products for low-income or underserved communities (Hiller, 2017).

Benefit Corporations base their construction upon this statute, which also corresponds to the foundation document (Honeyman, 2019), containing, in addition to their purpose, their internal governance, and their legal status. It has also the function of protecting the corporate foundations in the event of paramount shocks that could put the *public benefit* at risk (Honeyman, 2019). With this document, stakeholders' interests become directly protected by

law as they correspond to the most important aspect of the company and the legal status in which they are gathered.

#### 2. Third-party standard:

The achievement of this public benefit would be examined and evaluated both by a third independent party, also responsible for reviewing the annual report and by shareholders and stakeholders that would validate the efficiency achieved by the company and would be able to reflect on the aspect to intervene in order to improve company's mission (Ronco, 2018). The law requires the Benefit Corporations to choose an independent, comprehensive, credible, and transparent third-party standard. It is described by law as *"a standard for defining, reporting, and assessing overall corporate social and environmental performance"*. The Benefit Corporation is not subject to any specific constraints imposed on the choice. It can independently choose the third-party standards, as long as it complies with the previous characteristics (Hiller, 2017). The third-party entitled to conduct this assessment could be the B Lab organization, the Global Reporting Initiative (GRI), and the International Standard Organization (ISO). Their delicate task is to establish a minimum standard that Benefit Corporations must meet in order to maintain their legal status (Ronco, 2018).

#### 3. Directors' duties:

When the for-profit entity voluntarily undertakes to change into a Benefit Corporation, the directors are subject to a specific code of conduct imposed by law, as well as the organization. In revolving the entire business activity towards the interests of the stakeholders, the organization must also follow the same direction and place the interests of the stakeholders at the centre of the decision-making process. Directors are not only allowed to respect people, employees, the community, suppliers, the environment, and the territory, but they are obligated by law (Hiller, 2017). Neglecting these specific tasks or failure to achieve the public benefit can lead to punishments against directors (Ronco, 2018).

#### 4. Transparency:

To comply with the transparency criteria, every year Benefit Corporations are required to present a document in which they evaluate the impact their decisions had on people, the community, the territory, and the environment (Ronco, 2018). This annual document must explicitly describe all the activities pursuing shared benefit performed throughout the year, followed by a description of these performances and the goals to be achieved. This document must also include, if any, a list of circumstances that have delayed the creation of public benefit

and a list of intentions to be achieved in the following year (Ronco, 2018). In so doing, the document will allow making a comparison between what was set by the organization the previous year and what was actually accomplished, demonstrating whether the public benefit was achieved or not. To be trustable and transparent, Benefit Corporations must make the annual report public and accessible to anyone by exhibiting it on their website, including also an evaluation of the corporate governance, the employees, the shareholders, and the environment (Ronco, 2018).

#### 5. Enforcement:

To protect the achievement of the public benefit, the US law provided for the possibility of taking legal action to enforce the duties of the entity. These lawsuits can be directed against the directors or against the Benefit Corporation itself. The company can file suit directly, or a derivative suit may be filed either by a shareholder, director, 5% equity owner of a parent company, or others who may be indicated in the articles of incorporation. The only restrictions are imposed on those who benefit from the public purpose who do not have the opportunity to do so (Hiller, 2017).

#### **1.4.1 Differences between benefit corporations and B Corps**

After obtaining the legal recognition of Benefit Corporation, many companies that embrace this type of value-driven business, often opt to receive also the B Corp Certification (Marquis, 2020). These two tools in fact are complementary and present various similarities, but it is not possible to gather them under one single definition. It is possible to determine that both B Corps and Benefit Corporations are the results of B Lab's work and therefore they're aimed at creating a new and higher business paradigm. Their complementarity is also due to the complex path they both share, that preceded their recognition: Benefit Corporations could not exist without the existence of B Corps which mapped the way to the birth of many other companies sharing the same principles (Di Cesare, Ezechieli, 2017) and eventually led the introduction of Benefit Corporation in the American legal system, followed over the years by the aforementioned other countries that have recognized the importance of this legal validation.

These companies embraced the philosophy of the movement and committed themselves to pursue the common goal of helping society to face the urgent needs that cannot be satisfied only relying on the government and the non-profit sector (Del Baldo, 2019). All decisions concerning the company are thus made by taking into account the interest of the stakeholders and the overall performances are subject to a verification process against a third-party standard (Marquis, 2020).

Even if they present many similarities in the purpose and their accountability requirement, B Corps and Benefit Corporations diverge in some significant elements. The most important distinction is linked to the legal form of Benefit Corporations, which in some countries is explicitly regulated and protected by the law, while B Corporations refer to a business of any legal form (Del Baldo, 2019) with higher suction that can incorporate the certification to their structure after the validation of the B Impact Assessment (Di Cesare, Ezechieli, 2017). The second significant difference is in fact related to the BIA and the performance standard that these two complementary tools need to prove. B Corps’ foundation is built upon the Benefit Impact Assessment, known as BIA, the tool created by B Lab to evaluate the company’s performances and assign the B Corp certification. On the other hand, Benefit Corporations are not required to demonstrate that their decisions made over the years comply with a minimum assessment score, nor there is an ongoing verification of their performances (Marquis, 2020). Once the legal status of Benefit Corporation has been obtained, they are only required to comply with the obligations deriving from this: corporate mission, accountability, and transparency.

Figure 6: Differences between Benefit Corporations and Certified B Corporations

**What's the Difference?**

Issue	Benefit Corporations	Certified B Corporations
Accountability	Directors are required to consider impact on all stakeholders	Same
Transparency	Must publish a public report of overall social and environmental performance assessed against a third party standard*	Same
Performance	Self-reported	Must achieve minimum verified score on B Impact Assessment
		Recertification required every three years against evolving standard
Availability	Available for corporations only in 30 U.S. states and D.C.**	Available to every business regardless of corporate structure, state, or country of incorporation
Cost	State filing fees range from \$70-\$200	B Lab certification fees range from \$500 to \$50,000/year, based on revenues
Role of B Lab	Developed model legislation, works for its passage and use, offers a free reporting tool to meet transparency requirements. No role in oversight	Certifying body and supporting 501c3, offering access to Certified B Corporation logo, portfolio of services, and vibrant community of practice among B Corps. To learn more about B Corp certification, visit <a href="http://www.bcorporation.net">www.bcorporation.net</a> .

\* Delaware benefit corps are not required to report publicly or against a third party standard

Source: <https://benefitcorp.net/businesses/benefit-corporations-and-certified-b-corps>

As a matter of fact, any economic activity that pursues these three fundamental principles can aspire to become a Benefit Corporation but not every company presents the ability to obtain the B Corp certification because it is constrained by the minimum score of 80 on 200 points of the

BIA, calculated based on their actual performances. To date, the number of benefit corporations is certainly higher than that of Certified B Corporations: as mentioned by Ryan Honeyman (2019), *“there are more than three times as many benefit corporations as Certified B Corporations in the world”*. However, the geographical distribution of the former category is noteworthy. As already specified, the most significant distinction between these two tools created by B Lab, which ultimately influences their geographical distribution, concerns the fact that Benefit Corporations are constrained by the legislation of their country of origin. For this reason, the geographical location has an impact on their diffusion, rather than B Corps which have no diffusion constraints. The formers are tied to the law regulating their legal existence and for this reason in several jurisdictions where B Corps are widely accepted, there is no equal recognition for Benefit Corporations (Ronco, 2018). This aspect could cause some discrepancies among countries because any company, located anywhere in the world can decide to achieve the B Certification, but it is not possible to modify the legal status to Benefit Corporation everywhere.

They are two separate and distinct entities, but they are not unrelated: one may aspire to acquire the other recognition and vice versa (Del Baldo, 2019). Although the decision is autonomous and arbitrary to Benefit Corporations, it is mandatory for B Corps to obtain the legal status within two years after the certification, in the countries where the law permits (Marquis, 2020).

There are conflicting opinions among scholars regarding the need to integrate the legislation with Benefit Corporations. Despite the many lines of thought, the experiences recorded by businesses demonstrate that this legal form has established a solid framework for companies looking to create shared value in the medium and long term (Honeyman, 2019). It has offered solid guidelines to be followed and a new business model that ultimately has become a valid solution for all entrepreneurs dedicated to making a positive impact on society and the environment (Ronco, 2017).

#### **1.4.2 Benefit corporations in the US legislation**

Historically, American legislation has always sided with the interests of shareholders and profit maximization (Hiller, 2013). This attitude is still prevalent in American law which governs corporations primarily by favouring the needs of shareholders rather than those of the environment and the communities linked with them. This way of doing business, still focused on the maximization of profits to be achieved by any means, including the exploitation of the planet's resources and people, is no longer considered acceptable. In recent years, society has been criticizing corporations for their self-interested and unmindful behaviour (Hiller, 2013)



and has strongly demonstrated its interest in changing living standards, both from an environmental and a working point of view. People today are extremely close and attentive to the wellbeing of human beings and the planet and for this reason, they are expecting the same attitude from businesses as well. The traditional concept of capitalism, as pointed out by various scholars, therefore appears to have come to an end and needs to be replaced with a more modern and more advanced paradigm (Di Cesare, Ezechieli, 2017).

In the United States, the peak of the disappointment with the current corporations was recorded during the recent financial crisis, where the consequences were disproportionately felt by the low-income segments of the population. Criticisms did not end at corporations but were also targeted at the legislation of the country that protects their rights, not being stand-alone entities existing in nature, but being the product of the law (Hiller, 2013). Their conduct is the consequence of several years of legislation centered on shareholders' primacy and profit maximization (Hiller, 2013) that gave corporations the qualification to pursue their own interests above the needs of the society.

Clearly, the legislation itself does not create companies, but it is capable of developing a corporate culture, allowing the entrepreneurs to construct their business in line with the legal system they are faced with (Rawhouse, 2015). Innovating the legislation, therefore, means enabling companies to embrace this improvement and reverse the traditional trend of shareholders' primacy. B Lab, encouraged by the need to remove the historic flaws of the American legislative system, had directed its whole work in this direction and eventually led to the introduction of the legal form of Benefit Corporation.

The legal recognition of this new legal form brought a radical evolution of the traditional American system. Benefit Corporations demonstrated to be a partial solution to the lack of adequate recognition for hybrid forms of business and to reverse the historical tendency of US law to favour the interests of shareholders, which has historically influenced the whole American jurisprudence.

The first problem encountered by many companies is connected to the lack of a classification for hybrid organizations forms under the U.S. law, which has historically been oriented towards a strict organization into the public, the private, and non-profit sectors (Rawhouse, 2015). Throughout the years, many corporations evolved from these strict limits and started to present multiple features of the three abovementioned forms, starting to be considered as "hybrid" organizations that incorporate together characteristics of purpose-driven companies and profit-driven companies (Rawhouse, 2015). The growing number of these forms of business has encouraged legislators to introduce valid legal recognition, eventually culminating in the

introduction of Benefit Corporations in 2013 in the State of Maryland. After this milestone, many other states have followed suit and embarked on the same path.

The second typical aspect of American legislation that needed a major change concerned the fact that shareholders' primacy is strongly anchored in the law (Marquis, 2020). As pointed out in the previous paragraphs, for several years, US jurisprudence has always governed disputes between companies and enforced rules in compliance with this conventional pattern. From the landmark case of US legislation "Dodge vs. Ford Motor Co." of the Supreme Court of Michigan that gave birth to the shareholder maximization perspective that was placed at the base of purposes and objectives of corporations (Hemphill, 2014) to the philosophy of Milton Friedman, this model dominated the attention of scholars and public attorneys.

In contrast to the shareholder maximization theory, another innovative and unconventional approach took place in the American legislation of the time: the *stakeholder management perspective* (Hemphill, 2014). This theory acted as a guide to the work of B Lab and was also made explicit in the statute of benefit corporations, as they are directed at the implementation of actions to create shared value. As a matter of fact, they must make their own decisions by taking into consideration primarily the interests of the stakeholders and only then those of the shareholders (Hemphill, 2014), as the latter theory preaches.

To ensure solidity to this business model and to defend those entrepreneurs who wished to pursue a value-driven mission, B Lab had to commit itself to achieve the institutionalization of Benefit Corporations. In the United States, each state has jurisdiction over the incorporation process, so the creation of a new legal structure had to begin with legislative interventions at the state level (Marquis, 2020). In 2010, the B Lab team began approaching state after state, with the intention of sharing the model and gaining support from public attorneys that will eventually support the legal recognition of the Benefit Corporations. The first American state to show its interest in this legal status was Maryland. Here, due to the support received by State Senator Jamie Raskin, the reform about the legal introduction of Benefit Corporations in the State's jurisdiction was enacted in a short period (Marquis, 2020). On 13<sup>th</sup> April 2010, the Governor of Maryland signed the legislation which entered into force on 1<sup>st</sup> October. On the same day, 11 companies lined up outside the Maryland State Department of Assessment and Taxes to become the world's first beneficiary company (Marquis, 2020). After a short amount of time, the law also took off in other states. First in Vermont followed then by New York, Pennsylvania, Colorado, Oregon, and North Carolina, all approved in 2010. In the years that followed, several more states passed the law, reaching recognition of Benefit Corporations in 35 US countries (Marquis, 2020).

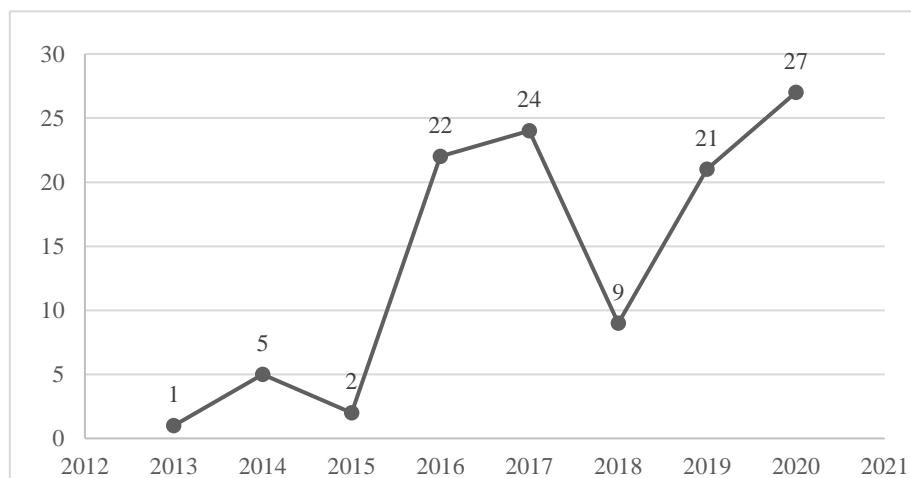
## CHAPTER 2

### THE B CORP MOVEMENT IN ITALY

#### 2.1 The evolution of the movement in Italy

After analysing the phenomenon at the global level, from its introduction in the United States to its worldwide expansion, the focus is now shifting to the Italian movement. As stated in the previous chapter, the phenomenon of B Corporations has been well received by many countries around the world, hosting today more than 4000 companies, most of which are located outside the US borders. Italy was one of the first countries in the world to welcome the movement, as well as the first country in Europe to host a B Corp. The country then became one with the highest participation in the expansion of the movement, today reaching 115 certified companies. The number of these companies grows significantly and is updated from month to month, it is therefore appropriate to specify that these data refer to the month of March 2021. In the country of origin of the B Corp community, the first certification took place in 2007, one year after the founding of the non-profit B Lab. In Italy, but also in many other countries of the world, it took a few years for the phenomenon to take hold. 2013 was the turning point for the country, as the Italian company Nativa proved to be the first to be recognized as a B Corporation, becoming the first in its own country, but also the first in Europe as a whole. From Fig.7 it is possible to understand how the expansion of the phenomenon in Italy was rather contained between 2013 and 2015, then registering a significant increase in the following year. Indeed, the most significant change was recorded between 2015 and 2016, with an increase of 27 certified companies. It is evident that in Italy the phenomenon has not always grown in a

*Figure 7: The evolution of Certified B Corporations throughout the years*



*Source: personal processing. Data taken in "B Corp Directory" from bcorporation.eu*

homogeneous way, showing some peaks and some decreases. After two very positive years, in 2018 there was a discrete decrease in the number of certified companies, which then returned to growth in 2019 and 2020. Moreover, it is interesting to note that 2020 was the year in which the Italian community showed the greatest increase, with 27 new Italian Certified B Corporations, despite the enormous difficulties presented.

The notable increase of certifications registered in 2016 is attributed to a parallel phenomenon to that of B Corps: the birth of Italian benefit corporations. With the entry into force of the “Legge di Stabilità”, on 1 January 2016, Italy became the first country after the United States to recognize this legal form in its legal system (Ronco, 2018). The Italian Benefit Corporations take the name of *Società Benefit*, as required by law 208/2015, and can be attributed to the impressive work pursued by two innovative entrepreneurs: the co-founders of Nativa, the first certified B Corp in Europe. The duo, together with Senator Mauro Del Barba, have worked for years on the dissemination of the B Lab project that could prove a good success in the peninsula. The innovative mentality of the senator and the determination of the leading company of the country's movement met with a fertile ground for legislative reform (Di Cesare, Ezechieli, 2017). After gathering sufficient support from citizens and from one of the majority parties, the project resulted in a huge milestone for Italian business.

The reason why Italy has shown itself so inclined to change the national business is due to the history of the Italian entrepreneurial fabric, particularly similar to this model. The law 208/2015 has shown a rebirth of Italian entrepreneurship as it was at its origin, more than a change in the way of doing business. Since the birth of its entrepreneurial nature, Italy has always been characterized by examples of companies that put social well-being on a par with profit, even before the birth of Benefit Corporations (Del Barba, 2017). From Gaetano Marzotto to Adriano Olivetti, several examples have followed one another in the history of the country and the last decades of adoption of corporate social responsibility practices that have brought many companies closer to the benefit model also demonstrate this.

Many businesses that have long shared values and principles with the benefit model have been able to consolidate their efforts by obtaining legal status. For others, instead, *Società Benefit* proves to be the change they were looking for to innovate and bear the weight of contemporaneity (Del Barba, 2017). The consumer and his needs have evolved over time, today people and especially millennials, demand much more from the goods and products they decide to purchase (Marquis, 2020). For this reason, companies need to evolve in this direction, both to satisfy these needs, but also to try to leave a positive footprint in the world. Which is what

today's and future challenges impose (Del Barba, 2017).

With this willingness and propensity to welcome the movement, Italy shows an innovative entrepreneurial culture and it demonstrates its potential to become a leader and concrete point of reference for the virtuous change of the traditional way of doing business (Del Barba, 2017). In fact, it followed that, with this legal protection introduced in 2016, many companies attentive to their impact on people and the environment have welcomed the opportunity to change their business because they found proper protection in the legal status of Benefit Corporation and the B Corp Certification. By adapting its documents to this legal form, the company permanently changes its DNA, directing it towards a more sustainable business. In doing so, the entrepreneur and the activity are protected from any shocks and changes in the business that could upset the pre-established mission (Di Cesare, Ezechieli, 2017).

The introduction of the law, as well as getting the movement to take off in Italy, it has stimulated many other companies attentive to the values of environmental and social sustainability to embrace change. Many companies have responded by adding to their legal status the *Società Benefit* form, and others have emerged by identifying themselves with this name. Despite having been introduced for some years now, it is not easy to have reliable data regarding these companies, because they do not coincide with a new firm-format, but with a status that can be added to any company of any type (Mion, 2020). In June 2018, Nativa counted 116 Benefit Corporations in Italy, of which the main portion concerned new companies formed ad hoc with this status. They were mainly established as limited liability companies and very few as cooperatives (Mion, 2020). To date, by consulting various data and different platforms, it is possible to estimate the presence of more than 400 *Società Benefi* distributed throughout the national territory (Go4Benefit). Even though these companies are present in almost all regions, the highest concentration of Benefit Corporations is recorded in northern Italy, where there is a larger density of companies (Mion, 2020).

Although there are not many empirical data that allow us to understand the diffusion and diversity of the Italian phenomenon of Benefit Corporations, a large literature is dedicated to the explanation of this phenomenon from a legal and historical point of view. To better understand the origins and evolution of law 208/2015, from the US movement to the Italian one, the following paragraph is presented.

### **2.1.1 The Italian *Società Benefit***

Since the acknowledgment of the Benefit Corporations in America, other countries of the world have expressed their interest in this new legal form and have worked to obtain the same

recognition. This is attributed to the fact that even outside the United States there was the same need to solve the two problems mentioned above. The Benefit Corporations could provide a solution for those dual-mission for-profit companies that did not find the proper recognition and adequate protection under the law. As a consequence, the B Lab movement has quickly spread all over the world. The same team that gave birth to it did not foresee such speed of expansion. To adequately respond to the extension of this phenomenon that was becoming global, B Lab set up partner companies around the world, which would promote the "Benefit" model in their own country, convincing legislators and other businesses to join it. In Italy, the right company on which B Lab could rely was Nativa, which was invited, due to its proactivity, to become a so-called Country Partner (Di Cesare, Ezechieli, 2017).

Eric Ezechieli e Paolo Di Cesare, co-founders of Nativa, were among the firsts to take an interest in American Benefit Corporations because shared with them many of the traits already existing in their business. These special traits were the reason that had caused legal problems to their company because they did not conform to the traditional rule of maximizing the profits of the shareholders. What Di Cesare and Ezechieli wanted to pursue was *"the happiness of those who were part of it"* but the law rejected this statement several times (Marquis, 2020). With this idea, the two founders were willing to reverse the conventional concept of capitalism and found in Benefit Corporations the adequate approach to do so.

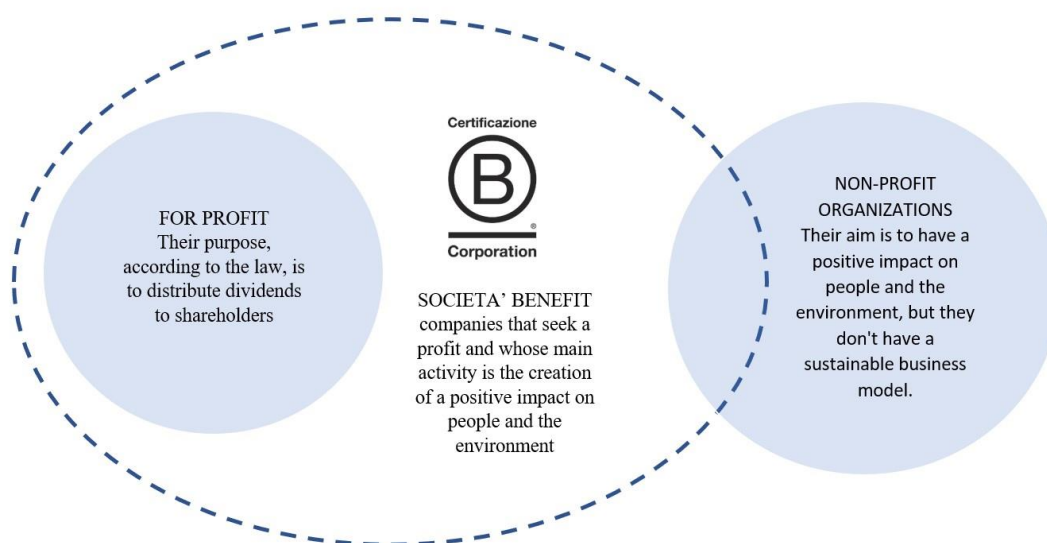
To spread the "Benefit" model in Italy, Nativa followed a very similar path to the one conducted by the b Lab team in the United States. It started by obtaining the B Corp Certification in 2013, becoming the first company to achieve this recognition in Europe, and then proceeding to seek legislative support that would contribute to the institutionalization of Benefit Corporations in Italy as well (Di Cesare, Ezechieli, 2017). The co-founders found the right support in Senator Mauro Del Barba and for some years they worked together to share the model and to obtain the approval of policymakers and citizens (Marquis, 2020). As reported by Di Cesare and Ezechieli (2017), the Senator firmly believed in this philosophy of doing business to positively impact people and the environment by reversing the shareholders' supremacy theory still encoded in the law, mentioning that: *"The B Corps give back to the entrepreneur the entire command on the original impulse that moves human action in depth: to produce a benefit, to create positive innovation for himself, the community and the environment. Merging this bond with the search for profit will free from negative cultural conditioning that often leads companies to rescind what should be their true mission."*

The project carried on by Nativa and the Senator was successful and materialized into law n.208/2015, also named *Legge di Stabilità 2016* (Del Baldo, 2019). With the institutionalization

of Società Benefit, Italy became the first country in Europe, as well as the first sovereign country in the world, to copy the American model and gain legitimacy in the legal system (Di Cesare, Ezechieli, 2017).

