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Sustainability and profit, two incompatible realities?
How Benefit Corporations can change the way we look at business: the case of Aboca

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Abstract

The key topic of this work is a theoretical and empirical analysis of the new school of thought created by the emergence of the Benefit system in the business landscape and its potential consequences.

In the first chapter, this thesis analyzes the current global challenges, with a specific reference to the main initiatives and congresses, which drove the operations of the United Nations in the last decades. After this macro-e*xcursus*, the focus moves towards the micro-concept of enterprise, considering the Corporate Social Responsibility evolution in the literature and in the development of the modern business framework. Then, after a brief consideration of the main tools and standards available for the sustainability and impact reporting, it introduces the idea of the B-Corp certification and its legal counterpart, the Benefit Corporation, both in the US and in Italy.

The third chapter is focused on the example of Aboca. It starts from the company overview and then it describes the path of this business entity, which is embracing both the Benefit certification and the new legal form.

In the final chapter, it is mentioned the role of business organizations both in facilitating social investors and sustainable behaviors, thanks to the help of game theory. In particular, it is explained the role of Benefit Corporations as "focal points" in coordination games for the alignment of participants' strategy, with the construction of situations, where they have their own interests. It will be analyzed also the law importance in causing behaviors that allow reduction of transaction costs, assessing whether it is possible for the Benefit form of organization to be both a "focal point" and a driver of transformational change, a "norm catalysts".

All those elements will help to conclude whether this new model could be the answer to many of the problems of our time or at least a good starting point for rethinking our development, within the Capitalism borders.

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Introduction

I chose this topic for my Master's degree thesis, because, since many years, I was attracted by the breakthrough streams of consciousness originating from the sustainable development concepts.
Just few years ago, I felt directly on my skin the consequences of an unsustainable way of living, trying always to achieve success or economic returns, losing the perception of reality and of the real factors that contribute to the consideration of life as an organic and complex system, capable of understanding something higher than money. After that moment, I saw many connections between the experiences of many people and mine, so I started thinking that it could be the model that was driving our lives, which was showing its real limits. I could probably be wrong, but according to my opinion, it is necessary to act on the base of our society, correcting the direction of our business development model, letting it to be more "human", thus capable of embracing the complexity of its natural multi-stakeholder approach.
Thanks to my studies I found that during the last century, many epochal events happened and most of times, they were caused by man's thoughtless behavior. Fortunately, someone started considering this situation and that brought to a progressive assumption of responsibility from many of the leading social classes in the main countries of the world. Many years ago, Gandhi already understood the importance of a different approach to business saying, "I don't draw a sharp line, or any distinction between economics and ethics".
Unfortunately, the irrational use of the energetic resources, the corruption, the environmental pollution and the land consumption, added to the uncontrolled exploitation of natural resources and labor force led to an almost irreversible situation. All these elements allowed the creation of a debate that gradually has spread to different levels: sustainable development has become a key topic for worldwide organizations, governments, local communities and enterprises. Every day more people are convinced that it is necessary to adopt urgently commercial, productive and organizational practices, which consider long-term objectives of renewal and conscious growth. From this perspective, innovations and corrective interventions are not costs, but investments for our future. It is clear the urgence of a development model that ensures compatibility between the social and economic dynamics of the modern economies and the improvement of the life conditions, respecting the limited regeneration capacity of the natural resources.
These three dimensions (economic, social, and environmental) are strictly dependent on each other: they have a multitude of deep connections, like cells in a biological organism, and should be considered essential parts of a systemic vision. This reciprocal interrelation constitutes the basic assumption to plan the future actions. If our choices will tackle just one or two of the mentioned areas, we will not be able to implement an effective strategy for our sustainable development. Those major considerations influenced my choice of developing this final elaboration.

CHAPTER 1

1.1 Evolution of the concept and global initiatives of Sustainability

In 1983, the UN created a Commission appointed of finding a way to satisfy the primary needs of a world population, which was constantly growing.

The first definition for "Sustainable Development" was proposed four years later, in 1987, in occasion of the United Nations Conference on Environment and Development in Tokyo, with the presentation of the "Brundtland Report" (from the name of the Norwegian president of the Commission specifically created in 1983). The report expressed the concept that sustainability is something about the creation of a balance between the necessities of environment safeguard and economic development that allows to "satisfy the needs of the current generation without compromising the capacity of the future generations to satisfy theirs".

The Rio de Janeiro Conference on Environment and Development (1992) was able to gather 178 governments and 120 State leaders. The main objective of this summit was to identify the most appropriate criteria to conciliate the needs of Poor and the Developed Countries. Agenda 21 was instituted in this occasion and it created the first step towards an international agreement to fight environmental problems: the sustainable development became one of the goals contained inside the economic and social initiatives of each country for the new century.

The Kyoto Protocol, created during the 1997 Conference in Japan, was a treaty with precise and binding objectives, which imposed to industrialized and developing countries an overall 5% reduction of the main gas emissions which were altering the standard greenhouse effect of our planet. The Protocol entered into force[1] in 2005, after the ratification of Russia. The Treaty extended the United Nations Framework Convention on Climate Change (UNFCCC) with the creation of the first international framework to fight climate change:

- it imposed to the signers to define national programs to reduce greenhouse emissions and to produce a periodical report about this action.
- With the distinction between developed and developing countries, the Convention was acknowledging that the first were responsible for the majority of emissions and they had the institutional and financial capacity to reduce them.
- There was supposed to be also an annual meeting for the signers countries, in order to examine the progresses and discuss further measures.

According to the Kyoto Protocol, just the industrialized countries (not even developing ones) were required to reduce their gas emissions[2] by 5.2% on average, going under the 1990's levels during the first period of application between 2008 and 2012 (EU ratified the document on the 31st of May 2002, with a reduction commitment of 8%, sharing quotes among member states).

[1] It would have entered into force only after the ratification of 55 countries: at least 34 industrialized with at least 55% of the worldwide CO2 emission.

[2] Identified by emissions of CO2, methane, nitrous oxide, hydrocarbons, perfluorocarbons, nitrogen hexafluoro.

However, the Protocol showed many inefficiencies and did not produced the expected results mainly for two reasons:

- The United States, one of the principal polluters, have never ratified it.
- Countries like China and India, even if among the main producers of CO2, were not forced to reduce their emissions because they were classified as “countries under development”.

In 2002, during the Conference of Johannesburg, also Canada, Russia and China announced their intention to join the Kyoto Protocol. This was the birth of the responsibility sharing culture. Countries became aware that an environment protection imposed from the “high levels” was impossible, thus was necessary the population’s involvement. It was quite clear that sustainable development did not depend just from the planet’s problems solution, but also from the citizens’ daily behavior: people must learn to respect the environment they live in.

In 2009 with UN Conference of Copenhagen, member countries tried to overtake the Kyoto protocol’s limits. The meeting produced another objective: limiting global warming to less than 2°C. The nature of this agreement was severely criticized, because it was non-binding and all the countries were just required to take note of it without a formal ratification.

Another milestone for international cooperation toward a global sustainable development was placed during the Paris UN Conference, which took place between November and December 2015. The objective was an integration of the Copenhagen forecasts: limiting to +1.5°C the global warming. While the nature of the agreement did not oblige countries to act in compliance with it (again), this time all the most developed countries of the world participated (also USA, China and India). During the conference were proposed many action plans developed by the states both at national and international level, with a general commitment to communicate their contribution every five years in order to fix more ambitious goals.
Another important aspect of this event has been the renewal of the financial support towards developing countries, in order to help them to become more resilient to the effects of climate change and to reduce their emissions.
Paris Agreement was not immune to criticism and the main objections moved against it were brought by scientists, environmentalists and journalists (Urpelainen, 2018):

- The starting date for the program was too postponed: it was risky because if the countries kept their polluting rhythm for just few years, it would have been impossible to achieve the target imposed by the Agreement.
- It was not mentioned a deadline for a zero-emissions objective, just forecasting a 70% reduction of the carbon footprint by 2050.

- Oil and other fossil fuels producers obtained that was not specified a deadline for a full de-carbonization of the economy.
- The industrialized countries would have preferred an international supervision for controlling the respect of the emission quotes of each state, but developing ones (China was the main proposer) obtained that each state will have been its own supervisor.
- There was no specification on emissions produced by flights and cruises, thus they will not have counted in the reduction plan.

The last major event in recent years was the approval of the Agenda 2030 for Sustainable Development by all 193 UN countries in the 25-27 September Summit which took place in New York in 2015 (the official launch of the initiative was at the beginning of 2016). This program established 17 Sustainable Development Goals (SDGs) and 169 specific Targets that, theoretically, should drive the world on the right way until they will be accomplished in 2030.

This plan has followed the preceding Millennium Development Goals and they represent common goals for future development. Specifically the 17 SDGs are:

- Goal 1: End poverty in all its forms everywhere
- Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5: Achieve gender equality and empower all women and girls
- Goal 6: Ensure availability and sustainable management of water and sanitation for all
- Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 10: Reduce inequality within and among countries
- Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12: Ensure sustainable consumption and production patterns
- Goal 13: Take urgent action to combat climate change and its impacts
- Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

- Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

All these objectives have a universal nature, because they are directed both to under development and developed countries and they are based on the integration between the three main dimensions of sustainable development, which are environmental, social and economic.
According to this characteristic the Agenda recognizes the strict, complex interconnection between human health and the well-being of natural systems, with the assumption that our future will depend on countries' capability to cooperate for dealing with common challenges: at least formally, this was an epochal step forward for policies development.

1.2 The results of those initiatives

All the previous measures, programs and plans established with many formal agreements, have been revolutionary steps for humanity. We have never lived in a so prosper period, where poverty levels are so low and all indexes of education, democracy, longevity are at the maximum of all times, as we can see from many reports issued by UN. One example of that could be that we have never been that many on this planet, with a population of 7.5 billion people, which will reach 9.5 billion in 2050.
Unfortunately, this is only a partial view and many other data must be analyzed. Some of the positive changes that international agreements could have brought have been deeply corrupted by a set of different factors: one of the main contributors was the pervasive economic interest that was very often considered above any other. The multitude of human beings is consuming 50% more than what the planet could produce in one year and is pushing the world until its capacity limits. Prosperity on one hand and environmental and social challenges on the other (pollution, overconsumption of resources, anthropogenic climate changes).
In 2010, 388 individuals owned the wealth of the poorest 3.5 billion people of the planet: six years later, in 2016, they were 8 people. In the same year for the first time in the history, 1% of the planet's population owned the wealth of the other 99% (Oxfam International, 2017). Another astonishing data directly linked with the previous one, is that 10% of the people with the highest income is responsible for the same greenhouse gas emissions of the remaining 90% (Fasan & Stefano Bianchi, 2017)
According to the Sustainable Development Goals Report 2018, in some areas, progress is insufficient to meet the Agenda's goals and targets by 2030. This is especially true for the most disadvantaged and marginalized groups. I decided to take very few of the data presented in the SDGs Report 2018, just to show with a meaningful seriousness, which is the current situation that we are facing. The data are divided in the 17 areas identified by the SDGs (United Nations, 2018).

Goal 1: End poverty in all its forms everywhere

The latest global estimate suggests that 11% of the world population, or 783 million people, lived below the extreme poverty threshold in 2013. The proportion of the world's workers living with their families on less than $1.90 per person a day was 9.2% in 2017. Only 45% of the world's population were effectively covered by at least one social protection cash benefit. In 2017, economic losses attributed to disasters were estimated at over $300 billion and this is among the highest losses in recent years.

Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

In 2016, 26 countries experienced high or moderately high levels of general food prices, which have negatively affected their food security. The proportion of undernourished people worldwide increased from 10.6 per cent in 2015 to 11.0 per cent in 2016 and this translates to 815 million people worldwide in 2016.

Goal 3: Ensure healthy lives and promote well-being for all at all ages

The number of under-5 deaths in 2016 is 5.6 million. Moreover in 2015, 303,000 women around the world died due to complications during pregnancy or childbirth. Unsafe drinking water, unsafe sanitation and lack of hygiene continue to be major contributors to global mortality, resulting in about 870,000 deaths in 2016. Globally, 32 million people died in 2016 due to cardiovascular disease, cancer, diabetes or chronic respiratory disease. The probability of dying from these causes was about 18 per cent in 2016 for people between 30 and 70 years of age. In 2016, household and outdoor air pollution led to some 7 million deaths worldwide.

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

At the global level, the participation rate in early childhood and primary education was 70 per cent in 2016. The lowest rates are found in sub-Saharan Africa (41 per cent) and Northern Africa and Western Asia (52 per cent). In 2016, only 34 per cent of primary schools in low developed countries (LDCs) had electricity and less than 40 per cent were equipped with basic handwashing facilities.

