



Ca' Foscari
University
of Venice

Master's Degree
in International Management
Final Thesis

**Be-coming a B-Corp: Companies' internal
reshaping to meet future challenges.**

Roncadin's case study.

Supervisor

Ch. Prof. Francesco Rullani

Graduand

Silvia Politi

878992

Year

2020/2021

Abstract

The consequences of the shareholder-driven business paradigm are now tangible around the world and visible to all. With the advent of the 21st century, this growing awareness has translated into an increasing commitment by governments and organizations to push companies to adopt a more socially and environmentally responsible business model rather than focusing on making profits in the near future.

Among the most important organizations that aim to encourage this change and lead companies to adopt an inclusive approach towards all stakeholders, generating long-term value, is the American non-profit organization B-Lab, creator and promoter of B-Corp certification.

The B-Corp community is very selective and constantly expanding worldwide, present in more than 70 countries, its aim is to distinguish itself and demonstrate that it is possible to implement a three-pronged strategy -for benefit- by proactively reconciling people, profit and planet without sacrificing returns. This new business paradigm, therefore, aims to replace the previous model of operating, without compromising the importance of the profit's variable, and hence achieving a win-win situation for current and future generations and for the environment.

To present this empirically, I will present the case of Roncadin S.p.A., a dynamic and continuously growing Italian company both in Italy and abroad. It is a leader in the production of frozen pizzas in the B2B field, because this organization is currently devoting many resources to prove, through certifications and third-party bodies, the social and environmental commitment implemented internally, with the aim of becoming a B-Corp in the medium-long term. This draft will follow the procedure that a company has to undergo to become a B-Corp, analyzing the mandatory steps that it has to undertake to get the certification as well as the internal structural changes and improvements that it will eventually have to do to become certified. Hence, the aim is to investigate which actions brought Roncadin to evolve its business model, to identify how the process of joining the B-Corp movement is managed internally, first in the company presented as a business case and then to extract the relevant key-findings and apply them into a broader contextualization logic.

The knowledge reported in this draft is therefore the result of a direct observation in the company's field, carried out in person and through qualitative interviews and informal conversations that aimed to deepen the drivers, difficulties and improvements implemented in the empirical setting and, from which, to derive universal rules that are valid and applicable in other company contexts.

Keywords: *B-Corp, Sustainability, BIA, ESG, Changes*

Overview:

Introduction.....	1
--------------------------	----------

CHAPTER 1: From the concept of sustainability to hybrid corporations

1.1 Introduction.....	5
1.2 Historical and lexical overview of the concept of sustainable development.....	7
1.3 Historical excursus on Corporate Social Responsibility.....	11
1.4 Emergence of the fourth sector.....	20
1.5 Hybrid organizations.....	21
1.6 The nine forces which push companies to undertake a sustainable business model.....	32

CHAPTER 2: Certified Benefit Corporations

2.1 Introduction.....	40
2.2 How B-Corp certification is born.....	41
2.3 Legal regulation.....	49
2.4 B-Corps and Benefit Corporation in comparison.....	53
2.5 How to become a certified B-Corp.....	59
2.6 B-Corps in Italy.....	69
2.7 Advantages of becoming a B-Corp.....	70

CHAPTER 3: Company's and case study's presentation

3.1 Introduction.....	76
3.2 Methodological background, objectives, and research questions.....	77
3.2.1 Methodology.....	77
3.2.2 Objectives.....	81
3.2.3 Research questions.....	82
3.3 Roncadin S.p.A.....	82
3.3.1 History.....	82
3.3.2 Financial analysis.....	84
3.3.3 Market positioning.....	86
3.3.4 Roncadin's products and certifications.....	91
3.3.5 Situation during and after Covid-19.....	92

3.3.6 Sustainability's overview.....	93
--------------------------------------	----

CHAPTER 4: Roncadin's case study

4.1 Introduction.....	98
4.2 Sub-session one: drivers and motivations that pushed the company to undertake a more intensive and structured plan to increase its sustainability effort.....	99
4.3 Sub-session two: BIA result examination and subsequent analysis on how the company manages the internal process to become a B-Corp.....	112
4.4 Sub-session three: present projects to increase the BIA's score.....	121
4.5 Sub-session four: Managerial implications of the analysis.....	126
Conclusions.....	134
Thanks.....	141
Bibliography and Sitegraphy.....	142
Appendix.....	150

Introduction

In the last 20, years the consequences caused by the for-profit model of operating implemented by companies started to become more tangible to everyone. Since the end of the 20th century, we are constantly bombarded with an increasing number of images, studies and reports by the mass medias which proves that there is an imminent necessity to adopt policies to protect people and the planet where we live.

The awareness of the necessity to find solutions is not new. It goes away back, even if the commitment started to have a huge practical increase since the beginning of the 21st century, Not only were the efforts implemented by the governments increased, but people's awareness increased and, as a result, a vicious cycle is forming pushing companies to try to implement alternative business paradigms that are more respectful to both people and the planet as well.

In fact, since the 21st century, companies have been put on trial due to the fact that they were becoming continuously bigger and more powerful, in part due to the globalization process, gaining an increasing power, that was used only to create higher profits causing huge social and environmental problems.

Therefore, an alternative way of operating was proposed as an option to the two traditional ones which were - profit and non-profit. The new one is called for-benefit; thus, creating a continuum between the two forms that before now were seen as a dichotomy. More specifically, the companies adopting it are categorized as hybrid business forms that aim to generate profits but simultaneously are interested in considering the negative externalities caused on people and the planet before undertaking any action to reduce them.

Hence, they remain for-profit companies but are moved by a three-pronged strategy -people, planet, profit- in order to generate returns not only and exclusively for shareholders but also considering all the other stakeholders and the environment.

The goal is to transform the business into a force for good, and to promote collaboration and cooperation, investing returns also to help people and the planet to protect present and future generations and make the enterprise adopt a for-future view.

Ideally, they are located in the middle between profit and non-profit models, proposing a more innovative and updated way to run the business.

Among the companies that implement a 3P strategy, there are the certified B-Corps, that are the subjects of this paper. Being a B-Corp means to have obtained a certification released by the non-profit promoter B-Lab, which proves social, environmental and profit sustainability of the business.

In order to receive this certification a test has to be taken followed by further verification procedures and, when the necessary mark of 80 points out of 200 is scored, the company is judged suitable to obtain the certification.

At the moment, there are more than 4000 certified companies in the world, present in more than 75 countries and in more than 150 sectors (Nativa, 2021).

With this certification the aim of the companies is to prove to the external environment the real company's responsible commitment with the goal to distinguish themselves from the other enterprises that still adopt a traditional business paradigm, showing their effort to reach a sustainable type of development.

As will be explained in detail in the thesis, we are currently assisting in a change in the business paradigm, since an increasing number of companies are adopting a for benefit way of operating, and therefore the importance given to people and the planet other than profit is increasing. The drivers that push companies to behave more responsibly are many and can be described as both internal and external, since consumers, young talents, governments and banks are also pushing companies toward this direction.

In the end, it is important to remember that the real advantage of adopting a sustainable business paradigm is the creation of a win-win effect. On one hand, people and the planet are better off, as well as the business due to the fact that becoming sustainable also means: saving money, increasing profitability and generating more value in the long term -both for the company itself and for society and the environment.

Tangible evidence of what was just reported is that certified B-Corps have proven capable of recovering from the 2007 financial crisis at a rate 63% higher rates than the average US small business (Honeyman, 2016 p. 43).

But becoming a B-Corp is not an easy task due to the fact that the B-Impact Assessment -the tool designed by B-Lab to evaluate the companies suitable to enter the community- is very selective; in fact, to be considered able to receive the certification, a real sustainable conduct has to be fully implemented by the company.

The paper in analysis has the goal of investigating the drivers, the challenges, the problems and the adjustments that a company may face and has to implement to self-improve in the process to become certified. Therefore, the goal is to understand in depth how the process to become certified is managed internally, disclosing the practical business case of Roncadin S.p.A, that acts as the empirical setting from which to extract the relevant key-findings that are then applied into a broader contextualization logic.

To be more specific: the thesis is divided into four chapters.

The first one aims at investigating the origins of the concept of sustainability in order to understand when and in which context it is born. The analysis proceeds showing the role covered by governmental institutions and the world agreements -called treaties- that aim to push each single state to commit to behave responsibly and reach a sustainable development.

Moreover, this first chapter aims at understanding how the logics of sustainability have been gradually included into the enterprises' strategical business model. It analyzes the evolution from the concept of CSR and how it evolved to the social protection but also profit and planet protection. This strategy, as will be explained in the draft, is defined 3P strategy -from the triple bottom line theory- and it is incorporated by Benefit Corporations and B-Corps to generate positive value contributing to the emergence of the fourth sector.

In addition, the internal and external challenges that the hybrid organization may face, as well as the internal and external forces that are pushing companies to be willing to undertake the three-pronged strategy, are disclosed.

The second chapter instead aims to focus on the certified B-Corps and therefore understand where, when and how this certification is born. In this chapter it will be presented also the legal regulation of Benefit Corporation that complement the certification, since alone the B-Corps don't have legal protection. The two concepts in fact, are considered to be two similar paths - that complement each other- to reach a common goal that is the one to regenerate the business paradigms and implement people, planet and profit protection.

The chapter continuous with a deep technical analysis regarding the process to become certified, with the goal to explain what companies have to do – and what the company under study did- to self-evaluate. In fact, the first step to be able to obtain the certification requires to complete the online BIA self-assessment, that aims to evaluate the company's impact on governance, workers, community, environment and clients.

To conclude the second chapter, a brief analysis of the Italian B-Corp and the advantages connected to this certification are disclosed and presented.

The third chapter aims to explain the methodology of the thesis and what the draft is able to investigate: therefore, the objectives of the research, presenting the empirical setting that will be necessary to understand and answers to the research questions.

Hence, an in-depth presentation of Roncadin is disclosed through an analysis of the history, market positioning, its products, the situation during the Covid-19 pandemic and the relative consequences, willing to shed light on how the sustainability commitment of the company evolved over time and gradually increased up to now.

Roncadin S.p.A. is company located in Friuli Venezia Giulia, that produces frozen pizzas for the B2B sector. The company, in February 2021 decided to schedule a series of projects to increase its commitment to become more sustainable with the goal to obtain the B-Corp certification in the medium-long term. The aim of this draft's research is to understand how Roncadin manages this process internally and then to be able to draw general applicable conclusions.

For this thesis, the methodology chosen has been one of action research, due to the fact that the contribution presented is the result of the direct observation of a specific organizational context and the relative qualitative interviews and informal conversations with the goal to better analyze it, and derive theoretical contribution from practical experience.

The fourth chapter is the core one, since it explains the results of the analysis carried out in Roncadin and the relative BIA score, aiming at investigating the drivers, the internal structural adjustments necessary to make the company leaner over the sustainability project as well as the current present projects already implemented by Roncadin.

In fact, to become certified a company has to implement a scheduled strategy made up of new projects and internal structural re-organization and revision in order to ease the implementation of a 3P strategy.

The aim of the specific case disclosure is to present the empirical setting considered from which conclusions have been drawn and that can be used to be generalized and applied to other business context that want to become certified. Therefore, general applicable problems, actions, efforts and adjustments that are likely to be faced by other enterprises are disclosed and analyzed.

CHAPTER 1: From the concept of sustainability to hybrid corporations

1.1 Introduction

Nowadays, the current external environment with which companies are relating, is characterized by the increasing awareness that there is the necessity to shift toward a more sustainable and inclusive business model to contribute to reach a responsible development and hence safeguard the present and future generations. Therefore, it is becoming progressively clearer to everybody that it is compelling to find alternative and responsible solutions to the current way of doing business as a consequence that societies judge enterprises to have a leading role in this growth process, being expected to play a huge part in the challenges that the world is facing.

Thus, we are in the middle of a *'historic global cultural shift with the goal to harness the power of businesses to help address society's greatest challenges and to build a more inclusive economy'*¹, understanding that enterprises are not independent actors, rather their future depends primarily on the territory and the society where they operate and so at the failure of the latter also the former fails.

However, we are far from a reality where this way of doing business is the status quo, and thus the shift toward a responsible business paradigm requires still system changes.

To do this improvement it is fundamental that society and enterprises together:

- recognize that the business model implemented up to now failed: due to the fact that it is not working for everybody. The failure can be seen in pollution produced, in the decrease of wildlife and forests necessary for us to survive and in the strong economic and social differences among individuals;
- figure out viable alternatives to move to that new economic system that we want to achieve.

Even if it is true that a sustainable business paradigm is not fully undertaken by all the enterprises in the world, many actions have been implemented with the beginning of the 21st century in order to push companies to undertake business model which consider the consequences created at environmental and social level, and hence not looking only at the variable of profit. Moving thus, from a model which wanted to maximize the return for

¹ video B-Corp Certification: https://www.youtube.com/watch?v=XHp_p-6qYMk&list=PLhwKEp2N2Ld1xmO_5PQ-DyZQ0OTG_ER0D&index=8&ab_channel=BCorpEurope

shareholders in the 20th century (Friedman's Shareholders theory), to one that considers the consequences on all the constituencies related to the business, undertaking a business paradigm more inclusive and regenerative, which aim to last longer in time (Freeman's Stakeholder theory).

For this reason, in the new century many actions have been implemented to legitimize and recognize legally the companies and organizations that wanted to pursue a double purpose (protect the society and the environment apart from profit generation), therefore legal forms such as Benefit Corporation have been created, with the goal to protect these business that in different degrees wanted to pursue a double strategy, locating themselves in the middle between the profit and no profit way of acting, thus creating a continuum between the two forms that before now were seen as a dichotomy.

Therefore, a fourth sector is being forming, which is made up by these hybrid companies, which are the ones that in their core have the goal to combine together the willingness to consider the consequences of their actions on society and the environment without sacrificing profits pursuing a three pronged strategy.

In particular this first chapter will focus on the emergence and the evolution of the concept of the term sustainable development, and how it has been enforced progressively among enterprises, moving at the beginning from the implementation of simple actions of CSR such as charity to the development of business model which aim to maximize shared value, such as the one of the hybrid organizations as B-Corps or Benefit Corporations. There is therefore a drastic change in the perspective of what means to companies to support the society and the environment, that brought them to switch from independent and limited impact action approach, toward more inclusive and harmonious acts directly linked to the strategy and that concerns all the business decisions.

This incremental awareness on the need to consider the impact on all the stakeholders rather than just on shareholders brought in the last decade to a paradigm shift pushed by many forces that will be analyzed throughout the chapter, leading to a current trend in which an increasing number of companies are aware that profit generation and respect for society and environment do not mutually exclude each other rather, but can be considered to be interdependent bringing both benefit to all the constituencies and returns, transforming businesses into a force for good. This is the goal of Benefit Corporation legal status and even more for the certified B-Corp developed in the second chapter, which want to become a source of inspirations for as many

companies as possible to adopt a responsible business model to reach a sustainable economic development which persist over time in the interest of everybody.

1.2 Historical and lexical overview of the concept of sustainable development

Lexical analysis of the terms: development, sustainability and sustainable development:

From the 1970s-80s onwards, a progressive focus on sustainable development issues was taken in response to environmental problems that began to emerge and become more visible in those years.

The debate on the need to act with respect for the territory and society began to be central themes among scholars, governments and international organizations, leading them to develop the concept of sustainable growth.

Hence, we move from an idea of development and sustainability that seemed impossible, useless and counterproductive to reconcile, to the understanding that the two concepts can be safely interconnected, without limiting each other in any way.

Let us therefore first define the term development. When we speak of development in economics, it is initially seen as a synonym for economic growth. Over the years, we have seen the purely economic view of the term being abandoned in favor of a more '*social*' and inclusive definition (Lanza, 2016).

The concept of development has its origins in a branch of the social sciences that arose in the post-war period, or more precisely with the phenomenon of decolonization. When we talk about development, we are not just talking about economic indicators but also consider cultural and social aspects such as quality of life or access to qualified education.

One of the many measures that helps to define the development of a country, measuring growth from an economic point of view, is the GDP, which considers the increase of goods and services produced by the economic system in a given period, usually is considered a year's term (Lanza, 2016).

In other words, it is the ability of an economic system to meet the needs of a population in terms of goods and services. It is expected to measure the growth, as the population is expected to grow, and along these lines so is the production of goods and services and people's income.

Continuing to shed light on the increasingly central concept of sustainability, let's better define this often-abused term.

This word was first used in the 18th century, by a German forester who used it in its context to arrive at a situation where the number of trees cut was controlled, so as to ensure the protection of forests in the long term (Baumgartner et al., 2006).

Until 1950, six different interconnected paths emerged and were used instead of the word '*sustainable*', but they had the same objective: to consider the environment e.g. through the carrying capacity, the biosphere, or the development root which considered more the social aspect such as equity among people. (Kidd, 1992)

The word sustainability properly was first used in 1972 in the book '*Blueprint for Survival*'. The etymology of the word sustainability '*originates in the French verb soutenir, "to hold up or support"*' (Brown et al. 1987, p. 714). To understand the etymology, Barry's specification is useful, since he underlines that '*The core of the concept of sustainability [...] is that there is a quid whose value should be maintained, so long as we are in a position to do so, into the indefinite future. This leaves open the question of what the content of that quid should be*' (Barry 1997, p. 491).

Another interesting definition to understand the concept defines it as '*The management of a resource is defined as sustainable if its reproductive capacity is known and its exploitation does not exceed a certain threshold*' (Lanza, 2006, p.11).

Coming to the concept that combines the two definitions, that is, development and sustainability, and thus reaching the end of the lexical analysis undertaken, we find that the first definition of sustainable development was provided in 1987 by Gro Harlem Brundtland, president of the World Commission on Environment and Development, WCED, where in his report '*Our Common Future*' he developed guidelines on the subject that are still valid today.

Brundtland defined sustainable development as '*development that meets the needs of the present generations without compromising the ability of future generations to meet their own needs*' (WCED 1987a:43). Central to this definition is the ability to combine not only economic return but also respect for communities by considering positive but also negative externalities for present and future stakeholders, seeking to minimize the former and maximize the latter. The aim is to create an economically profitable environment that respects people, workers and the environment of today and tomorrow.

In fact, if we analyze the variables that influence economic indicators such as GDP, we understand that in order to increase production we must consider not only physical production factors (i.e. capital represented by machines) and human capital (i.e. human resources) but also environmental factors (i.e. resources available in nature) (Lanza 2006, p.16).

As one of the three variables needed to produce goods and services in an economic system falls, we have a substantial decrease in GDP, which will inevitably lead to a decrease in the welfare of a population both present and future. This concept underlines the importance of protecting the environment as well as the human resources that produce goods and services without underestimating them.

Global treaties to reach a sustainable development:

One of the central institutions for achieving sustainable development is the role of national governments. Cooperation between them is essential in order to set global targets, so that everyone's efforts count and are not counterproductive, working towards common goals. These agreements, developed by different States together, are not obligations, but soft laws that are implemented through treaties.

In other words, these are targets that have been set so that the various states can then implement regulations at State level, or in the case of the EU community also at communitarian level and work together to ensure that the agreed targets are achieved worldwide.

Several treaties have been signed to date with the aim of establishing international agreements to achieve sustainable development (Lanza, 2006).

The first agreement dates back to 1972, when the Stockholm Conference first affirmed the link between environmental protection and economic development, even at a time when the concept of sustainable development did not yet have a clear and agreed definition. This conference also saw the creation of UNEP, the United Nations Environment Program for the environmental protection.

With this document, people began to consider the environment as a necessary and fundamental factor for human development. They began to conceive the fact that environmental resources are essential and limited and must therefore be protected, and it is man's task to do so. This thought became the slogan of the conference: - no development without environment.

The centrality of this issue became more and more important and relevant, and a series of other treaties followed the Stockholm conference. In 1983, the Commission on Environment and

Development was created, and in 1988, the Toronto Conference was held, with specific political commitments undertaken.

In 1992 with the Rio Declaration on Environment and Development, known as the Earth Summit - although the name is United Nations Conference on Environment and Development (UNCED). Here some key principles were developed and fine-tuned.

Already in the first principle, we see that in this conference man is considered to be at the center of the battle for sustainable development, as he is considered to be the creator and responsible for it.

In 2000, the Millennium Development Goal was drawn up: this plan consisted of eight goals, 18 intermediate targets and 48 indicators that are observed and subject to continuous monitoring.

The pact between man and the environment was then renewed in 2002 with the *'World summit on sustainable development'* in Johannesburg, where we began to see sustainable development as a principle that deserves international attention. Here, issues concerning extremely polluted products such as chemicals are defined and taken into account in an increasingly specific and timely manner in an attempt to regulate more man's global behavior.

In 2012 with Rio+20 - the UN General Assembly Resolution with the plan *'The future we want'*, marks a renewal of the commitment by States to sustainable development. It continues to speak not of obligations, but of commitments set at international level. Here, for the first time, the development of a green economy was put on the global agenda, including the SDGs.²

In 2015, 150 world leaders met at the United Nations and drew up a document entitled *'Transforming our World: 2030 Agenda for Sustainable Development'*. Again, the agenda is non-binding, but States are strongly urged to consider them in their own interest. The document contains 17 SDGs, or sustainable development goals, and 169 sub-goals that aim to reduce poverty, reduce inequality, protect the environment and people, to be achieved by 2030.

But how do we achieve the goals of the Agenda 2030?

Through the global partnership for sustainable development. Each State has the primary responsibility to work towards these goals, and through the adoption of common strategies.

² SDG stands for 'Sustainable Development Goals', that have been set by the UN to reach a sustainable and better future for everyone.

Rio+20: Conferenza dell'ONU sullo sviluppo sostenibile 2012, from <https://www.bafu.admin.ch/bafu/it/home/temi/affari-internazionali/temi-e-convenzioni/rio-20--conferenza-dellonu-sullo-sviluppo-sostenibile-2012.html>, (last consultation: 25.03.2021)

Scholars have questioned the legal nature of the concept of sustainable development, because this principle is included in numerous non-binding acts as well as in international treaties, very often in the preamble.

A significant example of the inclusion of sustainable development in an international treaty concerns Europe, in Article 11 of the Treaty on the Functioning of the EU we have a reference to the principle of sustainable development. Quoting Article 11 it says: *'Environmental protection requirements must be integrated into the definition and implementation of the Union's policies and activities, in particular with a view to promote sustainable development'*. Also, in Article 3 of the Treaty on European Union in paragraph 5 we find that: *'in its relations with the wider world, the Union shall uphold and promote its values and interests, while contributing to the protection of its citizens. It shall contribute to peace, security, the sustainable development of the Earth, [...]'*.

The two examples cited above are a sign of the inclusion of the principle of sustainable development in a treaty which has legal value, thus understanding that these objectives set at international level are not abstract but then have consequences at the level of individual states.

In Italy, in addition to the mandatory standards on environmental protection imposed on Italian companies, we have that sustainable development is governed by Legislative Decree no. 152 of 03/04/2006 with the amendments made by Legislative Decree no. 4 of 16/01/2008.

According to this decree: *'Every legally relevant human activity must comply with the principle of sustainable development, in order to ensure that the satisfaction of the needs of present generations cannot compromise the quality of life and possibilities of future generations'*³(Official Journal).

1.3 Historical excursus on corporate social responsibility

The growing centrality of responsible behavior:

We can see, therefore, how targets and objectives set and established at international level, which may seem apparently abstract insofar as we are talking about soft law, become more concrete in the different States or, in our case, Community level through the treaties or through

³ Official Journal: <https://www.gazzettaufficiale.it/eli/id/2008/01/29/008G0020/sg> (last consultation: 04.02.2021)

obligations to meet certain standards or certificates of conformity that aim, among other things, to achieve a type of development that is sustainable, aiming at ensuring environmental and people's protection worldwide. As time progresses and the risk to the environment and people increases, governments will play an increasingly central and important role in setting these standards. Companies will therefore be increasingly obliged to meet certain targets and to be more responsible.

The goals outlined in treaties such as the SDGs of the Agenda 2030 are not marginal goals for companies, but rather, they are goals that must be central in guiding their choices. Nowadays, companies are considered by the community to be fundamental in the fight to protect the environment and society.

As the time passes and the increase in awareness of these issues, the success of companies, especially large ones such as multinationals, is increasingly associated with the ability to create a respectful relationship with the territory and the people around them, in order to achieve a relationship of mutual support and mutual benefit, which then favors the achievement of the economic goals that the company has set. This does not mean that the economic return takes a back seat, but it does mean that it is not the only objective that a company must set itself in order to be successful and build a good reputation among consumers.

As literature proves, consumers tend to increasingly prefer sustainable products and those offered by responsible companies, a behavior that is also emphasized in response to the pandemic (Bezencon and Blili, 2010; de Klerk, Kearns and Redwood, 2019).

In fact, a study conducted by Mckinsey on 2,004 people shows that most of them are careful to choose products with ecofriendly packaging 61%, and 67% consider the use of sustainable materials to be an important purchasing factor (Granskog, 2021).

It is therefore important to emphasize the fact that being sustainable is not only an ethical and social commitment for us and for future generations but is increasingly becoming a central point for being competitive and for responding to the new and increasingly marked preferences of a consumer-driven market.

Since 1970s, the importance of sustainable development has therefore become a gradual and increasingly explicit and important central theme, which has become stronger over time, and which must be pursued by everyone, companies and others, in a collaborative and interconnected manner.

Society and corporations themselves have realized the growing strength and power that companies exercise globally, being aware that they have both the ability to do good for society and the environment and the power to create irreparable damages such as the environmental disaster caused by BP's Deepwater Horizon oil rig. It is therefore up to them to decide how to behave and decide what to leave behind (Honeyman 2016, p. 38).

Nowadays, companies are increasingly willing and motivated by both internal and external forces to develop corporate policies that take into account the negative externalities they cause and seek to limit them trying to act according to a shared value. They do that by adopting behaviors that aim to achieve both profit and social and environmental well-being. On the one hand, because the role of companies has been re-evaluated and criticized with negative connotations as they have been accused of enriching themselves at the expense of the community and the environment. On the other hand, because global problems such as poverty, climate change and wealth inequality are increasingly large, imminent and concern everyone, requiring the help of the private sector and collective efforts to try to change the situation. Everything then is accompanied by the fact that consumers and people in general are more sensible to this topic (Porter et al, 2016).

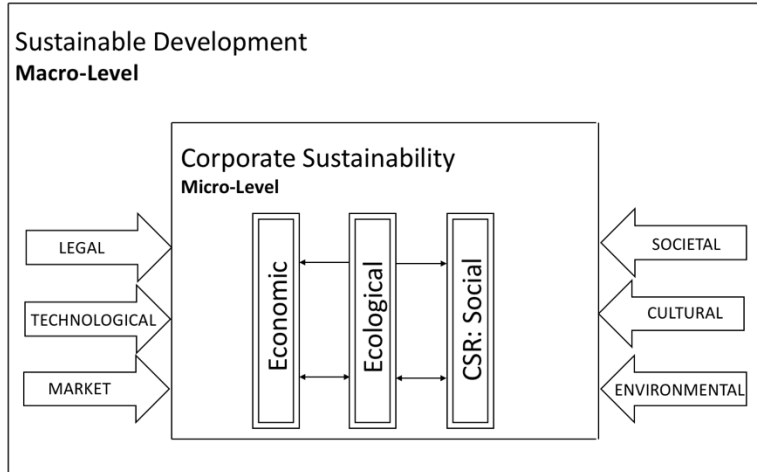
Analysis of the evolution of CSR:

To achieve sustainable development at the macro level, the role played by individual companies through corporate sustainability at the micro level is crucial.

To be sustainable at the corporate level, companies should set three objectives to be pursued at the same time, as can be seen from the figure below: social, economic and environmental, without letting one prevail over the other. This three-pronged strategy has not always existed but has evolved in recent years. At the beginning, in fact, all for-profit companies had net income as their primary goal, and if they remained profitable and there was a will to do so, they undertook actions that could have a social benefit, mostly driven by a desire to differentiate themselves in the market.

As we can see from the figure 1.1 below, the social objective, e.g. the protection of society in general, more precisely of consumers, workers, suppliers rather than of the community in which the company operates, is implemented through CSR (Baumgartner et al., 2006), which however turns out not to be the only one variable necessary to be pursued by companies in order to achieve a responsible business model.

Figure 1.1: Relationship between SD, Corporate Sustainability and CSR.



Source: personal re-elaboration from Baumgartner et al., 2006

Regarding the origins of the concept of corporate social responsibility, there are different opinions about it. For many, this is not a new concept; indeed, it has always existed, although under other names and with different meanings. In fact, according to some, the roots of social responsibility can be traced back to Roman times, when there were already hospitals, orphanages and homes for poor that aimed to protect society, more specifically people in need (Agudelo et al., 2019).

These themes were not abandoned but maintained over the years both in the Victorian era and in paternalistic schemes with the flourishing of the first factories, showing the first examples of workers' protection, although it was still a rudimentary protection scheme and aimed at reaching a faster production rate rather than the good of the subordinates. (Carroll, 2008; Heald, 1970).

The first definition of CSR, with the modern meaning of the term, was then provided by Bowen in 1953, who realized the power that large companies were beginning to have and especially their strong social and environmental impact, underlining the need for them to start considering the consequences of their actions. The first definition of social responsibility is defined as *'the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society'* (Bowen 1953, p. 6).

Since the 80s and 90s, and with the drafting of the first international treaties trying to establish common targets to achieve sustainable development, the concept of CSR has evolved and become more concrete, as well as the centrality of companies to influence these issues in an important way. In fact, even if the international treaties issued in those years are not directly related to CSR, they underline how a growing sense of awareness was developing at

international level for issues such as the environmental and social protection and the will to achieve sustainable development, indirectly influencing the behavior of companies.

We see how corporate responsibility for issues such as *'pollution, employment discrimination, employee health, quality of life'*, while remaining voluntary, is increasing over time (Carroll, 2008). Companies are beginning to understand gradually, that sustainability and profit are not irreconcilable objectives, but rather that they can coexist, and if undertaken in an interdependent manner can be an opportunity for the company to diversify in the market.

In 2011, the European Commission with its Green Paper⁴ took care to provide a notion of CSR defining it as *'the voluntary integration of social and environmental concerns of companies in their business operations and in their interaction with their stakeholders'*. The good CSR practices outlined in the Green Paper were the reflection of the broader global framework represented by the international agreements enacted by the UN Global Compact in those years (Giurdanella, 2020).

It is therefore important to underline that the green paper on sustainability does not provide legally binding laws but aims to increase the sensitivity and awareness of companies by voluntarily undertaking new business practices that respect the environment and society, making the company responsible both internally and externally.

The concept of corporate social responsibility is therefore a dynamic concept that evolves with society itself and with the awareness developed by the latter, leading companies to adapt and improve in order to respond to the preferences of consumers, workers and the community in which the company is rooted.

While companies were initially unaware that they had a central role to play in social and environmental change, or rather they thought that in order to help the community they would have to sacrifice profits, and therefore were not interested, over time the connection between economic progress and sustainability has become increasingly clear. Moreover, communities see the corporate world as responsible for improving their lives, as well as governments, giving them a key role in the paradigm shift towards a sustainable economy.

Due to the increasing power and role of companies in society, it is imperative that appropriate efforts are implemented in a way that brings benefits, depending also on the size and

⁴ Green Papers are documents published by the European Commission to stimulate reflection at European level on a particular topic. The communications may be informative, decisive, declaratory or interpretative in nature.

possibilities of the different companies. Examples of important cases show the change that the companies can bring to the society such as: the large-scale program to diagnose and treat HIV/AIDS in South Africa was introduced by a private Anglo-American company to protect its employees in order to reduce absenteeism rates. Another example is ENEL, which uses renewable energy to prevent 92 million tons of CO2 emissions per year (Kramer and Pfitzer, 2016). These two examples show the positive impact that companies can have on a social and environmental level, if they wish to do so (Porter et al, 2011).

From CSR to CSV:

As time went by in the first decade of the 2000s, the concept of corporate social responsibility evolved further into the desire to create shared value (CSV). This concept, theorized by Porter and Kramer in 2011, is a further step forward and is considered necessary in the evolution of business according to the two economists. The concept of shared value is defined as: *'policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress'* (Porter and Kramer, 2011, p.2). In their view, the aim of companies is to create shared value, going beyond Friedman's shareholders' theory and emphasizing even more Freeman's stakeholder theory to a situation where companies, through their positive impact, contribute together with governments and non-profit organizations to achieve the goal of sustainable growth, reducing inequality and protecting the environment without sacrificing profit (Porter et al., 2011).

Therefore, as the time passes, there is an additional step forward that is theorized also in the literature, where the concept of CSR expands and becomes more inclusive giving birth to the concept of shared value creation. If it is true that the CSR strategy is a way to contribute to achieve sustainability at a corporate level and to collaborate to achieve sustainable development at a macro level, it is also true that it has the disadvantage of creating limited benefits that contribute relatively to the final objective since it remains something not fully internalized in the strategic way of operating of the business and regards more the social sphere.

In fact, in order to achieve sustainable development, it is essential for all companies to implement an inclusive triple bottom line strategy that considers profit, the environment and society in equal importance, creating shared value through actions that are fully integrated into the business model. CSR is therefore temporally placed before Porter's theory of shared value,

and before the development of the triple strategy. CSR has been defined as a *'fig leaf'* (Honeyman, 2016 p.11), emphasizing the need to find a more inclusive strategy to make companies responsible, as in the 21st century CSR efforts are not enough.

It is therefore important for companies to establish a more comprehensive strategy that takes into account the triple bottom line, implementing other objectives other than the single goal to make profit, getting closer to the goals that nonprofit or social enterprises have.

This strategy does not lead companies to sacrifice profit, but rather proposes a new business model that aims to be more durable and long-lasting, protecting the business, society and future generations at the same time.

Three-pronged strategy:

We can therefore define two types of development: traditional and sustainable.

Traditional development sees nature as a place to be exploited in order to satisfy man's needs and improve his life, and on a corporate level it is pursued with a strategy that aims only to make profit and bring returns to shareholders.

The sustainable development is a new type of progress, that was born in response to the awareness that natural resources are scarce and must therefore be organized in a strategic and responsible manner. This knowledge started from mid-1900s but is still evolving.

At corporate level it is enforced by a new business paradigm that began to be implemented slowly and gradually from mid-1900s, but which sees maximum expansion from the 21st century.

To be effective this model considers the impact not only on the shareholders but includes all the stakeholders and the consequences on the environment. Therefore, to reach this type of development the core characteristics that companies have to consider are profit generation while respecting environmental and social limits.