The Italian law regulating Società Benefit was the result of an international team of work that involved jurists, entrepreneurs, and stakeholders, all contributing to the spread of the legal status also outside the US borders (Ronco, 2018). What the Italian legislator wanted to guarantee was a law open to different interpretations, not in substance but in application. The text of the law, unlike many other bureaucratic colleagues, leaves freedom of action and interpretation to companies that decide to adopt this for-benefit model. By doing so, Italian law allows very different companies, such as micro-enterprises and multinationals, to be gathered together under the name of Società Benefit, despite the diversity of their respective businesses. In this way, it is possible to create a very large and very heterogeneous environment, without any constraint of size and type of activity (Del Barba, 2017). Despite this freedom of interpretation offered by Italian jurists, the Italian law that entered into force on 1<sup>st</sup> January 2016, took inspiration from the American doctrine. Therefore, it was built upon the concept of “public benefit” mentioned in the Delaware Code and reported by Ronco (2018) stating that: *“public benefit means a positive effect or reduction of negative effect on one or more categories of persons entities, communities or interests, other than stakeholders in their capacities as stockholders, including but not limited to, effects of an artistic, charitable, cultural, economic, educational, environmental, literary, medial, religious, scientific or technological nature”*. This attention to the concept of *public benefit* changed permanently Italian companies’ DNA that wanted to follow this path (Di Cesare, Ezechieli, 2017) turning them into economic activities not only aimed at distributing dividends to shareholders but willing to pursue a higher purpose of acting in a responsible, sustainable and transparent way towards all the stakeholders involved (Ronco, 2018). Moreover, these corporations introduced in the Italian legal system in 2016 should not to be confused with a new type of corporation (Ronco, 2018): in Italy, every company listed in book V and VI of the Civil Code is entitled to convert its legal status into a *Società Benefit*, with the only necessary commitment to pursue the public benefit as well as profit (Ronco, 2018). Benefit Companies represent the right legislative option for hybrid forms of business that sit halfway between the for-profit sector, focused only on shareholders, and non-profit organizations (Fig. 8)

Figure 8: Società Benefit between the for-profit sector and the non-profit sector



Source: <https://www.societabenefit.net/cosa-sono-le-societa-benefit/>. Personal processing

The Italian Jurisprudence, in addition to the description of the “public benefit” concept, provides also a definition of what and who is gathered under the term “stakeholders” of a company. In paragraph 376 of the law regulating *Società Benefit*, it is stated that a stakeholder is: “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Ronco, 2018). Unlike American law, to distinguish from traditional corporation forms, the Italian Benefit Corporation is required to declare its purpose on its statute. Paragraph 379 of law No 208 of 2016 is more detailed and adds further specifications regarding the need to indicate in the corporate purpose what type of benefit the *Società Benefit* intends to pursue in carrying out its economic activity (Ronco, 2018). The purpose must indeed conform to what is stated by the law and must be directed at the achievement of both stakeholders’ and shareholders’ interests (Ronco, 2018). This common benefit that characterizes the *Società Benefit* is made explicit by all the activities and decisions connected to the business. All companies willing to embrace this model are required to make a management transformation of their economic activity, becoming stakeholders-centric and attentive to the impact generated on this category. In fact, the governance of this type of business presents some unique traits and characteristics that distinguish it from traditional companies, like the unique activity carried out by the administrative body which must weigh all its actions between the interests of shareholders and stakeholders.

In addition to this characteristic, the governance of the *Società Benefit* is also expected to nominate a person as the “benefit manager” who undertakes to adapt the performances of the company to achieve the benefit of the subjects connected to it (De Paoli, Pasi, 2017). The activities assigned to the person responsible for the benefit purposes are summarized by De



Paoli e Pasi (2017): it should support the administration in identifying the common benefit, based on the needs of the stakeholders and based on the activities generated by the company. To achieve this public benefit, the company must focus the initial effort on identifying the objectives and the resources necessary to accomplish them. The benefit manager should then support the administrative body in evaluating the results obtained and the public benefit produced.

This provision of law No 208 of 2015 is one of the elements that distinguishes the Italian doctrine from that of the United States. The legislature does not impose limitations or precise rules on the candidate to be appointed to perform the role of "benefit manager". This decision can be taken autonomously by the organization on the basis of its characteristics and size and there are no restrictions on whether this responsible party can coincide with the administrative body. This subject plays an important role, being also the person in charge of drafting the annual benefit report (De Paoli, Pasi, 2017). In fact, the appointment of this manager is a specific obligation enforced by law on *Società Benefit* and failure to comply may give rise to the responsibility of the director, governed by article 2392 and article 2476 of the Italian Civil Code (Radoccia, et al., 2017).

The *Società Benefit*, as well as the Benefit Corporations, are committed to strict principles of accountability and transparency. To satisfy this provision, they are obliged to submit the annual report, describing all the performances adopted during the year and aimed at achieving public benefit. More precisely, companies that decide to embrace this legal status must therefore analyse the impact caused during the year on workers, specifying also the potential introduction of training and education projects, welfare services or family benefits for parents. These must be followed by projects and activities involving the other stakeholders, the corporate governance and the environmental impacts, which must include an overview on the methods of waste disposal, the use of resources, the production of CO<sub>2</sub> and a prospectus of the Life Cycle Assessment connected to its products (Del Baldo, 2019). Paragraph 382 insists that the annual report must include also a list of circumstances that limited the achievement of the common good and any other objectives to be pursued the following year (Ronco, 2018). It must be attached to the financial statement and published on the company's website, following strict rules of transparency and completeness (Ronco, 2018). As well as US jurisdiction, Italian law requires that this report published every year by the *Società Benefit* must be evaluated against an independent third-party standard.

However, the Italian law differentiates from the pioneer legislation with the introduction of mandatory controls conducted by the Antitrust authority on the pursuit of the benefit mission (Del Baldo, 2019). One of the major flaws of this legal status concerns the lack of controls by the government that verified whether the company was really following the benefit mission and that it did not use the denomination of "Benefit" only to achieve larger visibility. This additional regulation proposed by Italian law on paragraph 384, therefore guarantees greater security and greater protection of the mission imposed to Benefit Corporations and protection also for the consumer against any possible misleading advertising (Ronco, 2018). The Antitrust authority ensures the respect of the public benefit, sanctioning all the practices and conducts that diverge from it (Del Baldo, 2019).

Although the similarities between *Società Benefit* and Benefit Corporations are numerous, there are many differences between the two laws. It is true that the Italian legal status took inspiration from the American model that paved the way, but as mentioned by Joseph Liptrap (2017), the context in which the two laws were created is very different. *Società Benefit* are the result of a very different historical and legislative background, in which the shareholders' primacy is not as dominant as in US law. In this case, the Italian law wanted to open the business landscape to more business models, to suit the demands of the future (Liptrap, 2017). With this innovation in legislation, the Italian context takes a step forward compared to the classic European concept of "social enterprise", since SBs are much more complex and more sophisticated than "an alternative to charity", as social enterprises were often seen in the traditional perspective (Liptrap, 2017).

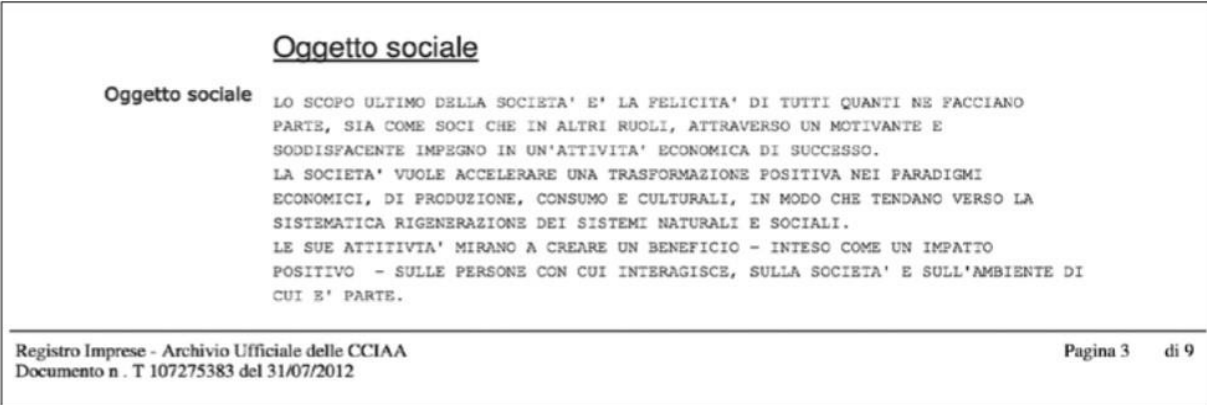
### **2.1.2 The role of Nativa in spreading the B Corp movement in Italy**

The expansion of the movement in Italy can be attributed to the work of two innovative entrepreneurs, who have dedicated enormous efforts to the diffusion of this business example in the country, from the first moment they came into contact with the certification proposed by B Lab and the consequent legal form of Benefit Corporation. They are Paolo Di Cesare and Eric Ezechieli, co-founders of Nativa, leader of the B Corp movement in Italy, and a great example to Europe and to the rest of the world. Nativa is a sustainability consultancy based in Rome and its business activity consists precisely in providing companies with advice on purpose-driven innovation, and ideas on how to be more attentive to people environment's needs. With its activity, it prepares companies for sustainable development, suitable to accept the challenges of the 21st century, and at the same time provides advice on how to improve their impact on people and the environment (Di Cesare, Ezechieli, 2017).

Their mission did not even stop with the significant milestone obtained with the legal recognition of the Benefit Society in Italy, gained together with Senator Mauro del Barba, who took charge of receiving approval in Parliament. But continues every day in a constant work of stimulating business activities to follow its example.

The history of Nativa and its distinctive leading role in Italy begins with its foundation in 2012. The two entrepreneurs, who already had a very different business vision than the majority of companies that characterized the entrepreneurial scene at the time, decided to distinguish themselves by specifying in the corporate purpose that the mission of the company based on “the happiness of those who are part of it, both as shareholders and in other roles, through a motivating and satisfying commitment to a successful economic activity.” (Di Cesare, Ezechieli, 2017). In doing so, they had unconsciously founded the first Benefit Corporation in Italy, laying the foundations for many other companies that would have followed suit over the years.

Figure 9: Nativa's corporate object, rejected by the Chamber of Commerce of Milan



Source: Di Cesare Paolo, Ezechieli Eric. *Le Benefit Corporation e l'evoluzione del Capitalismo. Vol. IV, in L'azienda sostenibile, by I Libri di Ca' Foscari, edited by Stefano Bianchi Marco Fasan, 55-78. Edizioni di Ca' Foscari, 2017.*

This unique corporate object, usually mere bureaucracy, was rejected several times by the Chamber of Commerce of Milan, due to the fact that it did not represent a valid reason for the establishment of a company. As specified by the Italian legal system, the "happiness of those who are part of the company" was not a motivation worthy of existing. This fact immediately brought the attention of the two entrepreneurs to fall on the mental shortsightedness of the entrepreneurial system and on the traditional mentality of preferring the interests of the shareholders over all the other categories present in the company (Marquis, 2020). Although the philosophy of shareholders' primacy in Italy is not as anchored to the business as in the

USA, this example demonstrates the need for evolution and change towards other interests, in order to encompass those of traditional capitalism. For Di Cesare and Ezechieli, this experience served to give them great motivation and push them towards the B Corporation movement that was recently born in the United States and which shared the values of Nativa.

In 2013 the Italian company obtained the B Corp certification, becoming the first Certified B Corporation in Italy and the whole European continent. It became a pioneer of the movement across the continent and the first testimony on the use of the tools made available by B Lab, including the heart of the certification: the B Impact Assessment (Di Cesare, Ezechieli, 2017). Despite the unfamiliarity of the certification and the new-born movement, which was not yet well established outside the US borders, in 2013 Nativa already demonstrated to share many values with the B Corp phenomenon, totalling an overall score of 101.6, which was significant for being the first certification of the continent. Throughout the years, the total score of Nativa has evolved to reach 111.7, one of the highest in Italy and far above the average of global companies that use the BIA as a self-assessment tool.

<b>BIA IMPACT AREA</b>	<b>SCORE</b>
<b>Governance</b>	17.5
<b>Workers</b>	30.4
<b>Community</b>	29.4
<b>Environment</b>	9.3
<b>Customers</b>	25.1
<b>TOTAL</b>	111.7

Over the years the company has shown great successes and improvements, also becoming Country Partner of B Lab, taking its place in Italy. After collaborating with the American non-profit on several projects for the dissemination and promotion of the movement, Nativa has also been recognized as Most Valuable Player, becoming an example for all Certified B Corporations (Di Cesare, Ezechieli, 2017). Nativa's example was well received by both Italian and European companies. To date, the European continent counts more than 700 Certified B Corporations and Italy follows with over 100, demonstrating one of the continent's highest growth trends. The significant progresses and rapid expansion of the Italian B Corp movement inspire the entire global community (Di Cesare, Ezechieli, 2017).

Nativa's example is a great pride for the Italian entrepreneurial nature, which in some sectors

stands out at the top of the world, and a great example to follow to face the challenges of the 21st century.

**2.1.3 An investigation into the composition of the Italian B Corp movement**

As mentioned in the previous paragraphs, the Italian phenomenon of B Corporations has gone from having only one certified company in 2013 to 115, today. Unlike what happened in the world, where the B Corp movement has expanded around the leading companies of the respective countries (Paelman, 2020), in the Italian case we can find some differences. Currently, the Lazio region, the territory that hosts the leading company of the Italian B Corp movement, is home to 8 Certified B Corporations which corresponds to a tiny proportion, considering the diffusion found in northern Italy. It is possible to affirm that Nativa's role as leader of the Italian movement was not limited only to its surrounding territory but has influenced many other areas of the country.

Of the 20 regions into which the Italian territory is portioned, 13 of them have joined the expansion of the movement.

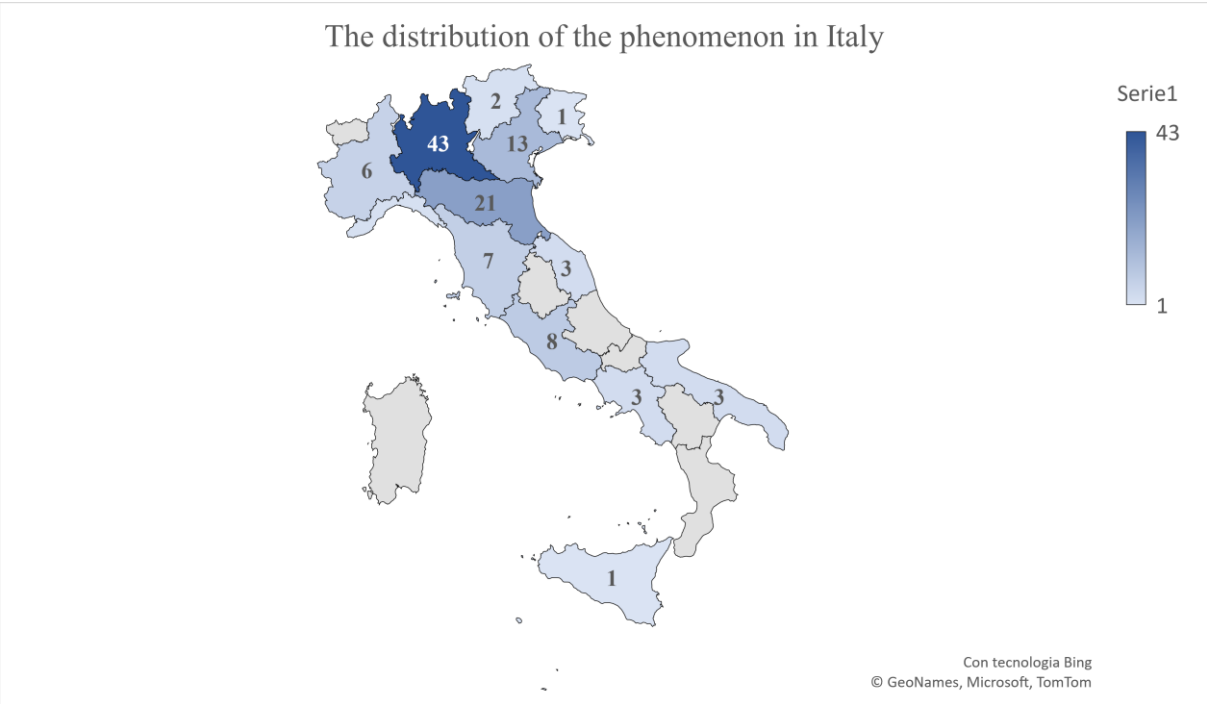
<b>REGION</b>	<b>NO. OF B CORPS</b>	<b>REGION</b>	<b>NO. OF B CORPS</b>
<b>Campania</b>	3	Piemonte	6
<b>Emilia Romagna</b>	21	Puglia	3
<b>Friuli Venezia Giulia</b>	1	Sicilia	1
<b>Lazio</b>	8	Toscana	7
<b>Liguria</b>	2	Trentino Alto-Adige	2
<b>Lombardia</b>	43	Veneto	13
<b>Marche</b>	3		

These areas of the country that participated in the spread of the phenomenon in Italy are mainly located in the northern part of the country, followed by a discrete success also in the central area and to a lesser extent in the southern part of the nation. To give a better idea of the territorial distribution of the phenomenon, the following map is presented.

From Fig.10 it is evident that the Region with the highest number of Certified B Corporations is the Lombardy Region, which holds 43 out of 113. 38% of the Italian B Corp is located in this geographical area. The province of Milan alone (capital of the Region) counts 28 companies that achieved the certification, 25% of the total Italian B Corps, classifying itself as the Italian province with the highest presence of the phenomenon. In addition to the Lombardy Region, a good success was also found by the Emilia Romagna Region and the Veneto Region, which

respectively count 21 and 13 certified companies. Between these two geographic areas, it is also appropriate to consider the Provinces of Parma and Vicenza, which are classified respectively in second (on a par with the province of Rome) and third place as provinces with the greatest presence of certified companies. The Province of Parma counts 8 Certified B Corporations and the Province of Vicenza 6, respectively 7% and 5% of the Italian total. In addition to a good expansion in northern Italy, the phenomenon records good results also in central Italy, with Lazio and Tuscany regions ranking in fourth and fifth place for the number of B Corps, while southern Italy totals four certified companies, among the three adhering regions to the movement.

Figure 10: The distribution of Italian B Corporations in the various regions



Source: personal processing. Data taken in "B Corp Directory" from bcorporation.eu

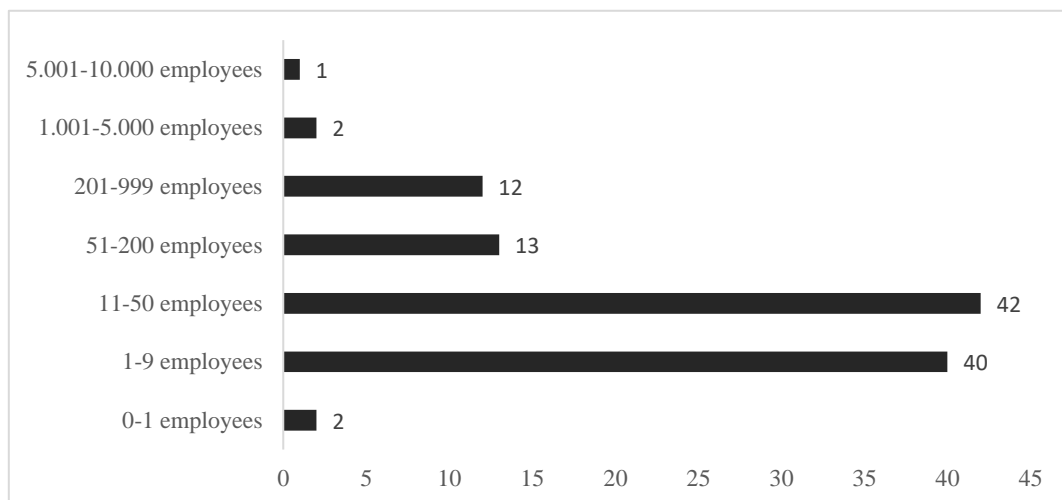
Of these 115 Italian certified B Corporations, the average size of companies making up the movement should be specified. As stated by Di Cesare and Ezechieli (2017), the global movement of B Corp is mainly composed of small and medium-sized enterprises, on average 70 people. After analysing the composition and size of the Italian B Corp companies by consulting the related websites, the LinkedIn pages connected to the companies, and the database created by B Lab on *data.world*, it is possible to state that the Italian phenomenon is similar to the global one. The results of the examination showed that the great majority of companies identify themselves as medium-small. 97 Italian companies claim to be made up of 0-200 employees (86% of Italian B Corp belong to this category). To better understand the

composition of this category, it is possible to divide small-medium enterprises into sub-categories:

- Micro-enterprises
- Small enterprises
- Medium enterprises

Those companies belonging to the first group include the Italian B Corps which have a number of employees between 0 and 1. Only two companies refer to this category. However, from the data that emerged it is possible to determine that the Italian phenomenon is mainly made up of small businesses, with a number of people ranging from 1 to 50 (72% of Italian B Corp). Finally, the last category of small-medium enterprises has 13 certified companies of medium size, with a number of employees between 51 and 200.

*Figure 11: The dimension of Italian B Corporations*



*Source: personal processing. Data taken in "B Corp Directory" from bcorporation.eu*

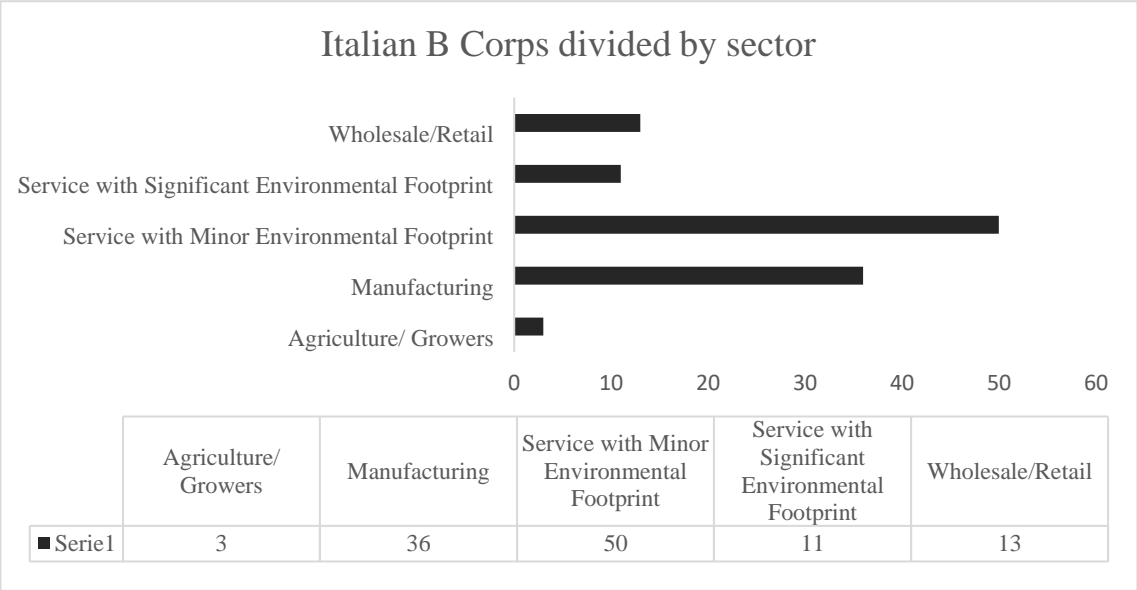
As demonstrated for the global movement, although the vast majority of corporations identify with the three aforementioned groups, even large companies have joined the movement and achieved certification.

In the Italian phenomenon, it is possible to encounter five medium-large companies made up of between 201 and 10,000 employees, who have joined the movement. As shown in Fig.11, among these companies with a size above the average of B Corps, the category that stands out most is composed of several collaborators between 201 and 999, with 11 companies that are part of it.

As regards the sectors to which the B Corporations belong (Fig. 12), the Italian movement seems to follow the example of global companies. Also in the peninsula, the sector most present

in certified companies is that of services with a minor environmental footprint (44%). Italy, as the country's entrepreneurial tradition dictates, then stands out from the rest of the world for a large presence of B Corp in the manufacturing sector, with 36 certified companies out of 115. These two main sectors are then followed by the wholesale and retail sector, with 13 B Corps and the services with a significant environmental footprint, with 11 B Corps. The last sector, with only 3 certified companies that are part of it, relates to agriculture.

Figure 12: The sector of Italian B Corporations



Source: personal processing. Data taken in "B Corp Directory" from bcorporation.eu

From the data collected, it's evident that a certain similarity emerges between the various industries that constitute the Italian movement and those of the global movement. Also in this case there is a fair heterogeneity between the different sectors that welcome the Italian B Corp. As already specified, the movement does not limit membership to any company, neither in terms of size nor for the sector to which it belongs, as long as it remains in the for-profit world. For this reason, also in the Italian case, the same heterogeneity is found among the industrial sectors, finding more than 20 different specializations. The highest presence of Italian B Corps is concentrated in the Food and Beverage industry, which was the most widespread also in the Global movement. Following the guidelines of the B Corporations spread all over the world, good results have also emerged in educational services, in the home and personal care sector, in health and human services, in marketing and communication, in the production and machinery and equipment, and in business consulting.

From the data collected, many similarities emerged between the Italian B Corp and those spread



all over the world, synonymous with the flexibility of certification and its adaptability to any situation and type of business.

#### **2.1.4 BIA results. Italy compared to the rest of the world**

Continuing the analysis of the Italian phenomenon, it is also appropriate to take into consideration the central element of the certification process: B Impact Assessment. The BIA coincides with the heart of the B Corp movement because it determines whether a company has a positive impact in the world or whether it is simply stealing resources. From the B Impact Report, a small summary of the scores obtained in the assessment, it is possible to understand what level of environmental and social sustainability has been achieved by the company. Remembered that one of the main objectives of B Lab, at the time of the creation of the entire movement, was to provide evaluation tools on corporate sustainability that were clear and precise, measured objectively like financial data (Di Cesare, Ezechieli, 2017). The BIA allows us to compare certified companies by translating their performances into a number, differently from many other business practices related to sustainability that do not clearly and objectively communicate the outcomes achieved by companies.

Using the results obtained from Italian companies in the certification process, a comparison with those of the global community will be proposed, in order to verify their positioning and success with respect to their colleagues. From the data available on the various websites of Italian companies, from the specific platform proposed by B Lab (B Corp Directory), and from the dataset of data.world, it emerges that Italian companies obtain on average a total score of 91,43 points at the BIA. This score is based on the sum of the performances of the impact areas of workers, community, governance, environment, and customers. To compare the result of the Italian movement, the average score obtained by the global community of Certified B Corporations, equal to 95,5 points, is attached (Fig. 13).