Goal 5: Achieve gender equality and empower all women and girls

Based on data between 2000 and 2016 from about 90 countries, women spend roughly three times as many hours in unpaid domestic and care work as men. Globally, around 2017, an estimated 21% of women between 20 and 24 years of age reported that they were married or in an informal union before age 18. This means that an estimated 650 million girls and women today were married in childhood.

Goal 6: Ensure availability and sustainable management of water and sanitation for all

In 2015, 29 per cent of the global population lacked safely managed drinking water supplies, and 61 per cent were without safely managed sanitation services. In 2015, only 27 per cent of the population in LDCs had basic handwashing facilities. Preliminary estimates from household data of 79 mostly high- and high-middle-income countries (excluding much of Africa and Asia) suggest that only 59 per cent of all domestic wastewater is safely treated. In 22 countries, mostly in the Northern Africa and Western Asia region and in the Central and Southern Asia region, the water stress level is above 70 per cent, indicating the strong probability of future water scarcity.

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

In 2016, 3 billion people (41 per cent of the world's population) were still cooking with polluting fuel and stove combinations. In the same year, the absolute number of people living without electricity was 1 billion. The share of renewables in final energy consumption is modest, just 17.5 per cent in 2015. Yet only 55 per cent of the renewable share was derived from modern forms of renewable energy.

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Data from 45 countries suggest that gender inequality in earnings is still pervasive: in 89 per cent of these countries, the hourly wages of men are, on average, higher than those of women, with a median pay gap of 12.5 per cent. Globally, 61 per cent of all workers were engaged in informal employment in 2016. Excluding the agricultural sector, 51 per cent of all workers fell into this employment category. The global unemployment rate in 2017 was 5.6 per cent, with young people who are three times more likely to be unemployed than adults, in fact the global youth unemployment rate was 13 per cent in 2017.

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

The global share of manufacturing value added in GDP increased from 15.2 per cent in 2005 to 16.3 per cent in 2017, driven by the fast growth of manufacturing in Asia. Globally, the carbon intensity decreased by 19 per cent from 2000 to 2015— from 0.38 to 0.31 kilograms of carbon dioxide per dollar of value added, but this percentage it is still to low.

Goal 10: Reduce inequality within and among countries

Between 2010 and 2016, in 60 out of 94 countries with data, the incomes of the poorest 40% of the population grew faster than those of the entire population. Based on provisional data, among the $613 billion in total remittances recorded in 2017, $466 billion went to low- and middle-income countries. While the global average cost of sending money has gradually declined in recent years, it was estimated at 7.2% in 2017, more than double the target transaction cost of 3%.

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

In 2016, 91% of the urban population worldwide were breathing air that did not meet the World Health Organization air quality guidelines value for particulate matter (PM 2.5); more than half were exposed to air pollution levels at least 2.5 times higher than that safety standard. In 2016, an estimated 4.2 million people died because of high levels of ambient air pollution. Based on data collected for 214 cities/municipalities, about one quarter of municipal solid waste generated is not collected. Between 2000 and 2014, the proportion of the global urban population living in slums dropped from 28.4 per cent to 22.8 per cent. However, the actual number of people living in slums increased from 807 million to 883 million. From 1990 to 2013, almost 90 per cent of deaths attributed to internationally reported disasters occurred in low- and middle-income countries. Reported damage to housing attributed to disasters shows a statistically significant rise from 1990 onwards.

Goal 12: Ensure sustainable consumption and production patterns

According to a recent report from KPMG, 93 per cent of the world's 250 largest companies (in terms of revenue) are now reporting on sustainability, as are three quarters of the top 100 companies in 49 countries, but sometimes this is just a partial information disclosure to hide disrespectful operations.

Goal 13: Take urgent action to combat climate change and its impacts

The year 2017 was one of the three warmest on record and was 1.1 degrees Celsius above the pre-industrial period. An analysis by the World Meteorological Organization shows that the five-year average global temperature from 2013 to 2017 was also the highest on record. The world continues to experience rising sea levels, extreme weather conditions (the North Atlantic hurricane season was the costliest ever recorded) and increasing concentrations of greenhouse gases. This calls for urgent and accelerated action by countries as they implement their commitments to the Paris Agreement on Climate Change.

Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

The global share of marine fish stocks that are within biologically sustainable levels declined from 90 per cent in 1974 to 69 percent in 2013. Studies at open ocean and coastal sites around the world show that current levels of marine acidity have increased by about 26 per cent on average since the start of the Industrial Revolution. Moreover, marine life is being exposed to conditions outside previously experienced natural variability. Global trends point to continued deterioration of coastal waters due to pollution and eutrophication. Without concerted efforts, coastal eutrophication is expected to increase in 20 per cent of large marine ecosystems by 2050.

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

The Earth's forest areas continue to shrink, down from 4.1 billion hectares in 2000 (or 31.2 per cent of total land area) to about 4 billion hectares (30.7 per cent of total land area) in 2015. About one fifth of the Earth's land surface covered by vegetation showed persistent and declining trends in productivity from 1999 to 2013, threatening the livelihoods of over one billion people. Up to 24 million square kilometers of land were affected, including 19 per cent of cropland, 16 per cent of forestland, 19 per cent of grassland and 28 per cent of rangeland. Since 1993, the global Red List Index of threatened species has fallen from 0.82 to 0.74, indicating an alarming trend in the decline of mammals, birds, amphibians, corals and cycads. The primary drivers of this assault on biodiversity are habitat loss from unsustainable agriculture, deforestation, unsustainable harvest and trade, and invasive alien species. Illicit poaching and trafficking of wildlife continues to thwart conservation efforts, with nearly 7,000 species of animals and plants reported in illegal trade involving 120 countries.

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Nearly 8 in 10 children aged 1 to 14 years were subjected to some form of psychological aggression and/or physical punishment on a regular basis at home in 81 countries (primarily developing), according to available data from 2005 to 2017. In all but seven of these countries, more than half of children experienced violent forms of discipline. At least 1,019 human rights defenders, journalists and trade unionists have been killed in 61 countries since 2015. This is equivalent to one person killed every day while working to inform the public and build a world free from fear and want.

Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

In LDCs, debt service as a proportion of exports of goods and services increased for five consecutive years—from a low of 3.5 per cent in 2011 to 8.6 percent in 2016. In 2017, net Official Development Assistance (ODA) totaled $146.6 billion in 2017, a decrease of 0.6 per cent from 2016 in real terms. ODA as a share of donors' gross national income (GNI) remained low, at 0.31 per cent. In 2016, remittances to low- and lower-middle-income countries were more than three times the amount of ODA they received.

After reading these lines, the words contained in the report pronounced by the Secretary-General sound like a peremptory warning:

"With just 12 years left to the 2030 deadline, we must inject a sense of urgency. Achieving the 2030 Agenda requires immediate and accelerated actions by countries along with collaborative partnerships among governments and **stakeholders at all levels**. This ambitious Agenda necessitates profound change that goes beyond business as usual. In doing its part, the United Nations has launched reform initiatives to reposition the United Nations development system to deliver on the 2030 Agenda. The objective is to be more effective, cohesive and accountable." (António Guterres, Secretary-General of the United Nations)

1.3 Chronological development of CSR debate

The catastrophic situation described above lead to think that the international plans were not effective enough and did not focus on the right subjects. UN has tried to influence governments, with a top-down approach, but at the end understood that if it want to affect the society it has to act with a bottom-up strategy, engaging the second most widespread social actor[3]: the enterprise.

Many scholars for centuries developed the idea that business has some responsibility to society beyond that of making profits for the shareholders. Practical implications for enterprises, anyway, are largely a post-World War II research and actually did not surge in importance until the 1960s, thus the majority of the work is a product of the past half-century (Carrol & Shabana, 2010).

One of the most appropriate examples to recall is undoubtedly the Dean Donald K. David's comment to the incoming MBA class at the Harvard Business School in 1946: he exhorted them, as the future business executives, to take heed of the responsibilities that had come to rest on the shoulders of business leaders (Spector, 2008)

Another important step was the publication by Howard R.Bowen of his book *Social Responsibilities of the Businessman* in 1953: it was significantly ahead of its time, but it shaped noticeably the future thought on the subject, so that he was considered the "Father of Corporate Social Responsibility" (Carrol A. B., 1999). William C.Frederick identified three core ideas about CSR from that book and from the major studies of the 1950s: 1) the balancing of competing claims to corporate resources, 2) corporate philanthropy (business as a support of good causes) and 3) the idea of a manager as a public trustee (Frederick, 2006). During this years the main discussion was about linking benefits for business to the CSR and the principal focus was acting good for society, especially trying to identify which could be the businesses' responsibilities.

The 1960s were characterized by Theodore Levitt idea that social welfare and responsibilities were not issues of business, but of government and that business concern should have been linked to more material aspects (Levitt, 1958) We should consider that the company's initial perception of social environment was radically different from the one that they have nowadays. That perspective was the consequence of the most important social movements of the last half century: environmental movement, consumers' rights, civil rights, women's

[3] The first one is family

rights. A quickly changing social environment with pressures from activists strongly influenced many social actors to adopt CSR attitudes, polices, practices and perspectives.

In the 1970s, we can identify the main proliferation of CSR formal definitions. During these years corporate social *responsibility, responsiveness* and *performance* became the center of the discussion, with an important trend towards an emphasis on Corporate Social Performance (Sethi, 1975; Carrol A. B., 1999). The distinction between Corporate Social Responsibility and Responsiveness was elaborated by Frederick, when he named them respectively CSR_1 (the aspect which emphasized companies assuming a socially responsible attitude) and CSR_2 (the focus on the literal act of achieving or of responding a reacting behavior towards society).
The emphasis on CSP emerged clearly in the mid-1970s, as a mean used by scholars to attempt a reconciliation of the two CSRs: the key words of these studies were "results achievements" with a special attention on the outcomes of socially responsible initiatives (Carroll, 1979; Wartick & Cochran, 1985; Wood, 1991)

The 1980s were termed by Frederick as the rise of the business ethics phase, when the focus became enhancing ethical corporate cultures. Researches that were more empirical were accomplished with the rise of popularity of different themes during this decade. The elaboration of these CSR variants was comprehensive of stakeholder theory, business ethics with further developments in CSP and corporate public policies (Carrol A. B., 1999; Frederick, 2008). From the study of the researches of those years, it is clear the explosion of the academic interest in linking CSR with corporate financial performance (CFP) and this trend continued in the next two decades, the era of global corporate citizenship (Lee, 2008).

The early 2000s were shaken by the Enron impressive scandal and this types of news characterized the theme until 2008, when the new era of financial scandals began in Wall Street, causing a chaotical wave that hit the whole world and whose consequences are still visible (Carrol A. , 2009). In this period, the business community was attracted by the notion of **sustainability**, so this topic was integrally absorbed into the CSR academic and economic debate.

1.3 Different points of view about CSR

In many decades of study and research, scholars of this theme produced an impressive amount of literature, opinions, models and definitions. Their contribution was undoubtedly positive for the theoretical development of business social responsibility, but created also some uncertainties. Many branches of research were discussed and developed independently, from the previous ones, with many side effects. One example could be expressed by the fact that we can count at least 37 different definitions of CSR nowadays. Carroll in 1979 was defining CSR with these words: "The social responsibility of business encompasses the economic, legal, ethical, and discretionary (philanthropic) expectation that society has of organizations at a given point in time" (Carroll, 1979). An attempt to create a sort of order between all of them was a study proposed by Dahlsurd in

2006, in fact he recognized and isolated some frequent dimensions that are commonly present in those definitions: environmental, voluntariness, economic, social and stakeholder dimensions (Dahlsurd, 2006).

One of the main objections ever presented was given by Milton Friedman (1962), of course it is aged, but it shows clearly the paradigm of the classical view of business: “There is one and only one social responsibility of business to use its resources and engage activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud” and more “…few trends could thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for the stockholders as possible” (Friedman, 1962).

Different scholars moved the criticism toward CSR with the following sentences:

1. If the free market cannot solve the social problems, it falls not upon business, but upon government and legislation to do the job
2. Business is not equipped to handle social activities, managers are oriented towards finance and operations and do not have the necessary expertise to make socially oriented decisions (Davis K. , 1973)
3. CSR dilutes businesses’ primary purpose, so to adopt CSR would put business into fields of endeavor that are unrelated to their proper aim (Hayek, 1969)
4. Business already has enough power, so why should we place in its hands the opportunity to wield additional power, such as social power (Davis K. , 1973)
5. By pursuing CSR, business will make itself less competitive globally.