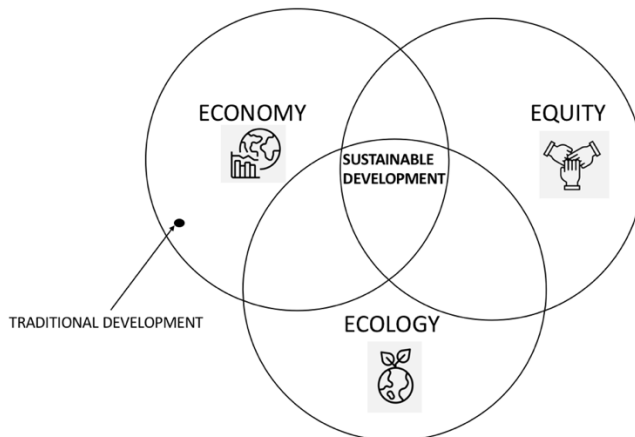
To better understand this model, it is necessary to explain the rule of the 3 Es, namely: ecology, economy and equity; which are fundamental to achieve sustainable development, which unlike traditional development focuses only on one E: that of economy.

ECOLOGY - refers to the ability of the environment to maintain its functions over time, which are to provide resources, both direct and indirect, and the waste disposal

EQUITY - equity between different generations that have the same right to enjoy and use the planet's resources

ECONOMY - refers to the ability to create growth in economic terms as expressed by economic indicators.⁵

Figure 1.2: the 3E that have to be considered to reach a sustainable development



Source: personal re-elaboration from <https://www.borsaitaliana.it/notizie/sotto-la-lente/economia-sostenibile.htm>

The 3E rule makes us understand how fundamental is, not to ignore aspects such as ecology and equity, which are keys if we want to move completely towards a model of sustainable development, thus not precluding economic enrichment but respecting the environment and future generations. Therefore, the focal point of this model sees the center in all the three Es and not just the one of Economy.

This concept at corporate level is expressed by John Elkington as the Triple Bottom Line. This theory argues that in order to gain an advantage in the medium to long term, the company must develop a strategy that mixes the 3Ps that must be taken into consideration to achieve success, which are: PEOPLE, PROFIT, PLANET.

Respectively, the level of social responsibility of a company throughout its history, the ability to generate profit and finally the level of environmental responsibility.

According to the TBL theory companies implement a more inclusive way of operating being guided by the willingness to carry out actions that not only bring a benefit in terms of profit but do not create problems to people and environment, therefore satisfying the needs of the corporation -with profit- and the needs of the present and future generations and the environment reaching a longer lasting business and world.

⁵ Borsa Italiana: <https://www.borsaitaliana.it/notizie/sotto-la-lente/economia-sostenibile.htm>

Hence, companies that internalized a three-pronged strategy are making an additional step forward in respect to the implementation of the CSR and CSV approach since if in the first case the most important variable remained profit followed by the social variable, the CSV put the basis to implement a more harmonized and inclusive approach, the TBL gives to the three variables the same weight making all of them lie at the basis to take decisions. Therefore, the interest to support people and environment is not secondary to profit but is as leading as revenues.

This three-pronged strategy lies at the basis for the B-Corp movement and Benefit Corporation legal jurisdiction.

As already reported, the commitment of private for-profit companies is judged fundamental by the society to contribute in reaching a sustainable development and contributing to the well-being of people and planet, since the power that they are gaining in terms of resources and money.

The recent Reform of international cooperation, introduced by Law 125/2014, accredits for the first time private for-profit enterprises among the subjects of the Italian development cooperation system, defined, under clear conditions, as '*development agents*'. This law is in line with the goals set at the international level of the Agenda 2030, which defines the private sector as a central actor to reach the predetermined objectives which are the SDGs.

The private sector is judged as fundamental also by the High-Level Political Forum on Sustainable Development (July 2016, NY), which is the most important body for the monitoring of the path of the Agenda. It places emphasis on the need to achieve the set goals by aiming to create partnerships between the various agents of development in order to achieve the objectives in a more rapid and cohesive manner (Giorgio, 2017).

Hence a unique system is being created, where for profit and non-profit companies have equal power and duty to support the society and the environment, pushing for the creation of hybrid organizations which can be categorized as an additional step forward undertaken by companies that are concerned in limiting their negative impact on stakeholders, at the cost of facing incremental challenges if compared to the one faced by CSR companies.

1.4 Emergence of the fourth sector

Today we are in the midst of a paradigm shift: we are moving from a business model that focuses on shareholder value, maximizing revenues, earnings and equity in order to increase dividends for the owners in the short term, to a situation where shared value is at the center, that is, the desire to create value for all stakeholders in an inclusive manner, creating a business model that is self-reinforcing over time and inclusive, creating value in the long term and for future generations.

This creates a fourth sector, which consists of a new way of doing business that allows to harness the power of for-profit companies to benefit society and collaborate with non-profit companies to solve social and environmental problems without sacrificing returns.

This new business model therefore overcomes the dichotomy of the two models of operating that were present until now, and takes a third way: for benefit, which is a response to the convergence of these two ways of acting.

The difference between the two previous schemes merges in this new model, making the difference between for-profit and non-profit increasingly blurred and harmonious, so that the clear difference between the two no longer exists, as the for-benefit strategy is the winning one. According to CalPRES, one of the largest pension funds in the US, companies that aim to create stakeholders' value and focus on long-term returns will be the winners by implementing the 3P strategy (Honeyman, 2016 p. 22).

The fourth sector that is being created is made up of hybrid corporations, which have emerged in response to a corporate desire to be legally protected in the pursuit of a three-pronged strategy such as Benefit Corporations that are able to create economic opportunity, build stronger communities and at the same time preserve a healthy environment, turning toward a sustainable economy.

Alongside the willingness of hybrid companies is the Certified B-Corp movement, made up by for-profit companies that are willing to pursue a triple strategy and have their efforts measured in terms of a score by an external body that certifies their inclusive strategy to all stakeholders. This movement cannot be identified as CSR, but it is an evolution of CSR that considers the social and environmental dimension of a company's actions on an equal footing with the economic dimension, and the company aims to consider the triple impact of every choice it makes.

Corporate social responsibility actions are undertaken on a voluntary basis and companies are not obliged to preserve their commitment because unlike Benefit Corporations they have not changed their statutes, or unlike B-Corps they do not have to maintain a positive score that drives them to improve. Their commitment is variable according to the profits generated and the time the company has to carry out activities that support society and the environment, always secondary to the importance of generating profit.

This paradigm shift will only be reinforced if the number of for-benefit companies increases and becomes preponderant over for-profit companies, so that by undertaking a three-pronged strategy aimed at the well-being of society, it will be possible to perpetuate a sustainable and responsible business model, and it will become normal to act in an environmentally and socially responsible manner without having to sacrifice profit. In order to ensure that the engine of traditional capitalism - i.e. for-profit companies - is supplanted by for-benefit companies, it is essential that governments and markets, as well as consumers, recognize this new model as legitimate, so as to create a fourth major sector that benefits business, society and the environment.

Governments have made a series of '*legislative experiments*' over the last 15 years to make it easier from a legal point of view to pursue a triple-benefit strategy, thus giving space to hybrid companies (Ebrahim et al., 2014).

1.5 Hybrid organizations

At the increase of the awareness of the social and environmental problems, the phenomena of hybrid organizations gained momentum proportionally in the 21st century, due to the fact that it is a good way to outdo the trad-off that companies face: on one hand the will to make profits, on the other the will to do something good for the society around them.

Even if the popularity of the term spread a little after, the phenomenon is not new, since one type of hybrid organizations also known as '*social enterprises*' were already present in the 80's-90's and many scholars argue that their presence dates back to the period previous the first industrial revolution, where at that time enterprises were not just expected to make profits but also to teach people a job and give them money in exchange of their work (Hall, 2013).

More specifically to better understand hybrid organizations and how they act it can be useful to report the following explanation which defines them as: '*Those enterprises that design their business models based on the alleviation of a particular social or environmental issue. They*

generate income and attract capital in ways that may be consistent with for-profit models, nonprofit models, or both' (Haigh et al., 2015, p. 6).

Therefore, they combine the social aspect and the commercial aspect in the core business of the organization resulting in a hybrid concept (Battilana et al., 2014; Jay, 2013; Pache & Santos, 2012), even though these two objectives *'have traditionally been governed through the separate forms of business and charity, and codified in the laws of many countries as for-profit and non-profit incorporation'* (Battilana et al., 2014 p. 85).

As already said companies that at their core have both social interest other than the commercial one, have always been existed. For many scholars especially during the period of the first industrial revolution the willingness to support the society and the legitimacy received was much greater due to the fact that businesses were expected to overstep the pure economic purposes and the prioritization of the generation of profit, rather they were expected to create the right mechanisms to support the community through the education and the training of the labor force. (Hall, 2013).

This goal which was proper of the first small factories established in the late 1700 with the time went lost, due to the fact that entrepreneurs seeing the potential to make huge profits tended to put the commercial aspects above the societal ones, losing the initial social purpose.

The willingness to safeguard the society throughout charitable sector such as mutual associations, non-profit organizations and cooperatives was present throughout all the history, but the will to combine the goal to make profits to sustain the society within the same business raised popularity from the 80's with the name of *'social enterprise'* which resulted in the first form of hybrid organization present in the market gaining success not only in USA and Europe, but all over the world (Battilana et al., 2012; Moizer J. et al., 2010).

The 70's, 80's and 90's, other than coincide with the increasing awareness on social and environmental problems created by the for-profit companies or traditional business, corresponded also to two important social factors which encouraged hybrid organizations to establish. More precisely with the increase in the size of social challenges that governments and firms struggled to manage them, translating especially in the USA with the decrease of the support supplied by the government to no-profit organizations which had to start to earn revenues to self-sustain. In Europe, instead, the increase in unemployment of the 70's lead to the development of companies which had a goal to support the society in an independent manner, and to self-finance opting for a commercial activity which enabled to rise funds and

pursue their goals mixing up charitable goals and profits to be then allocated to society (Defourny et al., 2006; Kerlin, 2006).

Examples of these types of hybrid-social enterprises established in that years all over the world were many, such as a Belgian organization which created a 'Mobile School', that provided education to children in the streets self-sustained by selling training programs to for profit companies such as multinationals and other companies. Or the enterprise VisionSpring, which sells eyeglasses to people in underdeveloped and developing countries which have eyesight problems for a cost that has to be less than four dollars (Karmai et al., 2011).

As the time passed the phenomena of social enterprise spread a lot, also helped by the press, that other types of hybrid organizations start to establish, with the goal to promote social purpose at different degrees (Murphy et al., 2009; Zahra et al., 2009), some of them with the goal to sustain the society to be preponderant such as the social enterprises and the no-profit organizations, other instead pursue both the goal of charity and business with the former to be marginal.

The companies pertaining to the latter category are many and are the ones that sustain the society as a consequence of the increasingly influencing thought that environment, society and profit are interdependent and that it is necessary for companies to consider the impact they have on the outside world, because if an area *'fails'*, the companies operating in that area also fail, and vice versa: the success of an area is closely linked to the success of the companies located there. Therefore, depending on how companies combine the goals of charity and business at their core, different types of hybrid organizations arise, being the two objectives classified by literature as a continuum rather than a strong, standardized and independent dichotomy of the concepts explained.

The road toward an interdependency between the two is now reaching the maximum level since the beginning of the 21st century, also supported by new legal forms with the goal to legitimize and safeguard these organizations as much as possible, creating new opportunities for both the organizations and the communities together with the environment.

The importance of the continuum between business and society increased as the time passed and the awareness of the companies improved, having that many for profit companies starting from small actions such as charitable donations, or other actions of CSR in general, developed a more inclusive strategy which considered in an incremental measure the impact toward the society, the environment and other stakeholders, moving in many cases, toward a more

integration of a social mission in their core objective, becoming hybrid, pushed by internal and external strains.

Hence, it is on this path that the legal form of Benefit Corporations and the certified B-Corps find position. More in detail they go beyond the mere CSR practices, since they have at their core both social and profit objectives with the same weight, being therefore hybrid organizations for all intents. At the same time they differentiate from the social enterprises, since they were born and remain for-profit companies because of the stream of money that they are willing to generate from their business is no necessary used completely to support the communities, rather in their way of acting they consider the society as an integral part to decide which action to undertake or not, not considering just their own interest but all the constituencies related to them.

Challenges of hybrid organizations:

Undertaking a hybrid way of operating, therefore pursuing both economic and social objectives, is not an easy task. In fact, hybrid companies ideally locate between the for-profit and non-profit way of doing business, embracing at their core two objectives that not always go in the same direction, leading often the company or the organization to have difficulties in maintaining the hybrid structure as they will.

The outcome of this situation is the risk of a '*mission drift*' (Mersland et al., 2010) which means that the company loses its ability to pursue a double objective, giving priority to reach financial goals at the expense of social mission or vice versa. (Fowler, 2000; Strom, 2010; Weisbrod, 2004). Therefore, the difficulties that hybrid organizations face are many, and are both related with the internal and external environment.

External tension: Problem of legitimacy

One of the most important challenges that hybrid organizations have always met is the ability to obtain legitimacy.

In fact, due to the fact that these types of organizations do not fit a single form of enterprise, but rather are in the middle of two, notable over the years have been the problems in legitimation encountered by those companies that were interested in pursuing other objectives of social or environmental nature in addition to the profit ones. First of all, they were not protected by the law because, as stated in 1919 in the resolution of the Michigan Supreme Court: '*A business*

*corporation is organized and carried on primarily for the profit of the stockholders. The powers of the directors are to be employed to that end*⁶ (Stout, 2008).

For many years, in fact, it was judged an unnecessary expense to consider the environment and society in the business model, assigning to them the sole duty of maximizing the return for shareholders and making a profit, in order to grow nationally and internationally.

Companies that voluntarily and independently wanted to pursue other objectives found themselves in difficulty in finding investors who believed in them and their success, rather than being unable to ensure their willingness once the company passed into other hands, thus losing the values in which they believed and on which the company was founded. Thus, many USA States adopted '*Constituency Statutes*' (early 1990s), that provided the freedom for directors to consider and balance social objectives as well as being focused on creating maximum returns for shareholders.

Although by the end of the 20th century, companies '*may devote a reasonable amount of resources to public welfare, humanitarian, educational, and philanthropic purposes*' (Clark and Babson 2012), the line between power and non-power and especially the limits that companies had on giving money to social causes was blurred and unclear, and directors could be legally punished for not acting in the best interests of the company and its shareholders.

In fact, the freedom provided to directors by Constituency Statutes was not objective and continued to be a blurred concept, and although directors had the flexibility to engage in social causes, the principle of maximizing profits for shareholders was still considered the first and in most cases the only principle in the United States. Put in more specific words: '*Although the vibrancy of shareholder primacy has at times been called into question as a matter of law, both boardrooms and courts have taken the normative call for shareholder wealth maximization increasingly to heart. There is little doubt that the revolution has not only substantially affected legal theory but also legislation, court decisions, and corporate behavior*' (Bodie, 2012, pp. 1033-1034).

In order to legally protect those companies that cared about supporting society and wanted to use part of the profits generated to assist other stakeholders in addition to shareholders alone, new '*legislative experiments*' have been created in some jurisdictions to better define and protect businesses with a triple purpose.

⁶ Dodge v. Ford 1919: Dodge v. Ford Motor Co., 170 N.W. 668 (Mich. 1919)

The legal forms that emerged to encourage and promote the emergence of hybrid business models, and to overcome the dichotomy of legal forms of enterprise that existed were: the Benefit Corporation, (BC), the Flexible Purpose Corporation (FPC), the Low-Profit Limited Liability Company (L3C) in the USA and in the United Kingdom the Community Interest Company (CIC).

These different legal forms present different characteristics from each other with the final goal to be suitable to fit the needs of hybrid organizations and make them more legitimate, letting the opportunity to the companies incorporated under these forms to be able to combine social and commercial objectives as they prefer, being also recognized as safe by investors. Hence, these legal forms can be described as way to be able to balance the social and financial needs.

In this paper we are going to analyze in deep the legal form of Benefit Corporation, more precisely we will focus on the certification of B-Corp. Even if the accreditation doesn't confer to the company a legal status, it aims to pursue the same goal, that is to protect the company in balancing the interests of the shareholders together with the interest of the community and environment. Hence, beside profits they must pursue an aim of common benefit, understood as the pursuit of one or more positive effects on people, communities, environment and cultural heritage. More than the objectives that the certification and the legal form have in common, B-Corps other than being certified by external audited, aim at creating a global movement, spreading a more evolved business paradigm.

External tension: problem of investors' trust

Difficulties in legitimization, lead hybrid companies to face problems when relying on investors. Due to the fact that these organizations have more than one objective at their core, most of the times investors judge them to be uncertain and less predictable in their future behavior since there are no guarantees that the social objectives will remain balanced with the commercial ones, rather there is the risk for investors that the social goals will be prioritized at the expense of the profits, and so being less appreciated (Kraatz et al., 2008).

Combining what were initially the two main objectives of two different legal forms in one single mission is not an easy task, due to the fact that the organizations find themselves in the middle of the interest of different internal and external constituencies who shares one of the two main objective but not the other (Glynn, 2008; Weber et al., 2011).

Therefore, tensions coming from the provision of financial resources is a huge problem for these kinds of companies, so much that, as studies underline, new organizations which at their

core have both the objectives, are less successful in gathering money than the non-profit one (Lee, in press). An answer to this problem, that is growing very fast is the impact investment, which are investments that have the goal to prioritize projects which generate a positive and quantifiable social impact beside a positive financial return, ensuring greater trust and stream of money to companies that are hybrid (Bugg-Levine et al., 2011).

Although still a niche phenomenon, impact investing is growing strongly around the world and responsible projects are proving to be a good source of investment. In the UK there is an index (RBS Social enterprise 100) which tracks the performance of UK social enterprises, assessing both their growth and their economic impact. Through the analysis of this index it is easy to understand the success of impact investments, in fact in the last few years there has been a high rate of growth and increase in the revenues of the companies but above all share returns are around 15-19.9% while bond returns are around 5-7.9%, showing that they are a good solution for hybrid companies to solve their problems.⁷

Internal tensions: problem of balancing dual performance organizational activities

Even if the new legal forms established and the arising of impact investing helped a lot of hybrid organizations to solve part of their tensions vis a vis the external world, the problems coming from the outside are not the only one, rather there are also many difficulties coming from the inside to be solved in order to avoid mission drift.

One of the internal tensions which characterize hybrid companies is the difficulty in being able to keep the two core objectives -commercial and social- balanced throughout all the actions undertaken by the company, without having one that prevail over the other. As a matter of facts, in many situations, the commercial goals overdo the other since they produce streams of money in, without creating resource shortages that have to be allocated among different resource demands (Nielsen, 1986).

In practice managers and directors of hybrid organizations have to deal with a continuous trade off, where prioritizing one of the two stakeholders means failing to serve appropriately the other, causing a mission drift (Jay, 2013). Hence it is fundamental for them to understand how to allocate the limited amount of resources that an organization has, been guided by a double logic, in order to satisfy both the objectives and constituencies and avoid '*decision-making paralysis*' which makes the company unable to react to day-to-day corporate situations due to

⁷ Modelli e strumenti di finanziamento dell'impresa Sociale: impact investments e social bond, Crowdfunding e microcredito from <https://irisnetwork.it/wp-content/uploads/2015/06/colloquio15-daleo-lobue-vesperimorabito.pdf> (last consultation: 23.04.2021)

the fact that the board of directors are polarized in prioritizing different resource allocation options and goals, leading to create internal conflicts (Pache et al., 2012).

Therefore the more integrated the two activities are, the greater the level of legitimization from the external environment, and the more efficient and effective the organization will be, gaining internal advantages in terms of performance and working environment, and external appreciation from the stakeholders and investors that recognize the organization to be solid, predictable and aligned toward the same strategy, avoiding the risk of drift and maintaining hybridity over time.

One solution to avoid the abovementioned risks that hybrid organizations can undertake in order to solve internal tensions which will have also a repercussion on the external constituencies' image is the ability to routinize activities (Battilana and Lee, 2014). Therefore, answers to particular difficult situations which entail strong trade-offs between social and commercial objectives are managed by replicating predetermined set of activities, so that there is no impartial resource allocation and the double purpose with which the organization is born is maintained over time.

Obviously, routines are created in the long term, due to the fact that it is the necessity to go through the trial and error process, which requires time and effort.

Interiorizing and standardizing so much the way to answer to particular situations which organizations face has both advantaged and disadvantages, but in the long term they represent a way to overcome tensions in resources allocation avoiding the risk of drift, due to the fact that the actions are already interiorized and the weight of the two objectives remain balanced.

Internal tensions: necessity to build a unique culture

Internally there are not only difficulties in balancing a dual performance, but also in spreading a unique culture throughout all the organization.

As it is strongly proved by many researchers, culture is a very important factor in organizations, since it has a strong power to influence both the company's image, and therefore the relation to external environment, and the internal climate of companies, hence it is able to have a huge impact on the companies' performance.

For hybrid organizations establish a unique culture is very difficult due to the fact that at their core they incorporate multiple organizational forms that often struggle to be aligned or sometimes are kept separated.

The greater the integration and harmonization between the two objectives, the easier it is to create a unique and well-established culture among all the members that helps to alleviate the internal tensions. In the case in which the two goals are not well integrated, rather are kept separated, it is important to create sub-cultures which tolerate one another.

Particular important is the role played by leaders in spreading a unique culture among all the members, since they are expected to *'create a 'whole' entity that is at least minimally coherent, integrated and self-consistent'* (Kraatz, 2009, p. 73). To do that leaders of hybrid organizations have to understand how to manage a more complex situation given by internal differences, recognizing potential paradoxes and be able to translate them into a winning combination. (Smith et al., 2005).

Moreover, it is also fundamental that leaders know in deep the business entity in which they are working, and based on that understanding they have to figure out when it is better to foster the creation of a unique culture and when to divide the working members in sub-groups with sub-cultures with the goal to be more efficient and effective both internally and in the market.

Internal tension: problem of workers formation and composition

Another problem that hybrid organizations encounter in their lives is the ability to select the right labor force that is going to be part of the company's staff.

As already said, hybrid organizations have to pursue two objectives, which present a lot of strains to be aligned and to allow the company to maintain the hybridity. To do that, the first step, which is also one of the most important, is represented by the necessity that also in the minds of workers, directors and managers the two objectives are lined up, and not seen as trade-offs. Hence on one hand, is necessary to *'populate hybrid organizations with 'hybrid individuals''* (Battilana and Lee, 2014 p. 415), on the other hand whether it is not possible, it is important to foster the collaboration of workers in charge to pursue the two different goals, in order to be more effective and efficient in both their achievement.

Hence it results of fundamental importance, that the workers' know how to manage and behave in an organization which combines two forms, otherwise the problems brought about the misalignment between the identity of the organization and the identity of people will create undesired organizational outcomes and will deter the company from its double mission (Pratt and Foreman, 2000).

Scholars who studied the organizational identities made a distinction between holographic hybrids and ideographic hybrids, to better understand the possible approaches with which workforce can deal with the two objectives. (Albert and Whetten, 1985).

While in the holographic hybrids, workers hold a double identity, and therefore there is a harmonization between goals and people, having that the staff present a multiple identity too in line with the company, in the case of ideographic hybrids the two different identities of the company are carried out by different groups which protect the interest of the two big groups of constituencies.

In both the situations abovementioned there are benefits and costs, but the more people and objectives are integrated to each other, the greater the probability for the organization to generate value for both groups of constituencies and maintain with success its hybridity.

Studies on this topic report that it is not easy for workers to be neutral and incorporate the perfect integration between the two objectives, rather it is very difficult due to the fact that people have preferences and therefore tend to prefer one identity over the other. But on this issue results very interesting Besharov's studies (2013) which stated that the behavior of employees changes as the managers' ideology are more hybrid. Hence, the more managers are '*pluralists*' and adopt practices such as: development of routines that affirm ideology without referring to it, removal of explicit references to ideology and the adoption of integrative solutions the more also employees tend to be more neutral toward their preferences and reach a better degree of hybridity in their behaviors, creating a higher value and decreasing inter-organizational tensions (Lau and Murnighan, 1998, Battilana and Lee 2014).

Therefore, selecting the right people results a huge challenge for the staff of human resources of hybrid organizations, since the requirements found under these legal forms expects new workers to be trained since the beginning, and sometimes also require them to unlearn some of the practices implemented in other companies to learn completely new approaches in order to be able to combine in their actions the dual mission that the organization wants to pursue.

Obviously, the more hybrid companies there are, the easier it is for them to find suitable candidates who are already well prepared to start working.

In general, hybrid organizations can adopt two approaches: either search for hybrid workers or look for people to train depending on the degree of integration between commercial and social activities that the organization presents.

A possible solution to push workers to think and act in a more hybrid way is by considering the issuance of incentives. Incentives can be used '*to teach and reinforce the behaviors and values desired in organization members*' (Battilana and Lee, 2014).

More specifically hybrid organization in order to incentivize workers to combine and consider commercial and social goals in the same way in the day-to-day decisions making, can relate on the issuance of them so that they become linked to the ability of the staff to behave according to the organizational mission.

Internal tension: organizational design

As Chandler supported the way in which organizations are structured, designed and organized determine the way in which they act (Chandler, 1962).

This holds also for hybrid organizations, where organizational design defines the way in which social and commercial goals are managed and the potential tensions that can arise. As a general rule, the more the two goals are harmonized and integrated throughout all the organization the less there is the need to polarize within the organization people working for commercial goals and people working to pursue the social one and vice versa. Therefore in the case in which the degree of integration is low, it is necessary to develop an organizational structure which separates people and goals in a clear way, creating sub-units and sub-cultures to avoid conflicts that in this specific case will be more frequent, otherwise it will be more difficult to generate value.

In the latter case there is the risk that the sub-units are too independent, leading to mission drift. To avoid this, it is important to involve all the workers, throughout all the different units and levels of importance, to negotiate and take part in the discussion of the resources allocation decision, in order that all the staff members agree on how to manage the limited amount of resources that the organization holds and allocate them among the two objectives in a correct and fair way (Battilana et al., 2013).

Key point of the way in which hybrid organizational structure are designed is played by the governance system of the companies, which is fundamental in ensuring accountability toward both social and commercial goals, ensuring that their interests remain balanced throughout all the decisions undertaken by the company, playing an important role in avoiding potential mission drifts.

Obviously, the less the two goals are integrated, the greater the risk of mission drift and the greater the importance and the role played by the corporate governance to guide the organization to be hybrid. (Ebrahim, Battilana and Mair, 2013).

As literature suggests, there are different ways to manage these tensions in order to alleviate them. One of these is brought by Holt and Littlewood (2015), who state that it is fundamental for hybrid organizations to understand clearly their positive and negative impacts toward the stakeholders with the goal to have a clearer situation in mind and analyze both the internal and external environment in order to be better able to reach their hybridity goal. The tool that they advise is called Hy-Map process and helps the company to figure out fundamental elements such as context, mission and better address the hybridity in order to understand the situation more in depth.

1.6 The nine forces which push companies to undertake a sustainable business model

The decision of companies to undertake a business for benefit model, rather than to engage in certification to prove their commitment to society and the environment as well as to profit, is the result of two types of forces: internal and external.

The internal forces, also called ‘bottom-up’ forces, are identified as the internal will of the shareholders rather than the directors and management to be sustainable as a result of ethical and moral motivations, believing strongly in the possibility that profit and respect for the environment and society do not go in two parallel directions but can coexist.

The second type of forces that modify and influence the company to be sustainable are external, also called ‘top-down’ forces. These motivations lead the company to be sustainable in response to external drivers that place the company in a situation of convenience to undertake a sustainable business model, such as consumer preference for responsibly produced goods, rather than government incentives.

These motivations can be summarized in nine competitive forces that act with different intensity on companies in different situations, sectors and countries, forcing them to undertake sustainable business models. They are:

- Human resources
- Finance
- Operating costs
- Customer demands
- Taxation and incentives

- Competitive strategies
- Regulations
- New segments
- Other stakeholders such as governments

The forces above mentioned, can all be described as top-down. To these must be added the increasingly frequent bottom-up motivations, i.e. the spontaneous and internal willingness of the company to take responsible measures. In fact, over time corporate responsibility is a response to a mix of internal and external forces.

The first top-down force involves taking sustainable actions in response to consumer preferences. As we know that the market is buyer-driven, companies have to try as much as possible to adapt to the trend of buyers' preferences, since they are the one that choose.

In fact, as social and environmental problems become more serious, consumers prefer companies that are not only interested in profit but also in helping society and the environment (Accenture, 2018), without sacrificing quality (Auger et al., 2008).

An interesting survey made on 1000 American and British consumers shows that people's behavior is constantly changing, more specifically buyers are more and more convinced that they can make a difference and consequently they are willing to change their habits in order to be more sustainable. According to the study, 96% of the people surveyed strongly believe that everyday actions such as donating, choosing ethical products and recycling can contribute to positive change (Townsend, 2018).

As a result of this commitment we see that consumers prefer to buy from certified companies such as B-Corp, for numerous reasons (Bianchi et al., 2020).

Among these the most emblematic are:

- Social and environmental responsibility as the products are certified and consumers do not have to waste time making sure that an eco-friendly product really is one
- Self-satisfaction: pursuing ethical and moral ideals, helping fair and responsible companies to survive
- Health and Quality of Life: certification ensures that products have been treated in a certain way, with fewer additives that harm health.

This trend, moreover, has become much stronger as a result of Covid-19, and as the Capgemini Research Institute says, 79% of people surveyed are changing their purchasing preferences by opting for goods with a low environmental and social impact (Capgemini Research Institute, 2020).

Researches also shows that young people are a generation strongly in favor on the fight for sustainability both when they relate to companies as consumers and when they offer themselves to them as human capital. For example, research carried out by PwC⁸, shows that 28% are willing to spend more for brands known for their sustainability practices, 24% for products made in a sustainable or eco-friendly way, 21% for products made in an ethical way, 9% for sustainable packaging and 7% for brands that do charity work (Galbiati, 2019).

Goldman Sachs attests to the fact that numerous studies report that the new generations have different needs from previous generations, including the desire to harmonize personal and corporate values. It is therefore essential for companies to offer incentives that go beyond mere financial returns in order to attract and retain new talent (Honeyman, 2016).

Thus, if on the one hand consumers show an increasing appeal and preference for products that pay attention to people and environment throughout all their supply chain⁹, on the other hand, this preference may enable companies to take advantage of this increasing attention of the consumers and the relatively willingness to spend more and use it to their advantage.

The response to such a strong desire manifested by consumers and human capital to prefer eco-friendly goods and sustainable companies is often the practice of greenwashing implemented by many businesses around the world.

More precisely, greenwashing¹⁰ is defined as: *'the act of misleading consumers regarding the environmental practices of a company (firm-level greenwashing) or the environmental benefits of a product or service (product-level greenwashing)'* (Delmas, 2011).

Therefore, companies often use marketing strategies to advertise themselves as ecofriendly, and as being socially and environmentally responsible, but in many cases, this is just a strategy to attract more consumers and increase profits. In fact, they aim to gain the benefits of responsible companies, such as: to create a stronger image and improve not only their reputation but also their brand positioning in the minds of consumers having therefore positive repercussions on company's turnover.

⁸ Study made in 2018 on a sample of 2000 young Italians, 62% of whom are millennials and 38% of whom are members of Generation Z

⁹As the research conducted by Capgemini Research Institute on 7500 consumers and 750 organizations shows that CSR companies emphasize a better relationship with customers. 77% of companies say that sustainability increases customer loyalty, while 63% say that being respectful of the environment and people leads to increase brand value. Source: https://www.capgemini.com/wp-content/uploads/2020/07/20-06_9880_Sustainability-in-CPR_Final_Web-1.pdf

¹⁰ Greenwashing: this term dates back to 1986, when Jay Westerveld accused a hotel chain of exploiting customers' sensitivity to the issue of sustainability by inviting them not to change their towels often in order to limit the environmental impact when in fact the invitation was intended to reduce company's costs. Source: <https://rifolab.com/blogs/blog-di-rifo/green-washing> (last consultation: 12.03.2021)

If it is true that companies have understood that in order to increase popularity one strategy is to leverage on the production of green products and on company policies that respect society and the environment, it is also true that this paradigm shift requires a lot of resources, especially in the short term to change the company's business model.

Regarding the financial strength influencing companies, Goldman Sachs argues that: *'Nowadays there is an increasing flow of capital to finance sustainable projects and business models, and the market is rewarding these investments'* (Goldman Sachs, 2017).

This statement is also supported by the performance of the DJSI, which outperformed the traditional Dow Jones index by 36.1% in the five years before 2012 (Honeyman, 2016 p. 33).

It is therefore a fact that investments in sustainable projects are appreciated by investors in the financial markets, and it is now essential to ensure that all companies implement this paradigm shift and undertake green projects.

Fundamental to this challenge is the role of banks and the financial sector, which is becoming increasingly interested in what is known as 'green' finance, a major theme at global and European level but also central to the banking sector of the various countries. In fact, there are more and more new financial instruments that aim to promote green and responsible objectives, called SRI (sustainable and responsible investments). In this category we find instruments such as green bonds that aim to provide credit for green initiatives, but in general, green investments are all those investments that finance concrete initiatives for social and environmental benefit (Li et al. 2019).

There have been a number of important developments on this front in recent years: for example, the European Investment Bank has announced that from 2021 it will no longer finance projects using fossil fuels, or the Next Generation plan which sees sustainable financing as a key requirement.

Many important changes have also been undertaken at the level of individual banks in Italy. One important initiative that has also been taken by banks is to assess the ESG scores of various companies. ESG stands for Environmental, Social and Governance. When applying for a loan, companies will have to answer a questionnaire and will receive a number from 0 to 100 according to their answers.

The higher the score, the greater the company's commitment to the three areas, and the greater the green discount factor of the credit requested. As a result, companies are also financially driven to undertake sustainable investments.

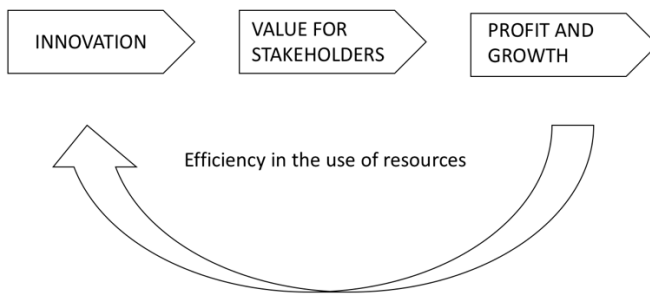
Providing a green discount factor to companies is not dictated by the fact that banks have suddenly increased their interest in environmental and social causes, but by the fact that the risks for companies decrease by implementing sustainable projects.

As several studies support and underline, by providing credit for sustainable projects, the risk of insolvency on the part of the debtor decreases as the costs for the company in the long term will be reduced thus providing a gain, which translates into a greater ability on the part of the company to repay the credit received. In addition, the efficiency of the production processes leads to a lower environmental impact but also to less waste, which increases the margins that contribute to higher profits. In other words, as the responsibility commitment of companies increases, the credit risk and operational risk decreases, leading to a decrease in the cost of financing (Garriga and Melé 2004; Jones 1995).