To get a clearer idea of the phenomenon in Italy, a further comparison is proposed with two particularly significant geographical areas: the United States, the country of origin of the movement, as well as the country with the highest number of certified companies, and Europe as the whole continent. The second geographical area is also significant, especially for the purposes of a comparison with the Italian movement, as the two are closely connected: it should be remembered that the spread of the phenomenon in Europe began with the certification of Nativa, the Italian company that set an example for all the following companies. However, since the certification of the first B Corp in Europe in 2013, a lot has changed. Currently, the country

of the European continent with the highest number of these companies is the UK. For this reason, the results of the Italian community will also be compared with this latter country.

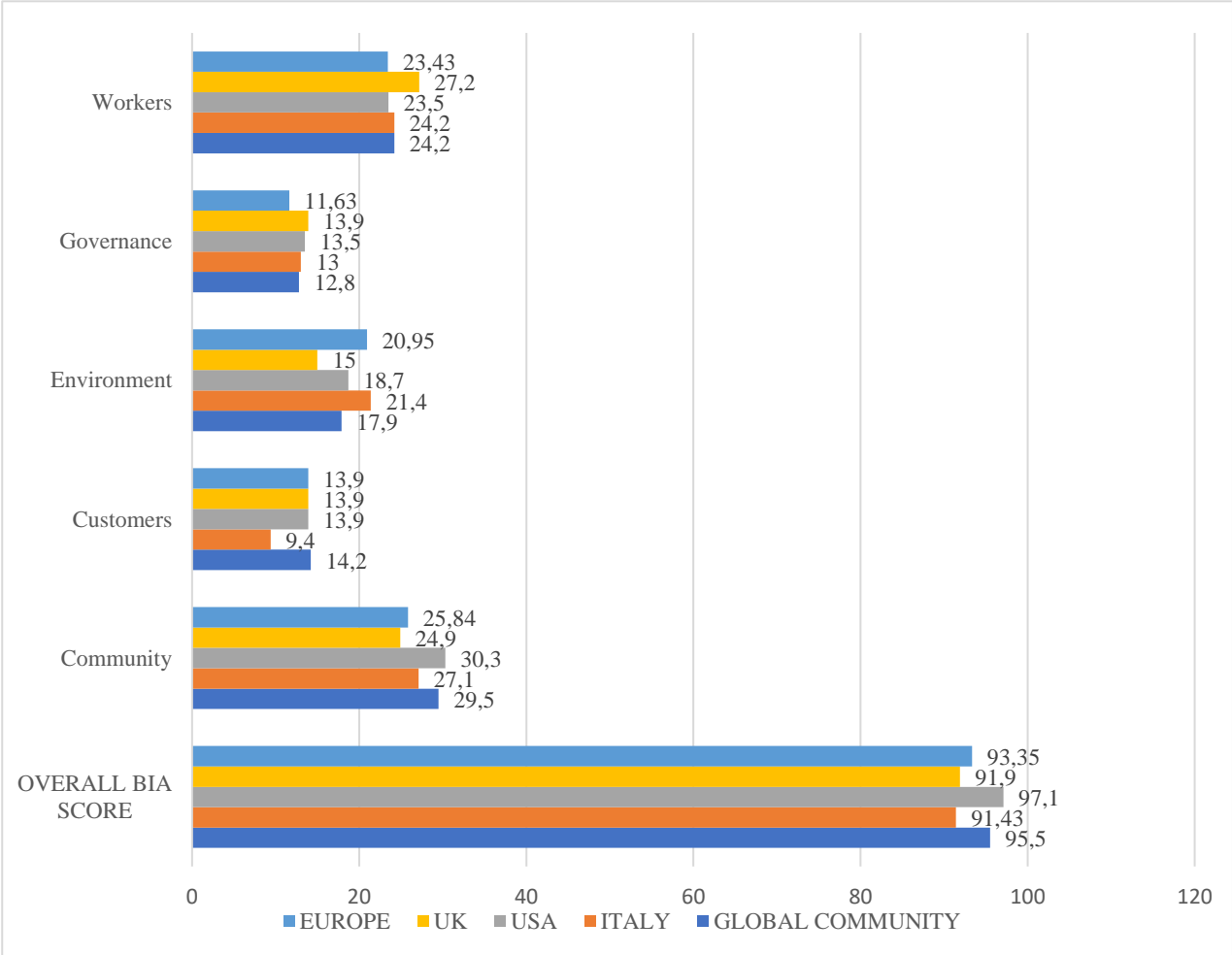
As we have already mentioned, Italy and the global community of certified companies, on average recorded a total BIA score of 91.43 and 95.5 respectively. The scores of the other geographical areas analysed and added to the graph, make the United States emerge as the country with the best score, equal to 97.1 points, followed by the UK with 91.9 points and the entire European continent with 93.35 points. Instead, in the five impact areas evaluated the certification process that compose the total BIA score, the results are more variable. In fact, there is no particular geographic area that stands out with results clearly different from the others. The "Environment" impact area is certainly the section of the BIA in which Italy stands out with the best outcomes equal to 21.4 points. Good results are also obtained in the "Workers" category, where it equals the average score of the global community, and also in the "Governance" section, where it gets one of the best results. Also, in the "Community" impact area, Italy shows a consistent number with the colleagues in the selected geographic areas. On the other hand, the area evaluated by the B Impact Assessment where Italy proves to be more deficient than the entire community, is that connected to customer relations.

From these data, we can see that the community of Italian B Corp is following a good trend compared to its colleagues, thus demonstrating a good maturity and experience of the Italian movement in the world.

A common trend that often emerges from the results obtained by Italian businesses that self-assessed with the BIA and by other corporations distributed all over the world, is a connection between high scores achieved and the company's maturity. The longer the company had been part of the movement of B Corporations, the greater the chances of obtaining a score above the average of its colleagues. Clearly, this does not happen in all cases, but in the majority, as demonstrated by the data collected on Italian companies, where the best results have been achieved by companies present in the community for at least three years, therefore subjected to the BIA more than once. These results are certainly connected to the experience gained over the years, in which the company has had the opportunity to confront other participants in the community and improve its most critical aspects. Considering the Italian phenomenon, from the analysis of the data it emerged that the companies already subjected to re-certification, obtain on average a total score on the BIA equal to 95.5, higher than the national average, while the companies in the first mandate demonstrate to obtain on average a score of 87.76 points. These results are relevant because they show that B Corp certification, unlike many other

certifications, should not be understood as the final goal for a company but the starting point from which to originate the entire improvement process. From these data, it emerges that joining the movement has stimulated a continuous improvement of company performances.

Figure 13: Italian BIA results compared with BIA results of Europe, UK, USA, and the entire Global community



Source: personal processing. Data taken in "B Corp Directory" from bcorporation.eu and from data.world "B Corp Impact Data", dataset created by B Lab in 2017, last update: 2020

### 2.2 The conformation of the movement in Veneto Region

After determining the Italian movement's conformation, the research study moves to one of the previously mentioned regions, the Veneto Region, which stood out in the whole Italian phenomenon for having one of the highest concentrations of certified companies.

The Veneto Region has always been characterized as a geographical area of the Italian territory with a very vast and very efficient entrepreneurial fabric. Located in the North East of the country, once defined as the "Italian locomotive" (Marini, 2015) as one of leaders of the national business, the Veneto Region still demonstrates a large presence in several business activities. The origins its propensity for entrepreneurship can be traced back to a humble and agricultural

land and community, which from the 1960s onwards discovered its manufacturing skills and exported them all over the country. This area of Italy has always been seen as a very laborious framework where the economic structure saw a consistent prevalence of an artisan nature in the traditional fields (Marini, 2015). These work activities were typically small and very small, made up of a few people who accompanied the product from the raw material to the sale (Marini, 2015).

Over the years, these realities have clearly shown an evolution by expanding and innovating, but always remaining close to medium-small business size specialized in manufacturing.

With the advent of globalization and internationalization of the markets, followed by the economic crisis of 2008, Veneto companies had to evolve further to find their niche in the market and not sink into global competition. From this crisis and these difficulties, many companies in the area have started to innovate their business and make it up to the challenges that have arisen. In trying to look forward, many businesses have found the solution to the problem in "going back", thus returning to the origins and proximity to the territory (Marini 2015). Several companies have invested in the reciprocal relationship between business and territory, made up of points of union rather than divergences, as had happened at the beginning of Veneto's entrepreneurial history. To restore this relationship, many have focused on strengthening corporate social responsibility, with performances aimed at improving relations with the territory and the communities in which they are embedded. In their pursuit of innovation, these business activities in the North-East, and therefore also in the Veneto Region, have rediscovered their roots (Marini, 2015).

Some of these realities are part of the 13 B Corporations found today in Veneto, which in the face of difficulties and strong international competition, have evolved and "enriched" their business not in monetary terms but in terms of well-being and shared value. This positive force, therefore, had to be shared both within the company itself and also externally, gathering the interests of all the stakeholders involved in this evolution process.

However, not all B Corps in the area were born from imminent difficulties encountered in recent years, that demanded a necessary evolutionary leap. Others originated from the desire for innovative entrepreneurs who wanted to do more than just run a traditional business in order to meet the challenges of the 21st century. This group of Veneto companies, inspired by the B Corporations movement born in 2007 in America, are aware that traditional capitalism and traditional business won't last long and therefore they have decided to prevent the change in order to be ready when it will be mandated.

The crisis that marked the world in 2008, the disastrous climate changes, the exploitation of the

planet and its inhabitants, are all direct consequences of a wrong way of doing business (Marquis, 2020). These "different" companies are therefore born with the idea of distancing themselves from this model to propose one that is sustainable for people and for the planet, under the name of B Corp. These Venetian realities have decided to join this change by bringing innovation and sustainability to the entrepreneurial fabric of the region.

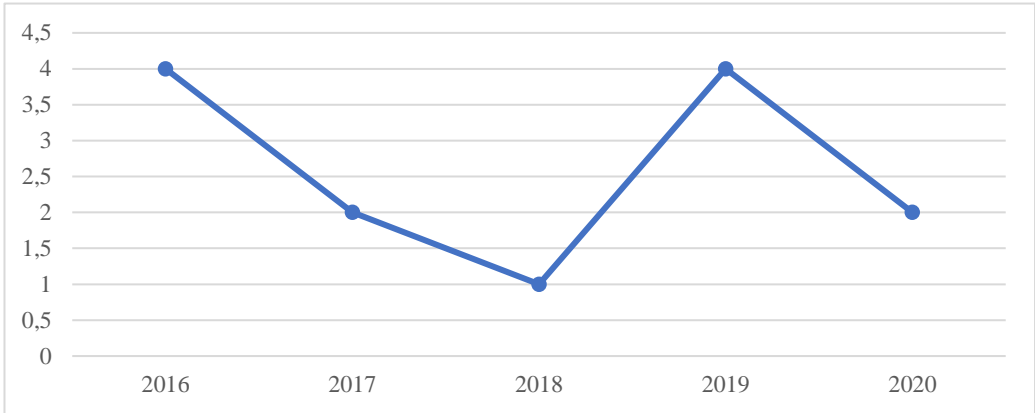
The fertile entrepreneurial ground, together with the challenges arisen that pushed towards change, have proved a favourable combination for the expansion of the phenomenon in the Region. The first company to undergo the high standards imposed by the BIA and achieve the recognition of B Corporation is located in the Province of Vicenza, which in addition to the high presence of these only companies is also distinguished by the seniority of membership. To date, the certified companies of this region are:

1. Pasticceria Filippi
2. Facile Aiuto
3. Zordan
4. Perlage Winery
5. Sorriso e Salute
6. Metalli Lindberg
7. Abafoods
8. D'Orica
9. Service Vending
10. Arbos
11. Onde Alte
12. Cielo e Terra
13. Alisea

Pasticceria Filippi was the first Venetian company to be certified in 2016, three years after the first Italian company, following the significant increase registered throughout the national territory. Even the Region under analysis was hit by the "benefit wave" that was born following the entry into force of the *Legge di Stabilità* in 2016, which legally recognized this type of business and provided precise guidelines to all entrepreneurs willing to follow suit. In 2016, four Veneto companies obtained the certification and are, in addition to the aforementioned Pasticceria Filippi, Facile Aiuto from the province of Verona, Zordan from Vicenza and Perlage Winery from the province of Treviso.

The trend of the certifications that followed after 2016 is explained in the following graph (Fig.14), which highlights a fluctuating progression.

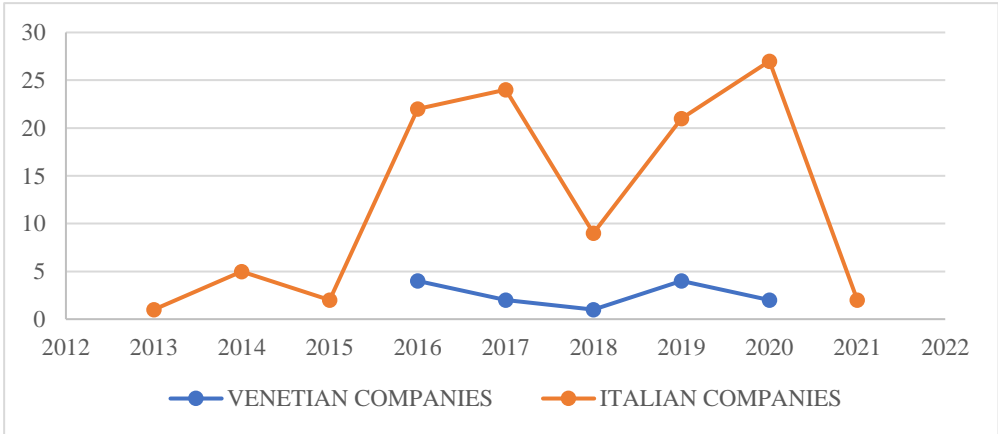
Figure 14: The evolution of Certified B Corporations of Veneto Region throughout the years



Source: personal processing. Data taken in “B Corp Directory” from bcorporation.eu

It is clear that, in addition to 2016, the other year that recorded good results was 2019, in which four Veneto companies were certified. On the other hand, the years between 2016 and 2020 show a more variable course compared to the phenomenon demonstrated in the national territory, which presented more homogeneous growth. However, some similarities are recorded in 2018, where the whole country faced the certification of only nine corporations and the Veneto region of one among them, as a synonym of a great decrease (Fig.15).

Figure 15: The evolution of the Italian movement throughout the years compared to the phenomenon manifested in Veneto region



Source: personal processing. Data taken in “B Corp Directory” from bcorporation.eu

### 2.2.1 An investigation of Certified B Corporation located in Veneto Region.

As specified in the previous paragraphs, Veneto is one of the Italian regions in which the movement has found the best success, currently placing itself in the third position for the number of certified companies, after the Lombardy Region and the Emilia Romagna Region. 13 companies from Veneto have joined the movement and have obtained the homonymous certification. To date, Veneto holds 11% of the Italian B Corps which are located in the five provinces (of 7 present) that

*Figure 16: The distribution of Venetian B corporations throughout the region*



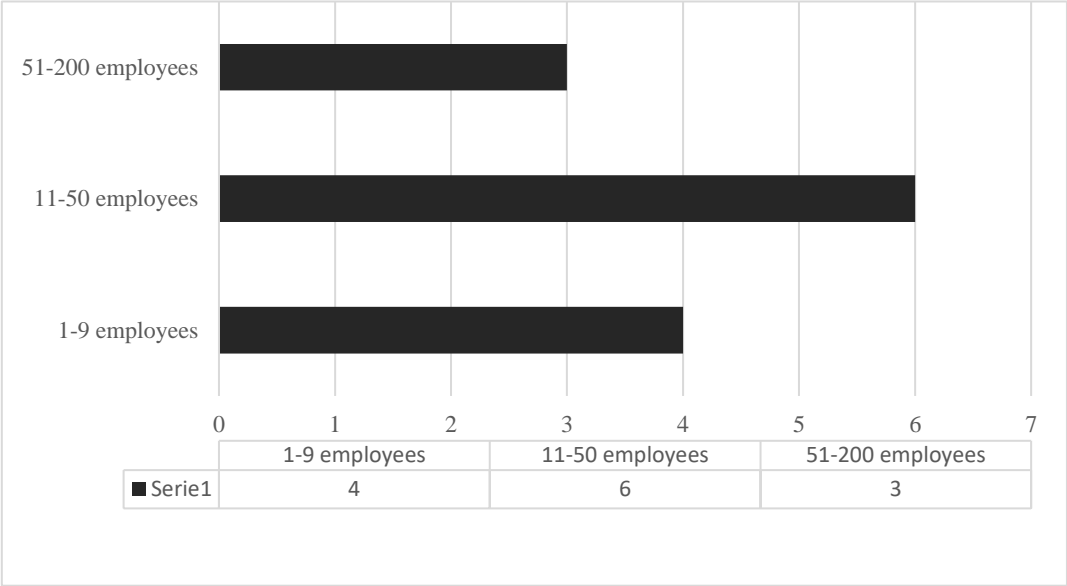
*Source: personal processing.*

make up the region: 6 in Vicenza, 1 in Verona, 3 in Treviso, 2 in Venice, and one in Rovigo. Among these, the province of Vicenza clearly stands out with the highest number of Certified B Corporations in Veneto, also ranking among the first provinces in Italy for joining the movement. The map proposed by Fig. 16 can give a clear idea of the distribution of these unique businesses in the territory. The six corporations of the province of Vicenza are also highlighted in black to focus attention on the concentration of the phenomenon in this area, which will be studied in depth in the following paragraph.

Given the positive adhesion, it is evident that the Italian Region taken into consideration in this analysis, demonstrates a good alignment with the success of the phenomenon encountered in northern Italy. These 13 companies also show various similarities with their colleagues distributed throughout the national territory also as regards the structural characteristics. The entire sample primarily identifies small-to-medium-sized businesses, in accordance with the typical characteristics of the Veneto entrepreneurial fabric. Among these SMEs it is possible to portion three sub-categories: micro enterprises, small enterprises, and medium enterprises. Four companies located in this region are part of the sub-category of micro-enterprises, six

businesses are gathered into the classification of small enterprises and the remaining three are part of medium-sized enterprises, with a number of employees between 51 and 200 (Fig. 17).

Figure 17: The dimension of Venetian B Corporations



Source: personal processing. Data taken in “B Corp Directory” from bcorporation.eu

By analysing the sector in which these certified companies belong, it is evident that the Veneto region mainly counts business activities specialized in manufacturing. 7 out of 13 companies base their business on manufacturing, following the entrepreneurial tradition of the territory that has built its foundations in this sector. However, the other specializations should not be ignored, including the offer of services with a minor environmental impact, the wholesale and retail, and services with a significant environmental impact where the remaining 6 Veneto

Figure 18: The sectors of specialization of Venetian B Corporations



Source: personal processing. Data taken in “B Corp Directory” from bcorporation.eu



B Corporations gather. The categorization by sector is shown in the following graph to clarify the membership of the companies that make up this geographical area (Fig.18).

The Veneto case shows some divergences with the data analysed throughout the national territory, rather approaching the non-certified Venetian colleagues who characterize this territory.

Among these sectors, it is also correct to pay attention to the different industries into which these 13 B Corporations specialize. As well as the Italian movement, the Veneto region favours the Food and Beverage industry, counting 5 out of 13 total businesses that are committed to the production of foodstuffs. The other six specializations, on the other hand, demonstrate a more variable membership, with two companies dedicated to the supply of services related to people's health, two dedicated to the industrial production of manufactured goods, and the other two that base their activity on the production of stationery material. The remaining two B Corporations are divided between marketing and communication, and research and design.

Clearly, the sample of certified Veneto companies is much smaller than the Italian one, demonstrating only some of the 30 specializations encountered at the national level. However, despite the short sample, it is possible to identify a strong attachment of Veneto companies to the manufacturing sector, not only bound to a few specializations but divided into different business activities.

As demonstrated for the overall global movement and also for the Italian one, even in this small geographical area, the phenomenon of B Corporations confirms its adaptability in different sectors and in every company dimensions. In Veneto, the B companies are all grouped under the classification of SMEs, with no participation of corporations belonging to higher categories. However, they present a reasonable variety of specializations as proof of the fact that the certification, also in this case, has welcomed heterogeneous companies, but united by the objective of enhancing their territory of belonging and the people who are part of it, through a positive business.

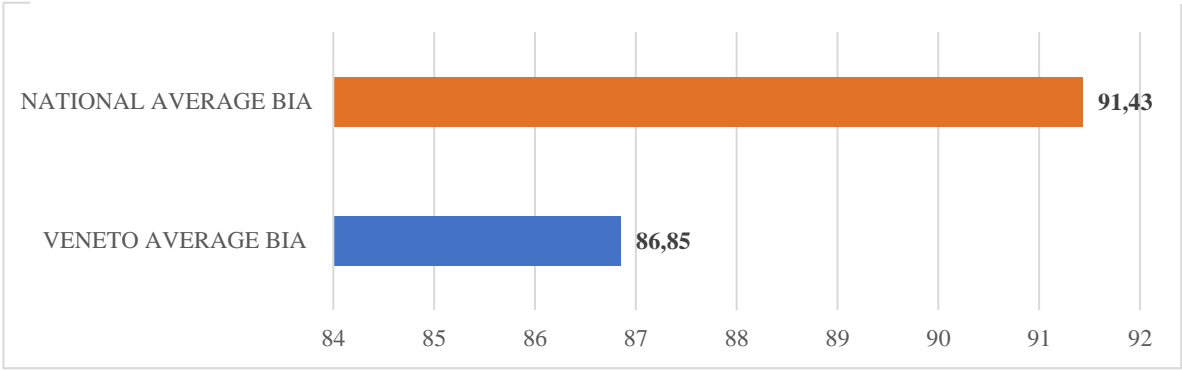
### **2.2.2 BIA results. Veneto Region compared to Italian movement**

To better understand the phenomenon of B Corporations located in the Veneto Region and to determine the success found in this area of the country, it is appropriate to compare the results of the BIA of this region with the Italian movement. As already mentioned, the results of the BIA are made up of 5 thematic areas that determine the impact of company performances on people, on the territory, and on the environment. Depending on the type of activity and the experience gained from belonging to the movement, it will be easier for one area of impact or

the other to prevail.

The data of the B Impact Assessment of the Veneto Region are compared with the data collected in the Italian territory, in order to understand the level of experience of the B Corp movement in this geographical area and how this is positioned at the national level. In this regard, the previous graph is proposed (Fig 19).

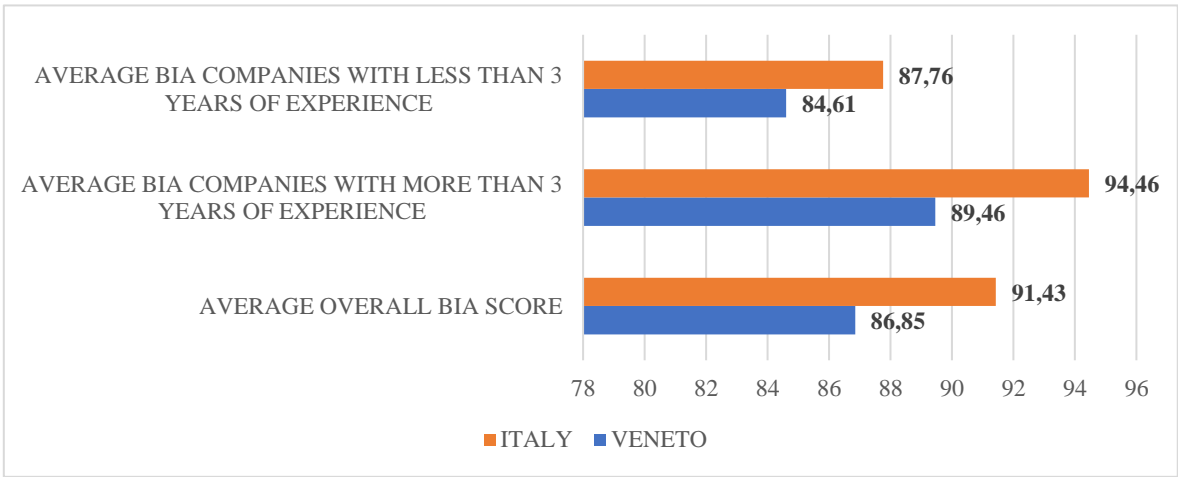
Figure 19: A comparison between the Italian BIA results and those of the Veneto region



Source: personal processing. Data taken in “B Corp Directory” from bcorporation.eu

Starting from an analysis of the total average of the BIA, it is possible to immediately highlight some differences between the region studied and the Italian territory. The national average, with a score of 91.43 found by the Italian B Corporations in the certification process, is much higher than the Veneto average which scored 86.85 points, showing some inexperience for the latter region. For this reason, it is reasonable to propose a distinction between companies with experience in the movement for more than three years, and those newly certified (Fig.20). The ultimate aim is to support the thesis explained in the previous paragraph (Par. 2.1.1), which wanted to prove how greater experience within the movement also determined better BIA

Figure 20: A comparison between BIA scores gained by Italian and Venetian companies with more than three years of experience and those with less than three years of experience



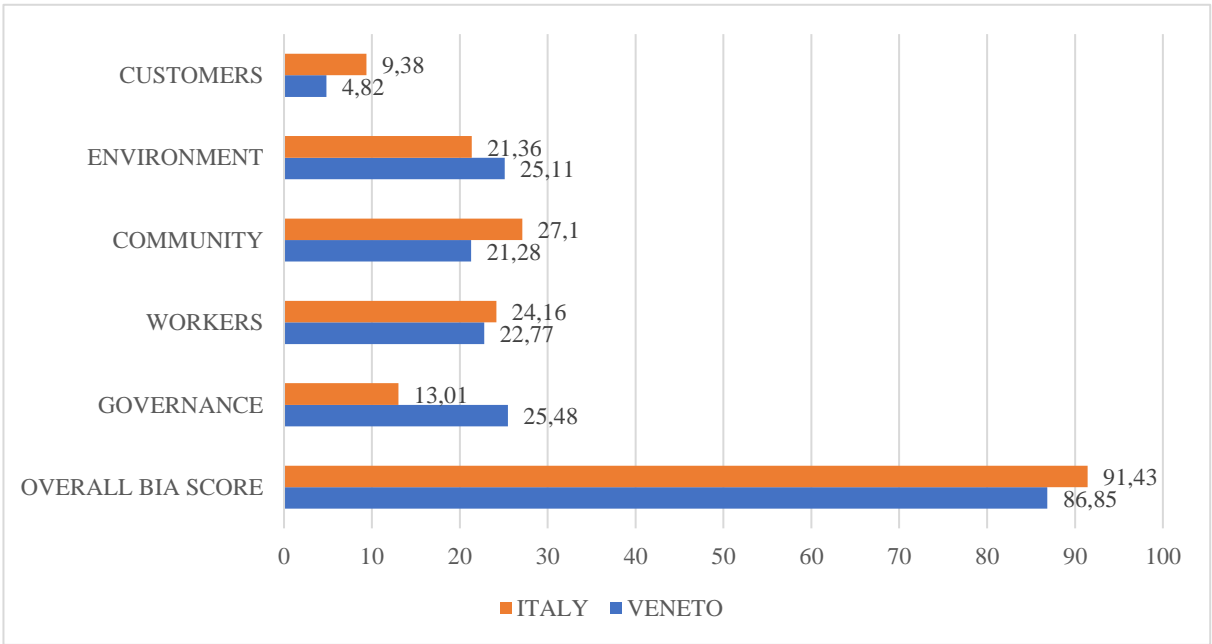
Source: personal processing. Data taken in “B Corp Directory” from bcorporation.eu

results among certified companies. While the Italian movement demonstrates significant differences in total BIA scores between companies with less than three years of experience and companies with more than three years of experience, in the case of Veneto the data does not reveal substantial contrasts. In fact, in this geographical area, the overall scores on the BIA between these two types differ by a few points.