Arguments in favor:

1. It is in business’s long-term self-interest to be socially responsible, so if business is to have a healthy climate in which to function in the future, it must take actions now that will ensure its long-term viability
2. CSR will ward off government regulation, because future government intervention can be forestalled to the extent that business policies itself with self-disciplined standards and fulfills society’s expectations of it
3. Business has the resources, it has a reservoir of management talent, functional expertise and capital.
4. Let business try, because so many others have tried and failed to solve social problems, business should be given the chance (Davis 1973, p 316)
5. Proacting is better than reacting so you can act before problems arise (Carrol & Buchholtz, 2009)

6. CSR is strongly supported by the public, and it believes that in addition to its pursuits of profits, business should be responsible to their workers, communities and other stakeholders, even if making things better for them requires companies to sacrifice some profits (Bernstein, 2000)

Moreover typical justifications of a business case for CSR included a stakeholder goodwill, cost reductions, the value of good reputation, better risk management, a competitive advantage through product differentiation and/or premium pricing capability, operating efficiencies, reducing the threat of oppressive regulation, opening new markets, reducing the possibility of being targeted by external activist groups, keeping employees motivated, enhancing the local quality of life for employee retention purposes and developing technologies that yield competitive advantage (Wood, 2010). In the last century, many of those were just theoretical assumptions, with the need of being demonstrated. Because of that, companies and scholars have asked for a quantitative analysis of those consequences, which could prove the incontrovertible correlation between CSR initiatives and their efficacy in affecting business performance.

1.5 The obsession for the linkage between CSP and Financial performances

In 1985, an interesting article on CSP–FP measurement was published with the name ‘Data in search of a theory’. This study was the result of a review, which considered 31 empirical studies produced from 1970s to 1980s. In the article, the author discerned three groups of measures (Ullmann, 1985):

1- Social disclosure (voluntary corporate social reporting)
2- Social Performance (ranking corporations by social responsibility reputation)
3- Economic Performance (classification by financial indexes and measures)

The hopes of establishing a positive relationship that might persuade skeptical managers about the value of CSP produced the attempts to relate economic performance to social one. Another reason for developing this empirical approach was to fight the tendency of some companies to hide their offence in terms of pollution and other harmful outputs behind a partial disclosure (Fry & Hock, 1976).

Other three important studies proved that this kind of research was still on more than 20 years after Ullmann’s one. Frooman presented the first one in 1997. Through the application of statistical meta-analysis techniques, he examined stock market reactions to socially irresponsible or illegal corporate actions for 27 different events. He analyzed the stock process before and after a CSR event, which he defined as “an action by a firm which the firm chooses to take, that substantially affects an identifiable social stakeholder’s welfare”. Thus, he only took event studies in which the company selected the CSR initiative. His conclusion was that the returns were negative and significant across the studies (Frooman, 1997).

One significant problem in determining a positive CSP-FP link is that ordinary responsible or ethical behavior is typically not rewarded or even noticed. Data tend to be based on surrogate measures for actual social performance. Another problem is that acts of responsibility or beneficence, no matter how much good is done, may be performed for purely self-interested reasons, thus potentially negating attributions of responsibility or ethics because the beneficent acts would not be performed absent the self-interested result, no matter how much good was done for others (see, e.g. Prince & File, 2001).

Orlitzky et al. (2003) promoted a second initiative. They conducted another statistical meta-analysis of 388 results from 52 studies of corporate social performance and financial performance relationships. Their sophisticated computation allowed them to demonstrate that exists a positive correlation between CSP and CFP across industries (Orlitzky, Schmidt, & Rynes, 2003).

The third analysis is the one presented by Margolis et al. (2007). Twelve years ago, they conducted a similar statistical analysis of 192 results form 167 CSP-FP studies. Their study differs from the previous one because it does not take into account the contaminations and issues considered by the latter. They adopted a one-study-one-vote approach, considering all results to be of equal quality. This way of acting could justify why they found a smaller positive relationship. Nevertheless, also this study proved a consistent positive relationship between CSP-FP. Their conclusion was "after 35 years of research, the preponderance of evidence indicates a mildly positive relationship between CSP and corporate financial performance" (Margolis, Elfenbein, & Walsh, 2007)

The evidence demonstrated is that there is no significant evidence that good CSP is expensive for the enterprise, on the contrary the results showed an opposite conclusion**: the social irresponsibility is directly linked with more costs.**

It should be added that, studies on social reporting (Kolk, 1999, 2005; Kolk, Walhain, & Wateringen, 2001; Adams, Hill, & Roberts, 1998), highlighted the pressures from institutions on companies to issue social reports including national legal and regulatory frameworks, globalization convergence, industry exposure to particular social issues and national social pressures. So when researchers affirm that social performance is negatively or positively, related to Financial Performance, it has to be considered the fact that such a simple conclusion is a general one, which masks a considerable amount of underlying and complex relationships (Szwajkowski & Figlewicz, 1997). This assumption implies that a temporary ceasefire on CSP-FP research is necessary for the moment, in order to concentrate the attention on the analysis of complex interdependent systems and to allow a better comprehension of their nature.

1.6 The need for an organic view of business and society: going beyond CSR

The idea that relationships between firms and society have to consider more than simple financial returns and CSR initiatives is partially linked to Corporate Social Responsiveness, the boundary-spanning processes by which the firm connects itself to information, stakeholders and issues.

One of the first contributions to this stream of study, outside economic field, was Boulding's view of complex organizations as open systems, intricately connected to their larger environments. According to his opinion, an open system takes in resources from and emits outputs into its larger environment with a continuous relationship (Boulding, 1956).

In the 1970s, the idea of corporate social responsiveness emerged as a candidate for replacing the ambiguous CSR. This idea focused on corporate action, giving up the search for responsibilities and without the ethical consequences that responsibility implied. In the domain of public policy, Preston and Post tried to specify CSR concept inside the modern reality of social institution (government, education, business, etc…), identifying them as "interpenetrating systems" that continually affected each other, not separate and distinct. Their idea was significantly ahead of their time and presented aspects that anticipated the complex interdependence and the coming wave of globalization (Preston & Post, 1975).

Almost two decades later, Berger et al. (2007) proposed an interesting classification of different applications of CSR to business. Their analysis focused on day-to-day actions and decisions followed by organizations.

- The **business case model** assesses initiatives in a purely economic manner, so actions are only pursued if they affect the firm financial performance
- In the **social values-led model,** initiatives pursued by organizations are totally disconnected from economic reasons; they are philanthropic actions, which can increase the firm's reputation.
- The **syncretic stewardship model** is an overarching approach to a business, a management philosophy where the firm is aligned to the external market for reputation, while pursuing economic targets. (Berger, Cunningham, & Drumwright, 2007).

The two views presented by the business case model and the syncretic model, can be respectively identified with the adjectives **narrow** and **broad**. Narrow because in the first case CSR is only recognized when there is a clear link to firm financial performance, while in the broad one all the relationships, direct and indirect, between CSR and firm performance are recognized. Thanks to its characteristics, we can identify the broad view as the new approach to CSR that was described in the previous section by Wood. It can express the next frontier of sustainable and responsible management because it allows the firm to appreciate and value many complex relationships. Another positive aspect of the syncretic model is its capability to recognize the **interdependence between business and society**.

The effectiveness and productivity of CSR initiatives is directly linked to the understanding of this interdependence, as Porter and Kramer (2006) argued. Their point is that “the prevailing approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society” (Porter & Kramer, 2006). From their words, it can be understood that the obsolete and ineffective concept of CSR should be upgraded. It is necessary a new approach that considers the day-to-day business agenda not in a generic manner, rather in the best way that can properly adapt to each company strategy.

Donna J.Wood’s (1991) study of CSP, many years before, had already viewed the business organization as the field of actions that have consequences for society and stakeholders as well as for itself (social performance). Nevertheless, this conceptualization was not managerial, economic or philosophical, but sociological and it was explicitly based on past organic open-systems studies, not mechanistic and closed systems views, typical of economics (Wood, 1991).

At the end of her article “Measuring Corporate Social Performance: a review” (Wood, 2010) among her conclusions, she presented some points that according to my opinion, deeply influenced the current vision of CSR and consequently the classical CSP. She argued that in the past, the consequences of firm’s behavior on accounting measures or stock prices constituted the majority of the studies related to the justification of CSR and the attention, in this studies, was concentrated not on the affected stakeholders, but on the enterprise itself. About that, she affirms, “This is totally understandable, given that most CSP scholars live in business schools driven by a focus on the firm”. Moreover, she theorized the potentially overwhelming importance of a CSP analysis focused on stakeholders, which could be even more significant that one centered merely on firms. She continues her conclusion saying:

> “Studies of how consumers are harmed by false or misleading advertising, or how employees benefit form on-site daycare, or how employee culture is affected by class action discrimination lawsuits or by the behaviors provoking them, or how various stakeholders respond to social and environmental disclosure, or how cancer clusters correlate with toxic waste emissions, or how companies are attempting to reduce their carbon footprints, have not typically been conducted in the name of Corporate Social Performance**.”**

With this sentence, she recognized the failure of past CSP research, opening a new era of studies where the focus is on discerning and assessing the effects of business-society relationships. Wood then establishes the basis for a phenomenon of interdisciplinary cooperation between researches and scholars that we are currently observing in the approach to Social Reporting and in general to solve compelling global problems:

> “A lot more is known about CSP than many of us imagine, it is just not called CSP. There are large and relevant literatures available on principles, processes and consequences to stakeholders of business

> activity, both beneficial and harmful, but they have not been brought into the CSP fold. Corporate social performance researchers are known to pride themselves collectively on their interdisciplinary approaches, but this is where the CSP literature shows one of its biggest deficiencies. Many other domains and disciplines – stakeholder theory, business-government relations, business ethics, philosophy, strategy, organizational behavior, marketing, human resources, law, public policy, anthropology, sociology, psychology, political science, history, medicine, epidemiology, environmental studies, engineering, economics and more – have a great deal to contribute to CSP studies. CSP scholars need to make a concerted effort to accommodate the best ideas, methods and results from such related investigations."

What we can understand from that is the existence of large gaps in research as the consequences of the lack of an organic view that considers the interactions between business, society and environment. Indirectly they could be filled by incorporating approaches and findings from other disciplines and scholarly domains outside the old-fashioned CSR.

To conclude, it is apparent the need for shifting from a focus on how Corporate Social Performance affects the firm, to how the firm CSP influences societies and stakeholders. "We have a lot more work to do. Refocusing on stakeholders and society and **crossing the disciplinary barriers in the name of CSP** may be just what is needed to invigorate and sustain CSP scholarship and to discover the results that will be truly meaningful to corporate managers and their many stakeholders" (Wood, 2010).

This sentence inspired deeply my work for this thesis, influencing my research analysis on different reporting tools and methods. I saw many examples of this lack of interdisciplinary knowledge and my attention was also focused on the consequences brought by it on my daily environment, but there is one thing that I think it is apparent now: we are trying to unify our knowledge with an opener overall view that is leading to good results, but improvable. About that, an ancient Chinese Tao says, "When you change the way you look at things the things that you look at change".

1.7 Sources of data and tools available

Part of the problem that CSP academics face is the difficulty to have good data for their analysis. Some firms are deceptive or outright manipulative in their provision of relevant information. On the other hand, there are companies that appear to be attempting for building a greater transparency, with legal and regulatory reporting which are offering a rich source of data on indicators and standards to follow. Furthermore, there are new sources available to scholars every day, including standards and different guidelines. The main purpose of this thesis is not to analyze them, but I think that a brief presentation of the most important international reporting standards for sustainability could make it easier to understand where could be placed the new model of making business that I chose to study.

The **Environment Social Governance (ESG)** rating system was officially created in 2005 with the initiative of former UN Secretary-General Kofi Annan, who asked to the most important investors of the world to elaborate a set of principles for responsible investments. The first practices of ESG investing began in the 1960s as socially responsible investing, with investors excluding stocks or entire industries from their portfolios based on business activities such as tobacco production or involvement in the South African apartheid regime. Nowadays, ethical considerations and alignment with values remain common motivations of many ESG investors but the field is rapidly growing and evolving, as many investors look to incorporate ESG factors into the investment process alongside traditional financial analysis[4]. Nowadays more than 1.700 companies worldwide are following these principles and more than 68 $ trillion are invested following ESG criteria:

- **Environmental** factors, which include the contribution a company or government makes to climate change through greenhouse gas emissions, along with waste management and energy efficiency. Given renewed efforts to fight global warming, cutting emissions and decarbonizing is become more important
- **Social** factors include human rights, labor standards in the supply chain, any exposure to illegal child labor, and more routine issues such as adherence to workplace health and safety. A social score also rises if a company is well integrated with its local community and therefore has a 'social license' to operate with consent.
- **Governance** refers to a set of rules or principles defining rights, responsibilities and expectations between different stakeholders in the governance of corporations. A well-defined corporate governance system can be used to balance or align interests between stakeholders and can work as a tool to support a company's long-term strategy. Governance can also refer to the standard of government of nations.