No less important force influencing the behavior of companies is represented by competitors. In fact, if they undertake responsible and sustainable strategies it is fundamental to be competitive and remain in the market to undertake the same path or otherwise the company risks giving them market shares. The sooner companies take sustainable actions, the sooner they can play ahead and gain first mover advantage, setting themselves apart from their competitors.

The ideal path that should bring companies to engage in sustainability is like a vicious cycle, as can be seen in the figure 1.3 reported below. In fact, investing in sustainable projects leads companies to be more innovative, playing ahead of their competitors. This leads to create more value in the long term for shareholders and stakeholders in general and to generate more profit. Greater profitability then translates into greater investment and R&D in sustainability, which leads to a greater operational efficiency for the company but also to a social and environmental benefit.

Figure 1.3: the vicious cycle advantage created by sustainable innovation



Source: personal re-elaboration from Lanzini, 2018

Governments, as we have seen, play a key role in driving change and the battle for sustainability. To promote sustainable development, governments impose standards and regulations at state level that companies are obliged to follow and comply with, in line with the treaties previously mentioned in the chapter.

The standards and regulations enforced on companies impose mandatory rules on the production method or on the final product, e.g. standards on car emissions at European level. The purpose of these laws is to impose limits on companies and try to decrease their impact on the environment.

The behavior of companies towards these obligations has changed progressively over the years. While in the 1970s and 1980s these regulations were seen as a top-down investment that costs the company money, now they are seen as an opportunity to improve the company's image with potential customers. At the beginning, companies tried to find a way to meet the standards by investing as little money in R&D as possible. Now, in many cases, the approach is voluntary and not just externally determined. Competitive companies want to invest heavily in R&D in order to meet the standards by producing cutting-edge sustainable alternatives that are not just about the end product but about being sustainable throughout the production process and setting themselves apart from their competitors (Lanzini, 2018).

The centrality of the theme of sustainability and the need to achieve sustainable development, leading companies to undertake this path voluntarily or involuntarily, is of particular importance in Europe since it has been estimated that the damages attributed to the climate change are 12 billion per year (Repubblica, 2021). Moreover, Italy is one of the most hit countries suffering for high economic losses. In order to give a more tangible sign and increase the commitment to these issues, the government lead by Mario Draghi has established the

Minister for Economic Transition who aims to increase the policies made in this field with the goal of protecting the environment.

In addition, in response to the pandemic, the force that governments represent is becoming more prevalent, setting more stringent targets and trying to force companies to behave more responsibly. The European Union's wide plan sets climate targets for 2030 and 2050 with the expectation of raising the cut in greenhouse gas emissions to 50-55% by 2030 and establishing a European law for climate neutrality by 2050. The centrality of the issue of sustainability is also emphasized by the Next Generation EU plan, which envisages liquidity to be injected into the system by incentivizing only the development of economically, socially and environmentally sustainable projects.

In fact, this pandemic must serve as a springboard to change the way we operate and adopt sustainable business models in every project we undertake because, quoting the words of the Vice-President of the European Commission: *'There is no point in going back to our economy as it was because it seems easier, faster and because it is what we know how to do. Obviously, it is more difficult to do something new, but it would be wrong and a disservice to the next generations if we just went back to the past for convenience'*¹¹.

The need to change the business paradigm, adopting a model shared by the whole world that aims to forsake profit, environment and society simultaneously, is therefore central and imminent as the damages to the environment are more tangible, irreversible and visible to all. This gradually awareness, as reported in the previous pages, started in the mid of the 20th century and a series of concepts followed one another in the literature up to today where the maximum expansion of the notion seems to be conceived. Hence, nowadays many companies are adopting a more inclusive and harmonized internal strategy to consider fully the social and environmental consequences in the company's management and actions.

The necessity to protect present and future generations as well as the environment coincides with a better life expectancy and a higher financial health for companies reaching a win-win effect due to the fact that companies are not isolated actors but rather they are highly influenced by the events that take place in the external environment. Therefore, the safer the external environment is, the safer also the life of the enterprises in the medium-long run is.

¹¹ Dal Green Deal al Next Generation EU: gli strumenti dell'Unione europea per un futuro sostenibile <https://www.greenlifeproject.eu/it/news-3/dal-green-deal-al-next-generation-eu-gli-strumenti-dellunione-europea-per-un-futuro-sostenibile/> (last consultation: 13.04.2021)

Companies nowadays are aware of this situation, as well they are conscious that the public opinion, banks, governments and other actors expects from them to cooperate and participate in the challenge in contributing to act to protect people and planet. Hence, they are pushed by many different forces both internal -bottom up- or external -top down- in order to change their business paradigm being not allowed anymore to think only to profits rather they have to take tangible actions to protect people and planet as well.

In response to that, in the last 20 years the behavior of an increasing number of firms is gradually changing and is becoming more proactive toward the topic, also thanks to the emergence of new legal forms of enterprise that encourage and protect companies to implement this new three-pronged strategy business model and therefore moving from shareholder's to stakeholder's approach. Companies nowadays are increasingly more aware that profits and the adoption of a responsible conduct are not mutual exclusive, rather if these two goals are well implemented can be safely interconnected, without limiting each other in any way.

Besides that, new certifications have also been developed with the aim of objectively proving commitment at corporate level –and therefore condemning greenwashing- investigating not only the production process but analyzing also the entire supply chain related to it in order to evaluate the degree of company's sustainability fully from raw materials to products' disposal. An example of these certifications is the B-Corp one, which it is the one that is going to be deeply analyzed in the next chapter of the draft.

This new business paradigm that implement the 3P strategy and the connected certifications are pushing companies to create a fourth sector, made up by for-benefit enterprises that contribute to achieving sustainable development and that ideally lie in the middle between for-profits and non-profit companies with the aim to generate profits, as well as to consider also people and planet.

It is therefore, of fundamental importance to consider B-Corp and the battle undertaken by B-Lab to create a network of responsible and sustainable companies that stand out in the market and bring more companies into the community, thus making a difference.

CHAPTER 2: Certified Benefit Corporations

2.1 Introduction

This second chapter will focus on the certification of B-Corps and its relative implications.

This certification represents one of the most advanced and mostly known signal of company's commitment in the field of sustainability all over the worlds, and an increasing number of firms are trying to pass the selection to become certified in order to prove its internal effort and be able to differentiate in the market.

As already explained and as will be reported in this chapter, to become a B-Corp it is fundamental to implement a business model that includes all the stakeholders as well as considers the consequences created by the company on people and environment without sacrifice profits. Profits remain as important as the other two variables -people and planet- since in order to be sustainable a company has to generate revenues and satisfy its shareholders too otherwise there is the risk to fail and create damages to the employees. Therefore, all the decisions have to be still analyzed under the profit's point of view in order not to incur risks and avoid mission drifts.

In order to better understand the B-Corp certification, this chapter will analyze first of all its history, and therefore when this certification was created, why and by whom in order to have a clearer framework of it.

It results also of necessary importance to spend some pages to define the difference between B-Crops and Benefit Corporations, since these two concepts are strictly related and interconnected and can create confusion if not well analyzed. In fact, as it will be investigated, the two concepts have the same goal or: protect the interest of companies that want to incorporate in their way of operating a full 3P strategy and implement a responsible business paradigm. Hence, simplifying even more the explanation it can be said that they represent two streets that bring to the same objective. The difference lies on how the same goal is persecuted, as it will be seen throughout this chapter.

Moreover, a part of this section will be devoted to the practical procedure in order to become a Certified B-Corp, and the steps that a company has to undertake. In detail this session will be deeply analyzed since it is the procedure that I was in charge of in the internship I took part in. In fact, among the millions of companies that try to become certified every year, there is also

Roncadin S.p.A. where I carried out my internship. The process to get the certification is not easy and aims at analyzing the behavior of the company in its entirety.

In Roncadin I personally carried out the first mandatory step required, that implies to fill in the online self-assessment to have a first understanding on how the company positions among the different score ranges. In this first step the online test aims therefore at quantifying and translating the effort into a precise score, and if the score is high enough the company can proceed with the next steps.

Moreover, a recoup of ten points that aim at explaining the advantages of being a certified B-Corp are reported, in order to emphasize that this new business paradigm brings many benefits.

2.2 How B-Corp certification is born

As already said in the first chapter of this draft, the phenomenon of hybrid organizations is increasingly in vogue among companies around the world, which are willing to develop a business model that include and considers all the constituencies (Aglietta and Reberioux 2005; Stout 2012; Mayer 2013).

The problems caused by companies with a business model purely in line with Friedman's stakeholder theory have become more and more evident after the crisis of 2008, which has highlighted the inconvenience especially at the social level, caused by companies interested only and purely to profit creating a loss of confidence (Villela et al., 2021). The consequence of this way of operating was the collapse brought about by *'the greed from which the system had been created and nurtured'* (Honeyman, 2016 p. 17), which can be seen primarily in the increase in inequalities among people, the decrease of the wildlife and in the increase of pollution produced and released in the oceans¹². This way of doing business was later described in the literature as *'ailing'*, or *'broken'*, (Metcalf and Benn 2012; Sovacool 2010), blaming corporations for having *'legal personality, but presumably no interest in humanity'* (Munch 2012, p. 170), causing a lot of problems at environmental and social level.

In response of this failure, over the last decade a number of movements have spread, that aimed at protecting society, environment as well as revenues generation, with the willingness to gain a competitive advantage considering the impact of business activities on all the stakeholders¹³. Hence, from a way of operating which in the 20th century was described to be exclusive with a

¹² B Corp and B impact assessment. Source: https://www.youtube.com/watch?v=XHp_p-6qYMk&list=PLhwKEp2N2Ld1xmO_5PQ-DyZQ00TG_ER0D&index=8&ab_channel=BCorpEurope

¹³ Stakeholders' Theory of Freeman, 1984

short-term view and which considered only the shareholders, in the 21st century the business model is changing willing to be inclusive, regenerative, aiming at long-term.

From this moment onwards, sustainability starts to become a factor of central importance, so much so that it is more and more a mandatory requirement to be implemented at a global level (Honeyman, 2016 p. 33). Concrete examples of this can be seen in movements of international organizations such as the UN Global Compact, or social movements that aim to protect workers and the environment, rather than new stock market indexes such as DJSI that aim to divide sustainable companies from non-sustainable ones based on ESG criteria (Zadek, 1997; Kerssens-van Drongelen and Fisscher, 2003).

Voluntary movements implemented by individual companies, including SMEs, such as the preparation of a Sustainability Report, rather than the ability to obtain CSR certifications have prepared the ground to what an increasing number of organizations that aim to achieve higher social, environmental and profit performances.

Belonging to the category of hybrid companies there are different types of organizations, such as social enterprises and Benefit Corporations. Among them there are also the B-Corp (also called: 'B Corporations' or 'Certified B Corp' (CBC)). They are part of a voluntary movement to change the business paradigm towards a sustainable capitalism that harnesses the entrepreneurial capacity of companies to innovate and grow not only for profit but also for social and environmental causes (Hiller, 2013).

The purpose of these companies is to prove through certification their ability and willingness to follow a third model of doing business, which departs from the traditional models for profit and non-profit but opts for the model for benefit.

In fact, the letter B stands for benefit, which means a willingness to meet voluntary, stricter standards than for-profit companies, providing higher levels of transparency, sustainability and accountability.

Many statements have been made by prominent people around the world in favor of B-Corp, supported by good financial and social performance, with great expectations for improvement. Robert Shiller, for example, winner of the Nobel Prize for Economics in 2013, said: '*Benefit corporations are companies that have a dual purpose and will perform better financially than any other company*' (Shiller, 2012). Or Bill Clinton argues that '*we need to take a good look at these B-Corp [...] We need to go back to a participatory society, which does not give one category of stakeholder a disproportionate advantage over the others.*'

From the outset it is clear that this type of business aims to emphasize the interdependence of the three elements, stressing that considering the consequences in the social and environmental spheres does not undermine the ability to make profits, but the reverse. One element reinforces the other and the B-Corp immediately manages to exploit their interdependence, creating policies that have a triple positive impact, managing to generate future-proof value, placing itself exactly between the two models for profit and non-profit, now outdated.

Beginning with the origins of this movement: B-Corp was created in 2006 by Jay Coen Gilbert and Bart Houlahan, two of the founders of AND 1, a famous brand of clothing and basketball shoes in the 90s, and Andrew Kassoy, a former private equity manager on Wall Street, who decided to found B Lab. The three decided at some point in their lives to help other people run their businesses as a positive force for society. Already AND 1 was a pioneer in sustainability more from the point of view of social protection, which had a strong focus on the well-being of its employees, as it was concentrated on their welfare, implemented not only at company level but extended to all suppliers. They strongly believed that the happiness of workers was a fundamental variable and that it contributed to determine the profit of a company, in a directly proportional way.

In 2005 they decided to sell the company with the aim of creating a business that would benefit as many people as possible for as long as possible, and a year later they founded the non-profit organization B-Lab, with the aim of producing more benefits not only for society but also for the environment (Honeyman, 2016, Chen and Kelly, 2015). More specifically, *'B Lab is a 501(c)3 nonprofit that serves a global movement of entrepreneurs using the power of business to solve social and environmental problems'* quoting the exact words found on the official website (B-Lab, 2021a).

It is based in Pennsylvania with the aim of creating a legal framework at the regulatory level that would encourage and protect the willingness of companies to act by putting on the same level of importance the environmental, the society and the performance objectives, with the will to generate standard certifications so as to make more clear and immediate from the regulatory point of view the companies that are sustainable from the others (Honeyman, 2016). Hence, creating an ever-closer link between business, society and the environment so that the goals of the one does not run against the goals of the other, and so that companies help to achieve them.

More specifically, B-Lab's goal is to ensure that the efforts of private companies contribute to create value for society and the environment. In pursuit of this goal, B-Lab has created B-Corp

certifications, which encourage the emergence of a community of companies whose efforts towards all stakeholders are proven, creating a shared value that begins in the United States and then develops worldwide (Girling, 2012).

The request for certification to become a B-Corp can be achieved by all the for-profit companies that want to be protected in their intent and demonstrate their willingness to integrate social and environmental objectives into their business model so to prove in an official and objective way their commitment to issues such as environmental and social protection.

These companies are characterized by a different motto from those that use a for-profit model: while the latter aim to be the best in the world, B-corps aim to be *'better for the world'* (Honeyman, 2016).

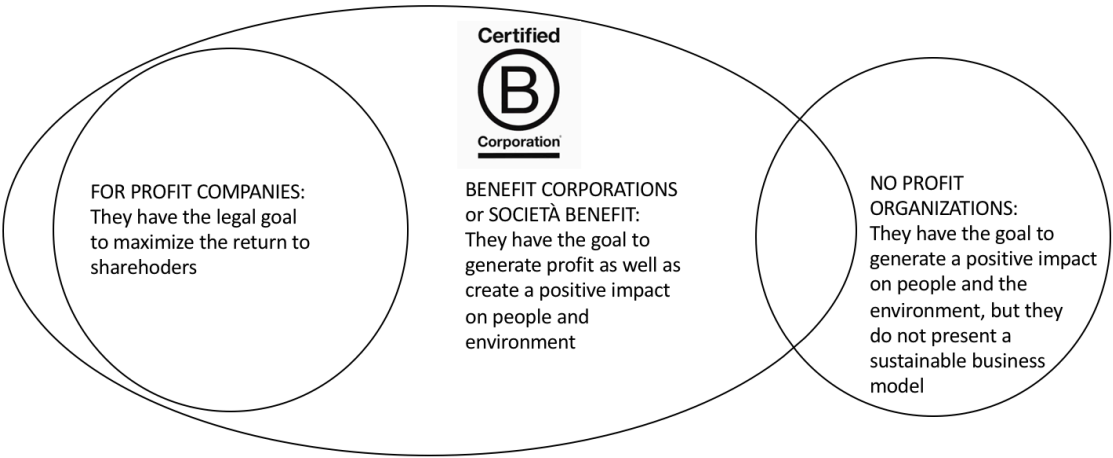
The diffusion of this kind of paradigm in the world is really an interesting and growing phenomenon, which denotes the strong will of companies to become internationally certified B-Corp. In fact, if in 2008 there were only 125 certified B-Corp in the world, now there are over 4000. The certification is now widespread in 74 countries and in 150 different sectors (Nativa, 2021). The spread of this movement therefore underlines how not only companies and consumers are placing increasing importance on social and environmental aspects, but also how there are real economic benefits in obtaining this title. A striking example is the resilience that certified B-Corps were able to maintain during the financial crisis of 2007, with a rate of 63% higher rate of exit from the crisis than the average US small business (Honeyman, 2016).

By obtaining this certification, companies commit to *'give the same rigor to their social and environmental impact as they do to their financial returns'* (B-Lab, 2021b), in other words, B-Corps, consider social and environmental impact as important as economic and financial objectives. In fact, as long as the problems are more international in scope, they cannot be solved by governments and non-profit institutions on their own and independently, as they are increasingly large and non-profit organizations have limitations. The effort of B-Corps is to collaborate and use the strength of private and profit-generating companies to help society and the environment, solving or helping to mitigate problems already present.

The purpose of making profit is therefore present as one of the core values of B-Corp companies, but it is not the only most important goal, and this is what differentiates them from other business models. In addition to the economic objective, B-Corps aim to create social and environmental value, following a new business paradigm.

With the B-Corp certification we see how the concept of business and the role of traditional companies are changing in an increasingly concrete way, beyond the two historical models of operating, and opting for a third way, or for benefit that is at the center between the two as seen in the figure 2.1. Here the will to make profit is proposed to tie the social and environmental benefits, thus combining the for-profit model -that in the figure below lies on the left side- to the non-profit one – that in the figure below lies on the right side- creating a point of junction between the two traditional business categories and merging them.

Figure 2.1: Where the B-Corp places itself



Source: personal re-elaboration from <https://www.societabenefit.net/cosa-sono-le-societa-benefit/>

As we see from the figure 2.1 above, the certified B Corporations are connected with the legal status of Benefit Corporation, being the two concepts highly similar and interconnected since they have in common the final aim that is the protection of environment, society and profit generation ability.

Both, B-Corp and Benefit Corporations judge financial health no less important than social and environmental health, in fact they are defined as *'enterprises that design their business models based on the alleviation of a particular social or environmental issue'* (Haigh et al., 2015 p. 5). In other words, their business must *'pursue one or more positive effects, or the reduction of negative effects, on one or more categories of stakeholders'* (Società Benefit, 2021a). Social enterprises, on the other hand, have a dual objective at their core as well, but the result of their efforts aim at benefitting the community or the disadvantaged through a non-profit model, doing profits just to maintain themselves financially and self-supporting the social activities undertaken.

We see, therefore, how B-Corps are placed exactly in the middle of the two models, as they aim to reconcile the interests of both, but appear to be more an evolution of the concept of a for-profit company, rather than an evolution of the social enterprise.

The notion of B-Corp and the one of Società Benefit, are particularly connected, as can be seen from the figure 2.1 reported on page 45, since companies that want to become a certified B-Corp need to adopt a legal framework that protect them in harmonizing the interest of all stakeholders in the decision making of the company.

Some countries, such as Italy or certain States of the USA, went a step further since have developed the separate legal form of Società Benefit, and make compulsory for companies that have obtained the B-Corp certification to change the legal form within 2 or 3 years from the obtainment, getting a new corporate imprinting. The Società Benefit (in Italy) or Benefit Corporation (in the USA) aims to voluntarily pursue the objectives of for-profit companies, i.e. making a profit, but at the same time pursuing objectives that would be typical of non-profit organizations.

Società Benefit was introduced in Italy in 2016 and mirrors the legal model of the Benefit Corporation present in 33 States of the USA (Società Benefit, 2021b). Italy is the first sovereign state in the world to introduce this legal form. The aim is similar to the USA one, that is to protect the more than 500 Italian companies that have adopted this way of operating in order to legitimize them, allowing and protecting these companies to be free to pursue social and environmental objectives without being legally prosecuted.

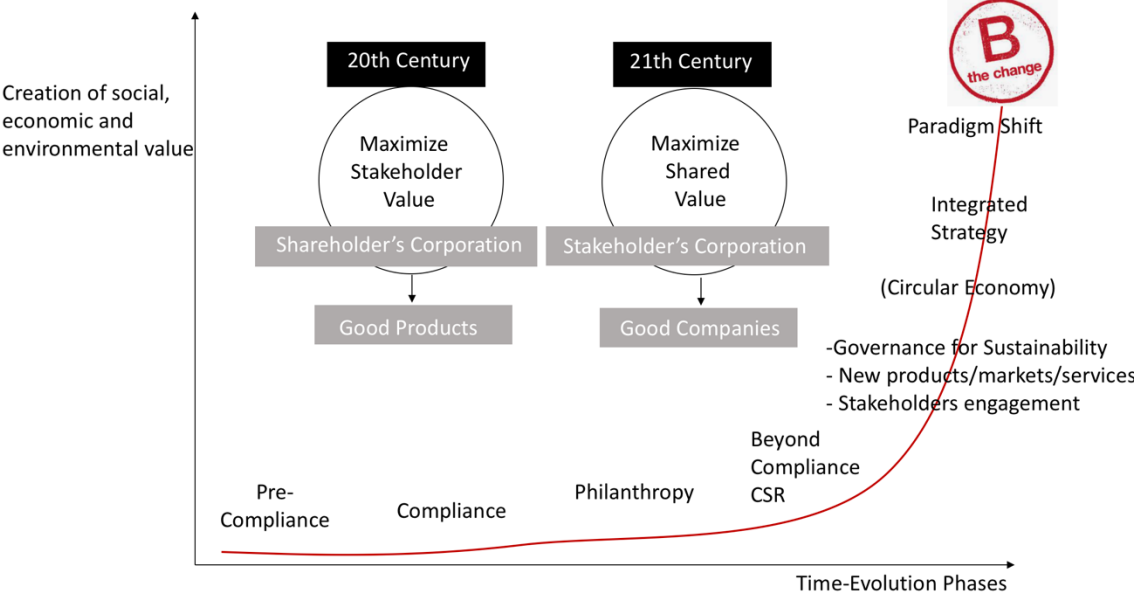
More specifically, Società Benefit are defined as *'those companies that in the exercise of an economic activity, in addition to the purpose of sharing profits, want to reach one or more purposes of common benefit and operate in a responsible, sustainable and transparent way towards people, communities, territories and environment, cultural and social goods and activities, bodies and associations and other stakeholders.'*¹⁴ Thus assigning a legal dignity to this form of enterprise.

In fact, in order to move towards a type of sustainable development and sustainable economy, it is necessary to legally protect for-profit companies to be able to pursue social and environmental objectives as well as those of profit. This has made necessary an evolution of

¹⁴ Società Benefit Breve Guida Alla Costituzione e Alla Gestione. Source: http://www.assobenefit.org/sites/assobenefit/files/guida_sbtaranto_aggiornata.pdf

the legal forms of business that tended to remain static for many years and that have brought significant problems to those companies whose main interest was not only profit.

Figure 2.2: Evolution of the sustainable business paradigm



Source: personal re-elaboration from Eric Ezechieli's presentation.
 From: https://www.aidaf.it/wp-content/uploads/2014/09/Eric_Ezechieli.pdf

As the figure 2.2 shows and as it has been analyzed in the previous pages, we are therefore assisting at a change of the business paradigm undertaken by an increasingly number of companies, as a result of the awareness of the tangible consequences brought about by the willingness to emphasize only shareholders' return without considering people and planet's variables that instead are unavoidable. Hence, the intention of the enterprises to consider incrementally also the consequences on other stakeholders has been a process that took a lot of time, and that it is matured together with the evolution of society, technologies and of the tangible limitations and consequences that characterized the previous way of operating.

As the figure 2.2 shows the B-Corps are now the most evolved form of enterprise which incorporate and implement the new business paradigm for all the intents, and that was able to promote the step forward moving from simple CSR to a more inclusive and harmonized strategy which considers society, environment and profit simultaneously, measuring an effort which is maintained over time and externally proved and certified, avoiding the phenomena of green washing.

As we see above, at the beginning enterprises limited their effort only to comply with legal rules, considering profit as the only noteworthy variable. After that first initial phase, gradually,

companies and enterprises moved to undertake philanthropic actions toward people and society, moved by cultural and religious teaching, with the goal initially to donate money to less fortunate people on a voluntary basis, contributing to their well-being (Schuyt, 2010).

As time passed, this concept developed together with communities' awareness, evolving in a more inclusive behavior, which was not limited just to support poor people with voluntary donations, rather it included the consideration also for the environment, and people's health and education. Moving from support of people in need, to contribute in preventing this situation to arise (Harvey et al., 2011; Rey-Garcia and Puig-Raposo, 2013). As the behavior changed and became more inclusive, also the name to indicate this effort undertaken by companies changed as well, being identified with the term: corporate social responsibility.

As already explained CSR is inclined to be an approach which can be described as having limited impacts, since in many cases these actions are undertaken occasionally and tend to be not well harmonized with the strategy and with the other company's actions. For many enterprises that committed in CSR the most important goal remains the one to maximize profits and generate returns first of all for the shareholders and only at the moment in which they had extra profits they were devoted to the society or to environmental causes, pushed by the fact that in that period the awareness of the power of the firms was increasing, as well as the knowledge of the need to contribute to a sustainable development.

It is precisely for these reasons that companies started to undertake a behavior which was more inclusive, being pushed by a mix of both internal and external factors, involving CSR actions in a more harmonious way, internalizing them into their business strategy, and therefore undertaking a more dynamic approach toward these topics. Hence, moving from being reactive to proactive toward these sensitive themes.

The real step forward has been undertaken in the last decade, where an increasing number of for-profit companies reorganized the way of operating in deep, switching toward more responsible and sustainable business paradigms, pushed both by stronger and evolved external and internal drivers already mentioned in chapter one.

At this point CSR evolves so much that involved all the units and sub-units of the business, transforming itself in an increasing number of cases in a triple and harmonized strategy, which considers not only the shareholders as the only and most important stakeholders, but recognizes together all the other constituencies, and the externalities both positive and negative related to all of them before engaging in any type of action. For the companies that are undertaking the new and sustainable business paradigm, profit doesn't come first, rather the variables which

have the same importance and are considered before developing any decision are also people and planet. Therefore, companies are guided by a three-pronged strategy, or *'give the same rigor to their social and environmental impact as they do to their financial returns'* (B-Lab, 2021b).

The maximum expression of this phenomena is represented by the certification of the B-Corp, supported in Italy by the legal form of Società Benefit, which protects the intent of these companies from possible adverse legal pressures.

In the last 15 years, therefore, a new trend has been developed which will be strengthened in the near future; of central importance in this revolution have been the efforts undertaken by B-Lab which helped in changing the behavior of a growing number of enterprises thanks to the certification released. Hence, the way of doing business has been completely revolutionized and rethought, moving from separate, independent, localized and unregular sustainable actions, implementing efforts which focalize mainly on creating good products, -since it is the variable of the marketing mix that is able to communicate directly with consumers, being often the speaker of the values of the company- to the willingness of harmonizing and prioritize a three-pronged strategy, creating therefore, not only good products but first of all good companies that lead the way and the future.

2.3 Legal regulation

As already explained, the sole B-Corp certification conferred by B-Lab has not legal force. The legal status of Benefit Corporation, where it is recognized, is the most suitable legal form for certified B-Corps or for companies that want to safeguard the environment and the society other than generate profits. This legal form has been created with the aim to protect the decisions of these hybrid organizations being approved in the State of Maryland the 13th of April 2010 and became effective the 1st October 2010 and approved later that year in Vermont, Virginia, New Jersey, Hawaii, and California, and today this legal form has been introduced in 33 states of USA (Resor, 2012). Hence, this third legal form, for benefit, has the goal to join the two traditional for-profit and non-profit forms, and is defined by many as *'one of the strongest signals of the paradigm shift that society and the economy are experiencing'* (Honeyman, 2016 p. 13).

The purpose is to ensure profit maximization for shareholders, while providing directors with a duty to consider the social and environmental impacts of business decisions.

In other words, the purpose of the legislation was to incorporate '*into the corporate DNA*' considerations for the environment and society (W. Clark, 2012).

By adopting the statute of the BC the companies under this legal status have to amend their governing documents so that they can include among their objectives to generate: '*general public benefit*' or so that they can provide a '*material, positive impact on society and the environment*' (Resor, 2012 p. 106) The amendments then require to be voted by at least 2/3 supermajority by the shareholders in most of the states.

In Italy, the legal system is called Società Benefit and was approved by law number 28 (paragraphs 376-383) by all the political forces on 28 December 2015 and came into force on January 1st of 2016 (Società Benefit, 2021c).

The mission of this law is the same as that in force in the various USA states, or to offer a greater degree of flexibility to companies' directors and managers that wish to combine the objective of making profits with efforts to improve society and the environment, as currently company law requires companies to place profit above all other objectives.

Therefore, in order to be a Società Benefit, companies must amend their articles of association and include a generic or specific commitment to stakeholders among their objectives (Di Cesare and Ezechieli, 2017). To become a Società Benefit in Italy is sufficient to have the vote of the majority of shareholders.

To date, the legal status of Benefit Corporation is present not only in the certain States of the USA but also on a number of countries in the world such as Italy, Colombia, British Columbia-Canada, Ecuador, Puerto Rico, and it is about to be established also in Australia, Argentina, Chile and Canada (B-Lab, 2021c), thus proving how America, but also the rest of the world is increasingly accepting and understanding the need to combine social and environmental benefits with the need to create profit for shareholders -also legally.

The core principles on which the relationship between the company and its stakeholders is developed, which are similar to the principles on which certified B-Corps are based, are transparency, accountability and respect for society and the environment. In order to prove the actual commitment of the company and to avoid that it uses the benefit denomination for purely promotional purposes, Benefit Corporations have to undertake a series of actions to increase their transparency, which serves firstly for the public to see and prove the company's

performance, but also serves to the directors so that they can better fulfil their duties and satisfy the stakeholders in order to have feedback on the company's *modus operandi*.

One body that has taken a key role in the development of the Benefit Corporation status is the non-profit association B Lab, which through its B Corporation Certification has been a forerunner in allowing a corporation to pursue objectives that bring social and environmental benefits in addition to profits, thus contributing to the promotion of the development of Benefit Corporations in USA.

The B-Corp certificate provided by B-Lab and the model legislation developed by the non-profit organization were then taken as a starting point by the various states to draft their own legislation and create a new legal form of Benefit Corporation (Resor, 2012).

The worldwide Benefit Corporation movement, therefore, aims in a sense to revise the rules on which capitalism is based turning toward a sustainable form of it. In fact, legally, companies that follow the legislation of Benefit Corporations are businesses that do not sacrifice profits, rather they are willing to incorporate in the articles of incorporation the fact that they pursue other objectives in favor of society and the environment to try to help creating a better world for the generations of today and tomorrow (Del Baldo, 2019). Benefit Corporations or certified B-Corp will face greater challenges than for-profit corporations, as they set specific goals that aim at public welfare and which are shared with the external environment.

Unlike companies that are socially and environmentally committed in CSR we have that while these actions are implemented on a voluntary basis integrating them within their daily activities, presenting them as a plus to the external stakeholders, in the case of Benefit Corporation we see how the commitment to profit and the responsibility toward society and environment is a mission embedded internally in the DNA of the company and in the business model that it implements. Quoting the statement in the bylaws of Patagonia, one of the first companies to become a certified B-Corp: *'We have a legal responsibility to take into account the interests of workers, the community and the environment as well as shareholders'*, we understand how intrinsic in the way of being of B-Corp is the will to feel responsible not only for shareholders but for all stakeholders equally. Therefore B-Corp and Benefit Corporation have the aim to *'achieving a superior CSR performance, while meeting the expectations of all categories of stakeholders'* (Gangone and Ganescu, 2014 p.555).

The respect for stakeholders and the principle of transparency and accountability toward them are central themes both for Benefit Corporations and Certified B-Corps. BC in particular since

are not strictly controlled by an independent body such as B-Lab which releases a score on the effective effort of the CBC to pursue the triple strategy, the efforts of the BC are so controlled and ensured:

- BC have to release an 'Annual benefit report' which is prepared by the company, shared with the shareholders and published on the company's website in order to make it public. It also has to contain a description of the actions taken by the company to achieve its public benefit objectives and an *'assessment of the overall social and environmental performance'* (Hiller, 2013).

This report has to be made in line with an independent third-party standard which has not to have *'material ties'* with the company and it has the goal to make BC prove their performance and avoid that these companies exploit the benefit brought by this legal form of enterprise without bringing any contribution to society and environment (Hiller, 2013).

- the BC have to announce a Benefit Director independent from the other directors, who has the goal to make the annual *'benefit compliance report'* addressed to the Board of Directors. This report has the goal to keep them updated on the ability of the company to generate common benefit, respecting all the groups of stakeholders and meeting the needs of the public. Any obstacle in pursuing these objectives have to be reported, deeply explaining the circumstances. This second report will be part of the *'Annual Benefit Report'*. (Hiller, 2013).

- Moreover, in Italy in paragraph 379 of the law establishing the Società Benefit (L. 208/2015) it is reported that: *'the benefit company can introduce, next to the corporate name, the words: 'Società Benefit' or the abbreviation: 'SB' and use this name in the issued securities, in the documentation and in communications to third parties'* (Società Benefit, 2021d). This can benefit the company as it makes it immediately clear to stakeholders how the company operates, providing a guarantee.

These reports, and the rigor with which the BC have to consider the interest of stakeholders and acting according to the principle of transparency can have a twofold effect on investors. In fact, if on the one hand this can be interesting for them due to the extra clarity provided, resulting in an increase in demand for the financial instruments released by the corporations, due to an increase in trust, and thus attracting new and potential investors who are interested in combining their investment with good for society. On the other hand, there is the risk that investors who are motivated to invest solely and exclusively for profit and are perhaps focused on a short-term return may be reluctant to invest in a corporation governed by this legislation.

The purpose of having created a new legal order is, in addition to the legal protection of companies that are interested in pursuing a triple objective, to contribute to the creation of public welfare, also called Common Benefit¹⁵ and to move towards a sustainable development. In fact, both shareholders and management are required to consider the social and environmental impacts caused by their decisions and share their way of acting with all stakeholders in order to provide greater transparency and trust. Thus, creating an interdependent relationship that is what the Benefit Corporation aims to, transforming the market into an environment where people and companies coexist and enrich the community, the environment and employees in an interconnected and contemporary way.

The mission of the Società Benefit or Benefit Corporation is therefore to make sure that this triple effect (society, profit, environment) is considered by an increasing amount of companies to ensure that entrepreneurs *'immunize their venture from the temptation to become focused exclusively on financial value creation'* (Battilana and Lee, 2014).

Entrepreneurs trying to pursue this triple aim simultaneously are still the exception and not the rule, instead these three aims should be automatically considered by all entrepreneurs, becoming a mandatory rule to follow in order to operate. Failure to pursue these goals and thus not be a hybrid corporation should be considered *'deviant, unethical, or even criminal'* (McMullen, 2016).