After having compared the BIA results between the two phenomena, the investigation now shifts the focus on the 5 thematic areas that make up the unique certification system of B Corp. As seen several times, these areas of impact evaluate the business as a whole, without limiting themselves to just a few aspects. The results achieved by the companies are therefore very variable and subjective, as they are linked to the type of production activity and the performances adopted over the years. The data from the Veneto region are then summarized in the following graph and compared with the scores achieved by Italian B Corporations in the impact areas of Governance, Workers, Community, Environment, and Clients.

The graph (Fig. 21) immediately reveals that there is no clear Prevalence of Italian B Corps over those from Veneto. Even if the total scores of the BIA of the two areas taken into consideration suggested that the whole Italian movement achieved significantly better results, focusing attention on each element that makes up the self-assessment it is possible to highlight a certain variability. In fact, in the "Governance" and "Environment" sections, the Veneto Region stands out considerably from the national average, while in the remaining impact areas

Figure 21: A comparison between the scores achieved by the Italian B Corp movement and the Veneto B Corp movement in the five impact areas composing the BIA



Source: personal processing. Data taken in "B Corp Directory" from bcorporation.eu

of "customers", "community", and "workers" it is the Italian movement that prevails over the Veneto one.

Although there are several areas where Veneto's business activities could be improved, the 13 B Corporations in Veneto convey that they can compete with their colleagues located across the territory. In some of the cases, they also prove to be a valid example to follow, such as in the "Governance" section, where they score 12 points more than the country average. In this category, elements such as ethics and transparency of the corporate mission are evaluated, together with the integration of social and environmental objectives and the degree of employee involvement (BIA). In this sense, the companies of this territory demonstrate a good adhesion and application of the values of the movement.

Another prominent element of the Veneto movement is the "Environment" impact area, particularly precious to the global B Corp movement and in line with the current challenges that 21st-century companies must face in order to adapt to change. In this case, the detachment points are smaller than in the previous section but excelling in this impact area means demonstrating a strong maturity in the management of the environmental impact created by the business activity.

Besides, it is appropriate to consider a certain margin of error in the previous data. Those that refer to the five thematic areas that make up the BIA of certified companies in the Veneto region are accurate and updated up to this moment, as collected by the special web portal made available and updated day after day by B Lab (B Corp Directory). As well as the two overall Italian and Venetian B Impact Assessment scores that were also obtained from the aforementioned online page. Instead, the scores obtained from the responses provided by all Italian companies in the five impact areas may not be as accurate as they come from a dataset created by B Lab and updated last year (Data.world). Some values may therefore be missing. This bias is probably not considerable enough to significantly skew the results. This bias is probably not considerable enough to significantly skew the results as the data was updated last year and is therefore quite up to date. Therefore, throughout this analysis comparisons between these two different sets of samples are presented to try to recreate a clear picture of the phenomenon.

### **2.3 An introduction to the case study: B Corps from Province of Vicenza**

As already mentioned, several times in the course of the chapter, the province of Vicenza is the one that stands out most in the Veneto Region for the success of the movement. The province in question, in addition to being the birthplace of the first B Corporations in the region, now

holds six certified companies and ranks as the third Italian province by joining the movement, after Milan and Parma and Rome on equal points. In this area of the region, the phenomenon was born with the pioneer Pasticceria Filippi, certified in 2016, followed by the other five which succeeded one another in the following chronological order:

<b>COMPANY</b>	<b>CERTIFIED SINCE</b>	<b>LOCATION</b>
<b>Pasticceria Filippi</b>	June, 2016	Zanè
<b>Zordan s.r.l SB</b>	October, 2016	Valdagno
<b>D’Orica</b>	February, 2019	Nove
<b>Arbos</b>	June, 2019	Solagna
<b>Cielo e Terra</b>	March, 2020	Montorso Vicentino
<b>Alisea</b>	October, 2020	Vicenza

The movement of this province has grown gradually, with two certifications obtained in 2016, two in 2019 and two in 2020. Similarly to the phenomenon of the Veneto Region, also in this case there was a significant reduction in certifications between 2017 and 2018, which however started to grow again after 2019.

The geographical distribution follows what is reported in the previous map of the Veneto Region (Fig.16), which highlights in black the concentration of the six companies mentioned above. In addition to being an example for the other companies spread across the Veneto business fabric, they are also an example for the whole national territory and for this reason, it is worth paying attention to them.

Located few kilometres from each other, each B Corporation has developed and specialized in unique activities, depending on its tradition and the influences of the territory. These companies follow the phenomenon manifested in Veneto, with a history and evolution very similar to those of their B Corp colleagues distributed in the other provinces of the region. Moreover, these companies also have various similarities with the companies that build the base of the Veneto entrepreneurial system. Hence, their structure follows their colleagues of the region, with a small to medium composition and a number of collaborators between 1 and 200. However, the greatest similarity is found in the sector to which they belong: five out of six companies have specialized their activity in the manufacturing sector, following the traditions of the territory. To give due weight to the specializations of these companies and to clarify how the B Corporations movement has been successful in this small Venetian province, a brief description of each company will follow. These characteristics are summarized in the following table and

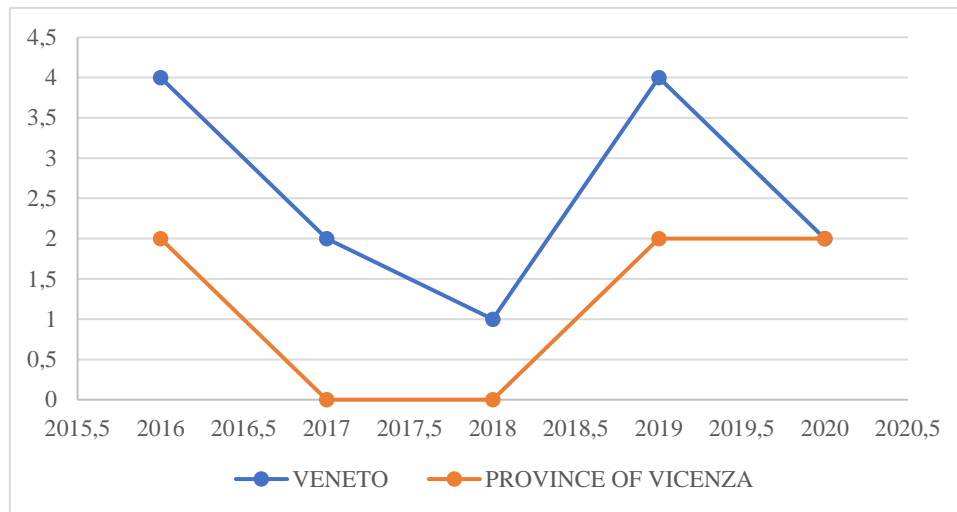
are useful for classifying the companies in the province that have decided to join the B Corporations movement. Even if they present various similarities, the companies of this geographical area have found very personalized specializations, based on a link to their own territory, to the family tradition, or to innovative ideas to stand out in the market.

<b>COMPANY</b>	<b>SECTOR</b>	<b>INDUSTRY</b>	<b>SPECIALIZATION</b>
Pasticceria Filippi	Manufacturing	Food & Beverage	Production of pastry products
Zordan	Manufacturing	Industrial Manufacturing	Woodworking for the creation of mono-brand shopfitting
D'Orica	Manufacturing	Industrial Manufacturing	Jewellery production
Arbos	Manufacturing	Office products & Printing	Production of stationery items with recycled materials
Cielo e Terra	Manufacturing	Food & Beverage	Wine production and bottling
Alisea	Wholesale/Retail	Recycled & Reused Objects Design	Reuse of industrial waste by transforming it into design objects

After having collected all the data relating to the six Certified B corporations located in the Province of Vicenza, these are now summarized to provide an overview of the phenomenon manifested in this area of the country. The B Corp movement of the Province of Vicenza, but also of the entire Region, began with the certification of Pasticceria Filippi in 2016 and culminated (to date) in 2020 with the certification of Cielo e Terra and Alisea.

Despite the inconsistent progress between 2016 and 2018, the growth of the community of the Province demonstrates a trend very similar to that of the region to which it belongs, with some slowdowns manifested in conjunction with the entire Veneto movement. The two geographical areas being compared, then differ in the period between 2018 and 2020. While Veneto still shows some fluctuations, the Province of Vicenza maintains homogeneous growth, with two certified companies in 2019 and two in 2020 (Fig. 22).

Figure 22: The evolution of the phenomenon manifested in the Province of Vicenza throughout the years. A comparison between the evolution of regional movement.



Source: personal processing. Data taken in "B Corp Directory" from bcorporation.eu

The other two characteristics of these six companies on which it is worth focusing attention are the sector to which they belong, together with the relative specialization, and the size that characterizes the company. Following the footsteps of the Venetian entrepreneurial tradition, five out of six companies in the Province that have obtained the B Corporation certification belong to the manufacturing sector, while the sixth company is dedicated to wholesale and retail. Despite the similarities in the direction taken by business activities, these companies hold distinct positions in the market, distinguishing themselves through the various processes that define them. Two of these, more precisely Pasticceria Filippi and Cielo e Terra, are part of the most widespread sector of all Italian B Corporations: that of food and beverage. However, it is reductive to unite them within a single category, since the two are specialized in pastry in the first case and the production of wine in the second.

Also in the case of Zordan and D'Orica, the sector they belong to seems to connect the two businesses, as both are specialized in industrial manufacturing production. The two, however, produce very different finished products. D'Orica is part of the goldsmith district of the province of Vicenza, producing prestigious jewels through delicate and very fine workmanship, while Zordan is dedicated to the craftsmanship of much larger products, through woodworking, then destined to compose the shops of prestigious luxury brands. Finally, although Alisea does not belong directly to the manufacturing sector, its work is close to this specialization and the work made by Arbos, who bases its activity in the production of stationery items using recycled materials. Alisea performs intermediation work between customers who supply industrial waste

and local producers who reuse these materials in their productions, such as Arbos, whose production is based on the recycling of used materials.

After having proposed a classification of these six companies by sector and specialization, the focus now shifts to the dimension they present. As already specified, the dimensions follow the entrepreneurial tradition of the Veneto region and have a classic medium-small composition. In fact, none of these six companies has more than 200 people. The subdivision between micro, small and medium-sized enterprises is very homogeneous, with two B Corp subdivided for each of these categories. The smaller companies, which count from 1 to 9 operators, are Alisea and Arbos, while those showing a slightly larger size (11-50 employees) are D'Orica and Pasticceria Filippi, followed by Cielo e Terra and Zordan that rank first for company size (from 50 to 200 employees).

The study then concludes with a fair comparison of the results of the BIA obtained in the province of Vicenza and those recorded in the Veneto Region. The ultimate goal is to understand the positioning of these B Corporations with respect to Veneto and national movement.

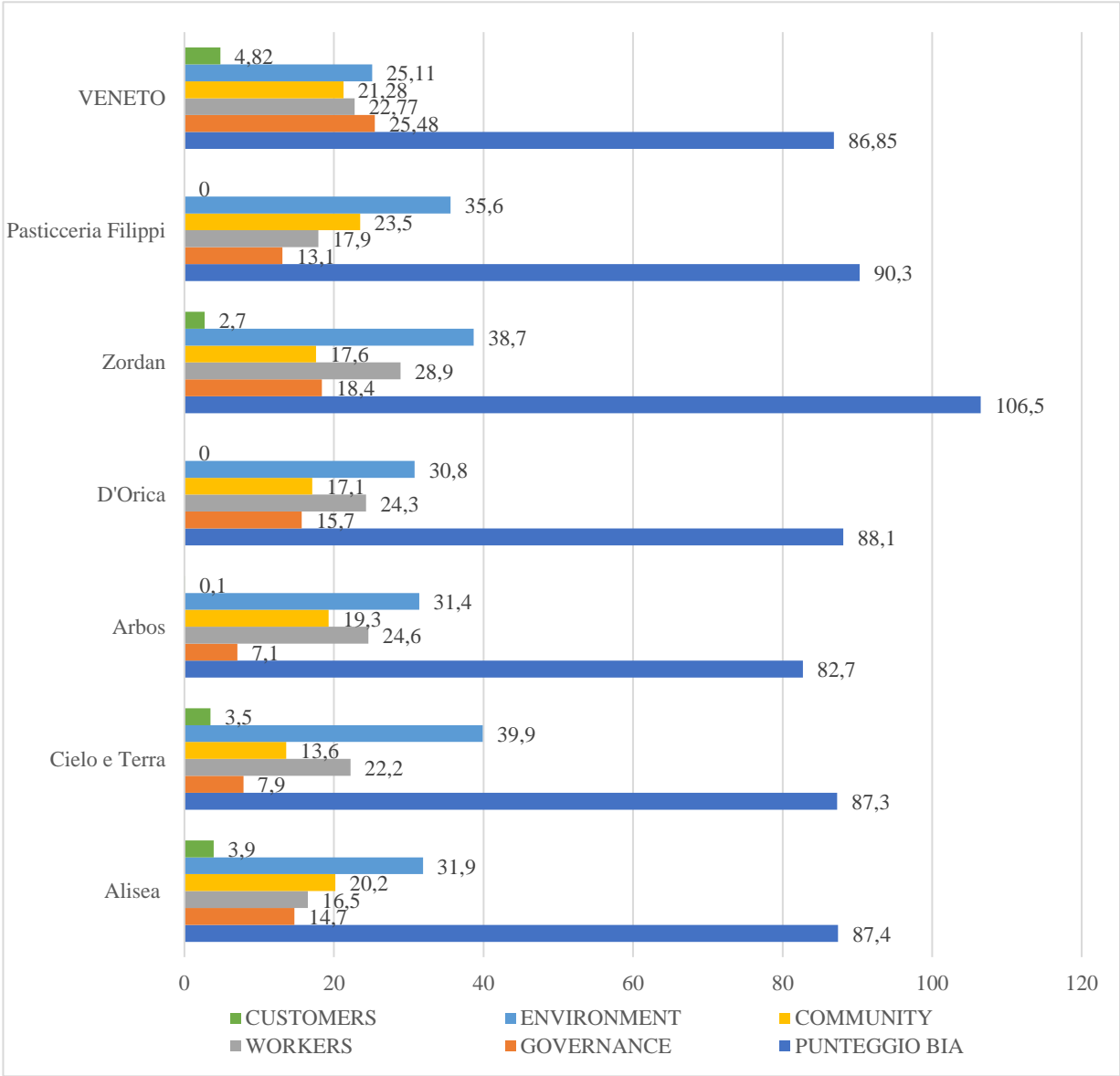
In the following graph (Fig.23), the scores obtained by the certified companies of the Province of Vicenza are compared with the average of the scores obtained by the entire movement in the region. There are both the overall scores obtained with the certification and those achieved in the five impact areas of Governance, Workers, Community, Environment, and Customers.

The difference between the average of the Region's overall BIA score and that achieved individually by companies is readily evident from this comparison. While in the first case the amount is 86.85, the same value is much higher if the results obtained by the B Corps of this geographical area are considered. Only in the case of Arbos, the total score is below the regional average. In addition to the good BIA results obtained by the companies under consideration, also the "Environment" Impact Area section appears to attribute excellent results to these companies. Veneto's average in this section is equal to 25.11, while the companies under analysis all have scored higher than 30 points. Furthermore, among these, Cielo e Terra stands out, which scores 39.9 points in this section. Similar results are obtained in the Workers section, where the movement of the region records an average of 22.77 points and the B Corporations located in Vicenza record an average of 22.4 points. In the remaining three sections, the Governance, Workers and Customers Impact Areas, the results are reversed, where the average



of Veneto companies is higher than the scores obtained by the six companies taken into consideration.

Figure 23: Veneto movement's BIA results compared with the results achieved by the Certified B Corporations of the Province of Vicenza



Source: personal processing. Data taken in "B Corp Directory" from bcorporation.eu



## **CHAPTER 3**

# **THE EMPIRICAL EXAMINATION: A CASE STUDY OF SIX ITALIAN B CORPORATIONS**

After providing a clear overview of the movement of B Corporations from their country of origin to the Italian territory, and an analysis of the phenomenon manifested in the Veneto Region, the focus of the survey now shifts on the six certified B Corporations introduced in the previous paragraph which will be the heart of the case study. These companies belonging to the Veneto entrepreneurial fabric and located in the north-east of the country, have already been analysed in the previous chapter by identifying their sector, which almost all of them have in common, their respective specialization, and company size. These B Corp of the Province of Vicenza will be now the case study to be investigated in order to understand the experience and the certification process they lived, and then to answer the fundamental question of what has changed and to what extent for the company following the entry into the world of B Corporations. They will have to face a semi-structured interview, elaborated starting from the experiences and examples gathered in the vast global community of B Corp and from the literature concerning the phenomenon. Interviewees will be asked about ten questions relating to their business, their performance, and the main improvements that have occurred over the years. Some questions could then concern some strategic choices to adopt in the long term, such as some internal changes or some performances to be implemented to improve their impact on people and the environment.

### **3.1 Methodologies of the research**

The phenomenon of the B Corporations introduced in the previous sections is very elaborate and presents different nuances to be investigated. After having conducted adequate studies on the literature specialized in the explanation of the movement, the investigation is now conducted through an empirical study on a limited sample of selected companies. Through this study, we will try to dig deeper into the phenomenon and understand how the companies that undertake the certification process adapt their business to the principles and values of the B Corp model. The empirical analysis bases its foundations on the concrete study of the facts, therefore, we will try to draw the appropriate considerations starting from the concrete experiences manifested in the B Corporations under analysis. A comparison of the specialized literature on the phenomenon and the sample of six companies selected for this study will then be proposed. It was therefore decided to propose this survey through the use of a qualitative interview, built

starting from the literary basis relating to the phenomenon, to then better understand the uniqueness that characterizes these companies and that goes beyond the definitions encountered in the course of the preceding sections.

Qualitative research is the most commonly used method for data collection (Jangorban, 2014). This type of approach allows grasping different nuances and different aspects that the questionnaire or data collection does not perceive. In addition to this, it also allows to directly involve the interviewed person, establishing a more personal dialogue and a more empathic and close relationship between interviewer and interviewee. As the six businesses are very different from each other, it was necessary to propose a form of dialogue and investigation that could bring out one's vision, experiences, and above all one's way of living within the world of B Corporations with the relative merits and defects. The use of closed questions would have limited the study and would not have allowed to bring out the substantial differences of being a B Corp, fundamental to this study.

As often happens, and as Honeyman (2019) reports, many companies have decided to commit in the resolution of some issues, common to the movement, over others, depending on the type of business, the former experience or the principles on which it founded the entire work activity. Through the medium of the interview, the interviewee is given the freedom to focus precisely on these aspects considered most meaningful to the business activity, which otherwise would risk being overlooked in another type of research. It should therefore be noted that the interviews proposed below did not adhere to a standard and univocal scheme, allowing the interviewee free to express itself as it saw fit.

Even the methods of dialogue were not the same between the various companies studied. In recent years, thanks to technological progress and changes in communication methods, different types of interviews have taken hold. For reasons of geographical distance, the difficulty of movement, comfort, and safety, these new forms of dialogue have often been introduced, using technological tools. The classic face-to-face interview is therefore often supplanted by other forms of dialogue that do not include physical presence, such as interviews on the telephone, via video call, or email. In this climate of health uncertainty, many companies have made efforts to introduce these tools into their business practices many interviews in this case study were carried out remotely in telematic form.

The five interviews with the B Corp of the province of Vicenza are therefore carried out through:

- video calls made remotely with three interviewees.

- telephone interview with a company, arranged in this manner for time reasons.
- interview in person. However, an interview was also carried out in person, at the headquarters of the company being analysed. Unlike the previous ones, through this modality, the interviewer was able to get to know the interviewed B Corp more thoroughly, coming into contact with the people who work there and with the production activity. Despite the challenges interurred in this period, the face-to-face interview remains a stimulating way to get to know the interviewee and the company it represents better.

In carrying out these conversations, companies were given full freedom to choose the form they preferred. Despite the different modalities, the final result was positive in all cases, providing the results necessary for the study of this thesis.

Companies were granted complete freedom to choose also the reference person, in addition to the form of discussion. Since each organization has its own internal construction and structure, it was impossible to enforce a specific figure during the interview's execution. Also in this sense, the approaches were therefore different, with three types of company figures called into a confrontation to describe their personal experience.

The conversations took place during the months of March and April 2021 and lasted about one hour each, during which the interviewee was faced with questions organized into the same thematic groups in which the B Impact Assessment is composed: Governance, Workers, Community, Environment, and Customers.

Despite the similarities with the tool made available by B Lab for self-assessment, these questions have tried to differentiate themselves and touch on some thematic groups not present in the certification process. The aim is to avoid repetition and offer companies a comparison on other aspects, always similar to the principles and values of the world of B Corporations, but more personal. Starting from the collection of these personal experiences lived by the B Corp of the province of Vicenza, the answers will then be elaborated and analysed in a critical sense to answer the fundamental question: how and to what extent these companies have been stimulated to change and innovate after their entry into the world of B Corporations.

### **3.1.1 Tools of the analysis**

The qualitative analysis carried out on the sample of companies was mainly based on a collection of data and experiences, deriving from the interviews. However, these were not the only data used in the elaboration of the final considerations. The information gathered was also

drawn from the websites of the companies, allowing for the development of a first impression on the B Corps under study, which were initially mapped by sector and size.

Through the company's web pages and social networks, it has often been possible to identify the impact report, which every benefit corporation is required to draw up every year, declaring its performances and the impact generated by them. With these two tools, it was possible to establish an initial general framework on the actions taken by organizations over the years, helpful for this study because they introduced some topics that were discussed in greater depth during the interview. The tangible actions, projects, and performance outlined in the impact reports and on the websites are the first direct demonstration of what the organization has accomplished over time to have a positive impact on the community, the territory, and the environment. In many cases, these actions have been a useful starting point for the initial screening between the different businesses, distinguishing between those that concretely put into practice the principles of the movement and those who remained more limited in the production of the common good.

After these two starting points, the investigation of the phenomenon progressed with a study of the respective B Impact Assessments. This tool is the first indicator encountered in the self-assessment process and it is also the only tool in circulation capable of translating the level of sustainability of a company into an objective datum (Di Cesare, Ezechieli, 2017). Being a summary number, the BIA does not say much about the company, its history, and its participation in the movement, but it is a useful tool to understand its level of maturity. As seen in the previous chapter's data, the higher the scores obtained by the companies at the BIA, the longer their participation in the movement.

It is also appropriate to specify that the BIA is the centre of the certification process and therefore should not be underestimated in its primary function of explaining how the company is doing good to internal governance, its workers, the community, the environment, and its customers. The tool can therefore act as an interesting starting point for introducing case studies and understanding which of the impact areas they prefer and where they can improve.

After having also collected external material such as press releases or conferences documented on video platforms, some companies have also provided their own book as study material. Zordan and D'Orica collected their stories and their business experiences in a business book, which made it possible to analyse the two companies much more thoroughly, learning some details that would not have emerged even during the interview.

Finally, the qualitative interview conducted between the interviewer and a representative of each of the companies in the sample was the survey's final and most significant tool. The data

gathered through these interviews serve as the study's focal point and foundation, from which all subsequent considerations on the phenomenon will be created.

### **3.1.2 Main objectives of the research**

After realizing that the phenomenon originated by B Lab in 2007 is aimed at remaking traditional capitalism that is negatively impacting people and the environment, it is essential to get to know these companies thoroughly and understand how and to what extent they are committed to reverse shareholders' primacy and create a real positive impact. The purpose of the analysis is also linked to a critical investigation into this type of benefit business, to avoid the possibility that the certification could hide a sophisticated case of greenwashing. As was the case with corporate social responsibility, which was primarily used by businesses to persuade consumers to buy products that were not truly sustainable, diverting them with deceptive language and effective marketing strategies. The purpose of this thesis is to determine whether Certified B Corporations decide to obtain this certification solely to increase their credibility and benefit from being part of a united community, or if there are solid bases on which the model "for-benefit" can find an appropriate foundation and stimulate innovation also for the companies of the future.