Companies, investors, finance functions and CSR or sustainability divisions will need to align to ensure the quality and consistency of information reported. Some of the world's largest investors are actively allocating additional capital to companies with higher green revenue exposures, thus better reporting can directly lead to greater investment flows.

At global level, the leading ESG frameworks are:

[4] MSCI website, page on ESG investing: https://www.msci.com/esg-investing

- The Carbone Disclosure Project (CDP), which collects standardized information from companies on climate change and the use of natural resources such as water and soft commodities
- Climate Disclosure Standard Board (CDSB), it helps companies explain how environmental matters affect their performance and show how they are addressing associated risks and opportunities to investors in annual of integrated reports
- Integrated Reporting (IR) Framework helps companies to produce a concise, investors-focused report that looks at an issuer's performance and prospects through the lens of six capitals (financial, manufactured, human, natural, intellectual, social and relationship).
- Sustainability Accounting Standards Board (SASB), it issues sustainability accounting standards that help public corporations disclose material and decision-useful information to investors in their mandatory filings, based on their industry, in line with the notion that under the existing regulation material information should be disclosed in the Forms 10-K or 20-K.
- UN Global Compact (UNGC), it requires companies to commit to a set of 10 universal principles concerning human rights, labor, environment and anti-corruption.

The framework that is most diffusely used in compliance with ESG concept is the **Global Reporting Initiative (GRI)**, a set of standards, which have been developed over many years through multi-stakeholder contributions. GRI standards aim to meet the information needs of all stakeholders, and the modular structure supports both comprehensive reports and selected disclosures. The Initiative was established in 1997 in Boston, after the Coalition for Environmentally Responsible Economies secured a financial grant from the United Nations Foundation. The GRI is designated as a UN Environment Program Collaborating Center and published its Sustainability Reporting Guidelines in 2002, which were followed by a second edition, known as G2, in 2004. A third edition was issued in 2006 and the latest, the G4 Sector Disclosures, contains an updated sector-specific guidance for sustainability reporting. These Guidelines have been superseded by the GRI Standards, which will be required for all reports or other materials published on or after 1 July 2018. The use of the G4 Sector Disclosures is recommended for organizations using the GRI Standards, but it is not a requirement for preparing a report in accordance with the Standards. The G4 lists hundreds of measures, which signatories can choose, providing an alternative framework to assess CSP. According to reports, all derive from a triple bottom line approach: the management doctrine that presents accounting profits by reference to impacts on employees and urban/non-urban environments. In addition to the economic and environmental indicators, its Sustainability Reporting Guidelines identify four categories of social performance indicators: labor practices and decent work, human rights, society and product responsibility (Global Reporting Initiative, 2019).

All these standards and frameworks can demonstrate that people in the last two decades understood the need of a new paradigm, or at least the importance of a broader transparency with the promotion of a clear and complete tool for corporate reporting. The initiatives were many, developed inorganically most of times and this situation is continuing also now: in many papers you can read that nobody imposed a global and uniform reporting system in order to stimulate privates and governments to take different paths, allowing a diversified pool of choice for the future adoption. My personal opinion is that this is the moment for someone to take the first initiative, electing one of the existing standards or empowering the GRI ones, making them the official format for impact reporting worldwide.

After this due definition of the current situation and the international framework, I would like to focus my attention on one of the various initiatives that were promoted, in order to create a new manner of measuring the companies' impact, considering the major consequences on all the stakeholders who stand around them. Thus, it is possible to introduce the visionary concept of Benefit Corporations and its innovative reporting tool, which was developed in compliance with GRI standards.

CHAPTER 2

A terminological elucidation

Before focusing on the main aspects of the new business movement of organizations, which captured my attention, I have to clarify some fundamental distinctions in the terminology that I will use.

There are companies that are B-Corps, some that are Benefit Corporations and others that are both B-Corps and Benefit Corporation:

- With the terms B-Corps or Certified B-Corps I will consider all those companies that have achieved the international certification released by B-Lab through the Benefit Impact Assessment process
- With the term Benefit Corporation or Società Benefit, in the Italian case, I will identify all those companies, which changed their constituency statute and chose this new legal form of company in the very few countries in which it was possible until now
- For those companies which have embraced both the new legal form and have achieved the certification, I will always explicitly specify their double nature

This distinction is completely arbitrary, for this reason, I would like to apologize with the founders of the Benefit Movement if the words that I will use to describe those entities will not be appropriate, but I think that a sort of preliminary definition is undoubtedly necessary. During my six months internship, while hearing people who were talking about those topics, I noticed that the two concepts were sometimes merged in one, creating a chaotic situation, with the risk of confusing the listener and decreasing the potential of this idea. The main reason for that could be the fact that in English the abbreviation for benefit corporation is B-Corp and this term is very often used to define both the certified and non-certified companies: I sometimes had the suspicion that this way of speaking could have been an intentional attempt to push companies to consider fundamental the certification and the preliminary consultancy that is needed for it.

H. Murray (2012) exposed clearly this problem:

> "*With the advent of the benefit corporation statutes, which B Lab has championed, many in the popular media, and even some attorneys, fail to articulate the difference between Certified B Corporations and statutorily formed benefit corporations. Confusingly, both are sometimes referred to as "B Corps." Certified B Corporations are certified by B Lab, while benefit corporations are formed under the state law of one of the states that have passed benefit corporation statutes. Benefit corporations must be measured against a "third party standard," but the standard does not have to be B Lab's B Impact Assessment. B Lab conducts on-site reviews of a random ten percent of Certified B Corporations, whereas no such review is mandatory for merely being a benefit*

corporation. A company can be both a Certified B Corporation and a benefit corporation, but there are plenty of examples of companies that are one but not the other".

Others important differences between the two entities are the legal consequences and implications of a lack of compliance to the B-Corps' requirements, which could reach different seriousness depending if we are considering a certification or a statutory obligation.
Lastly, the monetary effort to obtain the certification is different from the one necessary to adoption the Benefit statute: all these differences will be highlighted in this chapter.

2.1 Origins of a Capitalism pillar: shareholder primacy and its consequences

With the end of Communism, the world woke up with only one ideology, the Capitalism, which was so widespread among the countries that it was considered the end of the line, the highest point that could have been reached in the evolution path of the economic paradigms. The enterprises are the operative components of this paradigm, because they are collectively the most important actors that offer jobs, generate wealth and innovation.
However, if we deeply analyze the official aim of business activity, we understand that there are ample margins for improvements: companies, by law, are obliged to pursue just shareholders' interests, while all the other stakeholders or generally our society and the environment are not considered a priority. This concept is famous as *"Shareholder primacy"* and was the 20th century result of trying to solve the agency-cost problem identified by A.Smith in 1776 in his "The Wealth of Nations" (Smith, 2012), where professional managers' self-interest drove them to benefit themselves, not their shareholders. To overcome this setback, shareholders had to be the "sole locus of concern and analysis", with corporate managers obligated by law to serve shareholders' interests alone.
The first court decision to reflect these views was pronounced by the Michigan Supreme Court famously articulated in *Dodge v. Ford*, a case still prominently mentioned in most corporate-law casebooks.
Henry Ford sought to direct the firm's resources toward expanding its business, decreasing the price of its vehicles, while paying the company's workers better wages. Ford testified at trial that he believed the company made too much money and he preferred it to be less profitable, but considering also others' stakeholders interests, not just shareholders' ones.
John and Horace Dodge (minority shareholders in the Ford Motor Company) had challenged the decision of company founder and majority shareholder H.Ford to suspend the company's practice of paying special dividends, in order to pursue his personal idea. The Dodge brothers argued, and the court agreed, that Ford's actions perverted the corporation's purpose. The court wrote:

> "A business corporation is organized and carried on primarily for the profit of the stockholders. The powers of the directors are to be employed for that end. The discretion of directors is to be exercised

> in the choice of means to attain that end, and does not extend to a change in the end itself, to the reduction of profits, or to the non-distribution of profits among its stockholders in order to devote them to other purposes."

Although the court ultimately deferred too much of Ford's business judgment, it ordered the company to declare a special dividend. The decision's lasting effects went well beyond the special dividend and even the financing for the Dodge brothers' new automobile venture. *Dodge v. Ford* case eventually became shorthand for shareholder primacy for generations of lawyers and, as Judd F. Sneirson wrote, "Often the only thing retained from the entire course in corporations", despite the questionable validity of the case legal propositions under modern corporate law (Sneirson, 2011).

After this case, conceptual and political implications of the sentence became weaker, because administrators noticed that also other aspects were important for a competitive advantage and success of their companies. For this reason in the United States jurisprudence was gradually introduced the application of the "*Business Judgement rule*[5]". This rule, entailed that for ordinary decisions, an executive would not have violated his fiduciary duty towards shareholders, if he had acted in good faith and in the best interest for society. This measure was not enough, because its application remained subordinated to shareholders' interests' satisfaction.

At that point, it was apparent that there was the need of delimitating the administrators' responsibilities at least. In fact since 1983, many American states started to adopt the so called "*constituency statutes*", legal acts that allows the executives to consider many stakeholders' interests, while, at the same time, taking care of the shareholders' ones. Anyway, those "*constituency statutes*" did not produce the effect that was expected because of their nature: they were nonbinding, allowing administrators to pursue different stakeholders' interests, but not obligating them (Hiller J. , 2013).

Nowadays there are obviously laws and rules, that establish thresholds of compliance, and there can be entrepreneurs or firms, which dedicate a special attention to people, to community in which they operate and to their environmental impacts. Everything considered the final purpose of the executives in the company is still to ensure dividends to shareholders. In fact, managing directors are required to act and deliberate with

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[5] From the Cornell Law School Legal Information Institute: "*The business judgment rule is invoked in lawsuits when a director of a corporation takes an action that affects the corporation, and a plaintiff sues, alleging that the director violated the duty of care to the corporation. In suits alleging a corporation's director violated his duty of care to the company, courts will evaluate the case based on the business judgment rule. Under this standard, a court will uphold the decisions of a director as long as they are made (1) in good faith, (2) with the care that a reasonably prudent person would use, and (3) with the reasonable belief that the director is acting in the best interests of the corporation. Practically, the business judgment rule is a presumption in favor of the board. As such, it is sometimes referred to as the "business judgment presumption.*"

knowledge of facts, following the primary objective of creating value for the shareholders in the medium and long term.

Until boards of directors will be constituted only by shareholders' representatives or by themselves directly, and the CEOs will be elected just according to their opinion, there will not be a real incentive to promote structured initiatives in favor of workers, environment and communities. Even if there are some cases where CEOs and executives are expressing a broader sensitivity to those themes, they can still be removed from their position if they do not apply Friedman's business point of view, the pursue of share value maximization.

Consequently, it is inevitable a systematic decline of society and environment, just because these factors are not considered by the traditional business model, which has always showed some collateral effects.

As showed by the UN SDGs Report for 2018, environmental systems are rapidly and systematically declining, because companies are allowed to make profits even if they derive from causing social and environmental harm, which was not measured neither recorded until recent years. For example, it is absolutely legal to produce and sell vehicles, which burn fossil fuels, but science demonstrates that their emissions are killing millions of people every year and they are affecting negatively the climate.

There is always a better way to do things, we can evolve rapidly toward new economic models and more advanced technologies. If we think about that, a company is technology itself, a human invention and because of that, it is possible to make it evolve radically. From a brief analysis, anyway, the answer to these structural challenges cannot be anti-capitalism, whose final objective is to demolish the current system, but it does not provide real and feasible alternatives: the change must rise within the existing system.

2.2 Three Stanford alumni and a new paradigm creation

The three founders of the Benefit movement, Bart Houlahan, Jay Coen Gilbert, and Andrew Kassoy met for the first time in the 1980s at Stanford University. After that moment, they had different working experience. Two of them, Bart Houlahan and Coen Gilbert, founded AND 1 in 1993. This athletic footwear company was a cutting-edge business, which adopted since the beginning socially responsible behaviors: company's shares to employees, parental leave and many other benefits. In just few years, the firm was able to become highly profitable, until external conditions and wrong decisions taken internally led to a critical situation. In 2005, the two owners sold the company to Sequential Brands Group Inc. (R.Honeyman, 2016).