2.4 B-Corps and Benefit Corporation in comparison

It is often easy to get confused and think that B-Corp and Società Benefit or Benefit Corporation are the same thing. These two terms denote two concepts that are different but interconnected: in fact, we can say that they are two aspects of the same reality.

The substantial difference is that a company can be a Benefit Corporation without being a B-Corp and therefore without being certified by the B-Lab organization, and also the other way around (Hiller, 2013).

¹⁵ 'The Common Benefit is defined under art. 1 co. 378 lett.a of L.208 /2015 as a material positive impact on society and the environment, or reduction of negative effects, on one or more of the categories referred to in subsection 376. Among the specific purposes of Common Benefit are, for example: provision of goods or services to low-income citizens/disadvantaged individuals or communities; protecting or restoring the environment; improving human health; promoting the arts, sciences or advancement of knowledge increasing capital flows to entities that create a Common Benefit (impact investments)'. Source: <https://www.societabenefit.net/testo-di-legge/>

It is true that B-Lab is the main promoter of the legal form of the Benefit Corporation, or Societa' Benefit, but it is not true that certification and the legal form of business go hand in hand, even if they are very similar. In fact, it is not mandatory for Benefit Corporations to be certified as B-Corp, but it is possible that Benefit Corporations on a voluntary basis can obtain B-Lab certification, or that they can have only one or the other. In Italy and where the legal status of Benefit Corporation has been created, it is mandatory for companies that decide to obtain certification to become Benefit Corporations within 2-3 years from the certification obtainment (Società Benefit, 2021e). In fact, it is commonly believed that the legal form of Benefit Corporation is the best one to pursue the goals of the CBC.

More specifically, a Benefit Corporation exists under the law of a certain country. A certified B-Corp, on the other hand, is a company that is certified by B-Lab and meets certain criteria such as accountability, transparency, sustainable commitment to society and environment measured through the B impact assessment, regardless of legal form.

As mentioned above, in order for a company to become a Benefit Corporation, it is sufficient to make a change in the statutory documents in order to make explicit the will and the objective to consider all their stakeholders on the same level of imprinting, thus becoming better for the world and not better for the world.

A Società Benefit may decide it wants to obtain the B-Corp certificate provided on a voluntary basis by B-Lab. The certification serves to prove by an external audit, after a careful analysis of the performance, the correct behavior of the company towards the environment and society, in case it is considered up to the standards.

B-Corp certification in the literature is described to be '*a higher aspiration*', due to the fact that a difficult process is required to obtain the certification and once it is obtained, they are continuously checked. Only 1,600 companies out of the more than 40,000 that have tried have managed to achieve this and thus obtain certification (Honeyman, 2016 p.225, Di Cesare and Ezechieli, 2017).

The purpose of the Benefit Corporation, while similar in terms of goals and vision, is to protect the company's mission and align the legal status with the mission that company aims to undertake so that efforts are not counterproductive, even if this intent is not certified so deeply as the B-Corps do.

The two '*streets*', although different, are not independent as they both aim to make companies more sustainable in order to pursue the goal of helping to shape a better world, conscious and

respectful '*weaving these values into the fabric of the organization from the moment of origin*' (Grimes et al., 2013).

In order to better explain the differences and similarities between a certified B-Corp and a Benefit company, the table 2.1 is provided below that will help to clarify any possible doubts that these two concepts, similar but at the same time different, may cause.

Table 2.1: Structural differences between Certified B-Corp and the legal status of Benefit Corporation

Requirement	Certified B-Corp	Benefit Corporation or Società Benefit
Accountability	Directors must take into account the effects of their decisions on both shareholders and stakeholders.	Same to certified B Corp
Transparency	The company must disclose with the public a report assessing its overall impact, drafted according to an independent standard.	Same to certified B Corp
Performance	Performance is verified and certified by B Lab through the B Impact Assessment standard. Performance \geq 80 points out of 200 must be demonstrated.	Self-declared
Verification testing	Certification must be renewed every three years	The only verification over time relates to transparency requirements
Assistance and usage of the Brand 'Certified B Corp®'	Access to a range of services and support from B Lab. Certified B Corporations can use the 'Certified B Corp'	No formal support from B Lab. The B Corp® brand cannot be used

	brand and logo on their products and in all their communications.	
To whom is addressed	Any private enterprise anywhere in the world	Only in the US states that have passed the Benefit Corporation Act and in other countries such as Italy, where the Benefit Corporation legal form was introduced on 1 January 2016.
Charges	The annual fee for B Corp certification varies between €1000 and €50,000, depending on the company's annual turnover. The fee covers part of the operating costs of the non-profit B Lab, provides access to services for certified B Corps and supports the dissemination of B Corp impact measurement tools (B Impact Assessment).	In the US, administrative charges typically range between \$70 and \$200. In Italy, the charges are those related to changes in company bylaws. Standard documents and information on seeking legal advice are available at www.benefitcorp.net (USA) and in Italy at www.societabenefit.net .

Source: personal re-elaboration from Società Benefit official website <https://www.societabenefit.net/b-corp-e-societa-benefit-tabella-comparativa/>

We can therefore summarize that the benefit legal status and benefit certification are complementary, their aim is the one of contributing to shape better and more sustainable companies, thus creating a tangible benefit for society, without sacrificing profits. In fact, the goal is to create a positive impact on community and on the biosphere while maintaining the good performance’s objective.

In order to deeply understand this two similar and complementary ‘*paths*’ to undertake a three-pronged strategy it is important to keep in mind that:

They distinguish from other types of businesses because they continue to maintain a profit-making purpose -differentiating from non-profit business forms- but give the same importance to the safeguarding of planet and people. In fact, as can be seen above both of them are accountable not only for shareholders, but also for stakeholders.

Moreover, for both of them is mandatory to consider all the stakeholder ensuring to meet all of their interests both in the long term and in case of particular events that may threaten their sustainable commitment such as: mergers and acquisitions, new managers and directors, generational changes or stock market listings.

Both of them, give the same value to transparency: in fact, they have to communicate with the public and shareholders annually and issue a report in line with third-party standards to communicate clearly their achievements, their progress and future commitments towards future set objectives that regard people and planet. High level of transparency and communication differentiate these companies from other.

Even if the goal of the two go in the same direction and have many similarities in common, they differentiate themselves in two principal aspects. While B-Corp are certified by an external body (B-Lab) which prove performance with a formal rating and releases the certification, the Benefit Corporations do not receive any certification, rather they have just to amend their article of association and insert in their mission the social and environmental commitment. Only where the legal jurisdiction requires it, the certified B-Corp have to become Benefit Corporation after a number of predetermined years (such as in Italy).

For what regards the limits in becoming a Benefit Corporation or B-Corp, there are no size restrictions. It is important to emphasize that all partnerships, corporations, cooperatives and consortia and social enterprises can become certified B corporations. It excludes the possibility of nonprofit organizations becoming certified.

As for the possibility of being able to become a Società Benefit, it is allowed for all for-profit companies and cooperatives. There are difficulties in interpreting the regulations for consortium companies that should be able to become Società Benefit, as well as for innovative startups.

On the other hand, there are no provisions regarding social cooperatives and social enterprises which, however, from an examination of the regulations at the moment tend to exclude the possibility of becoming SBs governed by Law 381 of 1991. In fact, even if the organizational form is that of cooperatives, social cooperatives have the purpose '*to act in the general interest of the community in human promotion and social integration of citizens*' (Società Benefit, 2021e).

The same reasoning applies to social enterprises governed by legislative decree 155 of 2006. These last two legal forms are outside the rationale behind SB, as they are non-profit organizations. At the base of the SB there is the objective of combining the goal of making profit and environmental and social protection, guarding the company legally to do so, in spite of everything (Società Benefit, 2021e).

It is important to emphasize that in general from a fiscal point of view there are no benefits for a certified B-Corp or Società Benefit in Italy, what changes is only the purpose of these companies or their DNA¹⁶.

For this reason, it is important to make this change in the bylaws and change the legal system to ensure that whatever happens, that social and environmental objectives remain as important as profit-making objectives. In fact, although a business may decide to pursue this triple aim in any case, as many companies already do, in the case of a financial collapse rather than a change in the management of a company this change ensures that the environment and society do not become of secondary importance (Società Benefit, 2021b).

These types of companies represent the future and their promotion is also in the interest of the state. In fact, in Italy, until December 31, 2021, there is an advantage for companies that become benefit companies. The *'Decreto Rilancio D.L. 34/2020'* of May 19, 2020 introduced a tax credit equal to 50% of the costs of incorporation or transformation into benefit companies in order to encourage the birth of these companies (Napolitano, 2021).

But what advantage do companies then have in becoming a certified B-Corp if they can achieve the same goal (i.e., legislative protection and pursuit of the triple bottom line) by also simply adopting a legal form of business that is a Benefit Corporation or SB? Since it is also less burdensome for companies from an economic point of view to be only a benefit corporation? Benefit Corporations are not required to be certified as a B-Corps, but certification ensures that the company meets rigorous standards of social and environmental performance, accountability and transparency. This signals to the market and the public that the company is socially responsible and committed in serving the common good, being continuously monitored by an independent body. Certified B Corporations form a dynamic global and local network aimed at growing businesses that have a positive impact and promoting the spread of more advanced and regenerative economic paradigms. Certified B Corporations have from the outset promoted the

¹⁶ <https://www.dirittoconsenso.it/2021/06/21/societa-benefit-inquadramento-normativo-e-obiettivi/>

introduction of legislation on Benefit Corporations and spread the use of B Impact Assessment tools for all companies, not just B Corporations.

2.5 How to become a certified B-Corp

As already said before, obtaining the certification of B-Corp is not compulsory but it depends on the will of the companies. This certification is issued by the B-Lab organization after a careful evaluation based on the analysis 'B Impact Assessment'. The purpose of this certification, or more generally the purpose that were set by the three successful entrepreneurs who founded B-Lab in 2006 was to use the strength of the company to create value for society and not just to make a profit. Or as the B-Corp movement defines itself: *"a community of leaders, driving a global movement of people using business as a force for good"* (B Lab, 2021d).

This goal is pursued through four main avenues (Società Benefit, 2021f):

- Encourage the birth of a community of thousands of credible leaders (B-Corps), that have as a core goal the willingness to consider the positive and negative externalities of their choices not only to shareholders but to all stakeholders
- To create tools to make it easy for millions of other business to follow the B-Corp movement, promoting from a legislative point of view the protection and recognition of the Benefit Corporation as a legal form of enterprise
- inspire billions of consumers, workers, investors and others to support businesses who are a force for good, and creating a shared and durable prosperity through a mutual relationship between the interest in profit and the attention to people and environment
- Develop a new standard called GIIRS (Global Impact Investing Rating System) to evaluate companies, in order to encourage the flow of money to companies that are interested in the collective welfare, or to impact investments (Chen and Kelly, 2015).

B-Corp's certification allows the company to objectively prove its commitment to protect the environment and society through a standard certification, available internationally and recognized globally, developed and managed by B-Lab. Creating a community of companies that, in addition to having market benefits, work together to create value for society.

There are two main advantages in being part of the community of certified B-Corp:

1- increase the trust of consumers, who tend to trust more a company that, in addition to claiming to be committed to social and environmental issues, has this commitment is proven by an independent third party.

2- increase the trust of investors, especially responsible ones, who consider B-Corp certification as a serious and valid tool to judge a company, placing this certification alongside traditional rating tests.

In other words, B Corp certification *'offers a framework that any company in any state or country in the world can use to build a better business.'* (Honeyman, 2016)

In order to obtain the certification of B-Corp the company must undergo six mandatory steps. The first step is to complete the BIA (or B-Impact Assessment) which is a self-test assessment that companies do for free online, that has the aim to evaluate the company's effort in protecting people and planet. After the test is done, a score is released automatically to the company, it can range from 0 to 200, and if at least 80 points are totalized it is up to the company to decide whether to submit the answers for revision or not. In fact, once the company has completed the online assessment, it is not obliged to submit the test, since the first goal of the BIA is to make the companies aware of their actual performance, helping them to self-evaluate on the sustainability topics and push them to be willing to self-improve. During the test, the impact areas that B-Lab is going to evaluate are five, namely; workers, governance, consumers, community and environment, considering therefore the commitment of the company toward these stakeholders.

In the case the company decides to submit the test for review, the second step starts. At that point, B-Lab assigns to each company a Standard Analyst that has the task to verify all the answers provided online and control that they are real.

During the third step, the company has to provide documentation as a support to prove that the answers are truthful. These documents can be internal company's data, practical routines, extra certifications already obtained.

In the fourth step, B-Lab has to continue the company's evaluation and verification; at this stage deeper reviews that involve mainly calls and desk research powered by the promoter of the certification are put in practice.

It is a common practice that after these in-depth revisions' implementation, the final score can vary a little bit. If the score is increased no problems can arise, even if in the majority of cases it tends to be decreased due to the fact that not all answers can be checked up, or some questions can be misunderstood. Therefore, in the case the score goes below the necessary 80 point

required, the company has 3 months to self-improve, remaining still able to proceed with the process to acquire the certification in the case it manages to increase again the score.

The sixth and final step expects the company to pay an invoice which ranges from 1000 euros for the start-ups to 50'000 euros for the multinationals, therefore depending on company's size and the annual turnover (B-Lab, 2021e).

In parallel to this process, many B-Corp companies complete the B-Corp legal requirements which means that they change their corporate governing documents. However not for all countries that legal change is already available. Hence, as a general rule if in the country of operations, the legal change is available, the company should adopt it, and ideally it is part of the certification process, being mandatory (this is the case of Italy). In the case in which it is not yet available, then signing the B-Corp agreement which states that the company will adopt it when it will become available is enough (B-Lab, 2021i).

In addition, it is important to underline that the certification is valid for a period of 3 years, and at the end of them it must be renewed by repeating the BIA test. To be sure that the standards and commitment are maintained throughout all the three years, B-Lab each year audits the 10% of the certified B-Corps without warning.

Analyzing more in depth the crucial steps required to become part of the community of certified B-Corp I am going to describe part of the process that I have undertaken for the company Roncadin helped by the managers' support:

Step 1: BIA

In this first phase, the company independently and free of charges measures its performance with the aim of obtaining a score of at least 80 points out of 200, which represents the value that the company is creating for society and the environment. Each year, more than 8,000 companies worldwide take this performance test <https://b-analytics.net/content/b-impact-assessment>, and very few of them are able to pass the minimum score to be able to get the certification. In fact, the majority of the companies get a score that range between 40-60 points (Honeyman, 2016 p.81).

The BIA test is offered by B-Lab but governed by an independent Standards Advisory Council (SAC) (B-Lab, 2021f).

The test consists of 150 non-standard questions divided into impact areas to determine the ESG effort of a company. There exist a huge number of versions of the assessment which varies according to factors such as size, date of creation, complexity of operations, number of locations

in which the company is present. All this information is provided by the company at the moment in which the account is activated. More specifically the most important drivers which determine the version of the B-Impact assessment in which a company will be placed:

- GEOGRAPHY: hence, the market of incorporation in which the company is based. In fact, companies coming from different markets face a different contextual situation that has to be taken into account;
- SECTOR and in some cases, the INDUSTRY in which the company is active.
- SIZE of the company: the rationale behind is that the bigger the company is the more responsibility it has to create a positive impact.

Even if the assessments are customized according to the different organizational characteristics, the resulting scores are standardized in order to favor the comparison of different companies, first of all to push them to be willing to self-improve, and then to allow external stakeholders to have a clearer picture and ability to make comparisons.

In the BIA there are two main types of questions:

The first type is focused on detecting the operational impact on the five business areas; the aim of this first group of questions is to take a picture of the day-to-day impact generated by the specific way of operating of the company under analysis.

The second type has the goal to detect the company's business model impact. Therefore, this second group aims to understand if and how the business model is designed to create positive externalities to its stakeholders. Examples are donations of a fixed percentage of revenues or the production of beneficiary products or processes (B-Lab, 2021m).

Moreover, to give a more precise score to each company, the questions are customized, and the whole B-Impact assessment is updated every three years (B-Lab, 2021g). In this occasion all the questions are revised, and improved if necessary, in order to ensure that the analysis keeps up with the external and internal changes of the different companies.

The time required to complete the BIA is variable and depends on the factors above mentioned, since the assessment is tailored on the differences which the companies present, generally it takes a range of time which varies from 1 to 3 hours. The test has not to be completed from the beginning to the end directly, but the answers can be saved and revised before to submit the final answers. The analysis is based on activity over the last 12 months of a company's life. Therefore, it is necessary that the company has been in existence for at least one year (B-Lab, 2021f).

Analyzing now more in deep each single session investigated in the BIA, willing to make an overview of the most important topics that each session aims to analyze, and that I was confronted with when carrying out the assessment on behalf of Roncadin S.p.A.

Impact area: Governance

In this area the goal is to measure the degree of transparency and accountability toward the stakeholders implemented by a specific company.

The logics on which the governance part is based, considers as fundamental aspects to be investigated:

- the company's mission and commitment: therefore, understanding if the mission incorporates and communicates the sustainable values internalized by the company and considers its stakeholders and the environment formally in it;
- transparency: to understand the degree of openness of the company toward its constituencies. The more the company is transparent the less the risk of conflicts of interest, building a relationship with the stakeholders based on trust and respect. This higher openness degree differentiates the B-Corp from other types of companies;
- company's legal form: the aim is to consider if the company, other than implementing a three-pronged strategy on a voluntary basis, is incorporated under a suitable legal form that allows it to perpetuate its commitment on people, profit and planet, hence ensures the legal persecution of them also in the long term.

Impact area: Workers

In this part of the analysis, B-Lab wants to investigate the value that the company creates to its employees, with regard to the following aspects:

- benefits and employees' financial security: in order to investigate if adequate salaries are released to everyone and understand the difference in the quality and quantity of benefits released among employees and between the higher and lower level of salaries
- career development: to understand if in the company additional courses are offered to employees or if the company provides a financial contribution for the training and updating of its workforce, generating a greater value to them
- employees share ownership: BIA gives a higher scoring to the companies that have a formal plan to transfer part of the shares to its employees. In this way a higher involvement is perceived by them, and they feel more involved in the companies' activities

- internal working environment: to understand if the company pays the right amount of attention to the health and wellness of its employees, if they have the possibility to have flexible working hours, as well as parental leave is recognized both for parents

As we have known for years, the real value of different companies is their people. Human capital is what gives a company the strength to succeed, and for this reason it is of fundamental importance to treat employees correctly and create a climate of respect between and towards them.

What the BIA wants to do is to reward with higher scores those companies that respect their staff, which does not simply mean to pay them adequately but to create an appropriate, advantageous and positive workplace, first of all for them but also for the company because, as already mentioned, this is nothing but the result of the efforts of human capital.

Impact area: Community

This section assesses the company's community involvement by considering the embeddedness, inclusion and appreciation of the company by local communities, aspects considered are:

- degree of diversity, inclusion and equity granted to employees: willing to investigate the ability and the commitment of the company to create new jobs, with particular attention to young, weak and under-represented groups. A higher score is obtained by companies where there are a high percentage of women or under-represented groups in the managerial positions, as well as to companies that select their suppliers considering also social factors
- suppliers and logistics policies, in order to understand how the company manages its supply chain, investigating the variables considered in choosing the suppliers. Higher scores are allocated in the case that the company is driven in the choice by social and environmental commitment, as well as the degree of inclusion and equity powered by the suppliers
- the commitment on volunteering and social causes support

It is essential to consider that the community is in most of the cases an integral part of the company – and Roncadin is one of them-, therefore this means that the community can contribute to the success or failure of the company. On the one hand, the community provides more or less qualified personnel, and on the other hand, companies contribute to the well-being of the community through salaries to employees, the creation of new jobs and through policies that aim to sustain and support the community by forming a system of values and points of view that create a continuum between the two parties.

The importance of the community and the role it plays for the company can be understood from the Italian cluster phenomenon that began in the 1970s, as highlighted in the book *'The Second Industrial Divide: possibilities for prosperity'* by Piore and Sabel (1984).

Impact area: Environment

The fourth section of the BIA analyses the company's strategic choices regarding environmental sustainability considering aspects such as:

- the operational plants of the company in order to evaluate how green they are, therefore, how they have been built and if they are certified to be eco-constructions
- the annual consumption in terms of energy and water used, evaluating if energy coming from renewable sources is used
- if the company has a formal plan to reduce wastes, carbon emissions and recycling of products
- if the company evaluates the entire lifecycle of their products
- the impact on the environment caused by the company's transports, willing to investigate if the company implements policies aiming at understanding the level of sustainability of its suppliers and logistic companies

It is important to remember that an enterprise is not only the result of its human capital and the community in which it is located, but is considered an open system, i.e. a system that is constantly influenced by the external environment. Being environmentally friendly is not only a way to attract customers, suppliers and investors but it is essential that all companies learn to be environmentally sustainable in order to have a business that is resilient over time, as there is a strong dependence of companies and humans in general on the health of the environment. As companies often tend to cause and contribute significantly to environmental degradation, it is important that they seek to lessen their impact in order to limit the consequences over time for themselves, the community, employees and society as a whole.

Impact area: Clients

The fifth and the last section of the assessment has the aim to capture the impact generated by the company towards its clients and the products' users. In other words, the principal goal of this section is to understand whether the product or service offered provides a material positive impact for the costumers.

The questions here focus on:

- how the client is managed willing to investigate the products' or services' warranty, quality, and impact

Transparency questionnaire:

At the end of the filling in of the five analysis sections, the company will have to answer a series of questions.

The BIA has the goal to count the company's positive impact, but there could be also actions that have a negative impact that are material sensitive issues and are not considered in the final score of the B-Impact assessment but instead they are captured in the disclosure questionnaire at the end of the five sessions. The questionnaire is made up by 58 yes/no questions where the company has the option to voluntarily disclose information about some of these issues. Moreover, the B-Lab team will also conduct a background check for any company which starts the review process based on these items. If some of these items are triggered, they will be examined separately and they might lead to additional transparency requirements and in some cases, it might also invalidate the company to receive the certification, unless it remediates the issues that were flagged.

In general, questions with positive answerers receive points, and in no occasion, points are subtracted. Companies, then, can see the resulting score straightforward at the end of the test, since the points are summed up at the moment.

During my internship I stopped on this first phase, due to the fact that the company which I analyzed was not able to reach the necessary 80 points to proceed with the other stages.

Step 2: Validation of BIA results

The second step is to validate the results of the impact assessment with B Lab, which is the only body that has the power to accept the company's participation in the B-Corp community, presenting any documents required to proceed with authentication.

At this point a member of B-Lab will contact the company in the following days, with the goal to review the answers given, and give assistance to complete the questions which could have been difficult or misunderstood by the company, so that the answers are more punctual. This quick revision usually tends to reduce the score, due to the fact that in the majority of the cases companies have misinterpreted the questions.

At that point if the score is greater or equal to 80 points the company can decide to submit for verification and start the path to receive the B-Corp certification, paying the submission fee.

From that moment on a multi-step verification process will take place, which will require a lot of time, with the goal to carry on an in-depth analysis and verify deeply the answers.

Hence, there are two main steps, the preparation to the verification process and the actual verification step (B-Lab, 2021h):

The first one, which has the goal to prepare the company to attend the verification process and it is sub-divided in three intermediary stages relatively: Evaluation queue, Evaluation and Verification queue. In these steps, the documents have to be uploaded and once they are evaluated the company may start the verification process. Through all this path a lot of time is required, (up to 10 months) and the company is guided by the Evaluation Team.

The second step, the verification one, is divided in four Rounds, each of which will take 1 to 3 weeks, where different aspects will be deeply verified. Here the company is guided by Standards Analyst.

Therefore, if at the end of these two long stages the score is still greater or equal to 80 and no problem arose, the company can proceed toward the Declaration of Interdependence.

Step 3: Signing the Declaration of Interdependence

The last step is to make the result official by signing the Declaration of Interdependence, which specifies the rights and obligations of certified B-corps.

The full text reads:

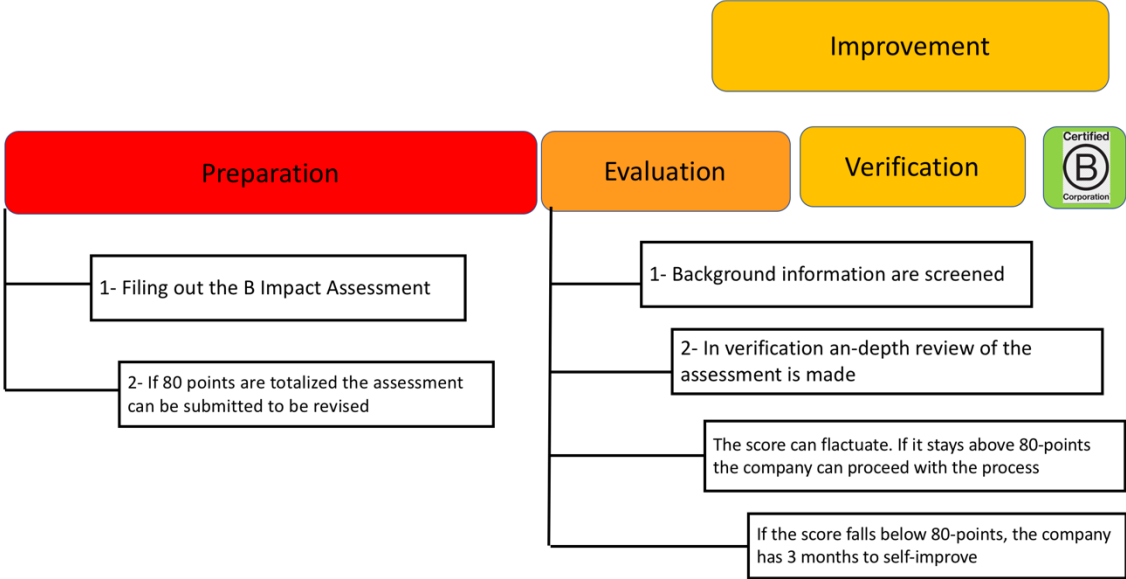
'We envision a new sector of the economy that through the strength of companies creates wealth for all. As members of this emerging sector and as entrepreneurs and investors in B-Corporations, we feel it is clear that: we must be the change we want to see in the world all companies should be managed in a way that creates wealth for people and the planet through products, practices and profits, companies should aim to benefit everyone.

To do this we recognize that each of us is dependent on the other and therefore responsible for each other, and for generations.' (Honeyman, 2016 p.1)

The principle of interdependence is a key concept that binds certified B-Corps, as the basic idea behind these companies is that cooperation is the basis for success, even and especially when it comes to economic success. The concept of interdependence lies at the heart of the values of B-corps, which have made their own the African proverb that states: *'alone you go faster, but with others you go further'*. (Honeyman, 2016 p. 24)

A quick recap of the steps above mentioned, are summarized in the figure 2.3 below.

Figure 2.3: Recoup of the process to become a B-Corp



Source: personal re-elaboration from B Corp Certification & B Impact Assessment: https://www.youtube.com/watch?v=XHp_p-6qYMk&list=PLhwKEp2N2Ld1xmO_5PQ-DyZQ00TG_ER0D&index=8&ab_channel=BCorpEurope

Every 3 years the certification must be renewed, going through all 3 steps again in order to continuously certify that the company's commitment does not vanish even if the business grows or changes.

Moreover, B-Lab wants to be sure that the certified companies keep up the commitment during the time in which the certification is valid, for this reason, every year 10% of the B-Corps are randomly selected by B-Lab for a review in order to verify that the commitment is continuous and corresponds at least to the answers given in the BIA.

Regarding the score: B-Lab considers any score greater than zero to be good. Indeed, they do not expect that companies get a great score since the first trial of the test, but what is important to them, is that there is the willingness to improve their business model over time. In fact, the assessment provides additional points on the basis of actions that go beyond standard business practices, and thus contribute to a better world. Hence, any number greater than 0 is considered good. The scoring tends to identify three groups of companies, which each one has different intentions to undergo the BIA (B-Lab, 2021f):

- Ordinary business: those companies that will generally receive a score that is good, but not too high because they focus primarily on economic return. They may be interested in generating

social and environmental benefit, but not actively, or with a strategy that gives these two objectives the same importance as financial and economic return.

- Sustainable businesses: those businesses that pursue a three-pronged strategy and may or may not have undertaken a path to quantitatively and qualitatively measure their commitment. Typically, these businesses are positioned either just before or just after the 80-point score.

- B-Corps: companies that have received a score of at least 80 points, therefore their effort is certified by an independent body. These companies pursue a three-pronged strategy by considering the impact generated on all stakeholders as a result of each decision taken at company level, aiming to pursue this strategy over time.

In order to become a B-Corp, the minimum score of 80 points was chosen as each of the 5 areas considered (workers, community, governance, consumers, environment) in a perfect way scores 40 points. According to B-Lab's logic, to be a B-Corp it is not enough to pass just one area, but it is necessary to excel at least in more than one.

2.6 B-Corps in Italy

As already said in the previous paragraphs Italy is among the first countries to establish the legal form of Società Benefit in order to legally safeguard companies that are willing to continue to generate profits and therefore generate returns for their shareholders, but considering in their strategy also the consequences created on other stakeholders including people and planet and hence create a shared value on the long-term.

The legal form of Società Benefit has been already adopted by more than 1000 companies in Italy, while the firms that have been able to obtain the certification of B-Corp today are far lower, since are 120 which provide employment to 13000 people. This numbers are expected to increase in the near future (Società Benefit, 2021f).

Geographically, the higher amount of Italian certified B-Corps are located in the northern part of the peninsula, between Veneto, Lombardy and Emilia Romagna, even if also Piemonte, Tuscany and Lazio have a discreet number companies that have obtained the certification.

Considering how the B-Corps are allocated among sectors, the food sector is the one that has the higher number of companies that have been able to obtain the certification. This sector is followed by consulting companies and by the manufacturing one. Moreover, in the official website is reported also the list with all the Italian certified B-Corps, where among them there

are widely known companies both in Italy and in the world, such as company leaders in their reference sector such as Illy or Alessi, as well as smaller companies with a far lower range of revenues as can be the company Cielo e Terra that produce wine.

Therefore, this shows that it is not necessary to be big companies to be able to become certified, rather it is just a matter of values, desire, belief and commitment.

In general, the number of B-Corps is not very high in Italy, and therefore much should be made in order to spread the knowledge and advantages brought by this way of operating.

Moreover, a situation like the Italian one where the phenomena is not widely spread and common can bring a double edge situation: on one hand it translates into an opportunity for companies to become certified, since the phenomena is still at the beginning and hence the firms can experience the first mover advantage, on the other hand, it can refrain smaller companies operating mostly in Italy to be willing to start the assessment since they think that the certification is useless in this country, due to the fact that only few people and enterprise know about it, and therefore can represent only a cost.

As will be reported by the managers of the company under analysis in the next chapters, the correct and the proactive view to see this trade-off is to consider that the future trend is going toward a sustainable business paradigm. Therefore, implementing measures that aim at improving the business and make it more responsible will bring a benefit in the long term both in terms of efficiency and market appeal following in advanced consumers' preferences. Hence, is important to remember that sustainability means many things and that it could bring a series of other advantages that often are not considered since the costs, at first, seems to be predominant.

2.7 Advantages of becoming a B-Corp

The benefits of becoming a certified B-Corp are manifold. Specifically, we can identify two macro groups of benefits: those of a first order that impact on stakeholders at various levels and contribute to create a more solid and competitive company, such as attracting a greater number of investors, rather than a better human capital that contributes to improving the company. Among this group of benefits, we can also identify the possibility of having an increase in the number of consumers, given the growing trend of people preferring sustainable products and companies, especially the younger generations.

While the second group refers to those benefits that affect the ecosystem, more globally conceived as benefits to society as a whole, to the environment, to people and companies in the long term as they ensure a longer lasting and healthier life, business and place, acting in respect of future generations.

Honeyman's *'B-Corp Handbook'* compiles a list of 10 benefits that fall into the above two macro-categories, highlighting how the blessings of being a B-Corp are manifold both for the company first and for society as a whole.

These 10 advantages are outlined in more detail below:

1- be part of a growing community that has strong values in common: certified B-Corps tend to act not independently but as a community of leaders whose aim is to influence companies and people to undertake a business that generates only positive externalities, collaborating to change the paradigm of operating.

The principle of the willingness to create a community of interdependent companies is included in the declaration of interdependence that every company that has managed to pass the scoring selections to become a B-Corp is required to sign.

Being a certified B-Corp brings many benefits, but the best one recognized by companies scoring 80 or above is having developed a *'community strength'*, feeling part of something bigger and stronger. (Honeyman, 2016, p. 50)

The interdependence created also has several benefits for companies in terms of business profitability.

2- higher talent's attraction: as already specified above, the new generations are in front line for the environmental and social protection.

As a Deloitte Millennial Survey underlines: *'Millennials represent 50% today and will become 75% of the workforce by 2025; 77% of them say "the purpose of the company is the main reason I choose a certain employer.'*" The Benefit Society and B-Corp assure future talents that the company is legally committed to pursue a mission to create a positive impact, which is fundamental for any company aspiring to attract Generation Y talent (Honeyman, 2016 p.53). In addition to this, there is also a preference for human capital to work in certified companies as they have a guarantee that the workplace will be respectful not only in terms of earnings.

3- higher credibility that empowers the brand and stimulates stakeholders' trust: B-Lab's scrupulous and careful multi-step analysis provides a guarantee to the growing number of consumers who are interested in social and environmental issues, succeeding in strengthening the brand and acting as a guarantor to consumers for the efforts undertaken by the various companies, ensuring that the efforts are real and not green-washing.

Certification helps companies build credibility and brand trust by increasing transparency and accountability, proving that not only the product but also the company is green.

On the B-Lab website, the performance of all certified B-Corps in the five areas of interest is listed and can be consulted by everyone so that they are able to distinguish good companies from good marketing (Honeyman, 2016 p.58).

4- greater media visibility: there are many in-depth reports on B-Corps, especially in the world's most important newspapers such as the New York Times, or the Guardian, which from 2019 has become a certified B-Corp because *'it's a way of having a rigorous, objective view of where we are doing well and where we need to work harder when it comes to our environmental and social impact. It's a way of demonstrating to our readers what type of business we are [...]* (Richards, 2020).

A local example is found in *'Il sole 24 ore'*, which gives ample space to this issue, giving voice and increasing global awareness of the benefits and the new business paradigm that the already certified companies are implementing.

This business model also generates a lot of interest, so much so that more than 600 articles have been written since 2012-2013, in which more than 200 B-Corps have been cited (Honeyman, 2019 p. 61).

5- company's performance improvement: a study carried out on 33 Lithuanian companies underlined that there exists a certain positive correlation between financial capacity of the firms and the environmental, social and economic sustainability effort. As well as care for the social and stakeholders dimension influences positively the performance of the companies and production efficiency. The study underlines the necessity to undertake simultaneously many actions in the sustainability domain (as the certification of B-Corp aims, which encompasses several perspectives) to obtain a competitive advantage and having performance improvement results (Lu et al., 2020).