After selecting the reference sample of six certified companies, this study will focus on answering some fundamental questions. Through a small mapping of some cases, we intend to understand what these companies actually do differently compared to other more traditional businesses. With this question in mind, a series of questions have been elaborated with multiple directions but united by the common purpose of highlighting any changes, improvements, innovations, stimulations obtained from the B Corp certification. Then followed by an explanation on why this certification was essential for the company under analysis and above all to understand the essentiality of this tool in carrying out concrete actions aimed at the common good. The questionnaire was then elaborated in a pragmatic tone to reveal how and to what extent the company has applied the philosophy of the movement it represents. The individual improvements discovered, and the experiences lived by these companies will then be presented, and we will also try to understand if the process stimulated a business innovation that would not have occurred otherwise or would have taken much more time.

### **3.1.3 Sample selection**

Once the modalities with which the study will be conducted have been established, we move

on to the selection of the sample on which to base the investigation. Following an examination of the phenomenon of B Corporations and their spread on the Italian regions, this survey has agreed to concentrate on a smaller sample of companies to be studied. An analysis conducted on six companies allows a better collection of results and allows to carry out in-depth qualitative research, which would not be possible taking into consideration the whole phenomenon. The geographical belonging of these businesses to the Veneto region is then selected by geographical proximity to the interviewer and by deep knowledge of the territory. Furthermore, the Veneto region is the third region in Italy, after Lombardy and Emilia-Romagna, for the presence of certified companies, with a total of 13 out of 117. As explained in paragraph (2.2.1), the choice to focus the study on the six companies in the province of Vicenza also derives from the high presence of B Corp in this area. Of the Venetian Provinces that have accepted the movement, that of Vicenza is in the first position. Instead, at the Italian level, this territory ranks in the third position for joining the movement. The sample is therefore significant for the purposes of achieving the objectives that this study sets itself. Through this form of collection, it is possible to learn in detail about all of the factors that compelled the companies in this field to make this decision.

It should also be mentioned that the literature relating to the world of B Corporations has several gaps, although the phenomenon was introduced several years ago. There are few data analyses that can provide quantitative explanations for the phenomenon, and qualitative analyses on specific case studies are also scarce, especially in the Italian case. Instead of researching a single example of B Corp, a multiple case study was chosen to allow for a more detailed exploration of many cases and to provide more accurate results (Nigri, 2020). Although limited to a small number of businesses, this investigation can be useful in providing a clear picture of the phenomenon manifested in this geographical area, which can then be compared to other findings gathered across the country. Furthermore, with the use of different case studies, the research is not limited to any generalization on the phenomenon, allowing instead an in-depth examination of the phenomenon (Del Baldo, 2019).

### **3.2 Case studies**

To provide a clearer idea of the B Corp under study, it is now appropriate to focus on a description of the six companies, including their history and the choices made that eventually led to the certification. This initial introduction is the first source of data encountered in this study, therefore necessary to give the right weight to the philosophy and mission of the company



from its origins to today, and to all the changes that have taken place over the years. Then, a summary of each company will follow:

### **1. PASTICCERIA FILIPPI:**

as the name of the company suggests, the first B Corporation of the whole movement of the Veneto region is specialized in the production of pastry foods. Maria and Giuliano founded this reality in 1972, and since then, they have dedicated themselves to the production of high-quality leavened desserts that revive the flavours of the territory to anyone who tastes them. Today the sons Andrea and Lorenzo are also an active part of the family business, sharing their values and their great passion for pastry. In addition to the Filippi family, several helpers have joined over the years, who now make up a company of about 60 employees. The production itself has also undergone considerable developments, both in the improvement of tools and in the expansion of manufacturing, passing from being a small family artisan company to a business that exports its products throughout the national territory. Despite the evolution, the company has never lost sight of its values and the key element that composes it: the people who work there. In this working environment, more than employees, it's people that carry out the company's mission every day, churning out high-quality products.

These products are made with care and respect for the raw material, following the appropriate times to enhance the quality. One of the main strengths of a company specializing in food and beverage is undoubtedly the ingredient used. For this reason, in addition to the sourdough which is the origin of all leavened products made by Filippi, the other components are also chosen respecting some characteristics: quality, origin, ethics, and certainly goodness.

This company philosophy, attentive to the well-being of internal and external stakeholders, as recipients of the quality transmitted in each product, culminated with the recognition of B Corp and Benefit Corporation (Pasticceria Filippi).

Since 2016, Pasticceria Filippi has joined the movement, committing itself to pursue objectives and values that are attentive to the wellbeing of the community and the territory. Among these, it can be mentioned: enhancement of social inclusion for the most disadvantaged categories of the population and the development of the local economy.

### **2. ZORDAN:**

founded in 1965 by Attilio Zordan, the company located in Valdagno, was the second to be certified as a B Corp in the province of Vicenza. Born as a small family-run carpentry, the company has evolved over the years to reach 90 employees and second branch in the United

States. From the 60s to the 90s the company grew its business until it obtained an important contract with the Marzotto Group, for which they took care of the exhibition stands. When Attilio's three children joined the company as an active part, they immediately made clear their values and the ideas they intended to pursue. They, therefore, decided to re-invent the entire business model to give great managerial innovation and to take a step forward compared to the traditional company that was Zordan at the beginning. With this strategy, the three brothers in a few years managed to conquer some big names among the luxury brands, thus starting the arduous path that led them to shape the company they hold today (Zordan).

Zordan has built its success through borderless retail, exporting its Italian craftsmanship all over the world. The company is specialized in the shopfitting of mono-brand luxury stores of the most prestigious names in the world in fashion, jewellery, and recently also of the prestigious brands of the food industry. This international opening also led to the birth of the second headquarters, called Woodways, in the country where the company's Made in Italy export has met with the greatest success: the United States.

In addition to the geographical expansion, the single-brand stores produced by Zordan have not imposed boundaries even in the locations, following the construction of the shops from the important luxury streets and shopping centres, up to the airports and cruise ships, thus allowing their creations to travel literally throughout the world. This entrepreneurial openness, flanked by a strong experience and determination to accept every challenge, have been the main strengths of this business.

Right from the start, Maurizio, Marta, and Alfredo, Attilio's sons, decided to give themselves a higher purpose than profit and success, putting people, their employees, and the environment first. This mentality attentive to the interests of all the actors involved in their business has led them to achieve various certifications throughout the years, including that of B Corporation obtained in 2016 (Bettini, 2017).

After several years of work and growth, the link between the company and the territory, together with the reference community, remains indissoluble. The Agno valley, in which the company is located, is not a comfortable and fertile territory. Located at the foot of the Little Dolomites, the location does not offer accessibility and proximity to the main infrastructure nodes. These characteristics were not a limit for Zordan that still possesses its roots here and has therefore decided to invest in the territory and in the people who live there, in full respect of its values.

Marta Zordan was the interviewee for the company and the first female entrepreneur knew in this analysis. In addition to being one of the three brothers who own the carpentry, she is also

the head of research & sustainability of the company.

The Valdagno B Corp was one of the first case studies to provide its own testimony, useful for the investigation, with a conversation of about 45 minutes between the interviewer and the interviewee, conducted with a form of virtual dialogue.

### 3. **D'ORICA:**

The third company to certify as B Corporations in the province of Vicenza was D'Orica, a goldsmith company located near Bassano del Grappa. D'Orica, like many other Venetian colleagues, is a medium-small manufacturing reality, which from the small village where it belongs, has managed to raise its business to a more advanced paradigm and achieve the certification in 2019. Giampietro and Daniela are the two pillars that gave birth to the manufacturing company in 1989, and since then, they have been producing prestigious collections of jewellery exported all over the world. Each jewel is the result of a long study and research work conducted by the entire D'Orica team to offer the customer a product designed and made to measure.

The goldsmith company of the Zonta family has been one of the Venetian manufacturing companies that throughout its history has experienced the difficulties of the 21st century, the crisis, and globalization that often left no room for competition. Faced with these difficulties, Giampietro's great entrepreneurial ability and his tenacity in not giving up in the face of problems, have led the company to innovate and renew itself continuously to remain unique in its kind. In this regard, Giampietro defines himself as a "heretical" entrepreneur, that is the one who goes against everything and everyone to pursue his ideals, and this was the great strength that allowed D'Orica to become the company of today, distinguishing itself from any other competitor. If Giampietro is the business's brain, his wife Daniela is its arm, having cultivated an ardent creative ability from a young age, she gave birth to D'Orica's most famous collections. One among all was certainly the "Treasure" collection, different from any other jewel produced in D'Orica, but also on the market. Daniela's idea was so innovative that it completely revolutionized the company for the third time in its history (Zaltron, 2020). The two founders decided to make a further evolutionary leap with this idea and give new life to the made in Italy production of silk, which has disappeared in the country for several years.

In addition to these two entrepreneurs, there is a close-knit work team, without which the prestigious creations would have no life. The beating heart of D'Orica are precisely the people who work there, who have always occupied a privileged place in the life of Giampietro and Daniela, sharing with them the strengths and weaknesses of the activity. This spirit of being

"different" and standing out from competitors, culminated in 2019 with the certification of B Corp that attested the commitment and values always pursued by the company (D'Orica).

The interview with D'Orica was the only one of the five to be carried out in person, at their headquarters, and not in virtual form. Precisely for this reason, it has made itself unique compared to other conversations in terms of dialogue and reflections that emerged. In addition to the questions for the study of the company, many other stimulating topics of dialogue emerged during the morning spent with Giampietro Zonta, owner, and founder of the goldsmith company. With this type of dialogue, it was therefore possible to build a more spontaneous and more personal conversation, with the opportunity to get to know company life and working methods up close.

#### 4. **ARBOS:**

Arbos was born from the hands of Sergio and Oriella, two skilled paper workers who in 1988 decided to embark on a circular economy path and invest in the sustainable production of stationery items using recycled materials. The company coincides with a small company in the province of Vicenza, located a few kilometers from Bassano del Grappa and its colleague B Corp, D'Orica. Like many other businesses scattered in the Veneto area, Arbos also has a modest composition, falling into the category of small businesses. With the other certified B Corporations companies in the area, it also shares the sector to which it belongs, specializing in manufacturing. More precisely, Arbos is committed to the creation of office products, gifts, and leisure products, entirely made using paper and recycled materials. With this business idea, the corporation gives a second life to paper, reusing it in products of high quality and value that would otherwise require the use of raw materials with an impact on the environment. For the company and the people who work there, the creations that originate from daily production are not just stationary objects but are a means of communication through which to share the artisan traditions and the quality of Made in Italy.

Each product made by the Arbos artisans is the product of a careful and sustainable circular economy work that tells its story to anyone who uses it. In the choice of the products used in the processing, the company stands out for the use of eco-sustainable paper and for the use of other innovative materials, aimed at providing the customer with a customized product suitable to meet his needs. Arbos' work has always placed the application of the company philosophy, called the "philosophy of the three Rs" at the centre of his work: R as respect for man, R as respect for the environment, and R as research for beauty, all values that led them to develop a

business that went beyond the typical mass production. This attention to people, the environment, and attention to beauty and design have found concrete application in the certification obtained in 2019. In doing so, the business has decided to undertake a further evolutionary leap, rising to a more advanced business paradigm recognized by the B Corporations movement (Arbos).

Arbos was the last company to be interviewed for this study, thus closing the collection of data on the experiences lived by companies following the B Corp certification. In this closing interview, the person responsible for spreading the message was Sergio Paolin, one of the two founders of the company that made himself available for a remote interview which lasted about one hour and a half.

## **5. CIELO E TERRA:**

Cielo e Terra winery is one of the newly certified B Corporations in the province of Vicenza. The certification was achieved on March 3, 2020, during the health emergency that affected the company and the whole world. It is, therefore, to be rewarded this spirit of renewal and improvement of this company, which, even in the face of economic and production instability, has decided to embrace the movement of the B Corporations. This tenacity and determination in facing challenges bring the company closer to many entrepreneurial realities in the Veneto, which have managed to get out of difficulties by completely renewing the business.

The company, together with colleague B Corp Zordan, is one of the two largest realities of the movement in the province of Vicenza, with a number of employees ranging from 90 to 200. As most of the companies mentioned in this geographical area of the Veneto region, the winery is also a business that belongs to the manufacturing sector, in this case, specialized in the production and bottling of wine.

Like many other realities that make up the entrepreneurial fabric of Veneto, Cielo e Terra was born from a family and a community well rooted in the territory. Hence the name of the company, that combines together the name of the Cielo family with the territory, from which the company also draws the essential raw material for all production: grapes. This solid bond was born in 1908 when the family bought the first piece of land destined for the cultivation of grapes. Over the years the production of the company has extended far beyond this small piece of land, which is still remembered today with one of their wine lines. The expansion and evolution of the company were not limited only to an increase in production, but also to geographical export. After having extended the sale to the whole national territory, the export

of the wine produced by Cielo e Terra reached 60 countries, resulting in great success for the owner family, now in its fourth generation of management.

It should also be added that the company today does not work alone, but is part of the Colli Berici Cooperative, where several producers have come together to share products and strategies. The proximity to the territory and traditions have pushed the company to distinguish itself also from the point of view of sustainability, both environmental and social, to return resources to the environment and not just the opposite (Cielo e Terra). For this reason, they approached the B Corporations movement, born in the US, which is now well-established in our country as well. Cielo e Terra sees in certification an improvement and progress compared to the traditional company it was at its beginnings.

The interview with Cielo e Terra was the first to be conducted among the various case studies, on April 3, 2021, thus breaking the ice for subsequent interviews. The dialogue took place remotely, through a platform that allowed a face-to-face confrontation with the interviewee. This figure in charge for the B Corp certification is Giampietro Povolo, responsible for Finance & Operations within the wine group.

## **6. ALISEA:**

The last but not least company to join the Vicenza B Corp team is Alisea, which obtained certification in October 2020. The company founded in 1994 is the product of the great innovative vision and determination of the founder Susanna Martucci who, faced with the difficulties experienced in her career as a salesperson, decides to reinvent herself becoming an entrepreneur and opening an innovative and sustainable business. Unlike the aforementioned colleagues, Alisea is the only B Corp certified business in the Province of Vicenza that does not belong to the manufacturing sector, but to wholesale and retail. The company currently employs nine people, very close to the typical structure of a small Venetian company. However, these small dimensions have not stopped the enormous activity that Alisea carries out every day, trying to give a second life to the wastes. Although it cannot be classified as a manufacturer, the Vicenza-based company is very close to this sector, acting as an intermediary. The Alisea team dedicates itself every day to the future of the planet, seeking and creating a new life for the waste materials that companies inevitably produce every day. From an innovative idea that Susanna had to differentiate herself in the market and not have any kind of competitor, Alisea was born in 1994, and since then has produced tons of design objects from materials that would otherwise have polluted the planet.

This work requires the participation of various suppliers, chosen entirely within the national territory, to share machinery and processing techniques necessary for the creation of these products. Unlike simple recycling, Alisea gives new life to products, reintroducing them on the market and giving them new value. It is reductive to define his creations as simple objects, being instead vehicles of a message and a business idea that looks to the future of the planet and the people who live there (Alisea).

Alisea did not fit into a concept of a circular economy but was born with this idea, becoming over the years an example to follow (Martucci, 2016). With the certification achieved in October 2020, the company realized that it was born as a Benefit Corporation and as a B Corp, already sharing many characteristics with those of the movement. Despite this, even for Alisea, this milestone did not mark a point of arrival, but rather a beginning from which to start in order to continuously improve.

Susanna Martucci is the owner and founder of Alisea, as well as the second female entrepreneur met in the course of the study. In addition to being the owner and founder of the company, Susanna is also responsible for the aspect of corporate sustainability and therefore of the B Corp certification, so much so that she is available on a non-working day for the interview. In this case, the conversation did not take place face to face between the interviewee and the interviewer, but in a telephone conversation that took about an hour to answer all the questions presented.

### **3.2.1 Bias of the investigation**

Due to scarce literature on the phenomenon, especially concerning empirical evidence shown on Italian cases and a scarce presence of objective data relating to the movement, it was difficult to reconstruct a general and clear picture of the phenomenon manifested in this area of the country. This lack of material, therefore, does not allow an adequate comparison that gives truthfulness to the data proposed in this thesis.

The second bias concerns the sample of selected companies. Although the area under analysis is rich in experiences of B Corporations, so much so that 6 out of 13 of the entire Veneto Region are hosted, these businesses present characteristics that could lead to results not shared with other companies in the national territory. In fact, the sample presents many similarities within it, gathering companies belonging to a single sector, manufacturing, and only one specialized in wholesale and retail. The Italian movement prefers companies from the world of service use, while manufacturing is positioned in the second position. The selected sample does not include

any B Corp representing the first sector mentioned, thus offering no comparison.

However, the third and most serious issue with this analysis is the absence of one of the abovementioned companies. Pasticceria Filippi was not included in the interviewed sample because it did not show interest and participation, voluntarily excluding himself from the survey. Probably due to limited communication channels with the various stakeholders, it was not possible to reach the company and establish a dialogue. The only data available, relevant for the first part of the study, were identified on the company's website but insufficient to bring out all the experiences deriving from the B Corp certification that would have emerged during the dialogue. With this absence, the sample is decreased from six to five companies, reducing the amount of data on which to base comparisons and, above all, preventing a fundamental comparison between more mature companies, with two assessments conducted and companies recently introduced into the community.

### **3.3 Interview questions**

As briefly introduced in the previous section, the questions proposed during the interviews with the companies resume the compositional structure of the BIA. Both from the point of view of the five Impact Areas, and the themes introduced in the various thematic groups. Therefore, two questions will concern the "Governance" section of the BIA, assessing some issues such as the mission and the company commitment, as well as the involvement of stakeholders in the company activity. One question will be related to the "Workers Impact Area", and it will touch on some issues such as management and internal communication, while as regards the "Community Impact Area" the survey will focus on three questions particularly relevant to the B Corp movement. This area of impact will concern topics such as diversity and inclusion, the management and relationship with suppliers, and finally the participation of the company at the local level. The last two thematic groups of questions will be divided between "Environment" and "Customers" touching on some topics such as the company's environmental commitment in the first case, and customer information and education in the second case.

In addition to these groups of questions developed based on the BIA, the knowledge on the phenomenon and the certification process increased from interview to interview, also going to introduce some ideas for further reflection. Indeed, two questions among these topics were useful to bring out the innovation stimulated by certification and the usefulness found in being part of this most evolved business paradigm.

The interview opens with the following question:



1. Following the certification, were employee training activities carried out on the values and social mission pursued by the company as it belongs to the B Corp world?

Are employees encouraged by the company to adopt sustainable behaviours (elimination of single-use plastic, differentiation, and reduction of waste, participation in voluntary activities)?

Are employees directly involved and well informed about the activities organized by the company with a social/environmental/territorial theme?

Purpose of the question:

one of the main objectives of being part of the B Corp community is to positively influence every person involved in the work activity, through the values and principles preached by the movement. If the decision to obtain recognition is limited to a few people, it is most likely a marketing action aimed at increasing the business's credibility and attracting new customers. The certification itself should be useful in unmasking this type of conduct. This question, therefore, seeks to investigate the effective application and transmission of the mission and commitment at all levels involved. This also requires the adoption of sustainable behaviours from an environmental and social inclusion point of view. The message that these companies want to promote is effectively communicated when the employee feels connected to what he does and what the company wants to pursue in order to be better and more sustainable than competitors in the market.

2. How has internal governance been altered in the aftermath of certification to give stakeholders value as an active part of the business?

What communication channels have been established with external stakeholders in order to better understand their needs and, as a result, direct actions in that direction?

Purpose of the question:

The question was designed to introduce the subject of stakeholders, one of the fundamental topics of the world of B Corporations around which the whole phenomenon was founded. As seen at the beginning of the study, this concept to use business as a force for good arises from the need to reverse the traditional concept of shareholders' primacy, which has always been the pillar on which capitalism rests, and to transform it into a stakeholders' primacy. With this question we intend to highlight how the company has done its part to enhance internal and external stakeholders, making them an active part of the process.

3. To improve internal horizontal communication and greater employee involvement in the decision-making process, have channels, such as interviews, anonymous questionnaires, been set up?

Purpose of the question:

Regarding the "Workers" Impact Area, there are several ideas that companies can find in the BIA to improve relations with their employees. In fact, many self-assessment questions concern certain issues such as the financial security of workers, health and wellness programs, incentives for professional growth, and policies for greater employee involvement. With the previous sections being well analysed by the BIA questions, this survey focused on the last thematic group focusing on employee engagement and satisfaction.

The question intends to highlight the presence of tools or the freedom of dialogue between all levels present in the company, to report some critical issues, to provide interesting ideas for work, or to freely express internal satisfaction. As explained by Honeyman (2019), the involvement of employees in the business activity and the allocation of active positions in the decision-making process, regardless of the positions held, allows to create a more productive working climate, with positive effects also in profits. On the basis of the experiences and decisions taken by companies in this direction, we will try to understand what space is given to internal stakeholders and what inner climate has been created within the company, whether inclined to dialogue and the free exchange of ideas or not.

4. In terms of the community, have innovative employment programs aimed at enhancing diversity and minorities been introduced as a result of the certification?

Have new employees been hired from social groups that are typically marginalized and face massive hiring challenges (e.g., ethnic minorities, disabled people, or asylum seekers)?

Purpose of the question:

Moving on to the community, the first topic that the interview decided to touch on is diversity and inclusion, proposing a question about how company personnel is selected. The B Corp movement has always distinguished itself by incorporating the community into the business. In helping and enhancing this category of stakeholders, many certified companies have devoted attention to the protection and inclusion of the most disadvantaged people with greater difficulty, by recruiting them into their workforce. Although the selected sample belongs to a smaller community than many other examples of B Corporations located on the globe, the

question wants to investigate and reveal the company's position on this issue. Helping these categories with stable employments, indirectly benefits the entire community, hence the interview will attempt to highlight the level of attention and open-mindedness demonstrated by the five companies under study.

5. In the choice of suppliers, in addition to the quality/price of the product or service necessary to carry out the company's business, have other particular requirements been explicitly introduced to be preferred?

For example, are local producers and entrepreneurs preferred to benefit the community to which they belong?

Or are the suppliers geographically closest to the company headquarters selected to reduce CO2 emissions from transport?

Purpose of the question:

Being part of the community also means working side by side for mutual benefit. The choice of suppliers and external collaborators is therefore fundamental to achieving this goal. At the Italian level, many companies adopt this choice also to encourage the "made in Italy", against the importation of products from abroad. Buying products locally supports the increase in jobs for the local community, encourages the re-investment of resources in the territory, and stimulates development. In favouring this type of company policy, another positive aspect is indirectly created, such as the reduction of emissions produced by transport, which are one of the main sources of atmospheric pollution.

6. How does the company take into account the local area in the decision-making process?  
How has the territory to which you belong influenced the way of doing business?

Purpose of the question:

As reported several times in the course of this study, many problems that the world is experiencing today are a direct consequence of traditional capitalism focused only on the enrichment of a few, at the expense of the planet and its inhabitants. By becoming B Corporations, these businesses embrace the opposite philosophy, putting the interests of these categories at the centre of their mission. In a more contained context such as the Province of Vicenza, the interview aims to highlight how these five certified companies put these values into practice. The study will try to understand what are the traits that distinguish these companies from the traditional Vicenza entrepreneurial fabric, which in its history has often

been characterized by great entrepreneurs and great business examples, which, however, were enriched only with productivity and work, even at the detriment of people and the territory.

7. On 11 December 2019, at the Conference on Climate Change organized by the United Nations, a new mission was born to which hundreds of B Corps adhered: to equal, by 2030, the CO<sub>2</sub> emissions produced, with actions that will positively compensate the impact on the environment. Have you joined the Net Zero 2030 initiative? Have some internal aspects (production process, use of alternative sources of energy) and external aspects of the company (choice of suppliers, methods of transporting products) been revolutionized in order to achieve this goal?

If not, what actions do you intend to take in the long term to reduce the impact on the environment?

Purpose of the question:

Net-zero 2030 is the symbol of the fight against climate emergency. many companies have joined the initiative in order to reduce their environmental impact, up to zero emissions produced by their work by 2030. Among these companies, the B Corporations movement has also decided to do its part, involving a large part of the community. Today there are more than a thousand B Corps who want to be part of the initiative, but many others are committed to reducing their consumption and waste. The question, therefore, wants to highlight the propensity of these five companies to challenge each other and to commit to a significant reduction of CO<sub>2</sub> emissions, dividing those who intend to participate in the initiative from those that are committed only to a reduction of their impact.

8. Is the customer aware of the company's belonging to a more advanced business paradigm than other manufacturers on the market? Is the customer provided with clear information about the product or service being offered, so as to make them more involved in the mission of the entire B Corp movement and more attentive to the type of product or service they intend to purchase?

Are there therefore specific explanatory documents for the product/service (LCA) and certifications related to it that certify its quality, origin, and processing methods?

Purpose of the question:

The "customers" section opens with a particularly relevant topic for a correct realization of the values and principles preached by the B Corporations movement. This first question focuses on the information offered to the customer regarding the product or service he intends to purchase from the certified company. Recently, the consumer has become much more attentive and aware of the product it intends to buy, basing its choice on a philosophy shared with the producing company. It is therefore advisable to be transparent and clear on the quality and sustainability, both environmental and social, of the good or service that is offered to customers, in order to avoid any danger of greenwashing or any misunderstanding. To share the message that B Corps communicate through their product, it is advisable to involve the consumer in what the product identifies. As a result, the purpose of this question is to highlight the company's level of transparency and the methods it uses to communicate to customers what it means to buy one good from a B Corporation.

9. how does the company try to influence the customer towards a more informed and more sustainable purchase?