That experience was fundamental for Houlahan and Gilbert, because they understood that profit was important, but that business could create much more positive effects on society.

In the meanwhile, Andrew Kassoy had a brilliant career in the private equity sector in Wall Street, when he decided to build something new with his college friends. They wanted to create a profound change on a large scale, so their choice did not consider an investment fund or a company as the best alternatives. Starting from the assumption that business people needed a reference standard and a regulatory framework to follow, in June 2006, they founded B-Lab, a nonprofit organization with the main purpose of promoting a radical evolution of capitalism. The founders received since the beginning the support of three renowned foundations like

Rockfeller, Lumona, Skoll and this financial and technical help allowed B-Lab to develop an advanced impacts measurement protocol: the Benefit Impact Assessment (BIA).

B-Lab wants to provide assistance and suggestions to business, investors and institutions, promoting the mission aligned businesses that are able to operate balancing between corporate and social interests. Through these objectives, B-Lab's final aim is to create a community of business people who share the same ideas, in order to drive a new form of sustainable development.

Since the first years of activity, starting from its base in Berwyn, Pennsylvania, it created a USA network that today counts offices in New York, San Francisco and Colorado. Abroad there are other subsidiaries called B Lab Australia and New Zealand, B Lab Portugal and Africa, B Lab United Kingdom and Sistema B for South American countries.

B Lab Europe is located in Amsterdam and it is the reference point for countries such as Italy. In order to train a team of experts it also started a collaboration with the European Social Enterprise Law Association (ELSA), naming it the European B Lawyers Group, providing legal assistance and advices.

A Board of Directors is responsible to look for possible philanthropic investors to ensure the best functionality of the organization, also observing the management of financial budgets and operations. B Lab is governed by a dynamic process of broad, transparent, multi-stakeholder engagement. The Board of Directors establishes the Standard Advisory Council (SAC) to ensure continuous incorporation of best thinking and practices into B Lab's mission and activities. The Board also has ultimate decision-making authority on recommendations coming from the Advisory Council and oversees strategy, budget and operations. The Council is an independent committee of 20 members, each with deep industry or stakeholder expertise: council components are chosen from the academic field, government, sustainable enterprises and impact investing sectors.

The SAC is divided into two subgroups: one oversees the content and weightings for the version of the B Impact Ratings System that is appropriate for companies and funds in developed markets; the other one for analyzes the version that is appropriate for companies and funds in emerging markets.

The Standards Advisory Council's responsibilities include:

- Approving the extensions to the B Impact Assessment, which are created by specialized Advisory and Working Groups
- Determining eligibility for B-Corp Certification in cases where companies make material disclosures on the Disclosure Questionnaire
- Approving changes made to the B Impact Assessment as part of its three-year update process
- Reviewing material complaints against Certified B-Corporations

Decisions made by the Standards Advisory Council may be appealed to the Board of Directors (B-Corps website).

2.3 From certification to legal recognition

In 2008, after the first 100 Certified B-Corps obtained the certification, they started helping the movement to promote a new enterprise form that could have been recognized by law. This initiative was developed in order to allow a protection and alignment of their mission in the medium and long term, an important contribution to create the 21st century new operative system for worldwide economy. B-Lab and those companies shaped the benefit corporation legislation together with the Philadelphia lawyer William H. Clark, Jr. and the law firm he was working for, Drinker Biddle & Reath LLP[6]. They have participated, pro bono, in drafting all legislations thus far passed in the U.S. after having heard about B-Lab's initiative in a random radio program. In April 2010, after two years, Maryland was the first US state and the first in the world to codify the new legal form of **Benefit Corporation**.

Now this legal form is recognized in 34 American states and many others in the US are starting the procedure to introduce the Benefit Corporation status in their legal systems.

From B-Lab's website we can define Benefit Corporations as "companies locked in on their mission to use business as a force for good" and as "a new legal tool to create a solid foundation for long-term mission alignment and value creation". The legislation "protects mission through capital raises and leadership changes, creates more flexibility when evaluating potential sale and liquidity options, and prepares businesses to lead a mission-driven life post-IPO (Initial Public Offer)" (B-Lab's website).

Since the beginning, Benefit Corporations have been for profit companies that together formed a global movement with the objective of spreading a more advanced business paradigm. The vision of this movement is to use business as a positive force. They consider necessary that:

- Companies are measured in a complete, transparent and rigorous manner for their total results, not just economic ones, but also for their impacts on society and environment
- There would be available new juridical models which make explicit the aim of having a positive impact on society and environment, beyond profit production
- To create the condition for companies to compete for being the best for the world, thus for creating a long-lasting and common prosperity, through the impacts measurement and new legal forms

The positive impact on society, that leads to the creation of shared value (Porter & Kramer, 2011), it is integral part of their core business. According to this paradigm, the economic activity recovers its original function, assuming the role of regenerating force for society and planet, becoming part of the solution of some of the major challenges of 21st century that are so compelling now already, as reported in the initial chapter.

The "benefit project" developed by B Lab, has indeed two complementary components:

1) On one hand the **measurement of the economic, environmental and social value creation of a company**.

[6] Drinker Biddle & Reath LLP website: www.drinkerbiddle.com

2) On the other hand there is **the legal form of Benefit Corporation** which modified the DNA, the statute of a for profit entity, specifying in the social object that its aim is double: distributing dividends and creating a positive impact. The introduction of those principles in their statute, represents a radical evolution of the capitalist paradigm and does not set any limit to the profits distribution, with the condition that they would be generated thanks to improvements for the world.

According to some scholars those companies are redefining the distinction between nonprofit and for-profit entities (Stecker, 2016), because being a Benefit Corporation means being a business with traditional corporate characteristics and societal responsibilities (Hiller J. S., 2013). They must:

- have a corporate purpose to create a material positive impact on society and the environment
- expand the two *fiduciary duties*[7] of directors requiring consideration of non-financial interests
- report on their overall social and environmental performance assessed against a comprehensive, credible, independent and transparent third-party standard (Collins & Kahn, 2016).

"The benefit Corporations imagine a future where all the companies will be measured in a rigorous manner and valued according to the created shared value for society not only for shareholder; a future where all the companies will compete for being not only the best of the world, but the best for the world" (from B-Corp website)

2.4 The certification tool and procedure of the Benefit Impact Assessment

The Benefit Impact Assessment is an online free platform that, after the subscribing procedure, allows companies to evaluating their positive impact on stakeholders, giving an appropriate relevance to environment and people. It delivers an evaluation of the business that considers it as a whole, measuring the firm's impact in five areas: Governance, Workers, Community, Environment and Consumers.

Each one of those areas produces a score and it is necessary that the sum of them reaches at least 80 points out of 200, in order to obtain the B-Corp certification label. In the B-Corps website, it is showed that currently (12th of June) just 2.788 certifications were released on more than 100.000 companies that measured their business impact (it is less than 3% of the total). This datum delivers a good impression of the severity and scrupulousness of the tool.

B-Lab founders and the Standard Advisory Council considered many different sources for designing their tool. For example, they took into account certifications of business sustainability or green economy such as LEED, Fair Trade, Organic, ISOs, building the BIA according to many of the GRI IRIS standards. They got also

[7] According to American legislation and business practice the director have two main duties:

- Duty of loyalty: they must put the best interests of the corporation above their own if they are in conflict
- Duty of care: they must exercise good business judgement and use ordinary care and prudence in the operation of the business

inspired by movements such as “1% for the planet” and “Wiser Earth”, and by entrepreneurial stories of Patagonia and Ben & Jerry’s. These examples can clearly ensure credibility, transparency, and comprehensiveness of measures.
However, it is necessary to specify that their competence is limited to determine which the best practice to communicate information is. Another important aspect to consider is that some of them are platforms, which define specific methodologies to report impact metrics, but they are not tools to evaluate whether a company has improved or has worse performances: here we can understand which the main difference between BIA and other standards is.

B-Lab’s tool has a double purpose:

1) to address business leaders to report data in the best way
2) and, in the meanwhile, to evaluate their impact, allowing them to set objectives for improvements in the areas where they obtained worse scores.

Since the beginning of B-Lab’s activity, the BIA has been regularly modified over time. The current version is the sixth and it was launched in April 2019. It has more than 70 different configurations that can be activated by the business features of each company. Moreover, it presents some individual metrics changes compared to the previous one and some updates of the questions.

At the beginning, each firm interested to measure its impact has to select its business model:

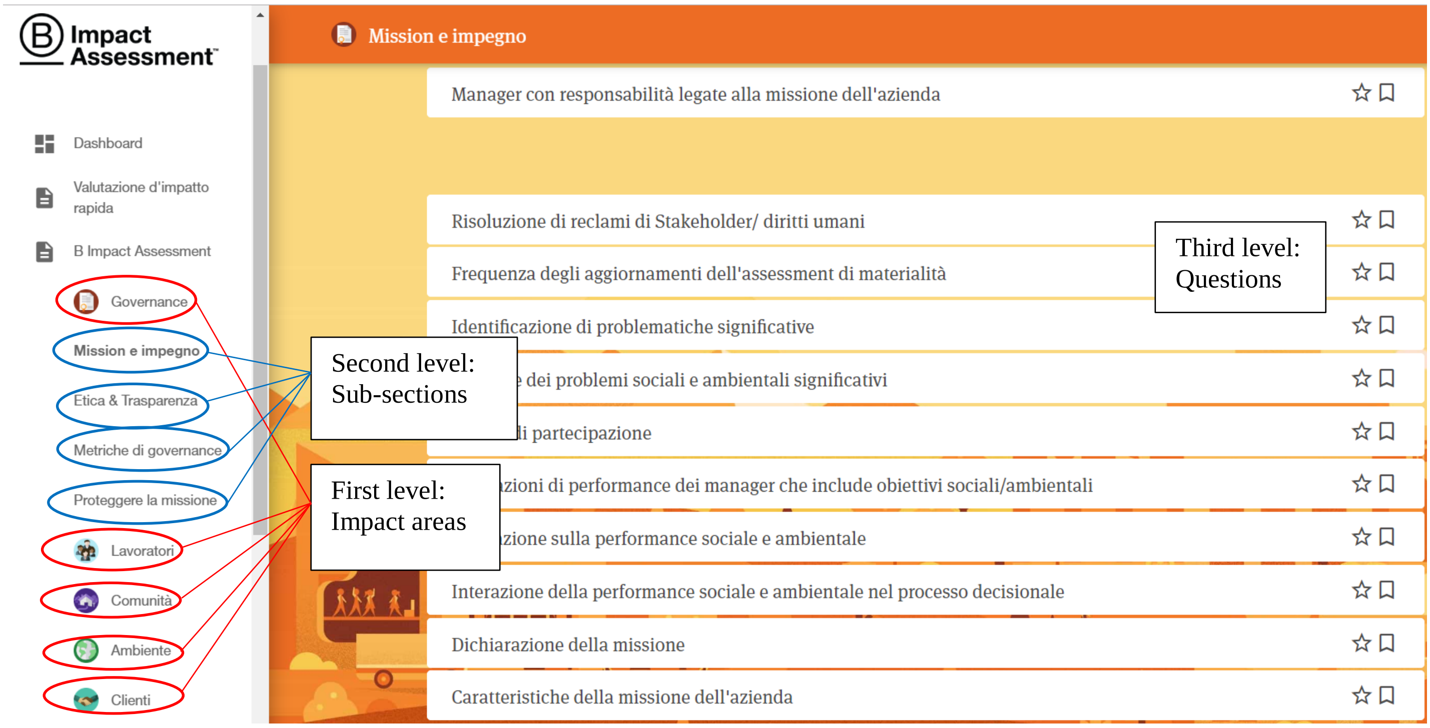
1) The type of sector it operates in
2) Its geographical range of action (the reference market)
3) Its number of employees

This procedure is necessary because the software will show different tailored questions according to these preliminary answers. For instance, the model can adapt to the firm creating six different patterns depending on its size. The total number of questions potentially available is approximately 1.000 and some of them are unlocked according to the pattern that is chosen by the company.

We can identify a three levels structure of the BIA (Figure1):

- The first level is the one composed by the five impact areas
- The second level is constituted by the sub-sections that are contained in each impact area
- The third level is the questions’ one

Figure 1: Areas of impact and sub-sections (Governance impact area example)



Source: Benefit Impact Assessment website (https://app.bimpactassessment.net)

Furthermore, questions can be divided into three types:

- General questions, which are often contained in the first sub-section of each impact area. According to the answers to those questions, the BIA unlocks a lower or higher number and a different type of sections where it asks a deeper disclosure through the following two types of question
- Quantitative questions for asking precise numbers, data or percentages
- Qualitative questions, which are used to specify particular behaviors of the company or to disclose qualitative data. They are very often presented to give a framework for quantitative analysis.