More than that, the B impact assessment is a useful objective tool for companies to compare and improve. On the official website of the B-Corp, it can be found the list of all the companies

with their score divided into the five areas considered by the BIA so that all companies can analyze their current situation and through the comparison with other B-Corp can be pushed and determined to improve. Some companies, such as Ben and Jerry's and Fratelli Carli, go even further, using this tool to assess potential suppliers to ensure they are creating value throughout the production process and influencing other companies to behave in a fair and respectful manner. In this way, the B-Corp community becomes the spokesperson for a new business model based on different values (Honeyman, 2016 p. 63)

6- investors' attraction: another benefit of being a certified B-Corp is to be able to attract investors who are aware of, and believe in, sustainable development and the creation of common benefits. Investors are also attracted by the transparency adopted by B-Corps since the higher the communication the less the asymmetric information, as well as they benefit from the control exercised by B-Lab to which they are subject.

All certified B-Corps receive a GIIRS (Global Impact Investment Rating System) rating, which is developed considering the results of the BIA that will be useful for the investors to monitor the performance of their investments. In addition, B-Corps are included free of charge in an investor platform created by B-Lab called B Analytics, which aims to increase the dialogue between investors and companies. B-Lab also helps B-Corp companies to find funds by putting them in contact with investors in the financial services sector certified too (Honeyman, 2016 p.67).

7- perpetuate the company's intent over the long-term horizon: thanks to certification, companies are legally protected in time to pursue a three-pronged strategy, adapting the company's mission to their will. In fact, companies that protect society and the environment that are not certified and are neither incorporated as a Benefit Corporation, run the risk that once management changes, or new investors take over, there is a chance the three-pronged strategy stops to be implemented.

With the certification instead, social and environmental values are legally protected just as much as the desire to make a profit.

8- combining the voices of already certified companies: the union of several companies forming a community with the same values, and promoting not only their products but also respect for the environment, people and communities worldwide, strengthens and promotes the B-Corp message, with the aim of convincing more and more companies to change the paradigm of

doing business and improve in the interest of all. In fact, the collective voice is much stronger than the voice of individual companies. And every company that puts the B-Corp label on its products advertises not only the company but all the companies in the movement, promoting a common message that strengthens the entire B-Corp community.

9- sustainability means efficiency: despite an initial outlay of money to become a B-Corp that could be perceived as a loss in the short term, if we consider the medium and long term there are numerous savings that come from running a company in a sustainable way. In fact, being more sustainable leads to process efficiency which creates margins that at the end contributes to make profits.

Moreover, from a financial point of view, banks nowadays provide cheaper credit to companies with good ESG parameters, for the same principle: in the long run, responsible and sustainable companies will be more profitable because they will have lower costs, which makes them safer and more able to repay the credit received. Banks are therefore more confident in lending for sustainable projects. Another source of income comes from the interdependence and community that B-corps form: B-Corps offer hundreds of discounts to each other on products and services, resulting in numerous economic benefits (Honeyman, 2016 p.72).

10- contribute to spread a more inclusive business model: B-Corp community acts as a spokesperson and promoter of the paradigm shift of companies, promoting the respective advantages that the choice entails, in order to achieve wider and widespread social and environmental benefits. B-Lab helps B-Corp in this mission by forming alliances with different organizations to carry on and spread the adoption of these values as much as possible.

In this chapter a deep analysis that aim to better understand the B-Corp certification, the mandatory steps required to obtain the certification, as well as the relative advantages related to it are reported.

As already said, getting the certification is not an easy task, since the BIA is very selective, and therefore the companies that want to obtain it have to be really driven by the willingness to implement a 3P strategy and believe in what they do, since in many cases in order to become certified, structural internal changes will be required with the goal to increase the commitment and effort over the topic, as it will be explained in the next chapters. But, if on one hand the certification is very demanding, on the other hand it offers many advantages once it has been obtained, as reported above.

The principal goal of B-Lab, therefore, is to create a strong community of companies that help to spread the voice on the necessity to increase the sustainability commitment at company's level in order to end up having a higher awareness and contribute to reach a sustainable business paradigm.

Hence, B-Lab with the certified B-Corps wants to show to the world a tangible example that sustainability doesn't mean to replace profits, rather it allows for the conciliation of the three objectives, through the implementation of a three-pronged strategy, reaching therefore a real win-win situation for the company and for present and future generations.

CHAPTER 3: Company's and case study's presentation

3.1 Introduction

In this third chapter of the paper, the main aspects and concepts expressed in the previous sections will be analyzed focusing on the relatively new trend that an increasing number of companies are following nowadays, that is the one of shifting toward a different and more sustainable business paradigm. Hence, it will be seen how the theoretical notions reported in the literature will be implemented practically.

There are different procedures that companies can undertake in order to become hybrid, but in this draft we will consider the certification of B-Corp and the relative and subsequent operational and organizational changes that companies have to make in order to be able to receive the certification in the case that it has not been able to receive at least 80 points in the free online self-made assessment and therefore proceed with the evaluation phase.

This analysis and the relative considerations developed from it will be related to the business context of the company Roncadin S.p.A, which is a solid and well known enterprises based in the North-East of Italy, operating in the field of frozen food, where I have undertaken my curricular internship of six months.

From the perspective of the proposed case study, in this final degree thesis, it will be analyzed how companies that want to become more responsible and sustainable will be influenced by the score released by an independent body, in this case B-Lab, to change and self-improve their way of organizing and operating, becoming aware also of potential limitations or aspects never considered before.

The intention is therefore to verify what has been expressed at a theoretical and general level in the previous sections, framing it through a more concrete point of view and closer to the specific operational reality of the company, in the assumption and conviction that only in this way is it possible to understand in a sufficiently clear and effective fashion what is contained in the theoretical and empirical literature's contributions.

In order to pursue the above-mentioned aims, this chapter will be developed along two paragraphs: the first of which will present the research methodology used, the objectives that underlie it and the key questions that have been considered and the second, in which it will be given a general presentation of the business entity under study, presenting its activities,

characteristics and main operational areas, as well as its history, evolution and development. In the last paragraph there will be also an analysis the market and the external context in which the company operates, with a parenthesis on the economic and market consequences of the Covid-19 pandemic.

3.2 Methodological background, objectives and research questions

As already mentioned, before going into the main body of the discussion, it is appropriate to provide the main methodological guidelines relating to the work carried out for the realization of this paper. It is therefore important to present the peculiarities, motivations and capabilities behind the study logic adopted, as well as to briefly describe the operational methodologies and tools used.

3.2.1 Methodology

The method undertaken considers only the case study in analysis, which is as already mentioned, the one of a solid company situated in the North-East of Italy: Roncadin S.p.A., which operates in the food sector, specialized in the production of frozen pizzas.

The choice of adopting the action-research method, according to what has been stated in the literature of the topic, refers first of all to the ability to develop the subject matter under analysis directly in the organization in which it takes place, blending both theory and practice with the goal to better analyze the situation and produce more relevant material (Coghlan, 2006).

Therefore, action research is a qualitative methodology which tends to integrate theory and practice, making research directly aimed at action for change in social contexts, which allow it to be monitored, evaluated and redefined periodically in order to make it increasingly effective (Pentini, 2001). In fact, the aim of this type of methodology is to merge action -considering directly the actors involved- with the goal to elaborate answers form the context in which the research is carried out.

Hence, the advantage in using this methodology is given by the fact that the researcher is able to analyze the situation from the inside, having the possibility to move more deeply within the topics under investigation building as a result a more truthful idea of what has been analyzed.

Therefore, with the action-research method, the researcher is able to interact with the explored context, analyzing the challenges that the company faces directly from the inside, since he/she

takes direct part in them, being able to better understand the internal mechanisms of the business in order to draw conclusions.

Furthermore, the study focuses on a single case study with the aim of providing a more precise and real vision of the concepts analyzed previously; in this way it is, in fact, possible to give evidence, through the adoption of a concrete and real example, of the effects and theoretical contributions presented in the literature having an all-round knowledge of the topic under investigation.

In this sense, therefore, the aim of this methodological approach is to provide a description, develop and support an underlying theoretical position or to validate it within a concrete perspective.

Therefore, the case study in question has been carried out to provide a more precise and real description of the issues addressed in the previous chapters, with the intention of exploring closely how they manifest themselves and how they are operationally implemented in the performance of business activities. Specifically, the case study was conducted through the collection, processing, treatment and analysis of a variety of data, both secondary and, above all, primary, obtained by means of a number of direct in-depth, qualitative interviews and by informal conversations. In the first case, secondary data was obtained through online research, mainly on the company's website, as well as company's profitability indexes.

On the other hand, the primary data, mainly of a qualitative nature, which constitute the primary source of information for the development of this case study, were collected through qualitative interviews structured according to the model created by B-Lab, i.e. BIA, and through structured qualitative interviews with the aim of investigating the drivers, the internal processes and next steps projects that the company will take in order to obtain certification. Moreover, I was able to collect primary data also through the participation in company's meetings undertaken by the managers with the consultants with the aim to develop a structured plan to increase the degree of sustainability and be able to acquire the B-Corp certification.

Interviews:

In particular, as mentioned, the main source of information is in-depth interviews carried out in the company in several occasions throughout the course of the curricular traineeship carried out.

The primary source of data, fundamental to understand the initial situation from which the company started in terms of sustainability, was the B Impact Assessment, completed through the support of various managers.

The table below reports for each BIA’s area, the manager who helped me.

Table 3.1: BIA

BIA's area	Supporting Manager	Corporate Role
governance	Luca Pezzot	CFO
	Elisa Piccinin	Marketing manager
	Renato Pilutti	Chairman of the supervisory board
community	Elisa Piccinin	Marketing manager
workers	Alessandro Tomba	HR manager
environment	Luigi Villalta	Development and Maintenance engineer
	Marco Giacomello	Health and Safety manager
clients	Matteo Bertoni	Sales manager
transparency questionnaire	Luca Pezzot	CFO

Source: personal elaboration

The total duration to complete the BIA required 7:30 hours.

A qualitative interview was then developed to better interpret the company’s specific situation, the drivers, the values, the effort and the problems that concern the internal processes undertaken by Roncadin with the aim to understand how and in what way it would like to act in the incoming months to increase its score in the future and be able to proceed with the journey to become a certified B-Corp. Finally, it should be noted that in order to guarantee the correctness and truthfulness of the contents, as well as respect for the confidentiality of any sensitive company information, the texts and the resulting processing work were subsequently shared with the company managers and supervisors involved in the research.

By adopting the tool of interviews, a standardized approach is abandoned, thus not allowing the possibility of generalizing the results and the answers obtained, in favor of a greater openness and flexibility in understanding the topic presented (Luceri, 2013). This approach allows to achieve a deeper knowledge of the phenomenon under study, often leading to unexpected and sometimes particularly valuable contributions.

If on the one hand, the adoption of the interviewing method does not lead to generalizable results, given the non-representativeness of the sample analyzed, on the other hand, it allows the interviewer to understand in deep the topics under investigation, considering only the answers of the corporate key actors that the interviewer considers to be the most important managers for the business decisions on the subject matter under analysis. This approach leads

to a much richer and deeper interaction, which is the main reason why this method was considered particularly suitable to develop the case study of this paper.

Therefore, the people that have been interviewed are reported in the Table 3.2:

Table 3.2: interviews

NAME	ROLE	GOAL
Dario Roncadin	CEO	analyze the ideas behind the B-Corp process and the long term perspective
Luca Pezzot	CFO	analyze the B-Corp certification process under a financial perspective
Luigi Villalta	engineer for the sustainable and innovative development	analyze the B-Corp certification process under an operational perspective
Alessandro Tomba	HR	analyze the B-Corp certification process under a employees perspective
Matteo Bertoni	sales director	analyze the B-Corp certification process under a commercial perspective
total time devoted:	02:30	

Source: personal elaboration

Internship experience in Roncadin S.p.A.:

I did my curricular internship at Roncadin S.p.A. from March to September 2021, a period, although short, in which I was able to deal concretely, positively and with interest, in a solid and well-established business entity of the northeast of Italy in the field of frozen pizzas. During this period, I tried my hand at various stimulating tasks, thus having the opportunity to experience personally some of the various operational activities carried out by the company. In addition, the fact that I was able to interact on a daily basis with the company, with the dynamics that guide it and with the people who work there, both internal and external, allowed me to have a direct and extremely formative knowledge of the modus operandi of an industrial company. First and foremost, I was entrusted with activities relating to invoicing issued using the ERP SAP and the subsequent storage of these.

At the same time, I took part in internal sustainability meetings organized regularly and led by a consultancy firm, more specifically Hydra SB, which is guiding Roncadin S.p.A. along an organized and structured process to become more responsible and sustainable, adopting a three-pronged strategy that is more efficient and effective with the aim to become a certified B-Corp. These meetings gave me the opportunity to collect data and understand better internal logics that allowed me to write my final thesis.

3.2.2 Objectives

The proposed case study, as anticipated, is aimed at integrating and supporting the framework of the theoretical contributions provided in the chapters one and two, in relation to the subject matter of this discussion.

Therefore the case study of Roncadin has the goal to analyze through a concrete perspective, what has been presented in the previous sections on the subject of sustainability, with the goal to understand what are the implications for a company that is willing to undertake a three-pronged strategy contributing to achieve a sustainable development proved through the certification of B-Corp. Hence, becoming one of the 4000 companies in the world that thanks to the certification have been proven to be really respectful in their way of operating, willing to make the difference in the world of today and the one of tomorrow. It is precisely this that Roncadin aims to do in the foreseeable future, willing to grow and present itself in the internal and external markets as to be responsible.

In particular, the primary objectives that can be identified in the development of this case study are briefly the following:

- Generally speaking, to get to know Roncadin's experience in relation to the topics under research and the opinions of its managers in this regard;
- More specifically, to analyze and investigate, from the perspective of Roncadin's company, how it interprets and conceives the incentives and requirements that lead to the adoption of a more sustainable strategy, in other words analyzing the drivers that pushed the company to be willing to undertake this path;
- Analyze and explore the current situation in which Roncadin finds itself, and how the company currently behaves towards these issues. This assessment is developed objectively through the use of the standard BIA method;
- Analyzing and identifying how the internal process to become certified is managed, the changes and the implementations that are considered fundamental in order to be able to become certified, therefore how the company is transforming itself to become certified;
- Analyzing the next steps that the company already started to undertake;
- By virtue of my experience which constraints, resistances, problems, internal processes can be found also in other business contexts.

3.2.3 Research questions

In order to explore and tackle the above-mentioned objectives, it has been chosen to frame and develop the discussion according to three main themes or aspects of analysis, which can be summarized in the three research keys (or questions) proposed below:

- Analysis of the drivers that pushed and are pushing Roncadin to engage in a more structured ESG project with the goal to become a B-Corp. The questions that this session aims to answer are the following:

- What have been the factors that pushed Roncadin to be willing to become certified?
- Which operational units came up with the idea?
- Which are the benefits and costs related to this decision?

- Analysis of the results provided by the B-Impact assessment, defining the company's position in the journey to become certified and subsequent analysis of how the internal process to improve the score will be managed. The questions that will be answered are the following:

- How the score is allocated among the different areas considered by the BIA?
- Which are the feelings on the resulted score?
- How the company manages the internal process to become certified? Are they doing internal structural changes?
- What are the challenges that Roncadin may encounter in the process of improving the corporate performance?

- Analysis of the future projects and steps that the company is undertaking that will help it to improve its score.

- Core part: keeping in mind the empirical setting analyzed, develop an analysis of the problems, challenges, structural revisions that can be found also in other business contexts.

3.3 Roncadin S.p.A

3.3.1 History¹⁷

The history of the Roncadin company is a long one, characterized by tenacity, a spirit of adaptation, an entrepreneurial instinct and a strong link with the territory and the land of origin. It began way back in 1968, when the founder, Mr. Edoardo, emigrated to Germany to seek his fortune.

¹⁷ Source: https://www.roncadin.it/en/azienda_storia.aspx (last consultation: 13.09.2021)

In Germany he started by opening an ice-cream shop that obtain success and therefore he opened a series of other shops, ending up managing a chain of 200 of them. From here the necessity to develop a way to produce industrial quantities of ice-cream maintaining a craftsmanship quality born, and he started to sell this product also to large scale retailers such as to Bofrost - a huge German company selling frozen food-.

After 25 years Edoardo, together with his sons and brothers, decided to return in Italy, with his wealth of experience and knowledge developed there to apply them in the land of origin, willing to enlarge its business by starting to produce frozen pizzas for his clients.

Therefore, in 1991, together with his brothers, he built a factory producing frozen pizzas on a large scale under the name of 'Pizza e Pasta' locating the production plant in Meduno, which is a small village near the province of Pordenone in Friuli Venezia Giulia, pushed by the tax cuts offered to the businesses in order try to stop the phenomena of depopulation.

Right from the start he believed in the potential of this land and above all in the local people, thus contributing for many years to the enhancement of the territory and the local economic development.

From the very beginning, the production site was characterized by modern and innovative technologies at the cutting edge of the time, capable of offering frozen pizzas of excellent quality, all combined with a precise and punctual workforce that made the product stand out on the market immediately. In fact, after four years, in 1995, 30,000,000 pizzas were produced, demonstrating the success of Edoardo's idea and decision on the market.

Roncadin's group grew very quickly counting 5 plants: the one in Meduno producing frozen pizza, one in Teramo that produced ready to eat dishes, one in Poland, one in Germany and one in France related to the production and commercialization of ice-cream, producing 250.000.000 total revenues.

In 1999 the group was listed on the stock exchange and in 2003 it reached a production of 47,000,000 pizzas but the Roncadin family decided to sell its shares. Here a division between the plants producing ice-cream and the ones producing pizza took place.

In 2004 the Arena Group acquired Roncadin S.p.A. through a takeover bid, and in 2005 it sold the frozen pizza branch of the company to the Malanova Foodinvest Pizza Srl Group. In 2008, however, following the group's bankruptcy, the founding family took over the reins of the Meduno plant, embarking on a concrete and up-to-date investment plan. In January 2009 Roncadin S.p.A. became the new owner.

Since the brand's founding family took over the property and management reins, many efforts have been made to undertake an ethical and sustainable business. In 2010, in fact, Roncadin S.p.A. began the transformation process to become a company that uses 100% renewable energy, installing 5416 solar panels that meet most of its energy needs.

In 2012, they celebrated 20 years in business, with 50 million pizzas from the Premium line alone. The success of the pizzas they produce, thanks above all to the dynamism of the company, but at the same time the preservation of family values transmitted also in the workplace, the link with the territory and the local community together with the will to self-improve, has led the company to innovate more and more the product, offering new lines to satisfy customers.

Later, in 2013 Roncadin S.p.A. decided to physically expand in the USA, one of its main markets, setting up a subsidiary under the name of RONCADIN USA Inc due to the fact that the international demand is a great boast for the company. In fact, the main markets are not limited to Italy and USA but range from all over Europe to South Korea, China and Australia. More precisely, Roncadin pizzas are sold in 300 countries, which means that foreign markets account for 70% of the company's turnover and are therefore fundamental.

In 2015, production was expanded with the opening of a new line, increasing the total area to 22,000 square meters in order to produce 350,000 pizzas a day.

On September 22th of 2017 the company was hit by a major fire, which devastated a large part of the plant including the production line. 96 hours after the incident the company restarted, guaranteeing 250,000 pizzas, working non-stop even on weekend-days thanks to the willingness and proactivity of their employees. A month later, works began again on the new plant, with the immediate aim of creating a structure that looks to the future and implements new technologies to ensure safety and respect for the environment.

Less than a year after the fire, in August 2018 the new production line, line 7, was able to churn out 180,000 pizzas a day at full capacity.

3.3.2 Financial analysis

Analyzing the company in more concrete terms from an economic-financial point of view, we find that Roncadin S.p.A. is one of the seven companies owned by the Ka.Na.Da group. More specifically, the group wholly owns Roncadin S.p.A., which in turn is the exclusive owner of Roncadin Inc.

The company operates primarily in the B2B market, with 90% of its production destined for large-scale retail customers who then resell the final product under their own brand - private label-. These clients allow the company to finance the long and difficult processes of development and entrepreneurial growth, and to be able to repay the efforts and investments made in response to the innovative process of the production site, both for the purpose of efficiency and for the purpose of reconstruction after the fire.

Of the total turnover, 70% is generated by the foreign market, which is in continuous growth.

Below in the Table 3.3, the last five years of the company's activity are taken into consideration, to have a clearer idea of the profits/losses generated, and which percentage of them are produced by the foreign markets. More specifically we are analyzing total turnover, export turnover, the percentage composition between them and the profit/loss for the same years, as shown in the table.

Table 3.3: financial analysis of Roncadin

Year	Total Revenues	Export Revenues	Italian Revenues	% Export	Profit/Losses
2017	105.664.084 €	76.294.192 €	29.369.892 €	72%	7.960.000 €
2018	103.898.965 €	72.150.498 €	31.748.467 €	69%	15.800.000 €
2019	117.214.819 €	82.385.566 €	34.829.254 €	70%	2.900.000 €
2020	140.616.175 €	102.181.183 €	38.434.992 €	73%	2.700.000 €

Source: internal company's documents

As it can be seen, the company shows a continuous and sustained increase in the total revenues over the years. The trend was blocked only partly by the fire, that from the balance sheet can be seen in the year 2018, which is the year after the burnt, where despite the decrease in the production capacity the company was able in any case to satisfy its clients, closing the year just with a difference of 1.765.119 millions of euros if compared to the previous year.

The profits were far higher in 2018 due to the insurance payment, that in turn were reinvested to build again the production plant.

In the last two years (2019 and 2020 respectively) the total revenues were far higher, due to the collateral consequences of the global pandemic of Covid-19.

As the CEO Roncadin explains *'The turnover figures for the last year are undoubtedly encouraging, but we can't let our guard down, because once the pandemic eases its pressure,*

large-scale retailers will once again compete with restaurants and other channels, so we need to be ready with innovative products.’

The huge share of revenues is certainly and primarily driven by the foreign market demand. As can be seen in the 5th column the foreign markets are an enormous source of revenues for Roncadin, making up far more than 50% of the total and although Roncadin exports to many different countries all over the world, Italy is still the company's country of origin and only production site, and remains an important market generating the 30% of its turnover.

Exports are concentrated mainly in Europe, more precisely in Germany (which generates 23% of turnover), followed by the United Kingdom (which generates 17% of turnover) and other countries such as France, China and South-East Asia (which generates 6% of turnover) , the USA (which generates 10% of turnover but it is growing a lot), Australia and other European countries.

The following Figure 3.1 summarizes the main countries in which Roncadin's foreign commercial activities are mainly developed.

Figure 3.1: Roncadin’s markets



Source: https://www.roncadin.it/it/azienda_mercati.aspx

3.3.3 Market positioning

Generally speaking, Roncadin is configured as a medium producer of frozen pizzas in the B2B sector, selling products both with their own brand’s name and with the brand of their customers. Therefore, even if the company deals with its customers by offering products under its own brand, it was born with the intent to collaborate with the large scale retailers, being willing to create ad hoc products developed together with its customers, in order to create new pizzas that take into account the preferred flavors of the reference market under the client’s brand.

These two different and opposite logics leads the company to have often internal strains that required to set a different target consumer and target price for the Roncadin products branded with their own name, otherwise the two business would be conflicting.

Hence, if on the one hand they produce pizzas as their clients want, on the other hand they position themselves with the Roncadin brand a step upward in order to limit the degree of competition with the other pizzas produced by them as well.

For this reason, when we analyze both the market and the product of the company under analysis, we have always to consider these two dynamics and look both the two perspectives.

We start the analysis of the market considering the pizzas produced for the private label. To make this analysis more accurate it is important to divide this category in two sub-groups considering the national and international retailers separately.

Outside Italy, the phenomenon of private label developed by international retail chains is a growing phenomenon as supported by the data released by the company Nielsen¹⁸, which shows that private label is becoming increasingly popular in the European market, especially when it comes to Frozen -47.1%- and Chilled and Fresh -44.8%- products¹⁹.

The rising trend in the popularity of the distributor brand across Europe presents an excellent opportunity for a company of Roncadin's size to be chosen to undertake collaborations with major international retail brands, as this company is synonymous with quality, innovation, respect for the environment and customization for customers around the world.

To date, Roncadin has created more than 459 recipes of pizzas in collaboration with its customers, which are then sold on the market under the distributor's brand name, producing 306 references for the large-scale retail trade, with an average production of 4 recipes for each customer²⁰.

These numbers denote the professionalism with which the company operates, and the degree of customization applied to each customer.

Roncadin's mission is to *'bring True Italian Taste into the homes and onto the tables of people all over the world, spreading the authentic flavors of traditional cuisine through products*

¹⁸ Nielsen is a private marketing research company based in New York that provide market researches for Roncadin's marketing department

¹⁹ Updated information found both in the official website of the company and confirmed by the marketing department of Roncadin. Source: https://www.roncadin.it/it/private_label.aspx (last consultation: 15.07.2021)

²⁰ Source: https://www.roncadin.it/en/private_label.aspx (last consultation: 13.09.2021)

designed to satisfy the most varied tastes and needs'.²¹ Therefore, to do this they offer products characterized by high quality of the raw materials (constantly tested at the entrance and analyzed to ensure a high degree of safety, while also periodically testing its suppliers to carry out stricter controls) and by the skillful production expertise acquired in the sector.

The success that Roncadin has in Europe with his costumers, next to the quality offered is also helped by the fact that pizzas are the first frozen products bought by consumers and is positioned in the market as a commodity. Therefore, even if the market is mature and is very competitive, they have acquired a good strong position, that is the result of the number of years of experience acquired, the quality of the raw materials and of the final product and last but not least for their Italian origin that confers credibility to the company.

The success in the European arena is proved also by the number of clients that the company has which in percentage are 81.30% foreign and only a 18.70% Italian.²²

Analyzing the main European competitors, that compete with Roncadin in the private label arena we find Mantua, Valpizza, Emilia foods, Südzucker with the brand Freiburger, Bakkavür and Bell Food Group with the brand Hilcona.

It is difficult to estimate the market share of the private label that the company under analysis owns, but it is very well positioned if we consider that they serve the three top performing retailers in Europe that are: Aldi, Lidle and Rewe.

For what concerns the Italian market, the situation is a little bit more complicated for two main reasons: the first is connected to the perception that this product generates in consumers' mind and the second is that the power and the popularity of the private labels is far lower -almost half- than in the other European countries, even though is increasing.

The first reason is very straightforward and easy to be understood and is connected to our culture. We have a different food perception, especially when we talk about pizza that for us is more an experience rather than a pure need satisfaction to repay the feeling of hunger. For this reason, the Italian market has always been a tough and very demanding market in which to enter.

²¹ Source: <https://www.roncadin.it/en/pizze.aspx> (last consultation: 13.09.2021)

²² Updated information, found both on the website and confirmed by the marketing department of the company https://www.roncadin.it/it/private_label.aspx (last consultation: 15.07.2021)

Even if after the pandemic the situation is changing, and people started to taste frozen pizzas more widely driven mainly by the closure of the restaurants and the necessity to buy as many goods as possible at once, frozen pizzas still position themselves as the fourth frozen product bought by Italian consumers, only after frozen vegetables, fish and frozen food in general. This data makes us understand how still difficult the market is, and how many challenges the companies in this sector have, even if there is a higher possibility to grow than in the other European states.

Despite the two abovementioned factors and the relative difficulties generated, we can say that the position of the company in Italy is strong, having that the market share owned by the private label in this sector is 25%, of which the frozen pizzas produced for third party retailers manufactured by Roncadin counts for the 30%. Analyzing the Italian arena, more precisely the competitors which produce pizzas for the large-scale retail trade we find at the forefront Italian companies such as Mantua, Emilia Foods, Valpizza, followed by the European brands already mentioned before that are active also in Italy.

Turning now to analyze the pizzas under the name of Roncadin we have that in Italy their market share is 4%, being positioned as one of the biggest and faster growing small brands, being placed right after the power of the private label of the large scale distribution (with counts for the 25% of the market share as already said), and after the private brands of Buitoni (the brand of Nestlé) which owns the 19% of the market share, Itaipizza with 17% and Cameo with 13%. These companies are also the biggest competitors that Roncadin meets in Italy when acting with its own brand.

The market share data makes us understand that the primary objective for which the majority of the resources have always been used is to satisfy and improve the relationship with the clients interested in developing their private label frozen pizzas. In undertaking this strategy, indeed, there are many advantages such as: higher economies of scale and therefore higher margins or having a greater ability to make forecasts about the turnover, which confers to the company the benefit to easier plan investments. Therefore, the willingness to enforce their own Roncadin's brand is a project that came afterwards, being a secondary business for them, which was strengthened right before 2017 but then it had to be stopped as a result of the fire. Due to the accident there was a huge reduction in the total production capacity -which was more than halved- and emerged the necessity to ensure and meet the deadlines previously undertaken with

the large-scale distributors and therefore avoid sanctions. Beside this explanation, the company was willing to satisfy first of all its clients and avoid offering their own branded products also for a moral decision willing to maintain the good reputation built over years, otherwise probably they would have lost many of their clients.

Therefore, there is a fine balance that has to be maintained to be successful, keeping both the businesses and try to avoid competing with the clients for which pizzas are produced that in many cases are the ones that also buy the pizzas under the Roncadin's name. Precisely for this reason the pizzas with their own brand are superior in price and quality, more sophisticated and supported by high degrees of innovation, having a different target in order not to incur the risk to cannibalize the other pizzas products for their important clients.

The level of competition and the type of competitors cannot be said to be homogeneous in all the states in which Roncadin operates due to the fact that especially the foreign competitors tend to be active in their state of origin and in few neighboring states due to the fact that the industry for frozen food, in particular for pizzas, has always been more dynamic and appreciated outside Italy. It is precisely for this reason that Italian companies were forced to become internationalized and still today businesses specialized in this sector which do not diversify, such as Roncadin, make the majority of their turnover abroad.

Even if the European market is the one which generates the greatest part of the turnover (more precisely the more performing states in Europe are Italy -which makes the 30%-, Germany - with 23%-, UK – with 17%-), the company is active in many other countries all over the world as abovementioned.

An interesting market is the US one, which is growing a lot and for the moment is making the 10% of the turnover of the company under analysis. In this market both the demand coming from the large retailers to produce frozen pizzas with their own private label brand, and the interest and appreciation for the products with the brand Roncadin is increasing, attracting also many consumers for the history of the brand and the family which backs this logo.

In conclusion it can be said that as a result of the high degree of satisfaction generated on the final consumers, both frozen pizzas produced under their own brand name and the ones for third parties, make the company grow in a very competitive way in all the countries in which it is present, collecting a lot of success.

3.3.4 Roncadin's products and certifications

Pizzas produced under their band name are not so varied, rather they focus more on quality and innovation instead of creating a huge range of categories, with the goal to differentiate themselves from the products of their competitors -that in many cases, the one for the private labels of the large retail chains, are still produced by them- .

Therefore, the range of products have all in common premium raw materials, long and slow fermentation, generally of 24 hours, and are baked on the stone.

The most famous line is the 'Extrasottile' pizza of the brand 'Extravoglia', characterized by a rich extra filling topping. It has been then introduced the Pala version of this line that is perfect for being cut into pieces and served at happy hour as a tasty snack.

There was then a second line called 'Veracemente' which will be replaced by the new recipe that is going to be launched in 2021 called 'Bosco' since it is made in partnership with the pizza maker Renato Bosco, always with the brand 'Extravoglia', but it will be the premium product of the line of the brand since it will be made with 100% Italian raw materials and refined ingredients in order to diversify once again from competitors and offering something more especially in terms of quality, with the goal to strengthen their positioning in the market underlining the Italian origins.

Product's certifications:

The quality of the products is guaranteed and backed up by the numerous certifications and patents held and obtained by the company, which also make it possible to be diversified on the market.

The certifications obtained regarding the products are summarized below:

- Roncadin's exclusive patent developed in-house, that protect a specific technique of making pizza which entail the hot pressing of the dough in order to render it extra thin, crumblier and more fragrant;
- BRC -Global Standard for Food Safety- and IFS - The International Food Standard-. These two standards are specific for the suppliers of products to the large-scale retail sectors. The aim of these certifications is to guarantee that the suppliers comply with the international standards regarding working environments, processes and products, reliability and safety and quality of raw materials.
- Organic product certification for some components of the pizzas produced such as cheese and other milk derivatives, frozen vegetables, mushrooms, flours and starches, milk derivatives and others

- Vegan' certification for certain lines of pizzas to meet the needs of end consumers
- MSC (MSC Environmental Standard for Sustainable Fishing) certification, which attests that the fishing area from which the product comes, is managed in a sustainable manner, taking into account the entire marine ecosystem. Therefore, the fish used for certain types of pizzas are caught following the international standards of fish protection and sustainable fishing
- SMETA certification: that proves that the company manages the employees according to the labor standards and requirements, hence paying attention to their health and safety in the workplace

In addition to these abovementioned certifications, the pizza offer of Roncadin keeps into consideration also the always increasing dietary needs of its consumers. They offer pizzas with organic ingredients, hence using products that comes from certified production chains that respect the environment and the biodiversity on land.

Moreover, to satisfy the widespread needs of lactose-intolerant and of celiac consumers, they offer pizza lines that are gluten and lactose-free. They have also a vegan product, aiming to include also the increasing number of consumers that pay attention to sustainability also at the table, through ethical eating habits.

High attention is given also to that share of the consumers that have religious food constrains but want in any case to enjoy Roncadin's produced pizzas: for this reason, they offer in the market certified Kosher products.

3.3.5 Situation during and after Covid-19

Roncadin S.p.A is a solid, fast-growing company that, especially in the last period following the Covid-19, has seen a marked increase in turnover, mainly due to an increase in demand from the end consumer.

In other words, as CEO Dario Roncadin explains, the strong upward trend that has led to an increase in turnover from 2019 to 2020 of 16.6%, with a production of 100 million pizzas (18 million more than in 2019) is *'A result determined by the strong increase in meals consumed at home due to the Covid-19 emergency and the consequent increase in food spending. This is true both for foreign countries and for Italy, where frozen pizza consumption has been experiencing a positive trend for years'*.

This sudden growth in final demand, which spilled over to the company's customers, since it operates mainly in the B2B sector, was not an easy challenge, bringing a lot of struggles in the organizational sphere. As the CEO explains, *'With the pandemic we had to deal with an emergency in orders, which started arriving at three times the expected rate. Fulfilling orders*

on time was a huge challenge, requiring a combined effort between logistics, production planning and raw material procurement, which was in short supply at times. Particularly difficult was the organization of the more than 700 employees in line with the rules imposed by social distancing, which required many organizational changes but which in the end gave much satisfaction as the company managed to respond in a timely manner to an increase in demand.'

Despite the difficulties caused by the pandemic, with some employees working remotely, Roncadin has continued to work on research and development, creating a new product line under their brand name and experimenting new pizza formats which are increasingly popular among consumers to be offered to their clients.