Purpose of the question:

Many companies such as Patagonia, which is one of the world leaders of the B Corp community, use slogans such as "buy less, ask for more" or "if the product breaks we will fix it for you, don't throw it away" in order to influence the customer to adopt anti-consumer behaviour. Certainly, not all B Corp produce clothing, and each has its own "customer persona" that stands out from all the others, so the methods of communication certainly cannot be the same. It is also advisable to specify that anyone can purchase goods and services from a certified company, even if they do not know they belong to the world of B Corp. The question, therefore, intends to understand how the company communicates the values of movement to the customer, influencing them to make a purchase more aware, not only towards his own company but expanding it to any future purchase.

10. In which area concerning the previous groups of stakeholders has certification most stimulated innovation?
11. If the company has always shown distinctive features that have distinguished it from its competitors and other companies in the area, the goals and successes achieved following the entry into the community would have been achieved even without the certification or were a direct consequence of the innovation stimulated by this?

Purpose of the questions:

The two previous issues are then related to innovation and the importance found by the company in the certification process. These two questions arose spontaneously during some interviews, after discussing all the previous change sections. Many of these companies, in the course of their history, have always adopted "different" behaviors compared to their competitors and other companies in the area, proposing from the beginning the most innovative behaviours aimed at the creation of the common good.

The two final questions seek to ascertain what level of innovation has been stimulated by certification and to what extent, in order to arrive at an investigation into the actual need for certification. Having been born as "different" and having already undertaken many performances aimed at the creation of the common good, the study intends to investigate the actual need to achieve the certification of B Corporation, with the attached reasons.

### **3.4 Findings**

After conducting surveys with the representatives of the certified B Corporations located in the province of Vicenza, the results are reworked in the abovementioned questions. These testimonies were primarily examined in terms of the actual improvements that businesses have implemented as part of their commitment to the community. The goal is to compare the different experiences to understand how these particular business models differ and if these innovations derive from certification or other factors. From the interviews conducted with the five companies under study, several relevant topics emerged on which to concentrate attention. The following sections describe the experiences that have taken place in the Governance, Workers, Community, Environment, and Customers impact areas, which make up a typical certification process. In addition to these, the final segment introduces the theme of innovation stimulated in businesses by B Corp certification and membership in the community. As stated in the previous chapter, the companies under consideration share several similarities, both in their structure and in their business activity. Despite these points they have in common, digging deeper with this analysis, significant differences emerge on the application of the principles of the community, which all have employed based on their personal characteristics. Therefore, there were no univocal testimonies or characteristics shared by all the interviewees on the topics raised. This is also demonstrated by the fact that each company invests in the sections of the BIA that are most relevant for its specialization. As a result, this section will try to highlight

any similarities and differences that have occurred in the five Certified B Corporations under study.

### **3.4.1 Mission and Commitment**

The first question introduces an aspect that certainly cannot be ignored in a B Corporation, namely the participation and application of the corporate mission by all members of the company. As mentioned in the previous section, to correctly apply the certification and the message that the movement seeks to express, everyone inside the company must understand what it means to be a certified corporation and should support its message. If a certified company does not carry out this task of involving its collaborators in the corporate project, which remains confined only to marketing managers and a few other people, the ultimate goal of the company is likely to be directed at increasing its credibility and thus attract new customers, rather than to become a better business. The question is then asked to understand the level of commitment of the company related to this aspect.

This communication task is thus assigned to the company itself through appropriate dialogue approaches between the figure responsible for the certification process and employees of all levels, to stimulate them to engage in sustainable and inclusive actions.

All the companies interviewed seem to agree on the importance of communicating this message to the entire company, proposing, during the interview, the various approaches used, and the various experiences encountered. In every case study, all B Corps communicated their belonging to a more advanced business paradigm and all the consequences that this entails. The question is particularly relevant for the newly certified ones who have led this evolutionary leap a few years ago, such as Arbos, D'Orica, Alisea, and Cielo e Terra.

The latter communicates it to all employees via the annual impact report, which contains all of the information concerning the business activity, from the impact of production operation to the actions performed. This document is drawn up and studied by the managers who deal with the certification, making it as complete and accessible as possible so that anyone can understand and assimilate its contents. Furthermore, after years of application of the "kaizen" corporate strategy, for Cielo e Terra, the proximity to issues of sustainability, waste reduction, and respect for people has already been well established for years, with related training courses to educate anyone in the company.

From the conversations conducted with D'Orica, Arbos, and Alisea, several similarities emerged regarding this aspect. Each of them wants to highlight that no changes were made following the certification because they were actually born with this imprint and this attention

to the philosophy that the B Corp movement also preaches. The three companies base their foundations on principles and values similar to those of the community, growing and developing their business, every action, and their collaborators in this direction.

Susanna Martucci, the founder of Alisea, has been using this method of working and addressing her collaborators since the 1990s and has continued to expand and build on it over the years, until the official achievement of the certification in 2020. Alisea did not need to teach or transmit something new to this group of stakeholders, who were already well integrated into this way of thinking and behaving.

Giampietro Zonta, owner, and founder of D'Orica, had a similar experience compared to Alisea. Since its inception, the goldsmith company has surrounded itself with legitimate and competent individuals who are trained on the company's values from their first entry. The corporate climate created with the application of these simple rules has allowed the establishment of lasting relationships, based on mutual esteem and trust. Aside from being aware of the corporate policy, the employee is often encouraged to share the mission also outside of the company. In this regard, D'Orica organizes days where workers' families are invited to the company to see and learn about how it works. According to the owner, this kind of activity is useful for sharing your message with those who do not live within the company, which is often not easy to communicate, and permits the establishment of relationships even with the families of the collaborators. For both Alisea and D'Orica, these teachings last for many years before certification and improve from year to year in consolidated relationships with employees who embrace the philosophy.

Even the testimony offered by Sergio Paolini, general manager and founder of Arbos, has many congruences with what was told by the two previous interviewees. In fact, even for Arbos, certification did not mark a clear boundary with the methods of work that were previously used. Consequently, the employees were already used to and well aware of the mission pursued at the company level. Since its origins in the 1980s, Arbos has maintained the same guidelines in some fundamental issues, including the enhancement of recycled materials as an asset to be valued, so much so that it was considered a pioneering and avant-garde company in its sector. Arbos' mission has always remained faithful to the utility generated by its products and the meaning they tell, such as the reuse of some materials to avoid waste. As a consequence, there was no need to inform this category about the company's values and mission because this spirit has been embedded in the company's DNA over the years, with employees dealing and living it every day and in every work manufactured.

Instead, a slightly different example emerged from the testimony of Marta Zordan, one of the



three owners of the homonymous company. Zordan achieved the certification in 2016 and it has thus been present in the world of B Corporations for many years, during which it has gained a different level of maturity than its colleagues in analysis. Throughout the company's five years of certification, which included two B Impact Assessments, the development process has been consistent and continuous, with the company constantly searching for new stimuli and new opportunities to improve. One of which was the direct involvement and participation of collaborators on some B Corporation-themed projects, intending to make them participate in the meaning of the entire community and make them part of it. With this aspiration, all the people present in the company are made involved in the decisions and projects undertaken. After several years in the community, all internal stakeholders are deeply invested in the B Corp ideology, to the point that they have personally committed to its fundamental themes. With a mentality open to change and willing to welcome new ideas, the company has adopted an approach of great trust and respect for the people who work in the company, so that to entrust them with specific sustainability-related tasks. Moreover, everyone is called to make their own contribution in organizing specific activities organized by the company.

### **3.4.2 Stakeholders involvement**

The second question opens the theme of the involvement of stakeholders, both internal and external the company, as an active part of the decision-making process, and is structured in two parts. The first one wants to bring out any changes made in the internal governance and the decision-making process, while the second one wants to understand how the interests of external stakeholders, such as suppliers, communities, institutions, or schools, are communicated and respected in the decision-making process. The theme concerning the involvement of internal stakeholders in the company has brought out various very subjective sharing among the companies under analysis and has introduced very different methods, adopted on the basis of their particular characteristics and the specializations that characterize them. In fact, among the information collected, various ways of managing governance and the inclusion of collaborators as an active part emerged. Some of them discovered this enhancement through solid and long-standing relationships that allowed the establishment of an open and equal dialogue. Others, on the other hand, manage their internal relationships through teamwork, that has enabled the elimination of any hierarchical barrier, with the consequential possibility of sharing ideas and information in a free and transparent way.

D'Orica, Arbos, and Alisea belong to the first category. In this regard, the three organizations agree on the application of a work management approach that encourages people to be

protagonists of the action, with a very open and informal working style, focused on the possibility of autonomously taking initiatives and decisions. For Giampietro Zonta, this theme was crucial for the entire life of his company, where people have always been the heart of all decisions, ideas, and projects. The governance of the goldsmith company was born and developed over the years, always putting workers first, granting them the same weight in the decision-making process as the owners and managers. Besides, one of the most important decisions taken was also to sell part of the company's shares to the people who work there, two of whom later became shareholders. Thus, allowing appropriate appreciation for their work. For Giampietro, therefore, nothing has changed following the B Corp certification, because dialogue and work methods where anyone can make proposals and make decisions, had already been well consolidated.

Even for Susanna Martucci, founder of Alisea, the internal governance remained intact after certification, because her company had already adopted a work strategy that was in line with the standards of the community, having already broken down every hierarchical barrier and even architectural ones. In fact, the company's team is made up of nine people who work in close contact every day and work in synergy on the assigned projects. The update meetings are conducted regularly from week to week, and they involve the entire staff. In this sense, the B Corp certification did not bring about a major change in corporate governance, but it was instrumental in making the company aware of the goals they had already achieved. Furthermore, the B Lab guidelines have allowed the reporting of these corporate activities in its business documents, regulating them in black and white.

The two previous testimonies are in line with the experience lived by Arbos, which has not made any changes to the corporate governance, as it is already in line with the enhancement of collaborators and based on relationships of trust that have lasted for years. Sergio Paolini believes that the most valuable aspect of his business is to make work compatible with the lives of those who work there, by allowing them complete freedom of action. Arbos also shares with its colleagues the awareness generated by the certification, which has prompted the organization to categorize and organize its activities directed at stakeholders but has not resulted in a tangible change.

The second approach used is that suggested by Zordan and Cielo e Terra, in which corporate governance proposes a teamwork organization that allows free management of tasks and free communication between peers. During the first year of certification, the latter company made no improvements to this business aspect, retaining the previously established bases that are structured in work teams. The company's philosophy is in fact purely centered on enhancing

team ideas and involving staff. Also in this case, meetings and continuous updates are conducted with the working groups. Moreover, to better understand the needs of people, individual interviews are held every year, open to all employees. The respective managers and possibly the figure of a coach also participate in these interviews, with the aim of bringing out any ideas or suggestions.

Even Zordan can boast a solid and lasting relationship with its employees, with whom it decides to work through a division of the entire company into different work teams that follow the realization of the product from the dialogue with the customer to delivery. Meetings and updates are frequent both among the team members themselves and with other workgroups. This model of organization has allowed for the deconstruction of any hierarchy and the free flow of ideas and suggestions among colleagues. The carpentry, being the most mature among the certificates, having obtained the certification in 2016, was the only one to declare that it has changed its governance over the years, restructuring it and evolving it over time. In the years since its certification as a B Corporation, the organization has never stood still, always on the lookout for new stimuli. The standards proposed by B Lab have in fact provided a deeper understanding of some internal characteristics on which to work in order to improve the company's performances.

This distinction between the two groups of businesses seems to be congruent with the size they have. The first three B Corporations belong to the category of small businesses that propose an informal and autonomous way of managing work. While the last two have a much larger composition and consequently require a certain structure and organization in team works.

All the examples shown agree on the absence of typical barriers in more traditional businesses, where the flow of decisions is often interrupted by levels of governance. Furthermore, almost all the companies interviewed underline the absence of rigid working hours, encouraging instead self-management and free organization of work. The transparency and involvement of internal stakeholders are therefore agreed upon and applied by all the case studies, each in their personal manner.

The second part of the question directs attention to the relationship between the interviewees and external stakeholders, such as suppliers, communities, and the territory. In particular, the question specifically seeks to investigate the form of dialogue that is established with these categories, in order to collect information about their needs and therefore direct attention in this direction. Also in this regard, different variations arise between the companies interviewed, which are primarily determined by the type of activity they carry out and the various external

stakeholders they face. One thing they all agree on is the willingness to engage in conversation with research institutes and universities, in order to spread the B Corp message, as happened in the creation of these contents. In addition to this aspect, all of them declare that they feel close to their territory and their community, making themselves participants and initiators of projects aimed at achieving the common good. The participation and the dissemination of their message also in schools is a policy very much shared by the local B Corps. The entrepreneurs of these companies are not limited to the realization of their mission, but they take it as an example to schools, to projects and activities organized in the area, and also to museums, to give a concrete application to their work. Giampietro Zonta has also decided to invest in schools, creating collaborations aimed at training young students, with the ultimate aim of teaching the art of entrepreneurship and eventually hiring them. In this regard, he has also established a foundation to inspire young people to follow these teachings and to uphold the tradition of “Made in Italy” productions. During his career, Sergio Paolini has also dedicated a lot of time and attention to the education of students, through various testimonies in Italian schools and universities. There were also many visits by students to the company, where they were able to touch and realize what comes from paper recycling. These experiences have had a much greater educational value than many other teachings on separate collection.

These local companies do not impose any barriers in their local participation, always making themselves available to welcome new activities and new projects. Communication and dialogue seem to be the most widespread communication channel with this category of stakeholders. In this sense, therefore, no specific reform in the methods of dialogue occurred following the certification, because they all maintain the already existing channels.

On the other hand, as regards suppliers, which are one of the fundamental categories for each company, the methods of dialogue are different between the various respondents.

One of the most particular experiences is the one told by Alisea, who for the uniqueness and particularity of her work, is a company that was born with the supply chain and could not live without it. By dealing with industrial waste management, the corporation is actively involved in the operation of manufacturers, to the point that it becomes part of the production itself in the fulfilment of a project. For Alisea, it was not necessary to create specific communication channels with the supply chain, merging directly with it in the creation of the product. In the case of proposals, doubts, ideas, it was not necessary to communicate them to the company because they were seen and experienced by the Alisea’s team in the first person. These collaborations and forms of communication have resulted in long-lasting and stimulating relationships that have benefited both parties.

While not directly involved in the supply chain like Alisea, the other B Corps also share this strong partnership and strong ties with their suppliers, some of which have spanned decades and have witnessed the company's growth since its origins. Each of these is guaranteed the appropriate value and importance in the final product's realization. In almost all situations, it was not necessary to insert alternative methods of dialogue or other channels with suppliers, because these relationships were already built on transparency, mutual collaboration, and teamwork.

Zordan also agrees with this type of relationship with its suppliers, with whom they share a continuous flow of information and mutual advice. Unlike the local B Corp colleagues, Zordan has also launched a specific platform dedicated to dialogue with this category, created first to stay constantly updated on the product and second to feel more connected in facing the various challenges.

### **3.4.3 Management and Communication**

At this point in the discussion with the companies under analysis, the issue of horizontal communication was introduced. In this regard, the study aims to determine how Certified B Corporations manage the communication flow inside the organization and which channels, if any, have been introduced after the certification process to catch ideas, decisions, or criticisms advanced by collaborators. This aspect of reflection is critical in understanding how the viewpoints of all stakeholders present in the business are valued. These can be crucial in the evolution of the business or in the resolution of specific issues, offering suggestions and solutions devised by those who experience the business every day, which could otherwise be neglected in the decision-making process.

All the testimonies that emerged from the interviewees agree on the total absence of barriers in communication. In fact, all the companies analysed declare that they have always adopted open and inclusive management of dialogue with collaborators. This has allowed the company to experience an open and proactive climate at every internal level. Furthermore, as a tool for dialogue, all interviewees stated that they adopt periodic meetings as a tool for internal dialogue, during which updates, doubts, questions, and ideas may emerge. In this regard, most companies emphasize that these business practices already existed before certification and explain why it was not necessary to introduce new communication channels. Also in this case the collected testimonies can be divided into several strategy groups, mainly dictated by internal needs such as the type of work or the number of collaborators. Smaller companies such as D'Orica, Arbos, and Alisea underline that in their type of business it is not necessary to adopt specific

communication channels because the dialogue methods were already well established and well managed by the company before certification. These three companies share a smaller size which makes the free exchange of ideas inevitable and much easier than in larger corporations. In addition to periodic meetings with staff members, these three B Corps also share a free and proactive working climate, where anyone, in carrying out their business, can bring out considerations without any fear. With the removal of all hierarchical and communicative barriers, the employee is guaranteed full confidence that stimulates him to continuous improvement and the propensity for new ideas. Many aspects concerning internal communication take up the issue of governance of these companies under study. It is not obvious that in small companies there are ways of working and dialogue of this type. This openness derives from years of cultivated relationships with collaborators that have allowed them to manage their job in a completely autonomous way. Trust and respect are the foundation of these relationships.

The remaining two companies, which have a more complex organizational structure, dictated by the number of employees that compose them, share the previous reflections but also present more structured methods of dialogue. As mentioned in the preceding section, these two companies share a division of work as a team, where all operational decisions are made. Decisions are never made by a single person, but by the entire workgroup that shares their application. With this division of labour, these two companies have also witnessed a flattening of their managerial organization, without any limit imposed by the internal hierarchical levels. Unlike the previous group, however, these two companies provided two different experiences that lived following the certification. According to Cielo e Terra, it emerges that some methods of communication already existed and were not implemented following the recognition of B Corp. For the past four years, this business has developed specific methods of dialogue with staff to identify opinions, wishes, or suggestions. For the business, this translates into annual individual interviews conducted with all employees. Therefore, the business implemented its horizontal communication strategy with structured and well-defined means of dialogue, but they are not consequent the B Corp Certification.

Zordan, on the other hand, was the only organization to announce in the interview that it had implemented a new communication channel. The business, having been in the world of B Corporations for several years, has had the opportunity to refine some business practices, implementing them with new approaches. In addition to the methods of dialogue that it shares with colleagues, it has also implemented the free movement of opinions with the introduction of a special box where everyone can anonymously post their report in order to understand the

needs, suggestions, or any criticisms on which to work. All the proposals made with this system were then put into practice and implemented.

#### **3.4.4 Diversity and Inclusion**

The third question introduces the thematic group of the community, in particular the theme of diversity and inclusion in the selection of personnel. By taking an equitable approach to minorities, the organization provides a tangible advantage to society as well as to all people who face greater hiring difficulties. Therefore, the question intends to highlight how the company engages in this issue and whether the certification has stimulated the introduction of new approaches for a selection of personnel more open to welcoming minorities.

Different methods to the issue and programs arise from interviews with company leaders, but none of them resulted from receiving the certification. In this regard, most businesses seem to advocate and support a complete opening of their organization to welcome employees of different races, ethnicities, sects, or people with disabilities, using policies that the organization followed before certification.

For example, Sergio Paolini, the owner of Arbos, tells during the interview that the projects carried out by the company in this direction have brought great satisfaction and many internal and external benefits. For many years now, Arbos has been collaborating with the health system, involving people with physical disabilities or mental problems in their work, helping them to enter work. Arbos' processes are particularly suitable for welcoming and involving these minorities who are often rewarded with great satisfaction and an experience that helps them find long-term employment. Although the project is prior to obtaining the certification, the activity has been enhanced and expanded over the years, becoming one of the pillars of Arbos. In this regard, B Corp certification was found to be beneficial in emphasizing the appropriate value and attention to this operation. The theme of job placement for the most vulnerable people is also shared by Cielo e Terra. The winery currently does not have suitable spaces to accommodate staff with disabilities. In this regard, ideas and projects for work inclusion have been put forward on the corporation's agenda, to be implemented through partnerships with local cooperatives. The goal is to subsidize and provide these organizations with work offered by Cielo e Terra, to solve the problem of spaces and at the same time give these stakeholders a concrete job opportunity.

Another testimony is that offered by Marta Zordan who tells of how the company is inclined to hiring these minorities, eliminating any type of prejudice through skimming of personnel conducted in a completely objective way. An agency in charge takes care of this operation,

proposing to the company some candidates are chosen only based on their work skills. Such an approach has allowed the recruitment of several ethnic minorities, including one political refugee. Long-term employment and fair pay provide these minorities adequate stability and security. A similar example is reported by Giampietro Zonta, who believes in the fair remuneration of his employees and has eliminated any prejudice in the selection of personnel in his company. By hiring a worker belonging to different ethnicity and religion, who had never obtained a long-term job, D'Orica raised awareness of how job stability and a fair wage can contribute to change people's lives, enabling them to build a new one from scratch in a foreign country.

A third example focuses on the recruitment of purely female staff. Alisea's team is in fact made up purely of women and competent working mothers. Even the female category in the world of work is often subject to greater work difficulties and lower wages than the other gender. In addition to this, there is also the difficulty of reconciling work with motherhood, often considered incompatible. A type of company that is flexible and attentive to these needs, such as Alisea, is also useful in giving security to female employment, with appropriate attention to the needs that this entails. This is also an example of a guarantee of stability. The common thread that seems to unite all these experiences described by the B Corps, is precisely the stability that is guaranteed to these categories of stakeholders through the adoption of an inclusive and non-discriminatory approach.

### **3.4.5 Supply chain and products**

The theme of community is echoed in one second question about suppliers of products and services useful to the organization in carrying out its business. The interview focuses specifically on how the organization selects its suppliers and whether any specific criteria are included in this selection. The interrogative posed to the representatives of the companies is useful to investigate if and to what extent the company brings a concrete benefit to the community, deriving from a decision aimed at enhancing the financing of local productions. All five companies questioned agree with this decision, choosing local production as the main requirement for selecting their supply of goods and services. The territory of belonging and the national one, are a common thread of all the testimonies collected, giving great value and great confidence to local actions. In addition to ease in managing relationships, choosing a local supplier leads to a series of chain benefits on the community and the environment, including the reduction of displacements and a consequent decrease in the environmental impact of businesses' productions. The interviewees also share a particular appreciation of the "Made in



Italy”, therefore, they choose to make their products with materials and processes coming from the national territory. A business policy attentive to this choice also has positive implications at the local level, bringing tangible economic returns to the community to which it belongs. Over the years, these businesses have enabled the creation of solid relationships with these stakeholders, which has resulted in tangible mutual benefits. In this regard, the second requirement used as a decision criterion is the significance of the relationships formed with the local supplier, in accordance with the quality requirements that the goods involve. If it is impossible to find a specific product or material in the national or local territory, a third requirement emerges shared among all these companies: quality. To produce a legitimate product worthy of the B Corp certification, it is essential to surround the business activity with a supply chain that shares high-quality values, rather than judging the options solely on price. Most of the interviewees in fact stressed this topic, stating the value of their productions that are never located in low-cost countries and never linked to the price of the products supplied. As for quality standards, Zordan declares that its purchasing policy also takes into consideration other requirements in the choice of suppliers. Those who have certifications, primarily the B Corp or other certifications inherent to their production activity, are privileged. Moreover, to encourage female entrepreneurs, Zordan also takes into consideration the management of the company by a woman. This is a specific requirement too, useful for improving community well-being by allowing for the advancement of women in the workplace.

### **3.4.6 Local participation**

One of the most important topics that emerged in the interview is introduced in this question. The theme of the territory, already mentioned in various answers, is now taken up again to examine the influences that this has determined in the way of doing business of the five B Corps under study. In all the testimonies collected, the interviewees declare a strong sense of belonging and closeness to their community of reference, which translates into the choice of using a local supply, the enhancement of traditions, participation in initiatives aimed at the community, and direct economic funding for the support of this. In this area of the Vicenza province, all the B Corp have solid roots, and their commitment to giving value and benefit to their origins is concrete. The initiatives undertaken by the various companies are very different from each other, often connected to their business activity. A curious example is that recorded by Cielo e Terra, which is closely tied to the area where it was born and where it still resides. The company's roots are concretely linked to the territory, due to a close connection of its production activity to grapes, the fruit of the land. Attention to this aspect is one of the pillars

on which the company is founded. This project translates into real activities aimed at enhancing local crops, in particular the cultivation of wine in the hills. With subsidies and fair remuneration, the company economically supports the farmers of those areas, who otherwise would have no competitive chance, and at the same time enhances the territory with this type of cultivation that would otherwise be destined to disappear due to the high costs.

Instead, Arbos' roots are mainly tied to the culture of the place where the company is located. The business specialized in paper processing has always given extreme value and importance to the territory to which it belongs because it is rich in history relating to the processing and production of paper. Arbos with its workmanship keeps these traditions alive, becoming a continuation of these in the contemporary age. The history of the place is also kept alive by Arbos with projects and works carried out with universities and local museums, aimed at making students and tourists discover these stories about the ancient processing of this raw material, which many centuries before was the primary processing in the territory.

A similar example is the one told by Giampietro Zonta, connected however to the processing of silk. The Venetian territory, in ancient times, was the center of the silk trade, with many factories located in the Region. Over the years, however, these processes have been completely dislocated all over the world, leading to the disappearance of this manufacture throughout the national territory. With his project D'Orica intends to revive these traditions, bringing silk processing back to its original territory of belonging, and applying it to its processes, giving life to this "new silk road". The common thread that binds these three examples is the importance that companies give to traditions as an added value to be enhanced and kept alive. In all companies, the territory has had a strong influence on the way of doing business, and in all cases the right weight is given to this stakeholder in the decision-making process.