When the questionnaire is completed, you can send the result by clicking the button "subscribe", at this point the company has to wait until B-Lab's communication of the Review Call (it can be scheduled even after months). Before the Call, the firm will be asked to show specific documentation and proves regarding a certain amount of questions randomly chosen after a first general review made privately by B-Lab.

If revisers do not notice any problem in the BIA and in the documentation, and they assessed that the company score is above 80, they can release the certification label "Certified B-Corp".

To obtain this label and gaining access to the B-Cop network it is necessary to pay an annual inscription fee whose amount varies depending on the company's annual sales (Table1).

Table 1: B-Corp Certification fees relative to the company's annual sales

SIGN AGREEMENT AND PAY ANNUAL FEES

To finalize certification, sign the B Corp Declaration of Interdependence, sign your B Corp Agreement, and pay your annual certification fees. Find your B Corp Agreement.

Annual Sales	Annual Certification Fee
$0 - $149,000	$500
$150,000 - $1.9MM	$1,000
$2 MM - $4,9MM	$1,500
$5 MM - $9.9MM	$2,500
$10 MM - $19.9MM	$5,000
$20 MM - $49.9MM	$10,000
$50 MM - $74.9MM	$15,000
$75 MM - $99.9MM	$20,000
$100 MM - $249.9MM	$25,000
$250 MM - $499.9MM	$30,000
$500 MM - $749.9MM	$37,500
$750 MM - $999.9MM	$45,000
$1 B+	$50,000+, depending on the structure of the company

Source: B-Corps official website (https://bcorporation.net/certification)

Once the payment is corresponded, the company receives the Benefit Impact Report that summarizes points gained and it is published on the B-Corp official website that dedicates a page to each Certified B-Corp. The official moment that certificates the issuance of the certification is the signature of the main B-Corps programmatic document, the Declaration of Interdependence (Appendix A).

The certification conserves its validity for three years, after this period the company must retake the assessment to keep the label. Despite the fee is due every year, the score is certified just when the certification expires, thus a company, which improved its performance in the year following the certification, can report its score just specifying that it is "not verified": this is one of the major critics moved toward B-Lab.

Again, it must be considered that the questionnaire is specifically shaped by the features of the business that conducts the impact. Therefore, the evaluation differs from company to company. To have a better idea of what it means, it is suggested to consult the website B-Analytics[8], where it is available the BIA Standards Navigator. This tool is an intuitive platform that gives examples of the possible questions.

Through BIA, B-Lab is able to assess if companies are producing a clear benefit for society and environment, beyond a profit for shareholders and at the same time, they reward the best of them in order to make them stand out as an example for other businesses.

During the first years, the BIA was biennially updated according to new ideas and feedbacks received by different businesses, but from 2017, B-Lab decided that as this standard reaches the maturity phase it would have been modified every three years (Version 5 was launched in 2016). The main reason is that if they want

[8] B-Analytics website: https://b-analytics.net/

to attract many new users they have to ensure more continuity, without frequent and deep modifications it (B-Lab, 2017).

2.4.1 The Five areas of impact

To present a clearer idea of the BIA to the reader, I think that it could be useful understanding what each area of impact analyzes and in which manner.

- **Governance.** The measurement of this area takes into account three different aspects: corporate accountability, transparency and governance metrics. Considering the category of the corporate accountability, the tool proposes questions related to the business mission, the ethics code and detailed documents concerning the Board of Directors and the Key Performance Indicators (KPIs), such as outcomes. The aim is to know better, how the company is managed and which are the guidelines or the criteria considered during the decision-making process. Moreover, to obtain a score to the second category, the transparency, it is necessary to provide the economic and financial disclosure present in the public annual reports. Finally, to completely fulfill the evaluation of the governance area's impact, it is necessary to give details concerning revenues and metrics for the previous fiscal year. It must be also declared the legal form of the company to inform whether it has already updated its mission in the statute.

- **Workers.** The second area is aimed to check the relevance that the enterprise confers to its employees. It focuses its attention on compensation, benefits, and training. It takes into considerations also the worker metrics, such as the characteristics of the employment contracts (such as full time or part time, contractor or temporary), and whether any kind of stock option is offered to workers. The environment of the workplace is evaluated as well: for instance, the opportunity of being able to rely on a flexible schedule or having a health or safety coverage. The questions seek to investigate the relationship between workers and their managers. The B-Corp certification wants to evidence that employees are not only workers, but firstly, that they are humans and thus they must be treated consequently.

- **Community.** To quantify the positive impact that business has on the whole community are evaluated parameters concerning job opportunities creations in the surrounding or the implementation of diversity measures, such as employment of women, ethnic minority or people with disabilities. Companies should help to relive unemployed categories all over the entire supply chain. Moreover, maintaining the focus on the supply chain, it is important that the enterprise gives priority to the community development choosing local suppliers and distributors, and preferring domestic products as well. In addition, the assessment evaluates also donations to charity institutions, civic engagement and voluntary service promoted among employees. For instance, the evaluation rewards those enterprises that offer one or two paid days each year to be spent in volunteering.

- **Environment.** Each business action has consequences on the environment. The measurement of all the impacts is pursued through questions dealing with input and output. Particularly, they are focused on energy use and renewable sources, quantification of Life Cycle Assessment (LCA), type of packaging, emissions production, and implementation of measures to reduce water and waste use. It is also investigated whether the plants are green buildings or whether particular precautions to create sustainable offices have being introduced (such as recycling practices, energy-efficient printings and lights), or the adoption of the Environmental Management System (EMS). The assessment requires information relative to environmental practices applied in the entire supply chain, among which emission data relative to transportation and distribution. Finally, the company has to provide details concerning what it is doing for the environment. For instance, actions that demonstrate that it takes care of the environmental restoration or it has redesigned the production process to reduce its impacts (Impact Business Model).

- **Customers.** This field is actually present only for those enterprises that have the possibility of receiving a feedback on the impact of products and services provided. Indeed, the Customers Impact Area is designed to measure the business positive direct impact on customers, especially whether the company is aimed to address a particular social issue. For instance, it quantifies how the customers' health or wellness has been improved, or how the enterprise has promoted the education or the preservation of artistic, cultural and civic engagement. Furthermore, the evaluation of this area deals with the creation of new entrances to the market, such as building infrastructures or generating activities to assist underserved in the provision of income.

2.5 Benefit Corporations and B-Corps in Italy

In Italy, before it was approved an official law for Benefit Corporations (2016), there were many for profit companies in different sectors, which decided to achieve the B-Lab's certification independently. In fact, Italy has a long history of social entrepreneurship, which started in the 15th century in Perugia (Umbria) and that makes of the country the best place in Europe, where this business revolution could have started from (Cristina, I. - Mixura, 2015)

The introduction of Benefit Corporations in the Italian legal framework has been possible thanks to the senator Mauro Del Barba and the founders of Nativa Lab[9], the Italian partner of B Lab, Eric Ezechieli and Paolo Di Cesare, who started their lobbying activity in fall 2014. Their purpose was to introduce some clauses to the

[9] Official website https://nativalab.com

Italian Stability Law in order to make of Benefit Corporations an officially recognized business entity (Valsan, 2017).
This happened on 28 December 2015, when the Italian Parliament approved the 2016 Stability Law, Act N° 208/2015 (Appendix B) introducing the new legal form of Società Benefit, from the Italian name which was given to those entities in the law. Italy has been the second country in the world, after United States, to introduce this new type of corporate model.

From the description written in the law text, Società benefit are identifiable as a hybrid legal form between social enterprises and for-profit organizations. During these three years, scholars have defined them as an evolution of the concept of for profit business that wants to serve society, going beyond the inconsistent past CSR (Bianchi, 2017). The disruptive improvement that those companies seems to bring with their constitution is that they are able to balance two incompatible interests with pertains to the non-profit and for-profit sectors. That is well explained in the clause 376 of the 2016 Stability Law:

> "…in the exercise of an economic activity, in addition to the purpose of sharing the profits, pursues one or more purposes of common benefit and operates in a responsible, sustainable and transparent manner towards people, communities, territories and the environment, cultural heritage, social activities, public institutions and associations, and any other stakeholders."

Some Italian experts interpreted this event as the legal acknowledgment of the so-called *"fourth sector"* (Di Teodoro and Partners, 2016; Di Turi, 2015), where Società Benefit will operate in a responsible, sustainable and transparent way, pursuing long-term objectives.
As mentioned at the beginning pf this chapter, Società Benefit is the same as Benefit Corporation and thus, they differ to those organizations that have pursued the B-Corp certification.
According to the Law 208/2015, Italian certified B-Corps are forced to modify their legal status into Società Benefit within two years or, if their first certification was gained before the law, within four years (until 1st of January 2020). On the contrary, Società Benefit are not obligated to achieve the B-Corp Certification (all main differences between the two concepts are presented in Table 2)

Table 2: Differences between Certified B Corp and Società Benefit

	CERTIFIED B CORP	SOCIETÀ BENEFIT
Definition	B Corporation is a company that has been certified by B Lab and proves to have met rigorous standards of social and environmental performance, accountability, and transparency (short-term).	A Benefit Corporation is a juridical entity that voluntarily meets higher standards of corporate purpose, accountability and transparency (medium-long term)
Accountability	Administrator keep into consideration both shareholders and stakeholders in decision processes.	Same as Certified B Corp.
Transparency	The corporation must publish a report on the overall impact, drawn up by an independent standard.	Same as Certified B Corp.
Performance	Performances must be verified and certified by B Lab trough the B Impact Assessment, achieving at least 80 points.	Self-reported.
Review	To renew every two years.	Only transparency requirements are mandatory.
Availability	Available for each private corporation.	For all Italian enterprises that want to pursue, in addition to the aim of distributing profits, one or more aims of common benefit.
Assistance and use of the Brand "Certified B Corp®"	Access to services and support by B Lab. B Corps can use the brand and the logo in all products and communications.	No aid from B Lab. They cannot use the brand B Lab®.
Cost	The annual certification fee is between 500€ and 50000€, depending on business annual turnover.	Costs depend on charges in changing the company statute.

Source: The B Corp: an international overview and the Italian Case Study, A. Bianchi, Alma Mater Studiorum University of Bologna 2017

To sum up, there are no fiscal cuts in Italy for the moment and the legal status only affects the business mission and requirements regarding accountability and transparency. The entire text of the Società Benefit Law 208/2015 can be consulted in Annex B.

2.6 How do you become Benefit?

According to the rules introduced by the Law 208/2015 in the Italian legal framework, four aspects have to be considered in order to become a Società Benefit:

1) The common benefit purposes must be indicated in the statutory clause of the company. In particular, the indication of the corporate purposes, which should ensure that the company's activity does not deviate from the original aim and that they will be expressed by the company structure. This

requirement satisfies also the need to define the risks of the investment made, in the best interest of shareholders (Campobasso, 2015)

2) The organization must be properly managed in order to balance its shareholders' interests with all the interests of company's stakeholders. From this aspect derives that short, medium and long-term functional objectives must be defined to realize the common benefit. In defining these objectives, it is important that the organization takes into account the interests and the needs of the stakeholders, by taking their decisions in a motivated way, based on objective data, so that the commitment is consistent with the organization's activities
3) It must be selected an individual who will be in charge of pursuing the common benefit. The Board of Directors have to identify the person, who will be in charge of accomplishing the required tasks, aimed at pursuing the common benefit as defined in the corporate statute. He will be committed to balance the interests of business partners and pursuing the common benefit. Normally, this role is identified in the top management, because the person in charge has to have enough authority to operate without restraints
4) It must be published a report that will show annually the pursued and the achieved objectives through a business impact evaluation. This requirement is expressed by article 5 of the Law 208/2015. It establishes that the company must create an impact report, which should be attached to the annual financial statements. The report has to describe and quantify the firm's effort in the pursuit of common benefit. Particularly, it has to describe what kind of measures are implemented to achieve positive impacts and how those impacts are evaluated. Finally, the complete report has to be published on the firm's website, so it can be publicly available. It has to be added that the company's impact report has to be structured in compliance with a third party standard, such as the Global Reporting Initiative or the ISO 26000 (International Standard Organization), or whoever is able to satisfy the requirements of Comprehensiveness, Independency, Credibility and Transparency (Annex B). Regarding this point, the legislator left a clear openness to the company's judgement, in fact, each firm could choose among the wide offer of impact reporting standards: it implies that B-Lab, and its tool the (BIA), should just be considered as an option, not a mandatory requirement.