A potential threat stepped in during the pandemic that has not to be underestimated is represented by the new entrants' players which come from the Ho.Re.Ca. sector. In fact, due to the closure of restaurants, cafes and hotels in order to try to remain profitable many of them decided to enter in the large-scale retail distribution and although they tend to be small and untrained can represent a potential danger that is better not to under evaluate. Therefore, for the coming year Roncadin has to monitor these new players since they tend to be very competitive in terms of price in order to counterbalance their lack of knowledge and experience in the field.

3.3.6 Sustainability's overview

Since the Roncadin family regained control of the company, the central theme at the heart of the ownership and management is the attention to the environmental and social impact generated by the company, with the aim of reducing negative externalities and creating as many positive ones as possible.

It cannot be said that the company was born with a three-pronged strategy, but over time, the family has come to realize that its values are not limited to making a profit but are also committed to social and environmental issues.

There are numerous actions undertaken by Roncadin towards this new paradigm of doing business, some of which have already been certified, and others undertaken in the form of internal routines but not yet certified and communicated. In general, the actions taken towards social and environmental sustainability issues currently tend to be unrelated to each other, taking measures that tend to be independent in the various corporate areas, thus engaging in CSR actions that are partially included in the corporate strategy.

Since 2021, a progressive effort to certify the degree and level of corporate responsibility has been undertaken, also to respond to clients' request, with the aim of undertaking a series of

progressive actions and making sure that the company's commitment to internal sustainability is communicated more transparently. In order to do this, the company has entrusted a benefit consulting company, Hidra SB, with the aim of guiding them step by step in this mission, accompanying them first of all in the drafting of a sustainability report until they become a B-Corp in the medium/long term. This path, guided and supported by consultants to arrive at a more sustainable business model, proving every action taken with certifications can be an excellent strategy for the company to diversify in the market and at the same time pursue the values of responsibility that the ownership and management have as their credo.

Certification in general, and B-Corp's certification in particular, can bring several advantages for the brand. At the moment in Italy there are about a hundred companies that have obtained B-Corp certification, the majority of them are in the food industry.

This movement is therefore still in its infancy in Italy, as it is not yet very popular and widespread. It could therefore prove to be an excellent opportunity for a company to gain a first mover advantage and to diversify first of all on the market by becoming one of the pioneer brands and enter a network of virtuous companies that share the same ideals and work, helping to publicize and spread a responsible business model that contributes to take part in the change toward a sustainable economy and development.

Roncadin's sustainability effort vs the effort of its competitor:

It is now interesting to analyze and better understand how company's competitor relate to the topic of sustainability, in order to figure out their effort and where Roncadin position itself, with the goal of having the actual situation under control. Therefore, it is important to have clear in mind their strategies in order to understand the actions that Roncadin can undertake to self-diversify and get the first mover advantage rather than the aspects in which the competitors are far ahead and consequently Roncadin is lacking, in order to improve themselves. Hence it is fundamental to have a benchmark with which to be compared.

First of all, it is important to recall and have clear in mind all the competitors which Roncadin meets in the competitive arena, in order to have a better idea of the scenario.

We can say that this group of stakeholders are divided into two - as can be seen in the figure 3.2 below- and the factor that distinguishes one group from the other is the sustainability's commitment.

More precisely on the right we have Südzucker with the brand Freiburger, Bakkavür, Bell Food Group with the brand Hilcona, Dr. Oetker with the brand Cameo and Nestlé with the brand Buitoni. On the other hand -in the figure on the left-, we have smaller companies such as Mantua, Emilia Foods, Valpizza, Svila and Italpizza which have in common the Italian origin that is sometimes is translated also into a competitive advantage.

Figure 3.2: market positioning of competitors on the theme of sustainability and where Roncadin self-locate



Source: personal elaboration

In general the companies above mentioned are very different in terms of size and also revenues, and therefore it is important to underline that for obvious reasons certain types of activities implemented by a very exposed multinational company such as Nestlé are very hard to be put in practice by a company of the size of Roncadin, or the power that Nestlé can exercise on its supply chain is far bigger than the power that a far smaller company such as Roncadin has. Therefore, even if it is well known that the barriers met are different and the situation of each competitor is different, it is important in any case to map the single initiatives undertaken by each of them and use the bigger and more virtuous competitors as a source of inspiration. In fact, other than for the size and revenues the abovementioned two groups differentiate significantly also for the number of initiatives undertaken in the field of sustainability. More in detail the companies on the left -the Italian one-, are more oriented toward a strategy that gives more attention to the pure economic return, and their smaller size in relation to the others are not an excuse. In general, from their behavior they tend to adopt a more reactive approach on behalf of sustainable actions. In other words, they tend to rapidly react and obtain the

certifications required by the clients but in general tend to do very little in this field by themselves.

The second group instead, is made up by companies that are more committed toward actions that aim to protect the environment and the society, being also better and more active in communicating them.

Going more in deep in the analysis we have that the 40% of them draft a sustainability report in order to inform and prove to their stakeholders their initiatives (respectively Südzucker, Bell Food Group, Dr. Oetker and Nestlé), the remaining 60% of them instead use to communicate through their official website their effort on people and planet's responsibility. More in deep, the 4 competitors out of 10 which draft a sustainability report are aligned over the standard since all of them use the GRI one.

In addition the competitors active in the field of sustainability tend to be aligned also on the SDGs of the Agenda 2030 communicated, more in detail the most shared objectives are: zero hunger, quality education, gender equality, affordable and clean energy, industry innovation and infrastructure, reduced inequalities, responsible production and consumption, climate action and partnership for the goal.

For what regards the certifications obtained we have that also here there is a huge alignment among the companies under analysis, but no one is certified to be a B-Corp, and no one is incorporated under the form of Benefit Corporation. This data makes us understand that even if the awareness in this period on this topic is higher than in the past, the efforts implemented practically in this sector are still in development, and therefore Roncadin can be the first company among its competitors to get the certification and differentiate itself, serving as an example.

To go more in deep and analyzing the certifications already owned by the competitors in common with Roncadin we find the food sector specific certifications: BRC and IFS for what concerns the supply chain's transparency, the MSC which assures the sustainable fish chains, ISO 14001 which assures the commitment to reduce through concrete actions the impacts arising from their production, sorting, storage and marketing processes. This certification is still in progress for Roncadin, but approximately it will be obtained by the end of the year 2021.

To conclude we can say that Roncadin positions itself exactly in the middle between the two groups that have been explained, as it can be seen from the Figure 3.2. Therefore, it can be said

that it is in the middle between the bigger foreign and sometimes multinational companies that for obvious reasons have higher commitment to the topic, but at the same time it differentiates and locate in a different position than the Italian competitors since the effort is far higher. If in terms of initiatives it is well positioned, being placed a little before the big companies mentioned in the first group, it has to improve on communication's aspect. In fact, Roncadin undertook and is still undertaking good projects, especially now that is also supported by external consultants, but these initiatives often, especially in the past, are not well supported from a communicative point of view and there is the risk to equate Roncadin to the Italian competitors that have very few initiatives and are more profit oriented as already said.

CHAPTER 4: Roncadin's case study

4.1 Introduction

Going more in deep in the heart of this draft we are going now to analyze the topic of interest, or how Roncadin is managing the process and the challenges to become a certified B-Corp.

More in detail this chapter will be divided into four sub-parts that want to highlight respectively:

- how this process started, analyzing therefore the drivers that pushed the company to embark on this B-Corp certification journey;

- the 'as is' analysis, or the starting point situation from where the company starts, disclosing the BIA score that makes the analysis clearer and as more objective as possible. The test and the score review will be fundamental to understand the company's decisions and the subsequent behavior aimed at learning how the process will be organized internally in order to reach the objective to get the certification.

In this initial two session we are going to answer to the set of questions that are: What pushes the company to undertake this certification? How does Roncadin manage the decision to become a B-Corp internally? Which are the actions undertaken in present and in future to reorganize and align the company toward the goal? What are the managers' decisions to start the process of improvement? What pushes the company to undertake this change?

- the third sub-part will list the projects that the company will put in practice in the short and medium term in order to self-improve. These projects obviously are put in practice not only to try to increase the score for the second BIA trial, but have also the goal to increase the responsible behaviors undertaken by the company implementing even more a 3P strategy;

- the fourth sub-part will be the core topic of the draft, since the goal of this thesis is to understand the possible actions, the effort and the adjustments that a company has to implement in the moment in which it decides to be willing to get the B-Corp certification and the relative internal changes that it has to implement. Therefore, moving from an empirical setting to deduct general rules universally applicable.

To develop this fourth chapter, it has been fundamental for me to carry out an interview to the board of managers that helped me to better figure out these topics. To be as much as possible clear and faithful to the business case reality, I reported also the precise words of the managers to better understand the concept.

4.2 Sub-session one: drivers and motivations that pushed the company to undertake a more intensive and structured plan to increase its sustainability effort

In the first part of this fourth chapter we are going to analyze better which are the drivers that pushed the company under analysis to undertake this important project since February 2021, with the goal to assess itself and increase its sustainability commitment. In doing this Roncadin is getting support from external consultants to better achieve its objective that consists in the willingness to increase and harmonize its commitment in the cross-sectional field of sustainability. Hence, the aim of the path undertaken is to align the already high engagement that the company has and start the assessment for new certifications, proving by independent third bodies the actual effort internally implemented. One of these certifications that the company plans to obtain in the medium/long term is the one treated in this draft or the B-Corp certification.

It is important to underline that the drivers that I am going to explain in this first part, are variables that have arisen at different times, some earlier, some later but that together contributed to push the company to be willing to improve over time up to the point in which it is now.

As can be seen in the table 4.1 below I have outlined the most important drivers which moved the company in this direction and that have been mentioned by the interviewed managers, broken down by macro-themes. In other words, I have grouped the forces into four sub-groups respectively: system of values, environmental, social and economic.

Obviously, they do not have the same weight, rather they have different degrees of importance, but all of them have been fundamental to push the company where it is now, with the relative awareness gained and with the willingness to continue to improve.

As already mentioned in the previous pages, Roncadin is a company which was founded in the year 1991. Even if at that time the importance of sustainability and responsibility toward the environment and the society other than for profit started to arise practically as scholars prove and how was written in the first two chapters devoted to the literature, the approach toward these themes were far less common. In fact, the damages created by only for profit-companies to the people and to the environment were less evident than today and therefore the shift toward a sustainable paradigm of doing business were felt to be less imminent. As a result of that, also

the consumers were less willing to look for products that are not only sustainable but also responsibly created, and as a vicious cycle the companies were less pushed to self-improve. Therefore it would be imprecise to say that Roncadin since the beginning was born with a three-pronged strategy in mind, rather it is more accurate to say that since the year in which the founding family took over again the business, there has always been a particular attention to the outcomes generated by the production process toward the environment in the first place, enlarged and strengthened over years also toward the employees and the community. Therefore, in the following analysis it is important to keep in mind the purpose with which the company was born and the relative change that it is still doing.

Table 4.1: the drivers that pushed Roncadin to undertake a more structured commitment in sustainability

DRIVERS AND POTENTIAL BENEFITS	→	system of values	→	CEO and board of directors very sensitive to the theme since many years
	→	environmental	→	willingness to decrease the company's environmental impact
	→	social	→	willingness to support the local community
			→	talents' attraction
	→	economic	→	commercial goals: attraction of clients
			→	the certification can increase Roncadin's visibility in the USA and can confer to the company the first mover advantage in the European market
			→	higher efficiency means higher margins and therefore profits
			→	higher ability to attract investments at a more convenient interest rate

Source: Personal elaboration

Going more in deep in the analysis of the drivers reported above in the Table 4.1, reporting also the ideas provided by the managers through the interviews, it emerged that the first motivation mentioned by all of them when reporting the first question which was: *'Why did a company like yours decided to embark on a structured path to increase and prove its social and environmental commitment? [...]*' the first answer reported in common of all the interviewed

people underline that this issue has always been close to the heart of the CEO, of the owners and of the board of directors.

As it emerged from the managers interviewed, the commitment and the sensibility to these themes is not recent, it was not born with the goal to better advertise the company or with commercial purposes, rather these are values that became progressively important for the board of directors and the CEO and have consequently been transmitted to managers in order to transform values into practical actions.

Even if these values have always been present in the mind of Edoardo Roncadin and then transmitted to the son Dario, it could not be said that a three-pronged strategy was applied since the year in which the family took again the control, rather the most important perspective of the three that at the beginning was more safeguarded than the other two was the environmental one. According to what the CEO stated, the place in which the company is located, surrounded by green fields and mountains, pushes everyone to feel guilty in behaving incorrectly with the environment. That is the reason why Roncadin at beginning put a lot of commitment to the environmental perspective.

What said is proved by the fact that, since 2010 (two years after the founding family regained control over the business), the company started its transition to buy only energy coming from certified renewable sources, as well as 5416 solar panels have been installed, which are able to produce a large part of the energy requirement of Roncadin. Another huge green project in the field of the environmental sustainability which started in the last few years, sees the willingness to change the fleet of machinery and trucks to replace them with electric vehicles only, at a significant initial cost but with a positive impact on environment.

This shows that the commitment in this direction persists over time, proving that there is a real willingness to safeguard the environment trying to impact it as little as possible and that it is increasing over time, starting with the solar panel installation, continued with the electric cars, establishing a mechanism in the head of managers that pushed them to start a series of other initiatives also in other domains which then led to a desire to improve over time.

Another driver that goes hand in hand with the territory concerns the social sphere. Roncadin, as already said is a company that has the headquarter in a small village of more or less 1000 inhabitants. The attention to the community and in general to the people that surrounds the company has always existed and have always been their strength since an important part of the local community is also employed in the company. Therefore, there have always been a win to

win effect which drive toward the creation of mutual support: the people of the surrounding villages that gain an economic independence by working in the company, and the company that being located in a suburban area is able to find right workers from nearby countries.

In the case in which, a huge part of the surrounding community corresponds in many cases also to the group of employees, adopting measures to support the local society or the employees will translate into a benefit for both – the company and the people- enforcing the synergetic relationship between them.

The CEO Dario Roncadin stressed a lot in the interview the importance of people and the importance of the company for people, underlining how the enterprise location is totally in line with the values of the company to be willing to implement a 3P strategy. In fact, other than being located in an area surrounded by the mountains, where the respect to the environment seems mandatory, since the beginning the company became a reference point for many people offering them the opportunity to find a job place without having to move to the cities.

Since 1991 when the company was established in Meduno, the village was suffering of a process of depopulation for which tax reduction were implemented in order to try to stop this process.

Once the company failed, many people of the area remained unemployed and also for this reason the founding family decided to take back the firm's control.

After the fire again the family renew its commitment to its people listening to their needs to work, starting again the business activity and commit a huge amount of money in order to rebuild the plant which have been burned. As the CEO states *'Closing a large company in the foothills, where many people have left, would mean taking away a factory that employs a good portion of the remaining population, creating a lot of problems for many people and families. As soon as the fire broke out, all the workers made themselves available to me, asking how they could contribute to get the company back on track and ensuring that it would resume production as soon as possible.'*

Therefore, the relation between the people and to the community is strong and dated, kept high also through many meeting occasions organized by the company that have the goal to strengthen the connection with the surrounding community, due to the fact that Roncadin knows the precious resource that the local people represents for them, willing to share company's reality, and make people understand that the firm can represent a point of connection between the village and the world, offering opportunities not only in terms of employment but also in terms of support to the smaller economic activities developed in the surrounding area. An example in

this regard is the pizza outlet located in the perimeter of the company that sells also other types of food produced by the surrounding activities, supporting therefore them.

Hence, Roncadin, given its size and its power, also acts as a representative of the community in which it is located giving its contribution to support it.

Strengthening the support to the people, whether they are inhabitants or employees, will have a return in the image and brand positioning of the company, as well as it will be translated into a higher talent's attraction ability which will bring future benefits to the company.

Connected to this topic the high company's attention toward employees is proved by the development of written rules contained in the Code of Ethics which in line with Legislative Decree 231/2001 reports the set of principles and lines of conduct to which Roncadin's directors, employees and collaborators must adhere in the context of their respective functions and work activities.

Any violations in the rules indicated in this document are submitted to the Board of Directors which analyze the gravity of the actions firstly, and then a second step analysis is carried out by an independent supervisory board, seen in the person of Renato Pilutti.

The above mentioned drivers are well summarized in the words of the CFO Luca Pezzot who provides us a better understanding of the strong connection between the system of values of the CEO and the leading family, and the subsequent actions undertaken in the environmental domain, which then caught on growing and expanded in other domains. Reporting his words, he said that: *"The CEO has always had a certain sensitivity towards some sustainability issues, the first is the energetic one which pushed the company to use only energy coming from renewable sources. It can also be said that this effort is the easiest and most immediate to pursue, with the installation of a photovoltaic system [...]. But this issue was the first, then continued, as the excitement grew [...]."*

He then continued anticipating the next driver: *"Is this just a green, ideological consideration? Probably not, there is this sensitivity but there is also an economic attraction for sure, which drove the company to improve its behavior over time, also as a result of economic benefits found"*. These last words underline that: beside the value-system, environmental protection and people support there are also economic forces which drives the company to be willing to increase its responsible commitment. It is important to remember when talking of sustainable ways of doing business, that the profit's variable has not to be separated, rather it is as important as the other, otherwise the company incurs the risk to implement decisions that have positive

repercussions on people and planet but negative impacts on profit. This will translate into a high risk to fail and the subsequent lay off of employees will cause further damages.

Therefore, as it should be, the economic driver is an essential force which moves the company and keeps the company's commitment high on this topic, being as important as the CEO's values on environmental protection, bringing a benefit to the company which strengthen itself.

For what concerns the economic driver, four main motivations have been mentioned by the managers in the interview, but only three of them acted as drivers.

Not listed in the order of importance, the first motivation has been underlined by the head of commercial department Matteo Bertoni, who reports how a B-Corp certification can influence positively the final consumers which in turn generate a positive impact in this direction pushing the retailers to pay a greater attention in finding responsible suppliers with the goal to have a more controlled and sustainable supply chain, in order to meet the preferences of the final consumers.

In this case all the managers are fully aware of the fact that a B-Corp certification -considering that Roncadin could be the first player in the industry to get it- will not reestablish completely the European market dynamics, moving all the actors of the large supermarkets chains to choose only the B-Corp certified products, rather it would make the difference in particular situations. It is important to consider also that at the moment the interest of large clients that Roncadin has, such as Ikea, are following this direction or they require their suppliers to obtain reliable and always more stringent certifications in order to prove their commitment on the sustainable topic. As the literature proves, in the last decade, the attention to the supply-chain is becoming central.

Moreover, the competitive advantage generated by this particular certification as the CFO and the head of commercial department prove, could be particularly effective in the growing USA market.

Dr. Bertoni states that often in the European market there is the risk that the only one variable considered by the majority of the large retailers is the one of price, being willing to give up quality, choosing a cheaper product due to the fact that in this market this product is considered a commodity. There is instead the US market, which is expanding and provides higher margins, that in addition appreciates a lot the products produced by the B-Corp companies.

In the words of Dr. Pezzot is found a great summary of the combination between the system of values and the economic drivers, since he mentioned two main motivations that bring Roncadin to be willing to become a B-Corp.

The first advantage is to have a customized tool which proves their commitment, being a way to push them to increase it, keeping it high over time and turning values into actions, the second motivation is mainly for commercial reasons and therefore the economic advantage that it can bring.

More in detail in the USA Roncadin has a fully owned subsidiary which sells their products and they have great expectations for this market. As he reports: *'The market of the United States is an important market for us because it accounts for an increasing share of our turnover. It is a large market with great potential for growth, and it pays more and better than the European and Italian one. Being able to present yourself to the US market as a B-Corp certified company and therefore having a well-known third-party authority that proves your commitment, can offer you a competitive advantage.'*

In Europe this certification can be spent, but the phenomenon is still at the beginning. In this market it can grant us a first mover advantage for the future, rather than an immediate success'.

The third driver is well explained in the words of the manager of human resources Alessandro Tomba, who underlines that sustainability means also being more efficient and minimize wastes that lead to a cost reduction. This is obviously an important goal from the point of view of profit, since internally it is translated into higher margins, but if it is well implemented this monetary advantage can coincide with an environmental benefit. In the organization I was faced with, this driver can be seen practically in the establishment of the solar panels in the headquarter or in the numerous improvements in the operational machineries in order decrease the waste as much as possible. These choices are driven both by the willingness to be more environmentally friendly, as well as it brings an important advantage in terms of costs. Quoting his precise words, he stated that: *'Speaking of waste, we know that waste is a negative component in business. What eliminates waste automatically becomes an advantage. Therefore, it is important to select strategies that not only are forward looking from the point of view of profits, but also bring a benefit toward people and planet. This is exactly what we are trying to do'.*

A tangible example connected to this concept is related to the finished pizzas that cannot be sold to clients for two independent reasons: the first because they have visual imperfections and

therefore do not match the aesthetic requirements set by the clients, the second reason concerns huge mistakes in the recipe.

In Roncadin there are three steps to treat the two abovementioned categories, as well as the pizzas that are not finished yet but that have already imperfections in the first phase of the production process, being called therefore semi-manufactured products.

The steps in order to avoid wasting food are four:

- donate the pizzas that have visual imperfections or acceptable mistakes in the recipe. At the moment, only a small percentage is donated due to the fact that food banks have space constraints, as well as the legislation makes mandatory that each product has to have the list of allergens otherwise, they cannot be donated. The problem is that to save space Roncadin stores all these pizzas that cannot be sold together and often they do not have the label stuck on the pack. Doing it will require an extra cost in money and time that is charged on Roncadin;
- selling pizzas that have visual imperfections or acceptable mistakes in the recipe to supermarkets at a smaller price, this category is called internally 'second best pizzas'. Therefore, here a profit replaces a food waste and a subsequent cost to dispose the product;
- in the case in which the product is not finished, the demand for the 'second best pizzas' is met, the food banks are full and the topping do not include meat, instead of incinerating them, are sold to other companies and are used as food to feed animals;
- the third category, or the ones that include meat in the topping are given to plants that make biomass.

In the abovementioned ways, part of the wastes is decreased sometimes gaining some money and the damage to people and environment is reduced. This logic makes us understand that Roncadin's management fully internalize the idea that implementing a three-pronged strategy generates a win to win effect between the company and the surrounding people and environment.

Hence, it is clear that the set of values owned by the CEO and the owner family is not the only driver -even if it is the first to be mentioned by all of the interviewed managers when asking what moved the company to embrace this path-, but as they confirm there are economic variables behind, that have to be considered and that are impossible to be split since there are no sustainable projects if there is not profit to be invested to render the processes more sustainable.

There is then a motivation which emerged and have been mentioned during the interviews, but that can be said to be less preponderant in pushing the company in becoming 'greener', rather can be defined to be a subsequent opportunity that the company will encounter and can turn to its advantage. More in detail it regards the economic sphere and it is seen in the advantage that this project will bring for sure in the short-medium term in receiving credits easier and at a discounted interest rate. As Luigi Villalta, the manager in charge for the green transition, as well as the CFO Luca Pezzot, underlined that this factor will turn into a future benefit, but it was not a motivation which moved the company to move toward this direction.

To report the precise words of the CFO, to the question which specifically asked if the easiness of access condition to credit was a driver behind the decision to embark on the path towards B-Corp certification he answered: *'This issue did not come from the banks, it was first of all an innate sensitivity of Dario Roncadin, which then also found a commercial, social and economic component. It is true that by the banks there is this attention, but for us this was not the spring that made us move in this direction. It may be one more opportunity, but it was not the starting point. The banks nowadays, are guiding companies to act in the green field through forms of financing at favorable rates. We spoke about this two weeks ago with a bank, and they told us that they have some forms of financing that can be reduced over time, starting from an X rate that will decrease, if the company demonstrates to make progress in terms of certifications. Hence, if a company like our, takes this kind of path and assesses its commitment, showing that over time is improving its behavior toward people and planet, proving this advancement, the bank will progressively decrease the interest rates on the credit. For us this potential benefit is just an extra positive motivation that moves us in this direction.'*

To summarize, in this first part of this fourth chapter all the drivers and the subsequent motivations which pushed the company to undertake the path to increase its sustainable commitment have been analyzed respecting the order with which they have been mentioned by managers. A division between the direct drivers, which are factors that made the company move toward the willingness to certify and the potential benefits that the company will enjoy once this project will be well implemented have been mentioned and have to be kept in mind.

Before concluding this first part I would like to share an analysis which emerged by the interviews on the topic of B-Corp, with the goal to summarize what already said and to give extra knowledge to understand more in deep how the managers of the company under study conceive the certification of B-Corp and the relative projects required in order to obtain it.

In fact, knowing the internal sentiments and feelings about the topic helps us to understand how much managers are aligned over the topic and how much the culture to carry on a three pronged strategy is rooted internally in the board of managers; moreover, the higher the alignment the higher the willingness to pursue and implement a sustainable strategy that help the company to be able to obtain the certification faster, and therefore make a third body prove the effective commitment.

In sharing this analysis, I proposed a simplified SWOT analysis that considers only two perspectives. I decided to group the strength and opportunities together as well as the weaknesses and threats due to the fact that they are quite similar if we consider that the company is not certified yet. Therefore, for a future project such as the one of getting the certification the strength are most likely to correspond to the opportunities, and the weaknesses and threats tend to be very connected too since at the moment there are not tangible advantages and disadvantages, rather there are only future potential assumptions that are difficult to categorize under very similar concepts such as the four dimensions proposed by the traditional SWOT analysis.

What emerges from the interview is that all the managers seem to be aligned on the willingness to become certified and therefore work in the same direction toward the same goal. Going more in deep, the themes that emerged in the interview in support to the sections of opportunities and strengths have already been mentioned and explained above, since they coincide with the motivation that acted as drivers to make Roncadin be willing to undertake the sustainable path and hence be willing to get the B-Corp certification.

Even if already explained, just to mention quickly the strength and opportunities that this project can bring we found, listed in order of importance:

First of all, the family and a CEO that strongly believe in this project and that have strong values toward these topics. This aspect is fundamental in order to push and align firstly all the board of directors and secondly all the other layers of people that make up the company to go in the same direction or get the certification in a cohesive way.

Obviously the more these ideas are rooted in the minds of people at the top, the more are likely to be persecuted, bringing advantage not only to the company under an economic point of view but also to people and planet, becoming therefore best for the world.

Moreover, as already said this certification can represent a steppingstone to increase the attention of the brand Roncadin in the USA market in which the company is already present

with a fully owned subsidiary. Here the importance of the certification is widely spread and known and therefore it can help the company to gain new clients. Moreover, the certification will be very useful also to prove the values of Roncadin and its property, having a third and independent body that proves with a unique score, not only the environmental commitment, but also the ability to do business and respect the society.

Strongly connected to this point, there is the European market in which even if the knowledge of this certification is not so widespread, it can represent a point of difference in respect to the competitors, leading Roncadin to gain a first mover advantage.

Moreover as the engineer in charge of the operational sustainable and innovative development Luigi Villalta says, in Europe this certification will be necessary in the next future, both for Roncadin to support and prove its higher end products, as for the fact that the clients are always more interested in the certifications released by third parties which prove the behavior of the companies on these topics.

In addition, for sure there is an expectation to have a financial return in the long-run from all the projects undertaken. This return comes both in terms of company's image as well as from the increase of efficiency that benefits not only the final profits since wastes are decreased, but also the environment and the people.

The improvement of the image of the company connected also to the brand positioning potentially will have future repercussions not only on clients but also on talents. In fact, being a B-Corp means also to have a higher attention to the employees. As the manager of the human resources Alessandro Tomba says, increasing the policies toward them and creating a more prepositive working environment will have positive repercussions on the ability to attract new talents, having therefore a higher number of young people newly graduated that will aspire to work in Roncadin, bringing new and creative ideas to the company.

Hence, it emerges a clear alignment in the willingness to work to become certified since in their opinion, this path will bring advantages both to the company and to the people and planet, sharing the message that the B-Corp community wants to spread, or the win to win effect that this implementation will bring.

Analyzing now the weaknesses and threats related to this project, from the interviews it emerged that if the advantages in undertaking this path were very clear in the minds of the managers, the potential problems mentioned are limited, or in any case are not viewed as real problems as we will see. This approach proves that the proactive feelings and culture has been well established and transposed from the CEO to the first line managers showing therefore a

cohesion in terms of values and believes that for sure will be a point of strength that is going to be fundamental for the company to obtain the certification in a better, easier and quicker way. Reporting therefore the potential weaknesses and threats about the project mentioned in the interview by the managers, an impressive reply was given by Luigi Villalta who at the question firmly answered: *'I see the real threat in not obtaining the B-Corp certification'*.

This answer proves how not only the CEO, but also the other managers are very interested in this certification, seeing it as an opportunity that transforms into a benefit, rather than a cost. The internal alignment at least at managerial level is present and real, representing definitely a plus point. In this can be seen how the will and the ideas of the CEO have been transmitted in the right way to the managers, that do not only share these values but incorporated them in their personal system of values, leading to have an internal corporate situation aligned and focused toward the same objective.

An important point that represent a threat which has been underlined by both the manager of sales Matteo Bertoni as well as the CFO Luca Pezzot is the fear that the effort implemented in time and money to get the certification, to organize all the additional projects and improvements required to reach a score of 80 point and get the certification, then are not repaid in terms of returns.

The primary concern of Matteo Bertoni which emerged in the interview is the potential situation in which to become certified a number of costs are required that can lead to an increase of the price of the product, leading the clients to choose other potential suppliers -their competitors- and hence replacing Roncadin. He made very clear his concern explaining that it is true that nowadays their clients are more willing to control their supply chain, willing to test their suppliers and their degree of sustainability, but it is also true that a driver which still moves a lot of potential and actual clients is the price variable. On this point he made a distinction between the US and European market saying that in his opinion there will be markets such as the US one, where certifications that prove the responsibility of the company toward people and plant will become a *conditio sine qua non* to work and be competitive, and markets such as the European one where there is the very high risk that the commitment translates into an extra cost which drives the company out of the market. Even more so, if we consider that here the food sector of the industrial produced frozen pizzas is considered a commodity.

This view is supported also by the CFO, who then concluded that: *'At the end, I don't see many threats or weaknesses, the only potential one is to undertake activities that are correlated to costs that at the end don't give you an economic return. But I don't believe that this can be a*

threat because doing activities that lead you to become certified, from my point of view means doing activities that make the company better in many ways, so it's hard to say that it doesn't bring you an advantage. It is always difficult to correlate costs with revenues or lack of revenues and it's difficult to say that if we do activities to improve ourselves then they won't bring us an advantage, because I don't have the other proof: if I hadn't done them maybe I'd be worse off than I am, so I don't see any particular risk or threat, and certainly if starting activities to improve the score it means improving in general the organization with which the company proposes itself, having a better organization cannot lead to a disadvantage.'

Therefore, also from this answer it is easy to understand that even if there are some risks, they are analyzed in a proactive way, believing that the extra effort that bring extra costs are related to an improvement of the business that at the end bring a benefit.

The last and third motivation which can represent a potential threat in undertaking this project, has been explained by the manager of the human resources, since it is a point that influence more the sphere of employees. According to his thought in order to undertake a so structured path to reach the final objective of becoming a B-Corp it is fundamental that all the people in the company are aligned and increase their commitment. In his opinion a potential threat is seen in doing this in a fast-growing company such as Roncadin, where the processes are strongly routinized, and this project will eventually require revising certain routines in order to reorganize them and render them more responsible. Moreover, for what concerns a manufacturing company with many employees it is fundamental to communicate to all of them in the right manner when taking decisions, using also different languages if necessary, in order to transmit the message in a clearer and more understandable way. The risk connected to this is that they do not understand the motivation for which certain decisions are made and see it as an imposition rather than giving the right interpretation to the requirement, reacting from the gut and influencing negatively the process and the timing to become 'greener'.

To conclude this first part of this fourth chapter it emerges from the interviews that in general the company is aligned at least at managerial and property level to become a B-Corp, driven firstly by the huge willingness of the CEO to improve on the topic, driven also by the desire to reach economic advantages. Moreover, there are other motivations that push the company to be willing to increase and keep high the commitment on the sustainability field as seen above.

There are of course potential threats connected to this project, but these are seen by the managers relatively less powerfully than the potential opportunities that this certification can

bring both in terms of chances for the company itself and for the community and the environment, being therefore able to implement fully a 3P strategy.

4.3 Sub-session two: BIA result examination and subsequent analysis on how the company manages the internal process to become a B-Corp

BIA Results:

Analyzing the BIA results, it emerges that the actual commitment of Roncadin is proved and reflected numerically proving that their effort toward this theme is not new, rather is becoming more and more central inside the company.

In line with what the managers say, it is not right to say that the effort of the company started only now with the intensive project that the company undertook since February 2021, rather its commitment begun many years ago and this is proved by the discreet scoring of 65/200, that the company collected in the BIA that was carried out from April to June.

In order to carry out an assessment as accurately and truthful as possible I answered to the questions helped by the managers responsible for the different areas: in the table 4.2 reported below can be found all the relevant information on the name of the managers that supported me, their relative role, the BIA's area and the time devolved to each area.

Table 4.2: Interviews

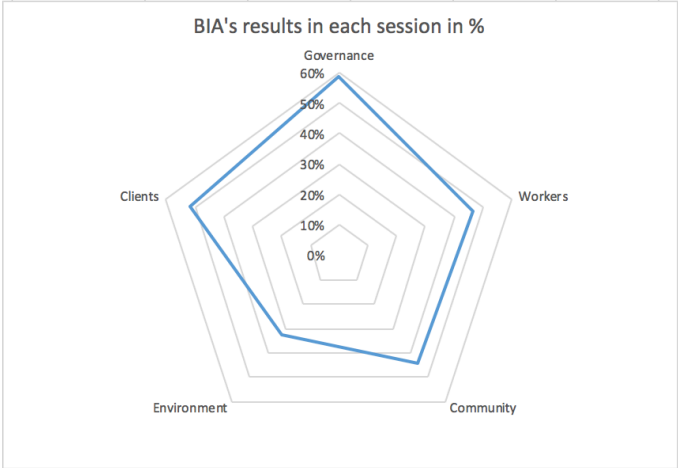
BIA's area	Supporting Manager	Corporate Role	Time in hours
governance	Luca Pezzot	CFO	3
	Elisa Piccinin	Marketing manager	
	Renato Pilutti	Chairman of the supervisory board	
community	Elisa Piccinin	Marketing manager	1
workers	Alessandro Tomba	HR manager	1
environment	Luigi Villalta	Development and Maintenance engineer	01:30
	Marco Giacomello	Health and Safety manager	
clients	Matteo Bertoni	Sales manager	30 min
transparency questionnaire	Luca Pezzot	CFO	30 min
total hours devolved			07:30

Source: personal elaboration

The graph 4.1 reported below shows in detail how the final score is divided among the different sessions. In general, it could be said that the part in which the company performs better is the governance part, and where the company has collected 59% of the available points.