### **3.4.7 Net Zero 2030**

Net Zero 2030 is an ambitious target established by the B Corporations group to drastically reduce the environmental impact of business activities. This project, carried out following the UN Climate Conference, requires the B Corps to commit to net zero emissions by 2030, 20 years ahead of the 2050 target set in the Paris agreement. The B Corps interviewed were therefore faced with this question to determine if they had entered this initiative or whether they programmed other initiatives aimed at reducing their long-term environmental effects. The considerations that emerged regarding this challenge are particularly different because each of the interviewees is bound to their specific characteristics and consequently decides to act in the most suitable way to their business. However, all of them manifest attention and commitment

to sustainability and the decrease of their Co2 but being very different production companies, there is no single common thread that unites them. For example, Arbos and Alisea demonstrate their environmental dedication explicitly through their work centered on the circular economy and the creation of a new life for resources that would otherwise be discarded. In particular, Alisea does not even produce any misuse or waste of materials in the production process, reusing them completely into new products. This kind of business already has a positive ecological footprint, being the perfect implementation of the circular economy aimed at reintroducing "waste" into the production process without spending it on the environment. Zordan, like its colleagues, focuses on recycling industrial waste from wood processing and reusing it in new products. Moreover, to improve its environmental impact, this company has decided to study the impact generated by each product and create a Sustainable Life Cycle Assessment. This strategy allows the company to discover the weaknesses of the product life cycle and operate in that direction to get a positive footprint. Cielo e Terra and D'Orica also agree with the policy of their colleagues, committing themselves in the long term with a continuous updating of their performances aimed at reducing waste or using less impacting materials. However, all the companies interviewed stated that they witnessed a reduction in their emissions produced by their business through the use, for example, of renewable energy, energy-saving technologies, water purification systems, or waste recycling.

Although not all the companies interviewed declare that they have not joined the Net Zero 2030 initiative, it must be specified that this commitment also requires substantial financial resources. In addition to the specific characteristics of the production that bind the company's environmental strategy, the size of the company can also be a strong constraint on the possibility of investing. Especially the smaller production companies show significant difficulties in facing this challenge, due to the need to invest money both in research and development and in resources to have a concrete decrease of their carbon footprint. It is therefore not possible to give a univocal judgment on the commitment of companies towards Net Zero 2030, but it is possible to focus attention on the various strategies that emerged from the survey and to understand if and how the company is committed to improving its own performances and strategies towards reducing the carbon footprint. Even without joining the Net Zero 2030 organized by the global community of B Corporations, the engagement to the environment is fundamental for all B Corps interviewed, demonstrating long-term commitments for a constant update of their performances.

### 3.4.8 Customer Information and Education

The concluding phase of the interview shifts the focus to the last category of stakeholders: customers, proposing two questions aimed at bringing out the company's commitment to customer information and education. The subjects that emerged during this stage of the interview are critical for involving the customer in the B Corp philosophy and encouraging the shift of his consumption habits toward more educated purchases. From the point of view of information, it is intended to verify if and in which way the manufacturing company declares to be part of the B Corporations community and how it communicates the characteristics of its product to the customer. On the other hand, the aspect of customer education focuses more on the drive that the company gives to those who buy its product or service, stimulating a more accurate consumption even for future purchases. This is also part of the mission that B Corps should pursue, making the consumer aware of the product they offer and the sustainability of the supply chain that the product encompasses. Moreover, transparent communication about the product, the materials used, or the manufacturing processes is what separates a B Corp from other businesses that use CSR as a marketing tool.

As Giampietro Zonta declares in his interview: *"buying a product is equivalent to joining its philosophy and philosophy of the company"*. Therefore, a conscious purchase starts from the knowledge of the company, its mission, and its values, and it is precisely what B Corp must undertake to transmit to distinguish itself from other companies on the market. Also in this case, from the collected testimonies emerge different techniques used, because there are different customers to which the companies interface. In this regard, a range of possibilities opens up. The first strategy aimed at this communication is connected to the type of product and its predisposition to welcome the B Corp logo and tell the main details that distinguish it. Arbos and its design products derived from paper processing, have the opportunity to communicate their belonging to this most advanced type of business through the object. The cardinal principles of Arbos, such as "made in Italy", the use of recycled materials, and the B Corp logo, are all explained in their work, to be easily identifiable and to arouse interest even in the less experienced consumer. In addition to providing details on the type of product and the type of business, Arbos employs the same approach to instruct the buyer for a more educated and sustainable purchase. The company intends to develop a measurement method based on recycled paper in order to measure the level of sustainability of its product and to make the user aware of the difference between a product made of recycled paper and one made entirely of cellulose. Instead, the other businesses interviewed declare to use other methods to spread this message. In this regard, it should be noted that in most situations, the goods are not suitable for

accepting the B Corp logo, and as a result, the companies use other communication channels to inform the customer. According to the testimonies gathered, it emerges that all companies are present and attentive to the care of their web sites and other platforms connected to the company, dedicating a large part of communication through this medium. Another crucial component of the transmission of the message is participation in conferences, the involvement with press releases, interviews, projects, or activities. As mentioned in the preceding parts, all these organizations show considerable interest and participation in these projects, where the main objective is to disseminate the message of the B corporations and what they represent.

Often, communication with the customer also takes place in verbal form. Making it aware of what product entails, such as the manufacturing processes used, employee working conditions, or their environmental commitment. All the companies declare that their respective consumers are informed of their belonging to the B Corporations community and that their purchasing decision is closely linked to the commitment towards sustainability that they demonstrate. Moreover, customer information activity often turns into customer education as well. In making it participate in the company mission and the values pursued by the B Corp, this is already influenced towards a more sustainable purchase. In fact, all interviewees declare that the price is the last of the characteristics considered by those who buy, although this tends to be higher than other companies on the market. The option is actually determined by the other attributes that the good embodies, demonstrating the customer's educated and conscious behaviour. Customer education by the company often also translates into the involvement of the entire supply chain. By becoming more attentive and aware, Zordan's client, for example, asked the company for some sustainability consultancy for the improvement of some internal aspects. Becoming an authoritative consultant on sustainability is certainly a very important goal for a B Corp, then spreading to many other branches of the supply chain. As proof, Alisea has confirmed to transmit education within its supply chain only by carrying out its particular type of business dedicated to the reuse of materials from industrial waste. Working with Alisea opened the customer's eyes to the massive amounts of waste created by their business and how these could be given a new form and a new life through this B Corporation. The education of the supply chain, in this case, was tangible, leaving the customer with products made entirely from the scraps of his own processes, thus demonstrating the value of recycling.

In conclusion, the consumer persona of a Certified B Corporation can be any type of purchaser. However, the duty of B Corps is to carry out careful communication work intended to reach a considerable number of people or companies, declaring what the good or service they buy

contains, to spread its message and stimulate the adoption of responsible behaviour even in future purchases of any kind.

### **3.4.9 Innovation through certification**

After reviewing all the experiences found by companies in the Governance, Workers, Community, Environment, and Customers Impact areas, the last aspect of the interview focused on a topic outside the typical certification process: the one linked to innovation stimulated by certification and by the community in the company under investigation. This last question wants to complete the entire study, digging deeper into the actual usefulness of B Corp certification and the changes it has stimulated within the business.

Before the certification process, many of the interviewees were much more sustainable than their competitors on the market, both from the point of view of the relationship with people and the environment. Therefore, with this question, the research aims to bring out the actual innovation introduced by this recognition to understand if this is really necessary to bring an evolutionary leap to the activity, or if all the virtuous performances carried out by companies could be achieved even without it.

All experiences have certified positive feedbacks, both in the certification process and in belonging to the community of B Corporations. The first of these advantages, which was shared by all interviewees, was the realization that their acts and results over the years had already qualified them for a more advanced category of company, even before the actual certification was obtained. Of this aspect, the certification has allowed the companies that underwent the BIA to give the proper value to their performances, quantifying and measuring the results. In particular, some companies claim to have received constructive feedback on the need to quantify those actions regularly undertaken towards the community or relating to the characteristics of their products. The BIA, in particular, allows companies that submit to the questionnaire to identify the categories in which the company excels and those that are most deficient. This allowed them to target activities while also providing order and attempting to fill in the gaps revealed by the tool. A further awareness that gave everyone great stimulation and gratification was also the score achieved at the end of this process. By obtaining a score higher than 80 points, these businesses were able to discover the efficacy of their performances undertaken over the years, demonstrating to themselves and all the stakeholders involved that they are more than just an "extractor" enterprise. In the case of Arbos, the certification allowed the company to open its eyes to some practices adopted over the years that deserved the right attention and measurement. For example, the count of working hours that company employees

periodically dedicated to activities and projects aimed at the community, but which were not recorded as typical business practices. The requests of the BIA, relating to a concrete explanation of these activities, have allowed the company to put order and categorize its performances in the five thematic areas typical of the certification process. Another relevant measurement that took place during the certification process was that experienced by D'Orica. The key material used in the goldsmith's work is gold, one of the minerals often the cause of wars and conflicts, especially in less developed countries. In this specific case, B Lab had to certify that the origin of the precious material used by D'Orica did not come from a war territory. To prove this, the certification process took two years and the involvement of multiple B Lab offices. Although the certification process was very long and very complex, through this procedure the company was able to certify the sustainability of its material and distinguish itself from other competitors on the market. For Alisea, the feedback on certification was very similar to that of the two colleagues. The process of becoming a B Corp confronted the need to put pen to paper the work that was done every day, particularly concerning the amount of waste materials that the company contributes to reinventing every day. This has enabled both the organization and the consumers to touch the effects of business operations firsthand, becoming conscious of and assigning appropriate importance to what this entails. Moreover, for Alisea the certification was also a gratification for the particular business activity it represents. In addition to becoming aware of the efficiency and validity of the actions taken over the years, the B Corp certification was the only possibility to demonstrate the value of the company transparently and concretely. Not having its own production and not working with just one material, it would not have been possible to certify all the processing of the objects and all the materials that customers provide to Alisea. With a B Corp certification, unlike any other, the company was able to declare the sustainability and attention that Alisea directs to all the stakeholders involved.

This added value of the certification process is also shared by the other companies that have undergone this path. In fact, it emerges very clearly from the testimonies that this recognition goes far beyond a simple certification, stimulating evolutionary leaps that otherwise would not have been achieved or would have required much more time. Cielo e Terra shares this opinion, attesting to the great confidence placed in this certificate to bring about a significant change to the business. According to this testimony, the particular path that leads up to B Corp certification is already a source of motivation to make improvements to the business. In this regard, the contact person of this company believes that, even in the event of a withdrawal from B Lab, the results would have been positive for the company. Because even the only approach

to the world of B Corporations would have directed the company towards innovation, especially in the five categories that BIA offers. Similar testimonies also appear from the interview with Zordan, where it emerges that the positive stimulus deriving from the certification was not confined to just one of the five categories, but all of them. After identifying the internal aspects on which to make improvements, relating to governance, the innovation also continued in the other sectors, with a series of targeted actions led by the BIA and by consulting with the community.

The fourth point on which the B Corporations dwell is the benefit of being part of a united and constantly supported community. For many of the companies surveyed, one of the greatest challenges encountered in being businesses different from other colleagues in the field or from competitors was making a transition on their own, without any support network. Being "different" companies, focused more on social good than on profit, is much more challenging. Often the costs to be incurred are higher and to withstand the competition is overwhelming, especially at the beginning of this path. Instead, being part of a community has made this process much easier, by certifying and gratifying what the company pursues and at the same time helping the achievement of the set goal. In addition to making the central objective of the company stronger, the group to which it belongs has also allowed companies to continuously compare themselves with other certified companies, discovering new ideas on which to improve. The benefit is found also from an economic point of view. With the consolidation of the network, profitable partnerships are also often created and united by the B Corp logo. More generally, being part of a group of companies united in the pursuit of the same goal allows you to create a positive influence on a large number of other companies, while an isolated voice has more significant difficulty in conveying its mission and setting an example.

In conclusion, all the interviewees stated that they had positive feedback from the B Corp certification. The changes and innovations made were not unique, because each company tried to take advantage of a specific strategy that suited the type of business and its internal dynamics.



## **CHAPTER 4**

### **THE ACTUAL EFFECTS OF B CORP CERTIFICATION ON BUSINESS: BETWEEN INNOVATION AND DEVELOPMENT**

#### **4.1 Profile of a B Corporation**

Before examining the changes that have been stimulated by obtaining the certification, it is appropriate to dwell on the profile of a B Corporation. Based on the data collected in the five businesses interviewed in the province of Vicenza, the profile that these companies embody will be proposed, including the company identity and corporate orientation. The study attempts to emphasize the innovation and improvements that this tool has brought to the business models of the organizations in the sample and intends to highlight the traits that make up this type of company that drive them away from more traditional businesses. Hence, the construction of the profile of a Certified B Corporation aims to dispel the association with greenwashing phenomena or move it away from a strategy focused solely on increasing its credibility in the eyes of the consumer. Since it is not possible to provide concrete data and tangible proofs that demonstrate this extraneousness to marketing objectives, the study is committed to exposing the hybrid nature that characterizes their corporate mission.

Being ethical and at the same time for-profit companies, they identify themselves with actions aimed at the common good that goes beyond certification and attest to a mission based on the well-being of stakeholders. These principles, together with the company's historical heritage, will serve as the study's pillars, demonstrating that the B Corp's commitment to the movement is motivated by views and values that have guided the company from its founding. Hence, to support this thesis, a list of the major qualities identified in these organizations will be offered below, followed by their corporate orientation that comprises the mission and philosophy.

##### **4.1.1 Companies' identity**

The first step to outline the profile of a B Corporation is related to the historical heritage of the company, necessary to highlight all the factors that then led to the current corporate identity. The first characterizing element on which the identity of a B Corp is based is its own location. As shown in (Fig. 16), the six B Corporations of the sample are located in the province of Vicenza, particularly in the peripheral area at the foot of the mountain ranges that border the region. Being far from the main logistics hubs and far from both regional and national commercial areas, these five companies have developed their success around the roots from which they were born. They have not moved away to facilitate the commercial flow of their

activities, instead, they built their identity starting from the territorial context of reference, also trying to bring significant benefits in this sense. This strong link with the territory, the attention to its enhancement, and respect for the territorial context of reference are the first indicators that directly or indirectly marked the company mission. Living in a peripheral context but full of traditions is probably the first push towards sustainable corporate behaviour, which is eventually achieved in the certification and commitment that this dedicates to the environmental issue. In addition to the proximity to traditions and maintenance of their roots, these businesses have absorbed the qualities of this geographical area's entrepreneurial heritage. As previously seen, they are almost all included in a medium-small size, with a production activity specialized in manufacturing, following in the footsteps of the entrepreneurial fabric of the region. In fact, they are all artisan businesses that, in order to differentiate themselves in the market and give a better product or service than their competitors, have increased the antiquity of their work through the use of an innovative certification tool.

As proof, the second distinctive element that emerged from the study of the companies in the sample is the production history they embody. All five interviewees demonstrate a very significant historical heritage, which in some cases originates tens of years ago and which has then been handed down from generation to generation. In some of these examples, the company's historicity corresponds with the family traditions that gave birth to the business and then continued over time. In the other situations, the business was born from an entrepreneur's desire to bring his ideas into action and turn them into profitable operations, which have developed over time to become today's company. In all examples, these are productive realities with at least 30 years of previous experience. Therefore, all the testimonies bring to light a broad past and a broad working tradition that has evolved over the years and has marked all the steps and all the achieved goals. People who work on a daily in the manufacturing of a good or the provision of service have had the ability to become sector experts, finding every flaw and shortcoming. This experience is a value that pours into the desire to change and reinvent itself continuously, in search of new solutions that improve the good or service and also the productive activity. The fact of being experts in the sector and having lived it for many years gives them the necessary experience to decide in which direction to evolve. In this context, the decision to obtain certification and place it alongside an expert work activity is the consequence of a desire for evolution and to provide added value to their work. The B Corp certification has not substantially changed the business, but it has added value to what the company has been doing for years.

The third and most important characteristic, which determines the identity of these companies,

are the people around them and who have outlined their corporate missions. Another element common to all the B Corps in the sample is the virtuous intention of entrepreneurs, founders, or individuals, to do more than just a business activity, trying to contribute to a positive impact in the world. In all of the testimonials gathered, the entrepreneur or founder is someone who has left a strong imprint on the corporate landscape, with a philosophy that is often based on people's interests and their well-being, rather than just profit. Through this ambition, the company has made multiple evolutionary leaps over time, with actions targeted at developing it or being attentive to the stakeholders that are involved. People are the most distinctive element of a B Corp, where values and principles do not remain confined but are extended to all those who live in the company. Therefore, it is possible to affirm that the dual nature of the B Corporations originates from the people who determined their foundation, then extending to the entire identity and eventually finding the proper recognition in the philosophy of the movement.

#### **4.1.2 Corporate Orientation**

The second distinguishing feature of a B Corp's profile is the orientation and philosophy upon which these corporations base their conduct. Hence, in this section, the data gathered from the interviews will be used to identify the principles that have characterized these companies, upon which they have evolved, and that have provided them with a way to approach the movement of B Corporations. These values are not only related to the world of B Corp but are shared by many other traditional businesses.

The first element of distinction that identifies these companies is linked to the interest and importance that these entrepreneurs devote to significant issues or problems that arise in the national economy, constantly looking for new ideas or solutions to solve them. Therefore, the mission of a B Corp, or its strategic orientation, does not stop only at the five thematic areas of the BIA, subject to evaluation, but expands much further. These hybrid entrepreneurs who bridge ethical and unethical businesses take on economic and social problems that do not directly affect their sector or activity, but which could bring shared benefit to the national, global, or of their place of belonging:

##### **1. Respect and enhancement of the traditions of their community of origin:**

Traditions, as shown by the interview results, are the foundation from which many companies have grown. In most cases, the position of these B Corps of the Province of Vicenza does not coincide with the main commercial or logistic nodes but rather with the periphery. Moreover, in some cases, this geographical position is also a limit, as it is uncomfortable to move goods, but despite this, these entrepreneurs have not adopted as a strategic choice the relocation to

more welcoming locations but have wanted to invest resources in the enhancement of their origins. From territories full of history and traditions, they have drawn ideas to improve their business while enhancing the local economy and creating networks with other local authorities. These partnerships have often resulted in relationships of mutual benefit between companies and the local area. The former gave greater visibility to the territory or brought to light some traditions that have disappeared, through the carrying out of their activities, and vice versa, the latter provided benefits through the supply of essential resources. In several situations, traditions have been a key component of the company, serving as a base on which to build and then develop.

## 2. The “Made in Italy”:

An essential feature to which all interviewees paid great attention is the quality and origin of their products. The so-called "Made in Italy" is a source of great pride for each interviewee, which must be valued and advertised among consumers. In addition to being actually produced in Italy, the goods deriving from these manufactories are made up of a completely Italian supply chain, without relocating the productions to low-cost countries and without purchasing materials from poor quality suppliers only to reduce the prices of their products. On the contrary, these are often higher than the competition, precisely because they combine Italian quality and very selective attention. None of the five ignores this aspect, choosing to purchase materials or goods outside the national borders only for the sake of availability.

The "Made in Italy" is also considered abroad synonymous with the finest craftsmanship, which the customer recognizes and requests, thus also constitutes a competitive advantage for the company. Precisely for this reason, entrepreneurs pay great attention to the enhancement of this aspect, increasing the credibility of their own processes.

It is not trivial to pay attention to this aspect because, while the quality of Italian materials and workmanship is difficult to replicate, the not-careful Italian entrepreneur often seeks low-cost alternatives outside the national territory, to offer competitive prices in the global economy. Seeing how an entrepreneur manages his supply chain is the first indicator of his work.

## 3. Challenge against Globalization:

The previous mission, which unites all the B Corps encountered, does not depart from this further challenge, which is also very close to the heart of the movement. Globalization has opened up global trade and made it possible for many companies to export their products. For businesses and consumers, globalization has brought real fortune, discovering a network of suppliers and retailers located all over the world. On the other hand, this phenomenon has

caused many environmental problems and has stimulated the consumer to behave purely consumerist and focused only on the cheapness of the products, but without taking into account the harmfulness and negative externalities that these low-cost products pour onto people and the planet. Global competition has also affected companies that increasingly choose cheaper and much more harmful solutions for the environment just to meet market demands. All these events also occurred in the companies interviewed, which had to face various challenges and make decisions very different from their competitors, to move away from these practices and to offer much more qualitative products, but at less competitive prices. Even the global B Corp movement embraces these business models, going against mere consumerism and attempting to increase consumer attention and awareness in the way they purchase products. The entrepreneurs interviewed, in addition to proposing a business model focused on environmental and human concerns, are constantly educating suppliers and consumers, imposing their own requirements that often contradict normal market conditions.

#### 4. Circular Economy:

The fourth characteristic that emerged in the basic strategic orientation of the companies interviewed is always connected to the sustainability of the business. In particular, it focuses attention on the adoption of strategies based on the circular economy. To cope with the enormous waste deriving from consumerism and the traditional way of doing business, which then pour their effects on the environment, many have thought of re-inventing their business towards a circular economy. After becoming aware of the impact of their products on the environment, some companies have worked on studying the life cycle of the materials, trying to re-invest the waste in subsequent productions. The solutions used were various and different. One of these is the use of the Sustainable Life Cycle Assessment, which is an identification tool of the impact of the product from the raw material to its disposal. Through this tool, it was possible to evaluate and analyse the sustainability of the product, intervening in its life cycle to reduce its environmental impact. Instead, other examples have attested how the company was born and grew up with these characteristics, proposing goods and services born on the basis of the desire to use recycled or waste materials. By offering them a new life and new usefulness. This example also allows us to understand the nature of the companies interviewed and their entrepreneurial orientation focused on minimizing their footprint. Although the circular economy philosophy is well inserted in the context of B Corporations, the examples collected show that this orientation was not connected to the certification process but derived from a previous business idea born with this goal.

## 5. Restoration of Italian entrepreneurship:

Always connected to the main problems that characterize today's economy, some B Corp entrepreneurs have shown interest and concern regarding Italian entrepreneurship. Due to job instability and undeserving working conditions, more and more young people are looking for work abroad, falling out of love with Italian entrepreneurship. In the last ten years, businesses run by young people in Italy have decreased by 10%, with a further decline of 4% only in 2020 (De Masi, 2021). The effects of this downward trend will have repercussions in the future, bringing severe consequences to the Italian economy. To tackle this problem and stem the issue in the bud, many entrepreneurs have directed their efforts in this direction in order to stimulate young people not to abandon it. As a result, entrepreneurs become teachers and witnesses to their business and experience to have a positive impact and inspire young people to follow in their footsteps. The activities are carried out mainly through meetings with schools, in the form of lectures or conferences, where the testimony of the company allows them to confront and approach the world of economics. Even in this case, it is clear that the task undertaken by these businesses is not limited to any preconceived notions but evolves in a context of local and national problems in which the entrepreneur can intervene and provide his contribution. The commitment of these companies continuously expands towards new challenges and new directions that combine economic well-being with social benefit, even if they are not connected to the specific business activity. This feature is also one of the main distinctions between a hybrid company and one purely interested in profit. The benefits that these actions cause are not directly tangible or economically measurable, however, they are still important for the entrepreneur to collaborate and solve problems that lie above his business.

These six characteristics collected in the five companies interviewed are just some of the elements that characterized their corporate mission, regardless of the B Corp certification. A hybrid company that is attentive to the stakeholders connected to its business, in order not to fall into a trend trail or a marketing phenomenon, must demonstrate its social commitment through many other actions, in addition to certification. The points listed above are just some of the elements that characterize these companies, but they serve to highlight their orientation and commitment. The most relevant aspect, which immediately stands out during a conversation with a B Corp entrepreneur, is how a general problem that spills its effects on the economy, on people, or the planet, becomes central to business activity, even if not directly connected to this. Hence, the fundamental distinction is not between profit and non-profit companies, but rather between ethics and non-ethics (Iaccarino, 2021), and above all, it is

connected to the dedication and commitment that the people of the community and B Corp entrepreneurs spend to put their business at the service of the public benefit.

#### **4.2 What has changed after the certification: an analysis of the results.**

After having identified the main characteristics and orientation of the sample B Corporations, it is now possible to focus on certification and determine whether this has brought about an effective change within the business. To answer this question, it is appropriate to retrace the five thematic areas of the B Impact Assessment to identify any interesting points of reflection that have emerged.

In the first three areas of impact of Governance, Workers, and Community, some companies have reported changes, while others have maintained the same footprint used previously, thus distinguishing between newly certified companies and mature B Corporations. In particular, in the thematic areas mentioned, most of the changes were made by companies that have been in the movement for the longest time, often creating a clear distinction between the experiences collected. However, in these three thematic areas, all interviewees have demonstrated that they have implemented a framework responsive to the needs of stakeholders over time, with similar strategies but still specific to their business activity, enforcing it with actions towards people and the planet. All the interviewees correspond to the profile of a B Corp, assimilating its philosophy and applying it to these three areas. There are no contradictions in what the community predicts, showing validity in the study and separating it from any marketing strategy. In addition to the attention demonstrated to internal stakeholders, therefore pertaining to the “Governance” and “Workers” Impact Areas, a B Corp stands out from other traditional companies also for attention to external stakeholders. As a matter of fact, all of them expose a particular commitment in this category, highlighting many actions aimed at enhancing the previous points, which have a direct impact on the people and communities of reference. About the last two survey categories, the "Environment" and "Customers" Impact Areas, the certification has further stimulated companies to open their business to change.

The section on the environment is perhaps one of the most valued by the B Corp movement and the five companies interviewed, showing excellent results at the BIA, and obtaining scores above the regional and national average. The results certified by the BIA show that companies have already undertaken a well-defined direction aimed at reducing their impact on the environment. The concerns that arose during the discussions also explained how these organizations were involved in this issue even before the certification was achieved. Among these, the noteworthy ones are connected to a business model based on the circular economy,

the use of green energy, and the abatement of purely extractive behaviours deriving from globalization. However, joining the community gave them the opportunity to participate in various global projects and initiatives, getting involved and looking for new ideas for improvement. Although not all companies have joined the Net Zero 2030, the B Corp world has forced the participants to adapt their performances to the SDGs, proposing a specific platform dedicated to set objectives and stay motivated on their actions toward the SDGs, and a B Impact Assessment updated to the 17 goals proposed by the United Nations.