Additionally, the Board of Directors should evaluate the impact generated and analyze any circumstances that have prevented or slowed the pursuit of the common benefit (Nigri & Maggioli, 2015). This responsibility develops a triple-bottom-line approach of Directors who must consider the economic, environmental and social sustainability of their decisions' impact. Since the responsibility for the pursuit of common benefit falls on directors, it is fundamental that the purposes of common benefit are as detailed as possible.
This aspect is important not to fall under sanction actions by the AGCOM (Autorità garante della concorrenza e del mercato) the Authority, which is in charge of overseeing the effective application of the common benefit objectives.

Italian legislation offers the possibility to adopt the status of Società Benefit to a broad range of companies: limited liability companies, cooperatives and partnerships in compliance with the relevant discipline ((Tarlantini, 2017).

The official register of B Lab's Italian benefit companies, updated to 3rd of July 2018, indicates 195, of which 166 limited liability companies (S.r.l in Italian), 5 simplified limited liability companies (S.r.l.s in Italian), 9 limited companies (S.p.A in Italian), 9 cooperatives, 1 simple company (s.s in Italian), 1 general partnership (s.n.c.in Italian) and 2 limited partnerships (s.a.s. in Italian). Nevertheless, at the conferences dedicated to the topic of Società Benefit at the end of September, the lecturers already speak about more than 200 Società Benefit. It is relevant to highlight that approximately 90% of them are limited liability companies, located mainly in northern Italy.

2.7 Differences between Italy and USA

Notwithstanding the Italian law derives from the American example, there are many differences between the United States and Italian Benefit legislation, because of the legal and social contexts in which this new corporate form has been created.

In 2010, the US benefit corporation has been introduced to mitigate the dominant paradigm of the shareholder primacy. On the contrary, in Italy, like most other civil law jurisdictions, directors might already take into consideration stakeholders' interests; thus, the concept of a shareholder primacy doctrine is weaker than the American equivalent (Pelatan & Randazzo, 2016). As a result, the Italian benefit corporation legal form created a double scope, in order to enable companies to have more than one corporate purpose. With the possibility to produce also, a common benefit for the society and the stakeholders. 2016 Stability Law creates a new business model that merges the benefits of the for-profit and nonprofit corporate form, giving the deserved relevance, first neglected, to the social dimension of the company.

After a comparison of American and Italian Benefit Corporations, R.Valsan (2017) identified three major differences:

1) American directors are not considered responsible whether the public benefit is not achieved or whether an action fails. On the contrary, Italian directors seem to have more responsibilities thanks to the liability clause concerning them. They have to protect non-shareholders' interests through the nomination of an impact director in the constitution act of Società Benefit: the "benefit director" must explain annually the strategies implemented to purse the common public benefit, as well as present a plan describing how the benefits will be meet in the following years. In case of any violation of the norm, there would be a breach of fiduciary duty and of Consumer Code provisions, punished with personal liability. Furthermore, the Italian benefit directors have to respect stricter rules on the compilation of the benefit reports, which have to contain more details than the American ones.
2) The legal status is another point that differs between the two legislations. In fact, in the Italian context, any kind of business has the possibility to adopt the new legal status of Società Benefit, adding also

the initials SB to the business' name. Thanks to Italian legislation, which foresees boundaries on profit distribution to shareholders, low-profit enterprises, such as cooperatives, limited companies, and mutual ones are able to change their status and embrace this new business paradigm. In the United States, the situation is quite different, because only traditional for-profit companies can become Benefit Corporations. Consequently, charitable businesses and hybrid ones are denied to adopt this legal form.

3) Finally, the US model, the Model Benefit Corporation Legislation (MBCL), does not require mentioning explicitly the public benefits that the company will be committed to pursue. This detail implies that stakeholders are the only constituency with a right of action against the directors whether they fail in pursuing the company's common benefit aims. On the other hand, in Italy, Società Benefit are required to specify their own scopes and how the latter are materially achieved: this rule was developed in order to contrast the possibility of *corporate greenwashing*[10] and to increase the possibility of social purpose's achievement. This aspect potentially ensures the transparency of the enterprise's actions because, if the common benefits declared are not pursued, the directors will be subjected to the Italian Consumer Code rules on misleading advertising and unfair trading practices/competition.

2.8 It pays to become a Benefit Corporation

According to articles and reviews promoted by academics, scholars, governments and companies there are many reasons that make becoming a certified B-Corp or a Benefit Corporation a good choice.

For instance the Harvard Business Review analyzed that, for Small and Medium Enterprises, this change constitutes a signal of their aim to prove that they are more genuine, authentic advocates of stakeholders benefits. This assumption could explain why the majority of certified and legal entities has a small and medium dimension[11].

However, we can find some examples of companies that supported the B Movement since the beginning and that are shaping the new frontier of sustainable development. Patagonia has been one of the first certified B-Corps and it has recently improved its commitment to save the planet adding to its statute the sentence "Patagonia is in business to save our home planet" (form Patagonia's website[12]).

Another interesting insight proposed by the HBR is the existence of positive correlation between the number of hostile shareholder-centric activities in an industry and emergence of B-Corps in the same industry. As

[10] From Cambridge Dictionary: "behaviour or activities that make people believe that a company is doing more to protect the environment than it really is

[11] Some multinational corporations such as Danone are starting to join the Benefit model, or at least have introduced among their objectives the certification achievement

[12] https://www.patagonia.com/home

mentioned in the introduction chapter people are starting to understand that the major crises of our time are a result of the way we conduct business, thus they are embracing a new set of rules.

We can identify six positive aspects that are leading the conversion to this new way of doing business:

- **Resiliency**. Current legal framework is structured to ensure profit maximization not social responsibility. Benefit Corporation legislation modifies it enabling companies like Patagonia to stay mission-driven through succession and capital raises, respecting values, culture, processes and high standards put in place by founding entrepreneurs. Without a competing deal, the constituency statute permits a board to examine the potential transaction's impact on people and planet, rejecting it on that basis (Stammer, 2016)
- **Brand Identification**. Consumers are less likely to trust a company's claims versus consumer reports or third party certifications. The lack of comprehensive and transparent standards is making it difficult for consumer to tell the difference between a "good company" and just good marketing. The new Benefit Corporation form facilitates greater recognition of the businesses by consumers, by establishing a higher bar of corporate commitment: those companies will be able to stand out in the midst of a greenwash revolution (Clark & Vranka, 2013)
- **Capital attraction**. B-Corps and Benefit Corporations can be expected to be more successful in accessing socially responsible or impact investments. This is the direct consequence of their governance purpose, the greater transparency and accountability of their economic and social impacts. Investors and policy makers are becoming every day more attracted by those entities. A proof of that is the letter written by Larry Fink, CEO of BlackRock, the most important Private Equity Fund of the world (it manages around six trillion of US dollars[13]): "As a fiduciary to these clients, who are the owners of your company, **we advocate for practices that we believe will drive sustainable, long-term growth and profitability**. As we enter 2019, commitment to a long-term approach is more important than ever – the global landscape is increasingly fragile and, as a result, susceptible to short-term behavior by corporations and governments alike." (Fink, Purpose and Profit, 2019)
- **Networking and Strategic partnerships.** With the expansion of the movement, there is a relevant potential for future synergies both horizontally and vertically along the value chain. New type of ethical producers in every kind of industry can provide ethical and sustainable products to transformation companies, which share their values of business regeneration (they are all Benefit Corporations). This is concretely happening through the commitment of B-Lab in order to create links between certified B-Corps (Clark & Vranka, 2013)
- **Quality of workforce**. These type of companies are able to attract more talents, especially among young employees who seek meaning in their careers. According to many surveys, 63% of millennials thinks that the main purpose of companies should be improving society and considers this aspect when

[13] If it was a country, it would be the third in the world only behind USA and China

it applies for a job. Moreover, 88% of MBA students would accept a pay cut to work for companies that are sensitive toward topics such environment, human well-being and social improvement (Stammer, 2016)

- **Revision opportunity**. Both B-Corp certification and Benefit Corporation status are affordable ways to review, processes and policies of the companies. In this way, firms are able to track a broader amount of information than before, developing a new method of analyzing them and consequently to drive the directors' decisions, which must combine, for instance, energy and water consumption, the impact on the community and the profit provisions for the next years (Clark & Vranka, 2013)

Comparing Benefit Corporations to traditional ones S.K. Matthew and colleagues (2016) argued, "There is a technocratic shift to an era where local and democratic forms of organization could address the needs formerly met by the corporation" (Matthew, Karlesky, Myers, & Schifeling, 2016)

2.9 Outspoken critics of B-Corps

Benefit corporation legislation has rapidly diffused not only in the United States, but also in many countries of the world. Even if they are a relatively new institution, both the certification and the legal status have not been immune to criticism.

In 2017, A.K. Verbos and S. Black have written one of the most important articles that contains the main critics to this new paradigm in the Business & Professional Ethics Journal.

It is easy to see from their research that opponents of benefit corporation legislation refute many arguments in their favor. For instance, El Khatib (2015) argues that the way in which Delaware tinkered with B Lab's Model Benefit Corporation Legislation structure has left enough space for ineffective enforcement and a potential for abuse, with other significant weaknesses that is exactly the opposite of what B-Lab's founders declared to pursue.

One of the main points of discussion is the third-party standard. For André (2015) and Murray (2012). Benefit corporations must make sure that their third-party evaluator remains within the statute's requirements, increasing transaction costs associated with this form (André, 2015; Murray, 2012). The standards have come under fire as potentially invalid and perhaps not credible, essentially because some lawyers contend that there are not enough proper mechanisms in place for accountability purposes (Deskins, 2012). Referring to the America legislation field, many rating agencies' scoring systems lack uniformity, and do not require firms to discuss instances when they do harm (Koehn, 2016). In addition, André (2010) asserts that relying on the benefit corporation's independent third-party standard, as a benchmark does not offer much novelty over traditional corporation procedures since benefit corporations are not the only organizations evaluated (André, 2010). For these reasons, with perhaps the harshest terms, Groshoff (2013) criticizes B Lab certification as merely licensing the brand "Certified B Corp".

Another critic moved toward the B movement is that the proponents of Benefit Corporations have pushed many legislators to accept that this form is necessary to facilitate social enterprise and preserve social missions. On the contrary, they argue that the way to preserve a social mission is not to cash out, owning the business, selling it to the dedicated employees through an ESOP or to like-minded people (Verbos & Black, 2017).

This concept makes Benefit Corporations the solution to a "non-existent problem" (Blount and Offei-Danso, 2013), while the legislation about them adds a layer of complexity to structure, legal, financial, and social cost, and risk, which confuses choices of how to best organize a business, potentially threatening near-term shareholders' profit (Chu, 2012; Groshoff, 2013). About that, Chad (2016) notes that there are unresolved issues regarding the tax consequences of pursuing a social mission in a benefit corporation. In line with this point of view Chu (2012), argues that rather than complicating the law, legislators who wish to reform business practices should improve corporate simplification and clarification of the existing corporate law, such as advocating for revised constituency statutes.

The two authors of the article overturn the shareholder primacy problem, negating its existence, saying that law does not settle this principle. Moreover, citing Blount and Offei-Danso's (2013) they assert "even if perception becomes reality with respect to the norm of shareholder maximization, benefit corporation law does not provide investors or social entrepreneurs seeking capital any additional benefit".

Furthermore, they cite the Business Judgment Rule (BJR), the legal standard by which director's actions are judged and not second-guessed by the courts (Blount & Offei-Danso, 2013; Khatib, 2015). The BJR allows companies to promote agendas, which consider not only shareholder value maximization, but also, generally speaking the "best interest of the company", thus considering indirectly other stakeholders.

Blount and Offei-Danso add that existing independent standards and certifications already help all types of companies and their stakeholders evaluate their social commitment. For example, they consider enough the reporting standards promulgated by the Sustainability Accounting Standards Board (SASB), and also the Global Reporting Initiative with IRIS, which created a catalog of performance metrics used to measure the social, environmental, and financial performance of investments" (Alexander, 2014). Of course, there many companies, which are actively undertaking substantial social missions in addition to making profits, brought as example such as Alphabet Inc. (Google), Safeway, General Electric and Cisco Systems.