It emerges that also in the clients' part the company performs good, with 52% of the points, for what concerns instead the other parts, respectively the one on workers, community and environment the company didn't reach the 50% on these session's score, rather the percentages are in the order: 47% for workers, 44% for the community and 32% for the environment that is the part where the company performs less good, but for which for which many important projects have already been undertaken.

Graph 4.1 BIA's results in each session in %



Source: personal elaboration

The general sentiments of the managers on the final score collected are varied, and in general they expected a score of this kind. As the CFO reported there are many things that the company is doing and gives attention such as the one of energy efficiency and saving, but to become a B-Corp it is important to capture also other aspects that tend to be softer that are related to the environment and the society around the company that are more difficult to be perceived and impacted.

Moreover, as Luigi Villalta states it is important to consider that the score obtained doesn't take into consideration many of the activities that started since February 2021, which will entail the certification of ISO 14001 and carbon and water footprint track that will for sure improve the score in the environmental part. Therefore, in his opinion it is a good point from which to start in order to get the certification without many years of waiting, encouraging them to be willing to improve. In addition, it is important to consider also that with the help of the consultants the

company will act according to a harmonized and cross-sectoral plan and not adopting only one business function perspective, and this approach will help Roncadin to be more efficient and aligned toward the goal.

Hence, even if the *'green soul'* is present in the company since many years, as the score of the assessment proves, in these last years -especially from the beginning of 2021- it has been strengthened and many projects have been started with the goal to improve over time and internalize fully a sustainable business paradigm which include a 3P strategy. As shown the starting point is good, but new actions and projects toward this goal have already been scheduled and will be implemented in the following months since as the score proves, but as well as the managers know, to improve in these fields and to become a B-Corp the commitment has to be increased.

How the company manages the internal process, and which are the actions and efforts to become certified:

Going now more in deep, this part of this fourth chapter is going to analyze what are the internal challenges, efforts and changes implemented by the managers from the moment in which the CEO and the property manifested the willingness to increase the commitment in sustainability themes, willing to prove their effort also through external certifications.

In order to become *'greener'* and so be able to get the B-Corp certification, other than starting different projects that will bring different and intermediate certifications allowing therefore the company to get a higher score in the BIA, the managers recognized that three main structural aspects that lie at the basis of the corporation's organization had to be rethought with the goal to facilitate the project of becoming a B-Corp, as well as to push Roncadin to internalize a 3P strategy.

More in detail, from the interviews it emerged that three decisions have been taken in order to build a more harmonized internal context where all the people are aligned to work toward the same direction, allocating the right amount of time to render the company more sustainable and therefore revise the internal strategy of operating. Hence, the goal is to create a favorable internal climate where the sustainability objectives will be reached in a faster and more cohesive way solving structural problems that were present before and that would create frictions in pursuing the objective.

Explaining them in short: the first one already implemented fully foresees the creation of an ad hoc business function, guided by the engineer Luigi Villalta, with the goal to have a specific person who manages all the projects related to the sustainability transition at operational level. This division has been established after the recovery from the fire even if the idea to create it dates much earlier but couldn't be realized due to the more imminent tasks that had to be carried out as a consequence of the disaster.

Moreover, the most recent change that was implemented since February 2021 with the goal to have additional knowledge, to give higher attention and to render the theme to become sustainable more central to the company and its employees, a group of external consultants were appointed.

Consequently, the manager of human resources department underlined the necessity to make a project to unify the company's culture toward the same objective due to the fact that the Roncadin is fast-growing and therefore the employees have to be educated and aligned with the company's aim. Even if this goal is not a new one, Covid-19 and the relative social distancing have led the company to struggle to continue and to implement new projects in order to align the company's culture throughout all the layers that compose Roncadin. Therefore, there is still much to be done in this respect.

Going more in deep in the analysis, the table 4.3 reported below will help the better understanding of the situation.

Table 4.3: how Roncadin is managing the process to increase its commitment in the field of sustainability

MANAGEMENT OF THE PROCESS TO BECOME CERTIFIED	→	creation of a new Business Unit	→	to better follow the process establishment of a dedicated team of experts
	→	cultural change	→	necessity to change the culture of a part of the employees
	→	consultants	→	to take decisions and implement them in a faster way
			→	to have knowledges that are not found internally
	→		to assign the right amount of time	

Source: personal elaboration

1. Creation of a new Business Function

The first internal structural improvement made in Roncadin in order to create an environment which ease the sustainability effort, was the creation of an ad hoc business function that, as it was already said previously, it is guided by the engineer Luigi Villalta.

Right after the recovery from the fire the board of directors understood that if the company wanted to continue to increase its commitment in sustainability there was the necessity to establish a designated team of experts that serve as key to bring innovations and further development at operational and plant level with the aim to decrease wastes that translate both into an increase of efficiency and therefore profits, but also the safeguard of the environment. Therefore, the new group of people in charge, has the goal to find practical solutions at operational level in order to reduce food and other types of wastes, as well as finding ways to substitute or render the machineries more efficient under many aspects such as the energetic consumption. In other words, this new business function made up of engineers has the aim to the provide technical and practical solutions in order to reduce especially the environmental impacts.

Moreover, the team represented until February an internal reference point on the project, for all the other business functions, trying to align their effort and make feel more concrete the ESG commitment, scheduling meetings with the goal to undertake decisions.

Since February instead, the CEO decided to increase the internal engagement on the ESG project, relaying on a group of experts in order to speed up the transition toward the adoption of a more structured 3P strategy. The new business function created years ago was more operational rather than managerial, and therefore was not enough to act as a binding force to harmonize all the actions, rather it is more localized in creating operational efficiency at a plant level.

2. Appointment of consultants

Since February 2021 Roncadin decided to appoint a group of consultants that are guiding them in order to carry on a number of projects to improve the commitment of the company as well as to undertake a series of certifications that prove that the firm is increasing its degree of responsibility, that will be useful to get a higher score in the BIA.

Even if the work with them is just at the beginning, and therefore it is premature to jump to conclusions, the two main reasons for which they have been appointed are: the necessity to have experts that know how to guide structured companies to become more sustainable, as well

as to have specialists that act as coordinator of all the different business function, operating as a facilitator in both communication and action to increase the internal commitment.

This concept is well explained by the words of the CFO who summarizes the two motivations as follows:

'The management decided to rely on a group of consultants for two main reasons:

The first is that it is not possible for a company to have everything in-house, and therefore for certain delicate topics that the company feels not to have enough knowledge it is necessary to have some experts that deals with these things, who brings know-how that may not be fully available in the company.

The second is because the need to have someone who, not being included in the everyday activities, is able to act as a coordinator; otherwise we tend to have always something more urgent and linked directly to our tasks that we feel to be more imminent to be done, and if there is not someone who acts as a glue it is difficult'.

Therefore, as he well explains, due to the fact that Roncadin wants to increase its green commitment significantly, the competences of the people inside were not enough, and even if there is an appropriate business function created ad hoc internally, it is something that remains outside the core competences of the company as well as it stands outside the ordinary flow of activities. This point of view is shared also by both the CEO and Alessandro Tomba, the HR manager, who underline that due to the fact that the competences required in the field of sustainability are very specific, Roncadin doesn't have them all in hose, proving that there is the necessity to have a deeper knowledge coming from outside.

The expected benefits from the appointment of consultants are many such as:

Reduction of the lead time required to speed up the process to become greener and therefore introducing simple and less complicated practices that since the beginning will help the company to go in this direction. As already said and as Luigi Villalta reported in the interview there is the necessity to be effective in this field in a relatively short time, and therefore an external third-party expert on these issues and that works on them on a daily basis will result into a benefit for the company.

Moreover, thanks to the consultants the managers are able to have the feedback of a third eye that is not self-referential but that compares their situation with other realities, giving them support to assure that the road they are following is the correct one. As Luigi Villalta says this topic is very complicated and cross-sectoral and therefore there is the necessity for Roncadin to have a guidance.

Another benefit is the one to harmonize the effort of all the other business functions in order to collaborate in the same projects avoiding to start separate actions that even if have the goal to increase the attention in the ESG plan, may steal time and resources to other projects more in line with the ultimate goal of the company that is the one to become a B-Corp.

A situation of this kind can be seen in the scenario in which a business function of the company implements a project in the field of sustainability investing a huge amount of time and money but that at the end will make Roncadin earn just a limited amount of points in the BIA. It would be better in some cases to carry on just a bigger project that would not only have a positive consequence to people, profit and planet but will also make the company gather a higher score in the BIA. Hence, some actions undertaken, even if result good for people, profit and planet can obstacle the firm in reaching its ultimate goal that is the certification obtainment. For this reason, a business function that harmonizes everything and looks for potential new certifications can definitely help the company to perform better and in a more organized and rational way.

In addition, even if it is difficult for the management of an enterprise not to have knowledge of the situation in which the company is and therefore of the strengths and weaknesses related with this ESG path, there is the risk that each manager has a partial knowledge about the topic. In other words, due to the fact that these projects require the interconnection of different business functions, there is the risk that the managers pay attention to the topic only to the extent to which it is related to their area of interest. The path undertaken with the consultants has the goal also to set fixed day meetings in order to allow the managing board to acquire a 360-degree knowledge on all the aspects of the ESG project, making them follow in person all the plans from the start to the end leading them to be fully aligned.

In fact, as it is easy to imagine, a higher degree of knowledge leads a higher degree of alienation, bringing better outcomes.

3. Cultural change:

Until now, the attention was focused on the actions regarding the management board, but it is important to remember that to have a good outcome it is fundamental to align and include also all the other employees that make up Roncadin. Hence, considering both the one that work in the offices and the one that work in the manufacturing plants.

As already explained in chapter one, the cultural aspect when talking about sustainability projects is fundamental and has to be shared and strengthen throughout all the organization,

otherwise it contributes in the arise of mission drift's risk, leading the company to be unable to balance the two logics -profits versus social and environmental sustainability.

When asking to the managers what will be the challenges in the improvement process of the business, the answer provided both by the manager of human resources and by the CEO refers to the internal organizational culture. In general, what emerges from the interviews is that managers are aware that each structural change brings a reaction at employee's level. In fact, in many cases improvements will require to reorganize routines, and this can cause internal tensions and frictions that are likely to translate in a difficulty to persecute the set objectives, if not managed correctly.

Therefore, to solve this potential scenario that is expected to arise, it is fundamental in managers' opinion to create awareness among workers, making them feel involved in a project that is bigger than the mere interest of Roncadin, but that involves them, their sons and the future generation. Hence making them know that they are joining the forces for a greater end acting in the interest of everybody.

When asking to the managers: *'Do you think that the corporate culture and the internal corporate climate present in Roncadin today is suitable and supportive of the huge project that it is taking place?'* all of them answered that they think they are ready even if they recognize that future challenges will be met for sure.

To report some of the answers to get better the concept, Matteo Bertoni states that in his opinion the key to go ahead is the strong faith that the CEO has in this project. According to him if the CEO has these strong values, before or after they will be inculcated in everyone's mind in the company. He states that the challenge to move toward more sustainable business practices is not new, therefore all the employees have been encouraged to act proactively toward this way of operating.

A detailed and interesting answer was provided by the HR manager who disclosed not only his feelings about the workers' readiness for the project but also the tools that will be implemented in order to create a unique culture and carry on greater performances.

He answered: *'In my opinion at directional level we are definitely ready to make this improvement in our way of operating, but there is a huge work to be done with all the other employees. The fundamental challenge is not only to take the right decisions, but also to communicate them in the right way in order that they welcome them positively. Many decisions will require to change routines that if not well communicated may be perceived as useless*

decisions to render things more complicated. Therefore, the biggest challenge is for sure the communicational one. The better we will communicate, the better our values will be supported and will be faster shared.

We have already started to communicate with all of them through the company's app, implementing a series of messages such as 'watch where you throw your cigarette' in order to start to stimulate them in this direction and increase their involvement. These messages may be banal, but we are starting with small things in order to introduce different elements. As the time passes, and hopefully as the Covid-19 restrictions will decrease, we planned to engage them with different interconnected tools. These are app communication, monthly meetings talk, and we plan also to meet with all the employees one hour every six months to talk about certain issues, future opportunities and choices adopted together, bringing groups of 100 people at a time.

It is only by talking to them and including them in this process, sharing the values and behaviors to be undertaken that the culture can change. This shift will require much time, changing the culture it is not something easy to be done, therefore using the app and meeting them in person compulsorily once a year is a reminder that we are moving toward an end that must be common. The challenge is a radical change of vision, because what we have to consider is that we are not reviewing only the attitude within the company perimeter, but we are reviewing their personal behavior and attitude. That is, how we manage household's waste, because then we apply the same logic at work. It is a challenge that goes beyond the single employee, but considers him with his wife, children, and everything. So, we talk about water use, bike use, and a number of things that at the end make the difference if implemented by everyone.

Only by changing their culture, they will be willing to change their behavior and routines replacing them with different attitudes that at the beginning will require a greater effort, in order to commit happily for a greater end, not only at work but also in their every-day life.'

These thoughts are confirmed also by the CEO Dario Roncadin, who mentioned the necessity to share the same values. This is done through the implementation of a strong communication campaign that involve more than one approach in order to make workers understand why decisions are made, making them feel more included in the projects. The aim is to educate them step by step to adopt a behavior which respects the other and the environment. For Dario Roncadin it is necessary to start again the physical meetings with the employees since in his

opinion the App communication is a cold type of relation that is not so effective even if it remains a fundamental tool.

Therefore, these three abovementioned changes that have been implemented in the last years and that will be put in place in the following periods in the company, will be fundamental to create internal preconditions that push the enterprise to act on several different sides simultaneously and that will help it to proceed in a cohesive manner having a greater ability to reach the pre-set objectives.

By aligning all the managers on the topic -thanks to the help of the consultants- and by harmonizing the internal culture -planning moments of inclusion and education within all the employee- will make the company more solid and unified toward the goal.

These actions of alignment are supported by a dedicated business function that translates the projects into actions intervening at operational level with the aim to implement fully at 360 degree a 3P strategy.

4.4 Sub-session three: present projects to increase the BIA's score

Roncadin supported and guided by consultants decided to undertake in the short term a number of initiatives that first of all will make the company increase the degree of commitment in the sustainable field, giving the possibility to the firm to be able to start an organized and structured process of harmonization and communication of its values and actions with the external environment. Secondly, an increase in the company's effort and the subsequent obtainment of other certifications will help the company to increase the number of best practices undertaken being able to collect more points in the future assessment to become a certified B-Corp in the medium-long term.

In the meetings with the consultants the next projects have been decided with the goal to increase the company's commitment and start to implement a series of practices that will make the company to be more sustainable and responsible toward people and planet without neglecting profit.

The tool proposed by consultants to develop a road map to be followed during the year is the so called '*Hoshin Kanri Matrix*' that once found the 3P strategic objectives that will drive all the future decisions, a series of connected elements such as strategies, projects, KPI, actions,

responsibilities and measures will be set in order to reach the three objectives that lies at the basis and that make move all the actions of the company.

Therefore, this tool has the goal to harmonize and align all the actions of the company being guided by the three objectives that are in line with the goal of the Agenda 2030.

In order to better understand the present projects that the company has already started to persecute in the months while I was carrying out my internship, it is interesting to disclose the three objectives for the three perspectives -people, planet and profit.

For what concerns profit the CEO set a higher range of revenues to be reached, for what concerns people, Roncadin would work to implement projects that make them become one of the best companies in the province for what concerns the achievement of professional aspirations, and for what concerns planet they are willing to reduce the impact on the environment.

As can be seen in the table 4.4 reported below, the three projects on which the company already started to work on are:

- the draft of the sustainability report according to the GRI standards
- the analysis of the carbon and water footprint in order to map the actual situation concerning the carbon emissions and the water usage in order to take actions to decrease the company’s impact
- ISO 14001 obtained by the end of 2021. This certification released by an independent third party aims at carrying out an environmental analysis to assess the significance of the company’s impacts.

Table 4.4: present intermediate projects to increase the internal commitment

FUTURE PROJECTS	→	Sustainability Report	→	to increase the level of trasparency and accountability of the company, strengthening the relationship with the stakeholders	
	→	Carbon and Water Footprint	→	to know the company's actual situation	
				→	this data will make the company gather points on the BIA
→	ISO 14001	→	to understand the starting point of the company, and be willing to implement a strutctred plan to reduce wastes		

Source: personal elaboration

1. Sustainability Report

The goal of the Sustainability Report is to communicate the actions that Roncadin is undertaking with all the stakeholders in order to create a shared value with them.

Hence, the aim is to map the stakeholders related to the company, in order to understand the effects of the activities undertaken by the firm on them, analyzing the positive and negative impacts generated from an economic, social and environmental point of view.

Moreover, this official document has the goal to communicate directly with the stakeholders in order to disclose the company's commitment in their direction.

This tool has a huge meaning, since disclosing the internal data and activities undertaken, aims at establishing with the stakeholders a relationship based on communication and transparency, considering their interests as a company's integral perspective.

The process to draft the report was guided by the consultants who first of all made an analysis of the activities already implemented, then examined the present and future projects that have been planned, and at last together with the managers defined who are the stakeholders for the company developing a matrix with the goal to establish the influence-dependence level of each of the outlined stakeholders. Analyzing the stakeholders which have been mentioned by the managers, therefore the ones that are considered by them to influence and be influenced by the company's actions are:

clients: the ones of the large-scale retail as well as the distributors; all the suppliers: both the one strictly related to the product as well as the suppliers concerning facilities and technologies, services and consulting, the co-manufacturers and the logistical one; the competitors; the employees: considering the employer's associations and the employees' one; final consumers; the local community: considering the region and the municipalities and the non-profit associations; universities and schools; shareholders and banks, insurances and the whole financial system.

Moreover, a matrix has been developed in order to analyze how strong the relationship between the company and all the stakeholders is, being willing to categorize all the constituencies into subgroups considering the degree of influence and dependence. In fact, different stakeholders interact differently with the company, and it is important to keep it in mind.

As can be seen in the Figure 4.2 below, in order to simplify the analysis of the stakeholders they can be grouped in three different categories.

In the upper right quadrant, we find the ones that have a high level of influence and a high level of dependence. These are:

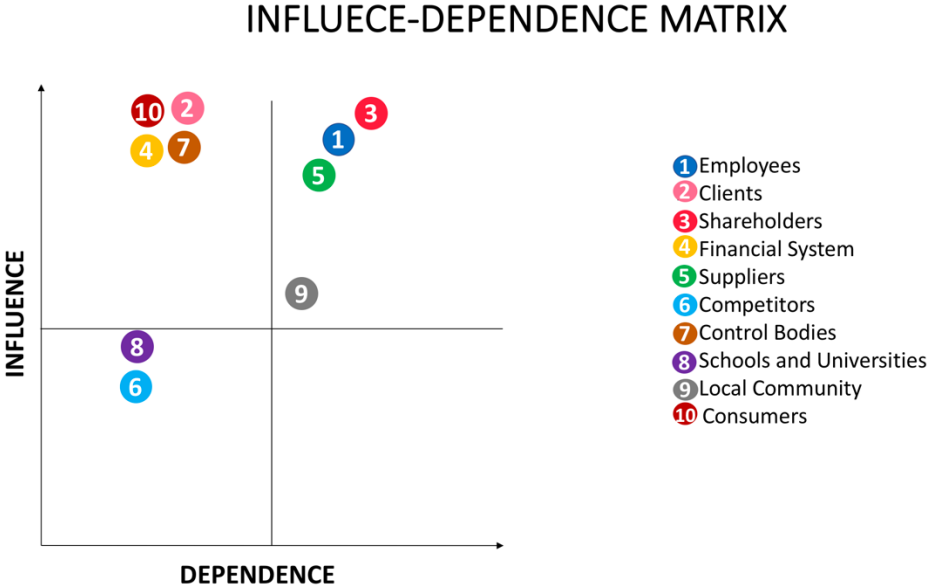
The shareholders; the local community and the employees: since they are fundamental for the business having therefore a high level of influence, as well as a high degree of dependence since the majority of them have a low educational level and live nearby.

In the top left quadrant, the stakeholders with a high level of influence and a slightly lower level of dependence are found. These are:

The clients that have a high level of influence but a smaller level of dependence, the consumers which have for sure the higher level of influence than dependence, the financial system and the control bodies.

In the bottom left corner instead the stakeholders with a higher influence than dependence are found. These are the competitors, schools and universities.

Figure 4.1: influence-dependence matrix of Roncadin’s stakeholders



Source: company’s internal documents

2. Carbon and Water Footprint

Another project implemented by the company is the carbon and water footprint analysis. Since May 2021 Roncadin started the process to track the carbon emissions first of all of the production plant that is the headquarter in Meduno, and then the analysis will extend also to the plant located in the USA.

Afterwards the company will start to measure also the quantity of water used not only in the production but throughout all the life cycle of the product.

Supported by the consultants the company already started to gather internal data to track the carbon emissions. According to the Treaties of Paris in order to decrease the risk of climate change, the carbon emissions have to be reduced dramatically. Therefore, to contain the increase of the global average temperature below 2°C, limiting this increase to 1.5°C, for the first time, in December 2015 all the countries in the world decided to commit together toward the objective to decrease the carbon emissions. At European level the goal by 2030 is to decrease the emissions by 55%, willing to reach step by step the carbon neutrality.

Hence, in order to do that, there are three types of emissions that the company will have to track:

- 1- The direct emissions that include the carbon generated by heating, company's cars, refrigerant gasses;
- 2- The indirect emissions which arises from the energy consumption that include electricity or heat generated by third parties
- 3- The indirect emissions which aims to track the carbon produced by the raw materials, logistical transfer by third parties, travels, wastes, use of products sold, end of life of the products sold (therefore how they are disposed) and from the commuting of employees.

As can be understood above carbon footprint doesn't want to investigate only the emissions produced by the company to produce the good, but considers the entire life cycle of the product, therefore from the raw materials used, up to the moment in which it is disposed in the case in which it is not eaten.

After assessing the carbon emissions of the company, they will start to work on the water footprint that uses the same logic but considering the water used over the product's lifecycle.

In general, the benefit received by these types of analysis is to be able to have this knowledge under control, and after knowing the company's starting point, be able to self-improve and set targets for the future. Moreover, another advantage is that many questions on the BIA under the sub-session regarding the environment requires to measure the company's footprint, therefore doing this type of analysis will also help the firm to pursue its goal to become a certified B-Corp, since it is able to totalize a greater amount of points in the next future assessment.

3. ISO 14001

The last project already implemented that will become reality by the end of the year, sees the process to assess the company to get the ISO 14001 certification.

The company is interested in knowing in detail the amount of wastes generated in order to implement a structured plan to reduce them at minimum over time.

There are many advantages coming from this action such as:

The improvement of the behavior of the company toward the environment, therefore enforcing the respect for the planet, or the increase in the efficiency of the company due to the waste decrease, or the improvement of the company's image and reputation.

Moreover, other advantages related to this project are the creation and attainment of the corporate's value and the ability in the future to be able to gather a higher score in the BIA since there are different questions that aim at investigating how a company manages the waste chain.

4.5 Sub-session four: Managerial implications of the analysis

At this point, after having analyzed in depth the case study reported in sections from two to fourth of this chapter, it is time to move from the empirical setting, or what is happening in Roncadin, to the development of additional theories that aims to generalize the possible internal challenges, problems, efforts and adjustments that other companies are likely to face when they aspire to become a certified B-Corp.

Therefore, the final section of this chapter, aims to draw conclusions to implement and generalize what can move a company to increase its commitment in the field of sustainability, as well as the challenges that are likely to arise internally and that are connected to the willingness to become certified, due to the fact that, as has been seen, the company's score is not high enough.

Also related to the challenges also the problems that have been explored in the previous sections and that, in general, a company may face when starting this process; as well as the structural changes that are needed to be implemented in order to make the company leaner, more harmonized and aligned toward the objective.

The aim of this sub session is to analyze the path a company that wants to obtain the certification of B-Corp may encounter: from the moment in which an internal figure decides to bring this innovation inside the company to the moment in which projects are set, structural changes are implemented and initial problems that concern the ability to harmonize thoughts, perceptions and ideas of different important and leading figures are overcome.

Obviously, different challenges will arise as the time passes since implementing a three-pronged strategy requires a total revision of company's organization. But at the moment, I am drawing conclusions based on what I have witnessed during my six-month practical experience and that I may expect to be found in many different, but similar, business contexts.

Going more in depth, and reporting my understanding from my empirical experience in order to use the setting with which I was confronted as a starting point to develop additional theoretical ideas, it can be said that presumably the willingness to decide to become certified is an idea that arises from one or few relevant figures in a corporation. In fact, the majority of the employees working on their tasks and being absorbed in their daily routines will hardly have time to have these ideas, and the managerial class generally has to solve different problems that arise every day while having to coordinate their teams and tend to have a short-sight view.

It is more likely that this willingness starts from a person such as the entrepreneur, because he/she is the owner and therefore the decisions which may involve structural changes are made by him/her and because the role of the entrepreneur is generally not only to manage everyone in a company, but also to have a wider vision that distinguishes him/her from an ordinary manager.

In fact, when interviewing the managers when asked how they imagine the company 10 years from now, the CFO answered that the CEO has to be asked these questions, since the answer requires an overall view and future visions that only the entrepreneur can have.

Annexed to this concept there are the drivers that are likely to push any entrepreneur to come up with the idea.

Generally, the drivers are more than one and change according to the different business realities and organizations and depending on the business context they can be more or less preponderant. To be willing to decide that the business starts the certification process, a minimum degree of sensibility toward the values of sustainability has to be expected. Otherwise, the only logic that will be implemented is the one that aims to reach efficiencies through the cutting of costs regardless if they hurt people and the planet.

Moreover, other drivers will push a company to become certified, especially if the company is a for-profit one. These drivers can be many and can regard different spheres.

For what concerns the economic motivations, companies can be driven by the willingness to become certified to attract new clients since the trend is going toward a higher preference for consumers to opt for sustainable certified products.

Moreover, certain decisions that benefit the planet also have an advantage at profit level, as already explained above. The photovoltaic panels have already been mentioned and offer efficiency in waste and the safeguarding of the environment will increase margins.

In addition, there is also the benefit of the interest rate level promoted by the banking sector that foresees a lower risk for companies asking credit for sustainable projects.

Another important factor that I expect may affect this decision is the market in which the company operates. As explained in the sub session five of the second chapter, the number of B-Corps in Italy is still low, even if it is higher than in the other countries in Europe. This can represent a negative point that can prevent many companies from embarking on this decision, especially for companies that operate mainly in the Italian and European market. In Italy, companies are moved to become certified because they hope to have a future advantage that will arise from being the first in the market and not from an immediate success. Therefore, I expect that companies that engage in this project are most likely to look for an immediate return in the short run by advertising the certification in a market where it has immediate success having the headquarter in Italy.

What concerns, instead, the remaining drivers, when it comes to the environmental sphere, is the decision to become certified can be pushed also by the willingness to behave responsibly toward the environment. This driver gains even more importance in the case in which the company is located in a place where it is surrounded by nature, and their actions can impact negatively, impairing the area visually.

Moreover, the willingness to obtain the certification can be increased also by the will to imitate other players, such as another company that entrepreneurs admires, or a competitor that have publicly communicated the willingness to become certified or that have already received the certification.

The last driver that can affect the decisions of the companies, pushing them toward this direction, is the willingness to attract young talents. Since they tend to prefer to apply to companies that implement sustainable and responsible practices and therefore act in respect of people and the planet rather than being only willing obtain profits, as is reported in the literature.

Once the entrepreneur is sure about his/her idea and decides to talk and share it with the first line managers to ask them the initial feedbacks, as well as to start involving the managers of each division in order to evaluate more in depth the possible costs and benefits related to the certification in that division, possible tensions can arise.

In general it can be expected to find business functions that are more proactive and tend to see this topic as an advantage, such as the marketing department, human resources and sales, since they think that the certification can be a competitive advantage to the company's brand and make them better able to differentiate in the market and also among other companies in attracting talents. This situation can be exploited in Italy and in Europe, since the number of companies that are certified is so low that it is easy not to have direct competitors that are already certified and therefore be able to obtain a first mover advantage.

The divisions that are at risk not to support the entrepreneur's proposal and be resistant to change can be many, based on different motivations. The operational one, for example, may fear an increase in the production costs. In fact, to become certified, among the questions evaluated in the BIA is the supplier selection evaluation. A higher score is allocated to companies that buy local raw material, that can translate into higher operational costs and eventually a revision of the production methods.

Other divisions that may be skeptical about this decision can be random ones that know that this additional project will steal time and effort not only from the manager in charge of it, but also from the people of the team with which the manager collaborates, and therefore adding tasks with the risk that employees feel overburdened with. This situation can be especially probable nowadays, due to the fact that the different business functions are already under pressure due to the problems related to Covid-19 pandemic. This is referred to in the literature as an internal tension to balance the dual performance organizational activities on page 27 of the chapter 1, paragraph 1.5.

At that point the leadership ability of the entrepreneur has to prevail and be able to align everyone on the project in case that end up thinking that the benefits of obtaining the certification are greater than the costs. At this stage it can be expected that the communication ability of the leader has to be put in practice in order to persuade the heads of the more hesitant divisions and convince them to work proactively on the long project that the company will have to face.

From this moment on, a series of actions are expected to be undertaken internally, that will include an increasing number of managers up to the point in which the process undertaken will include all the employees of a company.

Obviously, the time required to do this process will be long and gradual in order to prepare everyone in the company. It will require implementing an increasing number of projects that, in many cases, may also ask for internal structural changes to create a suitable internal

environment to ease the certification obtainment, as well as the potential conflicts and internal discussion that arise will require good leaders to manage all the challenges and bring all the people to share the same point of view in order to be able to proceed.

Moreover, from the empirical setting with whom I was confronted, I was able to learn that not all the companies that start a process to become certified think that they can obtain the necessary score in order to receive the certification at the first trial. Rather, in many cases, the test is done when the managers are all aligned towards the objective and many different projects that pass through the obtainment of the intermediate certification are already being implemented.

In many cases, therefore, the BIA is undertaken as a first test in order to have a practical feedback on the questions asked, how it is structured, how the points are allocated among the different questions and to have a first additional self-assessment in order then to evaluate if the next steps scheduled are coherent.

Therefore, in many cases, especially where there are strong green values that lies at the base of the will to become more sustainable, the willingness to become certified acts like a pretext to plan a structured internal path to increase the sustainability commitment of the company. Hence, a number of intermediate projects will be implemented step by step, that simultaneously push the company to be able to collect a higher score in the next BIA trial, as well as new projects are implemented that increase the internal level of responsibility in the short term.

For this reason, after the management alignment I expect that a group of experts is appointed in order to increase the commitment and guide the company toward its goal.

Because the topic of sustainability related to the organizational context is very complex and cross-sectoral, in depth knowledge is necessary in order to make the right decisions and manage the internal project. In the majority of the situations, this knowledge is not found internally in a company, since sustainability is something that lies outside the ordinary flow of activities. Instead it is better that enterprises relate to qualified people such as consultants that do have the right skills.

The potential risk of appointing them is the possibility that internal frictions may again arise. In fact, apart from setting monthly meetings, they will also give additional tasks to managers to carry out. Even though they will be small assignments, they will always take up time, distracting managers from the already high number of problems that they are expected to fix every day.

Therefore, a sort of internal evolution is expected, and how functional it is to the result depends on the abilities of the entrepreneur and of the consultants. The better they are at communicating,

the faster they will be able to move from a situation where managers are detached to a situation that they take part in the meetings, being reactive, up to the point in which they become proactive.

Moreover, it is likely that once the discussion with the consultants starts in order to decide which projects to set, there will be a huge number of actions that the companies may undertake in order to self-improve. At that moment, due to financial and time constraints faced, companies will figure out how to proceed choosing projects that are in line with the company's objectives, considering the time and resource that each project may require and the number of points that the company may gain in the BIA. Hence, giving priority to projects that, other than being in line with the company's objectives, allow also the company to earn a higher number of points in the BIA, in order not to waste resources and be effective and efficient.

From that moment on, a number of structural internal changes are likely to be necessary in order to include all the employees; since acting with a responsible business model requires a reorganization of method of operation and the way activities are conceived.

The first change: as the proactivity of the managers increases, there is the need to change the company's internal organization also. Since ad hoc internal business function or projects related teams must to be created with the goal to establish a touchpoint between the work of the consultants and the people in the company, as well as to establish an internal group of people that is in charge of the project personally. Citing the concepts already reported in the literature in chapter 1 on page 31, the goal is to change the structure in order to better implement the strategy -Chandler's theories-.

Otherwise, if there is not an internal function on the new goal, there is the risk that sustainability is still something external to the company, as well as due to the fact the topic is cross-sectoral and involves everyone, no one feels directly in charge of them and the tasks are procrastinated.

The second will be a huge cultural change project that will be managed by the team of human resources together with the entrepreneur, and that has as a target the engagement of all the people making up the organization. This has to be implemented in order to avoid the risk of having different internal culture -page 28 of the chapter 1, paragraph 1.5.

Devoting effort to increase company's sustainability will require different commitments according to the different role that each worker plays. But throughout all the company's layers

the proactive participation of everyone takes place only if each one feels involved in the project and receives communication and explanations on why internal dynamics are changing.

In fact, there is the risk that if workers are not involved, they do not understand decisions taken at the top and become resistant to change because they do not understand the intrinsic motivations of the changes and therefore possible conflicts arise.

To avoid this risk, it is important that a structured internal project that involves communication is implemented, finding different effective paths to reach all the people, to communicate with them and educate them in order to make them feel involved in the project.

Sustainability means not only to behave responsibly and proactively toward the theme on the workplace, but the real ability of the entrepreneur lies in his/her skills to educate them on the topic in order that they understand and implement the knowledge not only in the workplace but the correct behavior spills over in other domains, for example at home, and in any action that people undertake.

Therefore, the ability of the entrepreneur and of the HR department is making all the employees aware and feeling part of a bigger project which affects everyone, that is bigger than the mere interest of the company for which they are working, but involves them, their sons and future generations.

Hence: is sustainability just a matter of leadership?

Of course, the ability of the leader to convince everyone and to make all the layers of the company move in harmony toward the stated objective is fundamental and is not easy to be done. At the same time, the leader's capacity is not enough if he/she doesn't believe in what he/she is doing or is not surrounded by good managers that cooperate with him/her as well as workers that are proactive too. It is important to remember that the leader is just one and the efforts required to become a B-Corp are so high that an internal cooperation is fundamental to translate values and wills of the leader into practical actions shared by everyone.

Moreover, other than the initial idea, a good project implementation is fundamental, since a huge cultural and internal organizational change is required in order to transform the company into a more suitable and leaner environment to reach the pre-set objective.

In this fourth chapter, after the disclosure of the in-depth analysis of the business case of Roncadin, with the goal to understand which are their specific efforts, drivers and adjustments related to the project of becoming a B-Corp related to that particular business context, the core of the draft is presented.