Even the latest impact area, the one dedicated to the customer category, was one in which companies made the most changes following their entry into the community. Customers are the ultimate goal of all entrepreneurial activities but in B Corporations, in addition to profit, the company must also try to convey its message through the product or service it offers. In this regard, the B Corporations differ from other companies for several factors. The first of them is the certification logo that can be displayed on goods and services as a demonstration of the goal achieved and the company's belonging to a more sustainable business model. Moreover, a lot of effort is also invested into describing the type of company that the consumer encounters. Communication has evolved in this direction, proposing descriptions of all of the features related to the nature of the product, the choice of materials, as well as the explanation of working conditions of workers and their fair payments. These characteristics contribute to making a B Corporation unique, but at the same time, they are also a competitive advantage for it. For this reason, it is possible to affirm that adequate dissemination of the message can bring both economic benefits for the B Corp and be a stimulus to an informed purchase of the customer, which is one of the main objectives of the movement.

After having identified the changes and stimuli that have occurred in the 5 thematic areas of the B Impact Assessment after the recognition of B Corporation, the investigation continues towards other elements that emerged. The evolution of companies has not remained confined only to these categories but has also spread to a general improvement, including the entire activity. These have been summarized in some particularly explanatory and descriptive points of this positive thrust deriving from the certification.

#### 1. The certification did not lead to a disruption of the business:

After having listened to the testimonies of the businesses of the selected sample, the most evident characteristic that unites them all is that they were born as a B Corp. Even before coming into contact with the philosophy of the movement, these interviewees presented a mission and values already marked in this direction.



This first characteristic that emerged from the survey may seem trivial at first glance, but the initial imprint with which these companies were built was then the consequence of all the actions taken, including the affinity with the B Corp model. In most of the categories under consideration, such as Governance, Workers, and the Community, these businesses had adopted a policy based on the interests of the stakeholders involved in their work from their origin. Thus, they were already marked by a social and environmental mission rather than mere profit. All the companies studied have specialized in the thematic areas that most represented their work activity. Some have given more importance to the environment and the territory, while others have given greater importance to the enhancement of the "made in Italy" productions and to the sustainability of the entire supply chain. As a result, no category stood out more than the others or united them all because the territory and their origins were the greatest influences. Among these different strategies employed before becoming Certified B corporations, what stands out most is the direction taken towards a sustainable business model. All of these interviewees were already B Corporations when they were born because they arose from the desire of creative minds who, rather than pursuing market rates or competitors, wanted to constantly reinvent themselves in a different activity. This desire has resulted in continuous improvements, which culminated in certification, but not the other way around. This first outcome of the interview intends to demonstrate how the actions that contributed to this achievement are antecedent to the knowledge of the movement. In this sample under study, the actions preceded the words, first obtaining concrete results and only later the certification of B Corporation. Hence, these certifications do not come from impositions and pre-established rules to obtain the certificate, but from the pure will of the entrepreneur, dispelling any doubts about greenwashing and erroneous reasons that led companies to undertake the path. In conclusion, no major changes were made in business models as a result of certification, rather significant improvements.

## 2. The Certification raised awareness and gave order:

The second characteristic that frequently emerges from the testimonies is the awareness offered by entering the community and the B Corp movement. As demonstrated in the previous section, this evolutionary leap made by companies has not led to a disruption of business activity but has brought added value. In particular, many testimonies show how the organization of the certification process has led to some improvements in company practices regularly adopted, and in the performances directed to stakeholders. With the guidelines imposed by B Lab and the classifications in the five impact categories, the improvement has focused in this direction, supporting the activity and implementing it with new ideas. Hence, many companies have been

able to study how to organize and plan actions aimed at the interests of stakeholders, following the categorizations of the BIA. In certain cases, this element was not properly prepared, and decisions were taken on the spur of the moment, without proper consideration of the common benefit that was to be assured to the five groups of stakeholders. The support of B Lab, therefore, allowed them to quantify the performances and gave them the necessary tools for appropriate management of these activities. Moreover, the B Corp model was also useful concerning the enhancement of projects already underway, giving the right weight, publicity, and enhancement. Therefore, the added value offered by the certification derives from opening the eyes to things companies took for granted, which distinguished a B Corp from other business models and managing them in a more controlled and adequately valued way.

### 3. The Certification improved communication of corporate sustainability:

Sustainability is one of the most frequently encountered issues in the B Corporations community, because it is one of the key concepts upon which certification has developed. Recently, the theme has been widely used for the growth of other models, so much so that it has often become subject to marketing strategies and miscommunication. With the illusion of sustainability, many businesses obscure business practices that do not adhere to the definition of the term, resulting in the so-called phenomenon of greenwashing. A further element of discussion that emerges from the B Corps understudy is their response to sustainability and how their communication of this practice has improved, distinguishing themselves from the predictions of apparent sustainability that are often encountered in the business world. For these companies, the main objective was to go beyond this concept, proposing their own communication that included a broader meaning. Hence, a B Corporation moves away from this misleading disclosure of the message through one of the main characteristics for which it stands out, namely transparency.

Transparency has been an added benefit for both the organization, which has been able to open itself up to a more mission-focused communication, and the consumers, who have found faith and truth in the logo. This characteristic is ensured by two elements of distinction between a B Corp and other companies. The first is the achievement of a score higher than 80 points on the B Impact Assessment, throughout which the company is already demonstrating to give back to the environment more than it takes away. An indicator used only by Certified B Corporations. The tool is unique and innovative, capable of conveying in a number the social and environmental impact of the corporation, including the production activity and the goods, as well as the actions directed to the territory, which cannot be demonstrated by other companies.

The second point of differentiation relates to all the precise requirements imposed by B Lab, which enable B Corps to convey truthful and reliable information to all stakeholders who are affected by the work activity. By measuring their level of sustainability through the process, the companies said they were able to accurately measure their actions and establish a transparent dialogue with the customer as well. Communication has improved in this direction, adding some details about the activity that the company itself was unaware of before the measurement. Several respondents then added other significant details to the BIA score and the B Corp logo, with actions carried out in support of their values, to increase their credibility and distance themselves from the typical concept of sustainability. In fact, the mission of a B Corp does not settle at simple communication but is enriched with actions aimed at the well-being of the stakeholders. For these companies, facts always come before words, but with certification, the transmission of these can constantly improve towards a more transparent dialogue.

#### 4. Certification is unique:

Another important aspect that emerges from the interviews and the study of the literature is the uniqueness of the B Corp certification. This unique recognition was created to attribute merits to a company, evaluating its entire composition, without limiting the evaluation to materials or individual management and organizational systems. Increasingly, competition requires companies to obtain certificates attesting to the quality standards of their products and materials, but these are generally limited to some individual aspects of the business and not to its totality. The B Corp certification also attests to high-quality standards but expands the field of investigation to the company as a whole, going beyond the single product or management model. Some aspects, such as worker well-being, internal relations, governance, and commitment to the environment and customers, are not overlooked in this scenario. On the contrary, they are placed at the centre of the evaluation. As a result, the first distinction between this recognition and the other more common certifications among businesses is evident. Moreover, the characteristic that clearly emerges from the testimonies was the possibility of demonstrating with the B Corp logo some unique aspects of the business activity, which otherwise would have no validity because not recognized by the other certifications. In the examples reported in the interviews, it often emerges that the corporate mission was already addressed to the common good, even before being absorbed by the world of B Corporations, but for many years these could not be certified due to the lack of suitable measuring instruments. For example, activities without their own productions and services providers could not demonstrate the commitment of their business without this certification. Hence, many

businesses claim that they have finally been able to demonstrate their purpose and dedication with legitimate and transparent support thanks to this process.

In addition to giving voice to the needs of these companies, the certification also focuses on some special characteristics that make it unique and different. Generally, stakeholders' interests are not taken into account by the most common assessments and are often ignored or hidden by other standards. Instead, the B Corp credential goes in the opposite direction, following the interests of the stakeholders concerned and making them one of the primary criterion of judgment. Also in this case the certification was an added value for the businesses under investigation. Its uniqueness has allowed them to assess the worth of performances that could not previously be quantified or evaluated objectively. Discovering the adequate representation and sense of belonging in the movement was a significant change for many of the interviewees. Some testimonies also demonstrate how the movement's guidelines and the uniqueness of the whole assessment process have been the primary reasons for the changes achieved over the years.

##### 5. The partnership with other B Corp favours the spread of the message:

In the final question of the interview, concerning the essentiality of obtaining the B Corp certification, the interviewees responded by citing their relationships with B Corporations from all over the world to back up their claims. For many, the relationships and ties established in the community are a value and a stimulus for the pursuit of their mission. These advantages, obtained from partnerships with other certified companies, should not be understood from an economic or commercial point of view but rather from the point of view of support in the dissemination of the stakeholders' primacy philosophy. For all the companies under study, this mission pursued and marked towards a social mission was already present and well established in the corporate purpose, even before certification. However, in the absence of support from other partnerships that share its principles and values, the realization of this mission in some cases turned out to be more difficult. With the entry into the community of thousands of companies from all over the world united in the realization of a single goal, the interviewees said they felt a significant benefit. In this way, they were able to share the challenges of the mission, obtaining continuous advice, and ideas for the realization of projects. The spread of the philosophy by thousands of businesses, including some very important and globally known, also increases the credibility of the message they intend to pursue. With wide participation, the knowledge and diffusion of the message also increase, stimulating the adhesion of an increasing number of companies to the movement.

In terms of the companies located in the reference territorial section, in addition to the global community's support, several benefits have been gained by the companies in the area. Both for physical proximity and similarity of the sector, many newly certified B Corp have used as a model those already present in the territory, obtaining advice and support from them. The relationships between these are still existing and active, often involving each other in projects and activities aimed at the benefit of the stakeholders. The support of similar companies has greatly strengthened the business activity of many interviewees, who often declare that without this constant reference point, many advances and many ideas could not have been realized.

#### 6. More mature B Corps experienced more changes:

The first thing that catches the eye from the talks with the B Corps is the immediate division of the companies into different groups, united by various similar characteristics. In fact, in the investigative questions on the changes brought about after the recognition of B Corporation, two macro groups are outlined. The first category includes all organizations that have introduced no changes to their business activities because their methods and organizational models were already in line with what the certification process demanded, while the second includes those who have drawn ideas for improvement from the certification. Of this last category, however, it must be specified that in the majority of the responses, the choice to implement the business following certification did not refer to a total lack of affinity with the world of B Corp, rather it turned out to be an upgrade of previous performances. In particular, the companies that have been present in the community for many years are included in this group, as they have refined their results over time by implementing continual developments and improvements. These positive stimuli probably derive from the positive influence transmitted by colleagues over the years and from the certification process they have undergone twice. Therefore, from the analysis of the data, it seems to emerge that belonging to the community for a period of two assessments has stimulated improvements in the actions previously adopted and related to the BIA. This subdivision into two macro groups wants to emphasize the differences between more mature companies and companies recently introduced into the world of B Corporations. However, it is not possible to certify the validity of this thesis due to the absence of sufficient data. Only one of the two pioneering companies, that first obtained certification in the Veneto Region, is covered by the available data. As a matter of fact, Zordan is the only company that demonstrates and expresses these changes implemented over the years, as well as one of the first businesses in the region to obtain certification in 2016. The second

company to obtain certification in the same year, as well as the first in the whole territory, did not take part in the study.

#### 7. Changes for the worse:

In this regard, it should also be mentioned a deterioration found in the previously named company.

Stakeholder attention expresses itself in different ways that can lead to the common benefit, as explained in various circumstances in this report. One of these is the establishment of special channels that allow the B Corp to establish a dialogue with the subjects interested in the business' activity and understand their needs through them. Schools and universities are also part of the category of external stakeholders, which from empirical evidence can deepen the study of the B Corp model and expand it into multiple applications. Even B Corps or companies that are not members of the community can benefit from these testimonials and experiences of colleagues, both for inspiration and for joining the community. The corporation that did not participate in the study due to failure to receive the invitation or lack of interest in spreading the message, deviates from the conventional mission of a B Corp and regresses to a traditional company. The contribution and commitment of the whole community is the strength of the B Corp model, therefore participation in the dissemination of the message and philosophy of these companies should remain an integral part of the corporate mission even after many years.

### **4.3 The certification as a resource for innovation and development**

During the research, various elements that can demonstrate the innovation that the certification tool can stimulate in business activity were encountered. The first among these is the diversity and uniqueness in comparison to the other methods of evaluating a business. Without any doubt, the B Corp certification is different from any other existing tool on the market, evaluating the entire company and subjecting it to different requirements ranging from interpersonal relationships to environmental impact or from internal management to customer relationships. By not just setting standards to follow, certification binds the entire business. However, the second and most important feature is related to its higher goal, which is to give concrete benefits to stakeholders through its business. In doing so, the name B Corp rises above the simple economic activity, approaching a hybrid form of doing business and focused on the shared good. What interests the study are the mechanisms by which this occurs. Each company in the community has assimilated and interpreted the different nuances of certification in their way, finding subjective evolutions and changes.

As specified in the previous section, the entry into the movement did not have the same effects

in all cases. Through the five testimonials of the companies that participated in the study, it is now possible to highlight the effects and innovations deriving from the B Corp certification, thus responding to the central question of the research. That is, what changes in a company after the achievement of this milestone, and what kind of innovation or development it has stimulated.

#### **4.3.1 Between innovation and development**

According to one of the definitions of this term, innovation is the natural response to change and can manifest itself in a range of different aspects (Baregheh, 2009). These may include new products or services, new process technology, new administration structure or management system, or new plants and programs of organization members (Damanpour, 1996, p.694).

In response to the events that have been occurring in the world and the economy in recent years, certification has been the ideal choice for some businesses to face these challenges.

The B Corp recognition does not limit itself to creating rules or regulations of conduct; rather, it has broader goals, such as opening the doors of the community of the same name to the interested corporation. Therefore, this will have to adapt its organization and structure to align with those of fellow members. Furthermore, it will need to focus on the interests of external stakeholders to extend its impact to all groups who are of concern to the movement. The peculiarity of this business innovation strategy is linked to the uniqueness of the tool of proposing a radical alignment and extending its effects to its totality. In addition to internal adjustments and stakeholder attention, the B Corp accreditation exhibits its diversity by placing some concerns and challenges at the forefront that are typically left to non-profit organizations or governments. In this sense, it is possible to affirm that this peculiarity enhances and deepens the hybrid nature of the business, stimulating it to constantly update and align even the most current and globally relevant issues. Among the most recent, the study touched on some testimonies regarding Net Zero 2030, the challenge imposed on the community on alignment with the SDGs to match the B Corp mission with the 11 objectives set by the United Nations, and support for female entrepreneurship. In addition to these, other campaigns are constantly updated and attentive to the most vulnerable categories of stakeholders such as the fight against racism, a very topical issue especially in the country of origin of the entire movement but also challenges on waste elimination to safeguard the planet. All of this corresponds to a much larger goal of the single B Corp's innovation, which is designed to make a tangible shift in the traditional economy, transforming it into a "B Economy." Where B Corps become representatives for a "benefit" method of doing business in which an increasing number of

companies will participate.

The innovation of a business is determinant for its survival and constitutes a real competitive advantage (Baregheh, 2009). Also in this sense, the B Corp certification coincides with the possibility of changing and improving to face the challenges that arise in the current economy and at the same time setting a mission of objectives that move away from most traditional companies. Therefore, constituting a real competitive advantage. Through the application of this tool, innovation can be externalized in internal structural or management changes, as well as external ones such as relationships with the supply chain, communities, and the environment. While at the same time setting the ambitious goal of bringing a concrete benefit to traditional economy.

However, the experiences that emerged from the research showed that companies did not use certification as a means to innovate the business but rather to have a clear indication of the direction to follow to improve existing performances. According to the answers provided by representatives of the five B corporations of the Province of Vicenza, the consequences of the certification were primarily manifested in the development and improvement of an existing mission, giving awareness, and ordering the direction to follow to align with the community. As a result, the B Corp Certification has proven to be somewhere between innovation and development. For the companies under investigation that already had a well-defined direction towards the production of the common good before entering the community, the tool has produced adjustments in terms of development. The five Certified B Corporations encountered already demonstrated solid foundations close to the movement and no evident managerial, organizational, or relational upheavals were found consequently to the certification. Rather, they learned from the community and translated it into improvements. On the other hand, in newer organizations, the BIA standards and all the principles surrounding the movement's philosophy might serve as an example to follow in making improvements to the firm. The certification has characteristics that can bring concrete evolutions and innovations for companies that come into contact with the tool, especially for the most recent and with less experience. As previously specified, each of these activities assimilates and applies the indications of the community in a personal way, eventually proposing very different outcomes. Therefore, the B Corp certification is innovative, but it is up to the company to decide how to take my best advantage of it.

In conclusion, the tool proposed by B Lab to improve the traditional economy is unique, innovative, and different from any other existing certification means. The effects that derive from this can convey in innovation or development, or both, depending on the type of company



that aims to enter the community. As a result, it is up to the organization to appropriately assimilate what the tool involves and to use this subjectively within the specific activity. In both scenarios, the application of the means will bring concrete and tangible results, in any case elevating the company above a more traditional business.



## Conclusion

After presenting an in-depth study on the phenomenon of B Corporations, from the literature to the empirical investigation, the research culminates in its primary objective focused on the effectiveness of certification in making concrete changes to the business that reaches it.

The business model proposed by these companies was created to fill some gaps of the traditional economic system, finding a solution for both the laws that govern it and the behaviour of the companies that pour their negative externalities on all the actors who are directly or indirectly affected by this activity, namely the stakeholders. With the achievement of the certification, the company undergoes specific requirements and performances aimed at providing concrete help to the society to face urgent needs that cannot be satisfied only relying on governments and the non-profit sector. By proposing this hybrid business model, the B Corp certification becomes unique, involving the company as a whole and stimulating continuous improvement aimed at making economic activity at the service of people and the environment. To achieve this, the tool must produce tangible improvements to the firm engaged, both structurally and in terms of mission, demonstrating its potential and the goals for which it was created.

From the literary study of the phenomenon, the main structural changes that emerge concern the need to adapt the company's articles of association and statute to the benefit objective, also leading to an evolution of the legal status in countries that provide the legal form of Benefit Corporations. On the other hand, the variants linked to the five thematic areas on which the entire certification process is based are more subjective and affect the company in different ways according to its unique qualities, with the only requirement to pursue the benefit objective predicate from the guidelines of the certification.

Through empirical research conducted on a sample of companies, the thesis intends to dig deeper into these effects produced by belonging to the movement and demonstrate these differences in the changes encountered by business activities following certification. The comparison of these effects between companies and the understanding of the benefits obtained by this tool, intend to know this type of companies thoroughly and explain how and to what extent they are committed to reversing the primacy of shareholders and creating a real positive impact. The aim is to find whether B Corporations obtain this certification solely to increase their credibility and benefit from being part of a united community, or if there are solid foundations on which the "for-benefit" model can find an appropriate background and stimulate innovation also for future companies.

To prove that, five corporations located in the Province of Vicenza participated in a qualitative investigation through an interview with each company's representatives. With the application of this tool, it was possible to dig deep into the hybrid nature of the B Corporations of this geographical area, giving the interviewees the freedom to focus on the core principles of their business. The interview presented ten questions that retraced the impact areas of Governance, Workers, Community, Environment, and Customers, attempting to compare the effects of certification in these categories. The examples and experiences gathered have allowed an in-depth study of the theme and phenomenon manifested in this geographic area, highlighting the characteristics that make them unique compared to more traditional companies.

Understanding the nature of the company, its identity, and the orientation that characterizes it was fundamental to introduce the effects caused by the certification, moving it away from other examples present in the economic system, and above all, from any greenwashing phenomena. In all the testimonies collected, this hybrid nature turns out to be an innate characteristic of all the corporations interviewed, demonstrating a predisposition to the common good prior to this recognition, with a consequent distancing from any strategy aimed at increasing the number of customers attentive to the sustainability of products and services. The orientation and the philosophy pursued by this sample of B Corporations demonstrates some themes ranging from respect for local traditions to attention to the planet, with a strong attachment to "Made in Italy" and Italian entrepreneurship. Proving their commitment to solving problems of common interest, even if not directly relevant to their business activity.

The organization profile and the corporate orientation exhibit some characteristics unique to this territory and not necessarily transferable to other settings, but they record the company background, which then influenced certification accomplishment and the resulting improvements. Moreover, they show that the social commitment of a B Corp extends to many actions besides participation in the movement.

The testimonies obtained from the interviews then showed how the mission and company performances have changed following the certification, thus reaching the heart of the research. The effects of this tool emerged both in the five fundamental thematic areas for a B Corp and in a broader meaning including the mission and the way to pursue corporate objectives. In most cases, the results showed a clear distinction between newly certified companies and more mature ones, especially in the Impact Areas of Governance, Workers, Community, Environment, and Customers.

In the categories including internal stakeholders, such as Workers and Governance, most of the changes appear to be adopted by companies with more experience in the movement, therefore by the first Certified B Corporations in this area. Most of the interviewees demonstrate that they have undertaken business management similar to the benefit objective but that they have not specifically made changes following the achievement. Instead, the three Impact Areas oriented to the well-being of external stakeholders, namely Environment, Community, and Customers, are those that have assimilated the most stimuli from the movement and have made the majority of the improvements. These results are consistent with the scores demonstrated by the BIA, where companies in this area have demonstrated a strong attachment to the territory and the reference communities. As well as the environment, which in many cases turns out to be the BIA evaluation category in which the sample obtained the highest scores, well above the national average. The "Environment" section is one of the most important of the entire global movement, always careful to find new stimuli and new improvement challenges for the companies of the community. The predisposition of the companies under study for this category of stakeholders is probably due to the origins of these corporations and their place of belonging. The vast majority of them, in fact, are located in peripheral and often rural areas, with a deep connection to their roots. This is also reflected by a desire to remain anchored to those locations and to encourage their improvement.

The "Customers" Impact Area is also very significant for the purposes of the survey, demonstrating improvements above all in the propagation of the B Corp message. All the companies have declared that they have undertaken various actions aimed at raising awareness of the customer on the type of good or service purchased, making them aware and stimulating them to more sustainable customer behaviour. Hence, giving concrete application to the primary purpose of the B Corp movement, careful to spread its effects on the entire economic system and not only within the community.

Mainly, the thesis appears to highlight that most of the changes are observed by the more mature companies, therefore those with a stronger permanence within the community. This result is consistent with the BIA scores introduced in the first sections of the paper, which highlight how the companies with the most experience are also those to obtain the highest evaluations. Hence, those that propose improvements in performances. At the same time, it coincides with the primary purpose of the B Corp Certification, which is not to represent a goal for the company but a push towards continuous improvement.

Moreover, companies' evolution is not limited to these categories, but it also extends to general

advances that affect the entire operation. Although the certification did not lead to a complete disruption of the business, it allowed companies to become aware of their work and put their actions in order. Often, the fundamental benefit of the tool that enabled the company to make an evolutionary leap has been the discovery of the complete movement and the ability to certify the entire activity of the company, rather than confining it to a material or a production process. From this starting point, many have been able to grow and improve by following the guidelines of the community and the organization of the five categories of stakeholders. Therefore, the added value offered by the certification derives from opening the eyes to performances and actions companies took for granted, which distinguished them from other business models and managing them in an appropriately valued way. Furthermore, the additional effects that have improved the business concern the communication of corporate sustainability. The B Corp logo embodied transparency on information and has made it possible to increase the credibility of the mission pursued by these companies, offering the customer a good that can actually be indicated as sustainable.

With authentication through precise standards and membership in a community, companies have improved their social commitment and made the certification message more credible. In many cases, the partnership with other certified companies has been both a starting point and help in pursuing their goals. The more mature companies have been a determining example on which to base the transaction process a B Corp, sharing the challenges and obtaining continuous advice and ideas for the realization of projects.

The survey revealed how the help from other colleagues who share the same goals and values was one of the main drivers for improving the company.

Throughout the research, the results were overall positive, but a gap in B Corp certification emerged due to the absence of one of the companies in this area that did not take part in the survey, reducing the number of businesses interviewed. This example demonstrates a flaw still present in the process, which despite preaching attention to the interests of stakeholders, also allows negligent behaviour that is not always consistent with what is predicted.

Based on the changes collected from the testimonies, the certification turns out to be an innovative tool due to the remarkable characteristics that emphasize its nature and objectives. It can be seen as a response to the current challenges and inevitable pressures that will lead businesses to adapt to more sustainable guidelines. At the same time, it can be a solid example and a leader in the for-profit world by encouraging the community to expand and welcome a growing number of companies stimulated by this business model.

In particular, the study has demonstrated that the transition to B Corporation and belonging to the community were crucial for stimulating evolutions and changes in business activity. These range from the constituent documents to the performance undertaken and the mission. All aspects of the company are strictly controlled and linked with the benefit purpose with continuous suggestions and stimuli. These codes of conduct, as well as the virtuous aspirations and ideals that the movement aspires, are what distinguishes Certified B Corps from non-certified companies and that elevates them to a more innovative business.

However, the interviewees mainly drew ideas from these indications and improved an already well-defined mission towards objectives of shared benefit. The B Corps that participated in the survey have shown that they were born as hybrids and with a predisposition to the well-being of stakeholders, carrying out actions of common interest for a long time. Their experience in the sector, which has been perpetuated for many years, has given them the opportunity to cultivate these traits and find in the certification the best strategy to enhance them. But the baggage of values on which these companies stand does not result from certification. With consequent positioning of the tool between innovation and development for economic activities, to be implemented in one or the other direction depending on the maturity and experience of the business in the for-benefit world.

Moreover, it is important to highlight that this research has focused exclusively on a sample of effects due to B Corp certification clustered in a limited number of certified companies. Hence, the study can serve as a starting point for further studies that take into account a greater number of different Certified B Corporations by introducing more comparisons between newly certified companies and more mature ones. To be able to demonstrate the actual presence of more changes especially in the most experienced companies of the community and above all to give further support to the effectiveness of the tool as a strategic asset to improve and innovate a hybrid company based on the well-being of stakeholders.





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