In fact, the description of the empirical setting has the goal to be able to acquire the practical skills to understand what are the most likely challenges, paths, problems and changes that are likely to be found also in similar business contexts, in order to contribute to the theoretical framework.

Conclusions

In conclusion, it is important to underline that nowadays we are assisting in a change in the business model paradigm implemented by an increasing number of companies. Thus, as already explained, we are moving from a situation where enterprises focused exclusively on profits to maximize shareholders' return, to a paradigm that aims to be more inclusive, self-regenerative over the long-time horizon, with the goal not only to self-enrich but also to consider in their strategies people and the planet.

As already said many times during this draft, a more inclusive approach is therefore being implemented and shared by an increasing number of corporations. According to the Triple Bottom Line's theory, these corporations are willing to perpetuate the business considering not only making profits in a sustainable way, but also paying attention not to generate negative externalities on society the environment.

In fact, as it is reported in chapter 1, companies are economic entities, which are embedded, and strictly dependent from a wider external context. If it fails to generate the right supplies, the companies fail also (Lanza 2006). For this reason, from the beginning of the 21st century, as a result of the increase in this awareness, for the raising number of empirical and scientific studies and for the tangible environmental damages that have been steadily growing in the last years, different and alternative inclusive business models have been proposed. They are also supported by a number of new legal forms that arose with the goal to give legal protection and recognition to companies that want to implement a three-pronged strategy.

As commented in the Chapter number 1, this evolution was not immediate. It took many years, moving from the simple awareness of the necessity to pay attention how to exploit the resources in a sustainable way (middle of the 20th century), to the moment in which a small number of actions were implemented on a voluntary basis-under the name of CSR-, reaching the point in which a more inclusive business paradigm has been theorized and implemented. These also require the company to amend their articles of incorporation, self-imposing to give the same importance to profits, as well as managing human resources, people of the surrounding community and the environment responsibly.

The fourth sector is therefore establishing, being composed by the so-called hybrid companies (Haigh et al., 2015) to which Benefit Corporation, Società Benefit and B-Corps belong. These

companies are ideally located in the middle between the two traditional and old models: for profit and nonprofit, creating a third one for-benefit that merges the two, imposing itself to incorporate a 3P strategy, hence blurring the boundaries of the two previous models.

As already reported, many companies belong to this group. The common characteristics that they share are to incorporate an economic, social and environmental strategic purpose and the challenge is to keep the two perspectives balanced within the same organization, in order to avoid the so called- mission drifts, widely explained in chapter one (Mersland et al., 2010).

As it emerged before, there are different types of hybrid organizations, some of them are born with the goal to generate profits only to self-sustain. Other, such as the Benefit Corporations legal form and the B-Corps give the same importance to people, the planet and profit.

Internalizing therefore a three-pronged strategy -acting in respect to people, profit and the planet- is hard, especially for a company that has always reasoned under a for-profit logic.

In fact, incorporating these two rationales is not easy, since sometimes the objectives are not always aligned, bringing internal struggles with the risk of pushing the company out of the market if not managed correctly. Therefore, important actions such as internal process revisions and revaluations, project implementations, cultural shift, team working and project and process alignment are required, which require a lot of effort, as seen in the empirical case study reported in Chapter 4 of the draft.

This draft had the goal to investigate which are the processes, considering the internal difficulties, problems and adjustments that a company is likely to face and that have to implement in its transition to incorporate a 3P strategy and become a B-Corp. The draft focused on the B-Corp form of hybrid corporations, explaining also the similarities and the differences that this certification has with the legal form of Benefit Corporation -explained in Chapter 2-.

In order to structure this analysis and draw conclusions, the case of Roncadin S.p.A. has been taken into consideration. It was used as a starting point to have a real empirical setting from which to make general deductions that can be applied universally, analyzing therefore the possible struggles that all the companies may face in starting the process to become certified.

The case of Roncadin represents the example of a company that has always been driven by responsible values and that is willing to transform them into practical actions. Since February 2021 the company decided to put in practice a more structured project, implementing also

making internal structural changes to render the organization leaner to achieve a more inclusive strategy that will help them to reach the final objective to become a certified B-Corp.

To understand the internal evolutionary process that brought Roncadin up to the point it is now, in this draft I elaborated:

- analyzing the social, economic, contextual drivers which moved Roncadin to be willing to internalize a more structured responsible strategy;
- the starting point of Roncadin, carrying out the B-Impact assessment finding out therefore the exact score that represents the 'as is' starting point situation, which allowed me to evaluate the company and understand its path in depth. Moreover, the research aimed to understand the structural changes, problems, efforts and adjustments that the company had to face internally;
- report the already started projects in order to improve the performance and be able to increase the scoring for the next BIA analysis, and therefore understand the first steps that the company is willing to undertake in order to improve the performance and getting closer to the goal of becoming certified.

In addition, the core part of the research was reported in the sub-chapter 4.5, where the empirical setting analyzed provided food for thoughts in order to be able to develop probable expectations and similarities that are also likely to be encountered also in other similar business organizations that want to achieve the certification.

The findings of the analysis are many and can be reconnected to the literature provided in chapter 1 paragraph 4, where the problems of the hybrid organizations are reported. Some of these internal struggles have been met by the empirical context analyzed and are expected to be faced by many other companies that are willing to obtain the B-Corp certification. In fact, the more companies are aware and prepared on the possible challenges that can be met on the certification path, the better they are able to manage and address them.

Moreover, to each potential internal tension, possible solutions to solve them are provided based on the attitude applied in the empirical setting.

Sharing this research, it can be said that one challenge that companies are likely to encounter in their path, is the possibility that internal tensions will arise when deciding whether to start and implement a more structured three-pronged strategy. In fact, different business functions are expected to react to the initiative differently, based on their, sometimes opposing interests. Hence, quoting the words used in literature chapters, possible struggles in balancing a dual

performance may arise due to the trade-off that companies face over this decision (Battilana and Lee, 2014).

Practically, for what concerns marketing, human resources and sales business function it is more likely that they see an opportunity in becoming certified, due to the fact that consumers and the newly graduated talents nowadays do not only look for sustainable products but also for responsible companies when applying for a position. Therefore, these business functions understand that, advertising the product with the B-Corp label helps the consumer understand at the start, without losing time doing research, that the production process and the company are audited by a third party that guarantees its social, economic and environmental responsiveness, differentiating the company also in talent attraction, therefore benefitting it.

Other departments such as the operational one, or other functions that feel under pressure because of the many daily activities, may perceive the idea as a loss of time and resources.

Therefore, possible internal tensions may arise that require the CEO, the entrepreneur or a figure of cohesion to align all the different functions and visions.

Once this possible initial issue is solved, as the literature reports and as the empirical case has shown, it is important to start to make internal structural changes that will help the company to have an appropriate organizational structure to ease the new strategy implementation – as supported by Chandler -in 1962-, and reported in chapter 1 under the section devoted to analyzing the organizational design challenges that a company may face. There is, therefore, the necessity to create an internal reference point, or an ad hoc division in order to incorporate fully, also at operational level, the new company's goal and decisions.

Moreover, due to the fact that the company's internal reshaping aimed at increasing the sustainability commitment to obtain the B-Corp certificate is not an easy task and requires a company's transformation, it may need to be supported by high knowledge and skills that most of the times are not found internally, due to the fact that this set of knowledge is located outside the company's core competences and flow of activities. Therefore, to avoid losing time and proceed in a more harmonized and structured way, the help of external consultants can be helpful to manage this change better and also to avoid the risk of exceeding in one of the two logics -mission drift-, especially at the beginning when no routines have been created. Rather they all have to be revised; hence, the risk of an internal disorientation that arises from an initial incapacity can be avoided or at least mitigated.

Another potential tension that is likely to arise, requires the necessity to unify the employees' culture to be managed, therefore, making all the workers proactive and conscious of the company's willingness to implement a three-pronged strategy -as reported in the literature presented in chapter 1.

In fact, in order not to incur the risk of mission drift over the long-run, to keep the two logics well balanced and to make one support the other, it is important that all the people inside the company are aligned and are aware of the process that the company is doing. If not, there is the risk that actions with the goal to strengthen and enforce the three-pronged strategy are not understood causing the employees to be unable to contribute in working proactively and not understanding why some decisions influencing their behaviors are taken. In this case, there is the risk that their attitude is counterproductive, and they become resistant to the imposed changes.

The role of the managers is fundamental to avoid this potential internal tension, since through communication strategies, they have to make all workers understand that in undertaking this process the company is acting in everyone's interest. Hence it is important to educate them gradually, since changing and aligning the culture is a process that requires time.

To become certified, companies have to undertake a long path that has to be pushed by a widespread feeling of belief in what the company is doing, promoted first of all by the people in charge of managing the process, who with the right communication methods have to transmit the values to all the employees collaborating with them. Since only by sharing one same view can the company improve, change and evolve structurally and overcome tensions.

Therefore, the higher and the more widespread the awareness and the willingness to collaborate is, the less the risk to incur in internal tensions and the subsequent mission-drift risk is avoided.

The willingness to become certified has a huge impact on the company as a whole, resulting in a huge structural implementation that if it is not well managed can result in very high risks for the company. For this reason, it is important that today's companies analyze their internal situations and implement a series of ad hoc designed and organized projects that enable them to become hybrid in a gradual fashion.

The communication challenge is huge and only spreading the same culture and making people understand for what the company is working will it be able to innovate and achieve the win-win strategy that it is looking for.

Therefore, the guidelines for the near future are outlined, the main sustainability issues are clear, compelling as well as fundamental and communicated in many occasions in both national and international contexts. The 2030 Agenda and pacts such as the 'Green Deal' at the European level have been drawn up with the aim of getting individual countries around the world to implement these objectives, cooperating at international level to achieve a sustainable type of development, which also entails reaching a responsible and green economic paradigm.

Companies represent a focal point for making this happen, and an increasingly number of them are adopting a strategy that is not purely economic but also considers society and the environment.

New business models and legal status have therefore helped to reconcile the objectives of companies with the preferences of governments, consumers and institutions, making these issues no longer underestimated nor undervalued.

The B-Corp certification presented in the draft is one of the most valuable paths in order to push companies to adopt a three-pronged strategy, which leads enterprises to maximize a shared value creation, generating worth not only and exclusively for the economic entity itself but also for the stakeholders that surrounds it, bringing a win-win situation.

To make this for-benefit business paradigm effective, it is necessary that an increasing number of companies around the world share and adopt it, with the goal to create a greater value for present and future generations as well as for the company.

After the Covid-19 pandemic, this represents one additional example where the world's unity is translated into strength and future. Let's see if this time the world is able to work together and cooperate in the name of a longer-lasting future.

Ringraziamenti:

Desidero sentitamente ringraziare il mio relatore, il professor Francesco Rullani per l'attività di supporto e di guida durante la stesura di questo elaborato.

Ringrazio inoltre l'azienda Roncadin S.p.A., rappresentata nella figura di Dario Roncadin, per la disponibilità, il supporto, l'accoglienza e la collaborazione durante tutto il mio percorso di tirocinio e durante la fase di raccolta dei dati. Un grazie speciale va inoltre ai colleghi dell'ufficio commerciale che mi hanno accolta e fatta sentire fin da subito parte del gruppo.

Ringrazio poi i nuovi amici e compagni di studio che ho incontrato durante questi anni di università e anche le amiche di una vita, per esserci sempre state in tutti questi anni. In particolar modo un grazie speciale va alla mia amica Sofia e a Federico.

L'ultimo enorme ringraziamento va alla mia famiglia per il supporto e l'affetto incondizionato che non mi è mai stato fatto mancare, per cui sono e sarò sempre ed immensamente grata.

Bibliography:

Accenture, *To affinity and beyond: From me to we, the rise of the purpose-led brand*, Accenture Strategy, United States, 2018

Aglietta M., Reberioux A., *Corporate governance adrift: A critique of shareholder value*, Cheltenham, Edward Elgar Publishing 2005

Agudelo M.A.L., Jóhannsdóttir L., Davídsdóttir B., *A literature review of the history and evolution of corporate social responsibility*, International Journal of Corporate Social Responsibility 4, No. 1, 2019

Albert S., Whetten D. A., *Organizational identity*, Research in Organizational Behavior, 7, 1985, pp. 263–295

Auger P., Devinney T. M., Louviere J. J., Burke P. F., *Do social product features have value to consumers?* International Journal of Research in Marketing, 25, 2008, pp.183–191

Barry B., *Sustainability and Intergenerational Justice*, Theoria, 1997 pp.44-64

Battilana J., Ebrahim A., Mair J., *The governance of social enterprises: Mission drift and accountability challenges in hybrid organizations*, Research in Organizational Behavior, 34, 2014, pp. 81-100

Battilana J., Matthew Lee, *Advancing Research on Hybrid Organizing*, The Academy of Management Annals, 8:1, 2014, pp. 397-441

Battilana J., Sengul M., Pache A.C., Model J., *Keeping a foot in both camps: Understanding the drivers of social performance in hybrid organizations*, Unpublished Working Paper, Harvard Business School, 2013

Baumgartner R.J., Ebner D., *The relationship between sustainable development and corporate social responsibility*, Corporate Responsibility Research Conference, 2006

Besharov M. L., *The relational ecology of identification. How organizational identification emerges when individuals hold divergent values*, Academy of Management Journal, 2013

Bezencon, V., Blili, S., *Ethical products and consumer involvement: What's new?* European Journal of Marketing, 44 No. 9/10, 2010, pp. 1305–1321

Bianchi C., Reyes V., Devenin V., *Consumer motivations to purchase from benefit corporations (B Corps)*, Corporate Social Responsibility and Environmental Management, 2020

Bodie M. T., *The post-revolutionary period in corporate law: Returning to the theory of the firm*, Seattle University Law Review, 35, 2012, pp.1033–1059

Bowen H.R., *Social Responsibilities of the Businessman*, New York, Harper, 1953

Brown B.J., Hanson M.E., Liverman D.M., Merideth Jr R.W., *Global Sustainability: Towards Definition*, Environmental Management 11, 1987, pp. 713-719

Bugg-Levine A., Emerson J., *Impact investing: Transforming how we make money while making a difference*, San Francisco, Jossey-Bass, 2011

Carroll A.B., *A history of corporate social responsibility: concepts and practices*, The Oxford handbook of corporate social responsibility, edited by A. M. Andrew Crane, D. Matten, J. Moon, & D. Siegel (Eds.), 2008, pp. 19–46

Chandler A. D., *Strategy and structure: Chapters in the history of the American industrial enterprise*, Cambridge, MA: MIT Press, 1962

Chen X., Kelly F.T., *B-Corps—A Growing Form of Social Enterprise: Tracing Their Progress and Assessing Their Performance*, Journal of Leadership & Organizational Studies, 22(1), 2015, pp.102–114

Clark W. H., Babson E. K., *How benefit corporations are redefining the purpose of business corporations*, William Mitchell Law Review, 38, 2012, pp.817–850

De Klerk, H. M., Kearns, M., Redwood, M., *Controversial fashion, ethical concerns and environmentally significant behavior: The case of the leather industry*, International Journal of Retail & Distribution Management, 47(1), (2018), pp. 19–38

Defourny J., Nyssens M., *Social enterprise: At the crossroads of market, public policies and civil society*, London, Routledge, 2006

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

Delmas A.M., *The Drivers of Greenwashing*, California Management Review, 2011

Di Cesare P., Ezechieli E., *Le Benefit Corporation e l'evoluzione del Capitalismo*, L'azienda sostenibile Trend, strumenti e case study, 2017, pp. 57-58

Ebrahim A., Battilana J., Mair J., *Neither fish nor flesh: Governance challenges within hybrid organizations*, Unpublished Working Paper, Harvard Business School, 2013

Fowler A., *NGDOs as a moment in history: Beyond aid to social entrepreneurship or civic innovation*, Third World Quarterly, 21, 2000, pp. 637– 654

Gangone A. D., Gănescu M. C., *Corporate social responsibility in emerging and developing economies in Central and Eastern Europe – a measurement model from the stakeholder theory perspective*, Economic Research-Ekonomska Istrazivanja, 27(1), 2014 pp. 539–558

Garriga E., Melé D., *Corporate social responsibility theories: Mapping the territory*, Journal of Business Ethics 53 (1), 2004, pp.51–71

Girling, R., *The good company*. Charles City, VA: Hill Press, 2012

Glynn M. A., *Beyond constraint: How institutions enable organizational identities*, In R. Greenwood, C. Oliver, R. Suddaby, & K. Sahlin-Andersson (Eds.), 2008, pp. 413

Grimes M. G., McMullen J. S., Vogus T. J., Miller T. L., *Studying the origins of social entrepreneurship: Compassion and the role of embedded agency*, *Academy of Management Review*, 38, 2013, pp. 460–463

Haigh N., Walker J., Bacq S., Kickul J., *Hybrid organizations: Origins, strategies, impacts, and implications*, *Californian Management Review*, 57(3), 2015, pp. 5–12

Hall P. D., *Philanthropy and the social enterprise spectrum*, In T. S. Lyons (Ed.), *Social entrepreneurship: How business can transform society* (pp. 23–69). Santa Barbara, 2013

Harvey C., Maclean M., Gordon J., Shaw E., *Andrew Carnegie and the foundations of contemporary entrepreneurial philanthropy*, *Business History*, 53, 2011, pp. 425–450

Heald M., *The social responsibilities of business: company and community 1900–1960*, *The American Historical Review*, Vo. 75(5), 1971

Hiller J., *The Benefit Corporation and Corporate Social Responsibility*, in *Journal of Business Ethics*, 118(2), 2013, pp. 287–301

Holt D., Littlewood D., *Identifying, Mapping, and Monitoring the Impact of Hybrid Firms*, *California Management Review*, 57/3, 2015

Honeyman R., *Il manuale delle B Corp*, Milano, bookabook, 2016

Jay J., *Navigating paradox as a mechanism of change and innovation in hybrid organizations*, *Academy of Management Journal*, 56(1), 2013, pp.137–159

Jones T. M., *Instrumental stakeholder theory: A synthesis of ethics and economics*, *Academy of Management Review* 20 (2), 1995, pp.404–37

Karnani A., Garrette B., Kassalow J., Lee M., *Better vision for the poor*, *Stanford Social Innovation Review*, 9(2), 2011, pp.66–71

Kerlin J. A., *Social enterprise in the United States and Europe: understanding and learning from the differences*, *Voluntas*, 17(3), 2006 pp.246–262

Kerssens-van Drongelen I. C., Fisscher O. A. M., *Ethical dilemmas in performance measurement*, *Journal of Business Ethics*, 2003

Kidd C., *The evolution of sustainability*, *Journal of Agricultural and Environmental Ethics* 5, 1992, pp. 1–26

Kraatz M. S., Block E. S. (2008), *Organizational implications of institutional pluralism*, In R. Greenwood, C. Oliver, K. Sahlin, & R. Suddaby (Eds.), *The Sage handbook of organizational institutionalism*, 2008, pp. 243–275

- Kraatz M. S., *Leadership as institutional work: A bridge to the other side*, In T. B. Lawrence, R. Suddaby, & B. Leca (Eds.), *Institutional work: Actors and agency in institutional studies of organizations* 2009, pp. 59–91, Cambridge: Cambridge University Press
- Kramer M.K., Pfitzer M.W. (2016). *The Ecosystem of Shared Value. Companies must sometimes team up with governments, NGOs, and even rivals to capture the economic benefits of social progress*, Harvard Business Review, 2016
- Lanza A., *Lo sviluppo sostenibile*, Bologna, il Mulino, 2006
- Lanzini P., *Responsible Citizens and Sustainable Consumer Behavior: New Interpretive Frameworks*, New York, Routledge, 2018
- Lau D. C., Murnighan J. K., *Demographic diversity and faultlines: The compositional dynamics of organizational groups*, The Academy of Management Review, 23(2), 1998, pp. 325–340
- Lee, M., *Mission and market? The performance of hybrid social ventures*, Working Paper, Harvard Business School, 2014
- Li Z., Tang Y., Wu J., *The Interest Costs of Green Bonds: Credit Ratings, Corporate Social Responsibility, and Certification*, Emerging Markets Finance and Trade, 2019
- Lu J., Ren L., Yao S., Qiao J., Mikalauskiene A., Streimikis J., *Exploring the relationship between corporate social responsibility and firm competitiveness*, Economic Research-Ekonomiska Istrazivanja, 33(1), 2020 pp. 1621–1646
- Luceri B., *Prospettive della ricerca di marketing. Business, scienza, spazi e vertigini*, Milano, Egea, 2013
- Mair J., Battilan, J., Cardenas J., *Organizing for society: A typology of social entrepreneuring models*, Journal of Business Ethics, 111(3), 1012, pp.353–373
- McMullen J.S., Warnick B.J., *Should We Require Every New Venture to Be a Hybrid Organization*, Journal of Management Studies, 53(4), 2016 pp. 630-662
- Mersland R., & Strøm R. Ø., *Microfinance mission drift?*, World Development, 38, 2010 pp. 28–36
- Metcalf L., Benn S., *The corporation is ailing social technology: Creating a 'fit for purpose' design for sustainability*, Journal of Business Ethics, 111, 2012, pp.195–210
- Moizer J., Tracey P., *Strategy making in social enterprise: The role of resource allocation and its effects on organizational sustainability*, Systems Research & Behavioral Science, 27(3), 2010, pp.252–266
- Munch S., *Improving the benefit corporation: How traditional governance mechanisms can enhance the innovative new business form*, Northwestern Journal of Law & Policy, 7, 2012 pp. 170–195

- Murphy P., Coombes S., *A model of social entrepreneurial discovery*, Journal of Business Ethics, 87(3), 2009, pp. 325–336
- Nielsen R. P., *Piggybacking strategies for nonprofits: A shared costs approach*, Strategic Management Journal, 7(3), 1986, pp. 201–215
- Pache A.C., Santo, F., *Inside the hybrid organization: Selective coupling as a response to conflicting institutional logics*, Academy of Management Journal, 56(4), 2012, pp.972–1001
- Pentini A., *La ricerca – azione, motore di sinergia tra teoria e prassi*, Bologna, Pitagora, 2001
- Piore M.J., Sabel C.F., *The Second Industrial Divide: possibilities for prosperity*, New York, Basic Book, 1984
- Porter M. E., Kramer, M. R., *Creating shared value How to reinvent capitalism—and unleash a wave of innovation and growth*, Harvard Business Review (January-February), 2011
- Pratt M. G., Foreman P. O., *Classifying managerial responses to multiple organizational identities*, Academy of Management Review, 25(1), 2000, pp. 18–42
- Raelin J. A., Coghlan D., *Developing Managers as Learners and Researchers: Using Action Learning and Action Research*, Journal of Management Education, 30(5), 2006.
- Resor F.R., *Benefit Corporation Legislation*, Wyoming Law Review, 12(5), n. 1, 2012, pp. 91-113
- Rey-Garcia M., Puig-Raposo N., *Globalization and the organization of family philanthropy: A case of isomorphism?* Business History, 55, 2013, pp. 1019-1046.
- Schuyt T. N. M., *Philanthropy in European welfare states: A challenging promise?* International Review of Administrative Sciences, 76, 2010 pp. 774-789.
- Smith W. K., Tushman M. L., *Managing strategic contradictions: A top management model for managing innovation streams*, Organization Science, 16(5), 2005, pp. 522–536
- Sovacool B.K., *Broken by design: The corporation as a failed technology*, Science, Technology & Society, 15(1), 2010, pp.1–25
- Stout L.A., *Why We Should Stop Teaching Dodge v. Ford*, Virginia Law & Business Review, 3(1), 2008, pp. 163-190
- Strom S., *Hybrid model for nonprofits hits snags*, New York Times October 25, 2010
- Villela M., Bulgacov S., Morgan G., *B Corp Certification and Its Impact on Organizations Over Time*, Journal of Business Ethics 2021, pp. 343–357
- Weber K., Dacin T., *The cultural construction of organizational life*, Organization Science, 22(2), 2011, pp. 286–298
- Weisbrod B. A., *The pitfalls of profits*, Stanford Social Innovation Review, 2, pp. 40–47, 2004

World Commission on Environment and Development (1987a), *Our Common Future: Report of the World Commission on Environment and Development*, Oxford: Oxford University Press, 1987

Zadek S., Evans R., Pruzan P., *Building corporate accountability*, London: Routledge, 1997

Zahra S. A., Gedajlovic E., Neubaum D. O., Shulman J. M., *A typology of social entrepreneurs: Motives, search processes and ethical challenges*, *Journal of Business Venturing*, 24(5), 2009 pp.519–532

Sitography:

B-Lab Europe. (2020). *B Corp and B impact assessment*. Source: https://www.youtube.com/watch?v=XHp_p6qYMk&list=PLhwKEp2N2Ld1xmO_5PQDyZQ0OTG_ER0D&index=8&ab_channel=BCorpEurope

B-Lab. (2021a). *The Road to a New Economy*. Retrieved January 23, 2021. From <https://b-analytics.net/content/non-profit-behind-b-analytics>

B-Lab. (2021b). *What is the difference between a B Corp and a Social Enterprise?* Retrieved January 23, 2021. From <https://bcorporation.uk/faq-item/what-difference-between-b-corp-and-social-enterprise>

B-Lab. (2021c). *International legislation*. Retrieved January 31, 2021. From: <https://benefitcorp.net/international-legislation>

B-Lab. (2021d). *Homepage*. Retrieved June 25, 2021, from <https://bcorporation.net/>

B-Lab. (2021e). *Certification Requirements*. Retrieved July 23, 2021 from <https://bcorporation.net/certification>

B-Lab. (2021f). *Frequently Asked Questions*. Retrieved March 4, 2021. From: <https://bimpactassessment.net/how-it-works/frequently-asked-questions/the-bimpact-%20>

B-Lab. (2021g). *Version 6 of the B Impact Assessment: A Year in Review*. Retrieved May 31, 2021. From: <https://bcorporation.net/news/version-6-b-impact-assessment-year-review>

B-Lab. (2021h). *Review Process Schedule for companies on the Small-Medium Enterprise Approach*. Retrieved September 15, 2021. From: <https://kb.bimpactassessment.net/en/support/solutions/articles/43000624975-review-process-schedule-for-companies-on-the-small-medium-enterprise-approach>

B-Lab. (2021i). *Legal Requirements*. Retrieved May 12, 2021. From: <https://bcorporation.net/certification/legal-requirements>

B-Lab. (2021m). *The Complete Guide to B Corp Certification for Small to Medium-Sized*. Retrieved September 12, 2021. From: <https://bcorporation.net/certification>

Capgemini Research Institute. (2020). *How sustainability is fundamentally changing consumer preferences*. Retrieved March 12, 2021. From: https://www.capgemini.com/wp-content/uploads/2020/07/20-06_9880_Sustainability-in-CPR_Final_Web-1.pdf

Galbiati. (2019). *PwC: i giovani italiani cercano prodotti made in Italy e sostenibili*. Retrieved April 12, 2021. From <https://it.fashionnetwork.com/news/Pwc-i-giovani-italiani-cercano-prodotti-made-in-italy-e-sostenibili,1155837.html>

Giorgio P. (2017). *Convergenza profit e nonprofit nella cooperazione internazionale: una Guida alla partnership*. Retrieved May 5, 2021. From: https://asvis.it/approfondimenti/22-1501/convergenza-profit-e-nonprofit-nella-cooperazione-internazionale-una-guida-alla-partnership#_ftn13

Giurdanella A.M.M. (2020). *La Corporate Social Responsibility aziendale e lo sviluppo sostenibile / CSR and sustainable development*. Retrieved July 14, 2021. From: <https://noemalab.eu/ideas/la-corporate-social-responsibility-aziendale-e-lo-sviluppo-sostenibile-csr-and-sustainable-development/>

Goldman Sachs. (2007). *GS Sustain*, June 22th, 2007, pg. 12. From: http://www.natcapsolutions.org/business-case/GoldmanSachsReport_v2007.pdf

Granskog A. (2020). *Survey: Consumer sentiment on sustainability in fashion*. Retrieved May 17, 2021. From: <https://www.mckinsey.com/industries/retail/our-insights/survey-consumer-sentiment-on-sustainability-in-fashion>

Napolitano G., (2021). *La proroga degli incentivi per le società benefit*. Retrieved September 3, 2021. From: <https://www.ecnews.it/la-proroga-degli-incentivi-per-le-societa-benefit/>

Nativa (2021). *The B Book. Il grande libro delle B-Corp italiane*. Retrieved September 10, From: https://nativlab.com/cms/wp-content/uploads/2021/06/B_BOOK_2021.pdf

Repubblica. (2021). *Il clima che cambia fa danni per 12 miliardi all'anno. L'Ue vara una nuova strategia*. Retrieved March 29, 2021. From: https://www.repubblica.it/green-and-blue/2021/02/24/news/europa_il_clima_che_cambia_fa_danni_per_12_miliardi_all_anno_1_u_e_vara_nuova_strategia-289012081/

Richards J., (2020). *Why the Guardian became a B Corp: 'We want to do more than talk'*. Retrieved April 26, 2021. From: <https://www.theguardian.com/membership/2020/jan/04/guardian-b-corp-status-julie-richards-climate>

Shiller R. (2012). *Benefit Corporations*. Retrieved February 12, 2021. From: <https://www.youtube.com/watch?v=anh1K10nA8U>.

Società Benefit. (2021a). *Il Testo di Legge sulle Società Benefit*, paragraph 376. Retrieved February 13, 2021. From <https://www.societabenefit.net/testo-di-legge/>

Società Benefit. (2021b). *B Corp e Società Benefit – Tabella*. Retrieved January 10, 2021. From <https://www.societabenefit.net/b-corp-e-societa-benefit-tabella-comparativa/#8a637d5e286a0576a>

Società Benefit. (2021c). *Società Benefit-Normativa*. Retrieved March 4, 2021. From: <https://www.societabenefit.net/normativa/>

Società Benefit. (2021d). *Il Testo di Legge sulle Società Benefit*, paragraph 379. Retrieved February 13, 2021. From: <https://www.societabenefit.net/testo-di-legge/>

Società Benefit. (2021e). *Domande più Frequenti*. Retrieved March 15, 2021. From <https://www.societabenefit.net/domande-piu-frequenti/>

Società Benefit. (2021f). *Benefit Corporation, nuove possibilità di fare impresa tra profit e no profit*. Retrieved January 12, 2021. From: http://www.societabenefit.net/wp-content/uploads/2017/02/volume_benefit_web.pdf

Townsend S. (2018). *88% Of Consumers Want You To Help Them Make A Difference*. Retrieved June 26, 2021. From: <https://www.forbes.com/sites/solitairetownsend/?sh=6b23f82a366e>

Appendix – Interview

Nome

Ruolo

1 Perché una azienda come la vostra ha deciso di intraprendere un percorso strutturato per aumentare e provare il proprio impegno sociale e ambientale da pochi mesi a questa parte?

1.1 Più nello specifico, cosa spinge un'azienda (e cosa spinge Roncadin) a intraprendere un percorso di ristrutturazione e riorganizzazione aziendale finalizzata al miglioramento nell'ambito dei parametri (e delle performance) ESG e a voler diventare una B-Corp?

2 Da quali e quante funzioni aziendali è partita l'idea di intraprendere questo percorso?

2.1 Quali sono i key users maggiormente interessati e coinvolti? Perché?

2.2 Più nello specifico ci sono stati degli eventi significativi che vi hanno spinto a farlo?

3 Per quale motivo avete deciso di appoggiarvi a dei consulenti?

3.1 Vi sono stati utili? In che modo?

3.2 Avevate già identificato le lacune che poi sono emerse con loro?

4 Considerando che il punteggio guadagnato nel B-Impact assessment è 65/200, qual è la percezione a riguardo? Ci si aspettava un punteggio più alto/basso o pensate che il vostro impegno rispecchi questo score?

5 Perché vi interesserebbe prendere questa certificazione?

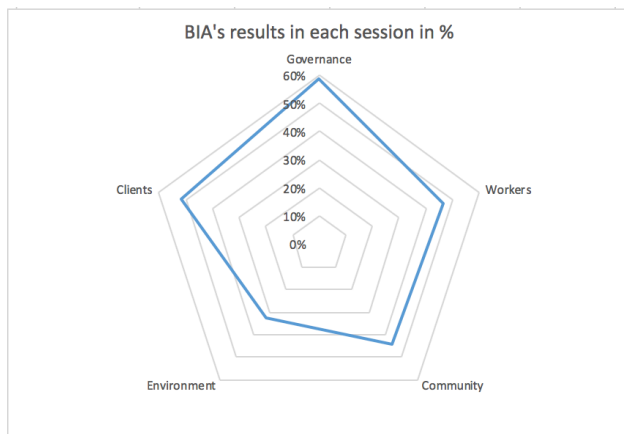
5.1 Quali sarebbero i benefici e i costi ad essa connessi?

5.2 Come pensate che questa certificazione possa influire sull'azienda (e sulle sue performance)?

6 Immaginiamo ora di dover completare una SWOT analysis, quali sono i punti di forza, debolezza, le opportunità e le minacce sia interne che esterne legate ad una strategia responsabile certificata da B-Lab?

7 Vi è stato utile completare il BIA? In che modo?

8 Considerato l'andamento dell'azienda nelle 5 sessioni del BIA:



8.1 come questo punteggio influenzerà il modo di agire di Roncadin? -vi invoglia a fare meglio oppure no? Se sì perché?

8.2 quale sarà il vostro comportamento nel futuro prossimo?

8.3 quali sono le sfide che Roncadin potrà incontrare nel processo di miglioramento della performance aziendale?

pensate che la cultura di impresa e il clima aziendale interno che c'è ad oggi si prestino per intraprendere questo percorso?

Pensate che le due logiche -profitto vs responsabilità sociale e ambientale- siano ben integrate nella cultura aziendale, oppure c'è il rischio che una logica sovrasti l'altra? (In caso, quali azioni si potrebbero intraprendere per cambiare/migliorare la cultura aziendale?→)

9 Avete un modello di impresa a cui vi ispirate? Un'impresa o un modello di impresa a cui tendere? Il raggiungimento di questo obiettivo passa anche per l'ottenimento della certificazione (o comunque, anche qualora non arrivasse, per gli sforzi intrapresi per raggiungerla?)

10 I vari stakeholders dell'azienda sono già a conoscenza o hanno già percepito le intenzioni dell'azienda di muoversi in questo senso? Come hanno reagito? Ci sono già dei primi feedback?

11 Immaginiamo di proiettarci in avanti di 10 anni: come si immagina Roncadin? E il contesto economico-sociale nel quale opera l'azienda?

12 Quanto è importante per Roncadin la facilità e le condizioni di accesso al credito? soprattutto quello legato a parametri ESG, che dati alla mano, sembrano poter caratterizzare i trend futuri riguardo queste tematiche?

È stato anche questo un driver verso la decisione di intraprendere il percorso verso la certificazione B-Corp? In che modo e perché?

13 quali sono i limiti riscontrati nel format dell'assessment?