To conclude this section dedicated to the critics moved towards B-Corps and Benefit Corporations I think that is appropriate to report one of the final sentences of the article: "With the advent of the benefit corporation form, there is now a legal argument against socially responsible initiatives. Benefit corporations are legally unnecessary or desirable, cautions about unintended potential to change corporate law, legal uncertainty for directors, and questions the wisdom of including a third party standard in entity formation legislation" (Verbos & Black, 2017)

CHAPTER 3

3.1 Aboca Group: company presentation

"*When I founded Aboca, I was convinced that mankind could not do without natural substances and that they were absolutely essential for maintaining a person's well-being and for the treatment of diseases, a difficult conviction to sustain in a world where chemicals seemed to be the answer to everything and where extraordinary heritage of the natural world was confined to non-conventional therapies or simple tradition. A view contrasting sharply with my belief that the world of natural substances should be approached with rigorous methods of clinical research not as an alternative to, but alongside conventional medicine.*

Aboca was founded on this belief and has grown steadily, focusing on innovation, research and the use of advanced technologies.

Today, views have changed considerably. Even the scientific world has rediscovered the benefits of natural substances, complex substances that have co-evolved with humans, which makes them capable of interacting with our bodies in synchrony with our physiology. This is the basis for the use of these substances, to promote the well-being of the organism and maintain a balance aimed at improving physiological conditions in a healthy body.

But research has advanced and, thanks to modern extraction, production and analysis techniques, it is now possible to obtain molecular complexes from natural substances that, thanks to their action, can also be used for the treatment of diseases and benefit the sick.

Natural substances represent a great opportunity for humans: the more we get to know and to use them, the more we find in them an irreplaceable ally in our quest for well-being and cure."

Valentino Mercati, Founder and President of Aboca Group

Aboca was born 40 years ago, in 1978, in Sansepolcro in the province of Arezzo (Tuscany), from the passion for medical plants of its founder and current President Valentino Mercati. The name Aboca was inspired from the medicinal plant Camepizio (called Abiga in the Tuscan dialect), traditionally known for its antirheumatic, diuretic, emmenagogue and stimulant properties. In fact, Valtiberina (a circumscribed area located at the border between Tuscany, Umbria and Marche) was a renowned location for the cultivation and processing of medicinal plants since the Medieval Age, precisely from 1200.

Today, the CEO Massimo Mercati, the founder's son, drives the enterprise and the whole property is still in the hands of the family members. The firm is owner of a unique expertise that allowed it to become the European leader in the production and distribution of medical devices[14], dietary supplements and cosmetics based on medicinal plants. Aboca is member of the ELITE program of Milan's Stock Exchange, which puts

[14] Products with therapeutic action, not pharmacologic

together the most renowned and high-growth potential Italian companies, and has won several national and international awards emphasizing its unique approach to innovation.

During the last decades the company founded or acquired other businesses becoming a group as a matter of fact: it is composed by "Aboca s.p.a. Società Agricola", its publishing house "Aboca Edizioni", the "Aboca's Museum", the network of pharmacies "Apoteca Natura", "Farmacie Fiorentine AFAM s.p.a." and the herbalist's firm Planta Medica (its historical competitor, which was acquired in 1992).

Research plays a key role for sustaining Aboca's competitiveness, as mirrored by the numerous national and international patents registered and 3,000 scientific articles published by the firm's researchers.

The main objective of the company is to bring the natural substances at the center of the human therapy, with an approach oriented to a serious research and the criteria expressed by the "*Evidence Based Medicine*[15]*"*. This approach to the medicine empowers firm's vocation to re-read the organism's physio pathologic mechanisms, searching the solutions for human therapy in the nature that surrounds him.

The company has a high control of its supply chain. In fact, it manages the majority of the phases, which go from the seed planting to the packaging, as well as the products distribution to medical practitioners, pharmacies and herbalists. This vertical integrated and biological production process allows the commercialization of 68 different lines of finished products.

Thanks to this peculiarity, the company is able to ensure high levels of quality and standardization. The cultivation and the extraction processes, the blending and packaging activities, with all the production processes are thought and accomplished with a constant monitoring, based on the most advanced qualitative procedures and systems.

3.1.1 Scientific research

A prominent part of the research comes from the Natural Bio Medicine (NBM) laboratories, an entity that is formally independent from the Group's property. NBM provides researches of biological and molecular effects of natural, but it acts also as an international point of reference for independent studies with other institutions and universities (a significant collaboration project was created with Cambridge University).

The efficacy of Aboca's products is the result of an innovative methodological and scientific research, which characterize all the processes until the post-marketing phase. This capability, which is the key of the company's competitive advantage, is ensured by continuous investments in different research areas that are integrated each other. Those aspects have allowed the Group to stand out as a model of therapeutic innovation in the context of the vegetal molecular complexes.

[15] From PMC (US National Library of Medicine National Institutes of Health): *"Evidence Based Medicine is the conscientious, explicit, judicious and reasonable use of modern, best evidence in making decisions about the care of individual patients. EBM integrates clinical experience and patient values with the best available research information. It is a movement which aims to increase the use of high quality clinical research in clinical decision making"*.

In 2018, the resources spent in R&D was around the 7% of the total revenues and overall this activity involves around 100 people. Aboca's research activity is different from traditional one, because it crosses many fields. Of course, there are laboratories for pharmaceutical and clinical activities, but the word research has many different meanings: it involves history, botanic, agriculture, systems' biology, phytochemistry and big data management. All those activities allowed the creation of an inestimable *knowledge*, which led to a 32 families of patents that are considered, both nationally and internationally, on the frontier in the usage of vegetal molecular complexes for the pharmaceutical industry.

The advanced laboratories of systems' biology and phytochemistry, allow researchers to study and describe the complexity of natural substances and their interaction with physiological pathways of the human organism, respecting the Systems Medicine principles[16], a medicine branch that focuses on the molecular networks, which determines the complex functional hierarchies between organs of the human physiology.

The Aboca's Evidence Based Natural approach allowed the company to revolutionize the scientific vision of natural substances renewing all the knowledge through the application of genomic, transcriptomic, proteomic, and metabolomics techniques and bringing the study of the plants on a purely scientific field, decoding and managing the nature complexity and verifying its action on the human organism. This commitment resulted in the creation of an international network of collaborations, which linked the company to the most advanced research in the world.

The therapeutic areas studied at the moment are gastroenterology, metabolism/cardio metabolic, oncology, neurodegenerative/cognitive deterioration and regard the involvement of research centers of excellence not only in the therapy for adults, but also with a particular attention dedicated to the experimentation in geriatrics and pediatrics.

3.1.2 Organic agriculture: the first laboratory for quality and health

Aboca directly manages more than 1.700 hectares of land located between Umbria and Toscana: around 1.000 are identified as agricultural surface and almost 600 are forest. All the fields are cultivated with an organic agriculture regime for the production of more than 90 different crops and 67 species of officinal plants.

Organic agriculture adopted by Aboca is disciplined by the European Regulation 834/2007 and it imposes the usage prohibition for fertilizers, products of chemical synthesis and OGMs. The agricultural techniques adopted preserve the structure and the field biological balance: since 2016, Aboca obtained the certification Biodiversity Alliance, which annually recognizes the high level of biodiversity of its agricultural ecosystem.

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[16] From the European Association of Systems Medicine: "*Systems medicine is a novel approach to medicine. It is the first step on the path to personalized medicine. Systems medicine is based on computer models, in which vast amounts of clinical data are used to analyze the health of individual patients. Systems medicine promises to further our understanding of disease mechanisms, to boost the efficacy of treatments, and to cut the costs of healthcare. Ultimately, these trends towards a more personalized approach may radically change the interaction between patients, doctors and other healthcare professionals*".

3.1.3 The production plant and the production phases

All Aboca's lines of product are produced in the production plant located in Pistrino (Perugia). This facility is constituted by a center that occupies an area of 25,000 square meters and it is currently in expansion with a new area that will occupy 4,000 square meters (for increasing the production capacity of dried extracts)[17].

Once the agricultural phase is concluded, processing/production begins where herbs, after being harvested, are dried through the dehydration process that allows for the preservation of the quality of the plant present at harvest.

The transformation can be described with the following macro-phases:

1) It begins in the extraction department, a key unit for the production of the active ingredients of the plant complex, where only water and alcohol are used as solvents
2) The concentration is carried out by vacuum evaporation of the alcoholic extract. In this way, the compounds present in the liquid extract become concentrated without being degraded
3) Freeze-drying, adopted for the first time by Aboca in the field of extracts from medicinal plants, is the process that allows for the concentration of the active substances without damaging the structure and components of the substance itself
4) The semi-finished bulk can be transformed into 15 different pharmaceutical forms.
5) The transformation/production is carried out in three units dedicated, respectively, to class 1, class 2a and 2b Medical Devices based on natural molecular complexes, innovative Food Supplements named and standardized according to the official pharmacopeias, and Organic Cosmetics characterized by the presence of natural ingredients and organic ingredients.

All cosmetics are free of petroleum derivatives, parabens, dyes, PEG, SLS and SlES and synthetic perfumes. The vertical integration of all business areas prompts the company to actively engage in finding innovative solutions in production methods, which over the years have evolved with advanced technologies and solutions, unique on the international scene. Through a vertical production chain they guarantee compliance with strict quality standards in all stages of processing and ensure the quality of the raw material and its organoleptic characteristics by applying manufacturing processes and processing that do not involve the use of chemical substances.

3.1.4 The distribution

Since the beginning, the company has chosen to distribute its products only to those who were really willing to embark on a process of training and growth in the area of natural health in order to be able to offer the best advice to people. The sales network consists of direct one-firm specialized agents, able to assist in the sales management of the products. Aboca's products can be bought in more than 27.000 pharmacies in Italy and abroad, while they are sold by more than 3.000 herbalist's shops in our country.

[17] The extraction process was a bottleneck for the whole production, requiring a considerable amount of time.

In 2000, Apoteca Natura was established to further optimize the firm's distribution. It is the first network specializing in self-medication and prevention, with over 1.000 pharmacies among Italy, Spain and Portugal. Those pharmacies they are able to drive people through their health path through a careful selection of their offer with a particular focus on natural products.

Furthermore, in the commercialization and distribution sectors, Aboca is revolutionizing the way sellers are doing their job, with the constitution of Aboca's Sales Academy reserved to the filed forces. The academic programs have been developed with education specialists and professors of the University of Parma and Sevilla. The main objective of this academy is to foster the professional capabilities of people involved in the program, strengthening the personal attitudes and transferring new knowledge, relational and technical competencies.

The Group is currently operating in 14 countries outside Italy with 5 directly controlled subsidiaries in Spain, Poland, Germany, Belgium and France, but it uses also the support of 8 distributors in Israel, Romania, Taiwan, Azerbaijan, Bulgaria, Greece, Malta and Portugal.

Moreover, January 2016 Aboca acquired 80% of "Farmacie Fiorentine AFAM s.p.a.[18]" through Apoteca Natura, ensuring to the Group an important presence in Florence directly owning 21 pharmacies in the city.

3.1.4 Communication: Aboca Museum and Aboca's Publishing House

In 2002, the Group created the "*Aboca Museum*" in the historical center of Sansepolcro, with the aim of recovering and handing down the knowledge about the thousand-year old relationship between the human being and medicinal plants. It is the only museum of history the history of medicinal plants, a major research project and cultural communication to advance the botanical knowledge though exhibitions, conferences, publications and editorial events.

Continuous research on ancient sources of enormous scientific and cultural significance is at the forefront of activities conducted by the Study Center of Aboca Museum, coordinated and led by a scientific committee composed of international botanical/pharmaceutical experts. The Study Center, in collaboration with expert consultants, conducts a wide-ranging publishing activity with a rich generation of works dedicated to qualify scientific historic publishing. The source of all this knowledge is contained in the *Bibliotheca Antiqua*, a collection of more than 2.500 volumes, which date back to a period included between 15th and 20th centuries. The researchers developed a system that allowed to file and digitalize more than 33.000 ancient medical receipts and 10.300 botanical tables.

For example, some of the firm's most successful products like Grintus (most sold cough syrup in Italy), Melilax, Sollievo Bio 90, Adiprox and NeoBianacid, were all developed based upon the rediscovery of ancient herbs. Old knowledge is crucial for Aboca's ability to innovate and compete in a highly dynamic and

[18]AFAM website (about us section): http://www.farmaciecomunalifirenze.it/it/chi-siamo/

competitive industry, making the firm a rare and ideal case for investigating how firms use temporally distant knowledge to innovate.

Moreover, the Museum is a point of reference for schools and tourists, who come also from foreign countries to visit the historical collections and to take part to many initiatives, created to put in contact a past vision of the medicine with both adults and kids. With this purpose were developed many collaborations with schools and cultural associations like Pinacoteca and Botanical Garden of Brera in Milan, Palazzo Vecchio and Giardino dei Semplici in Florence.

Every year the company organizes a significant amount of cultural events such theater shows and musicals, festivals, books presentations allover Italy, with the purpose of highlighting the connection human beings - environment and the need for sustainable development models. The final aim of this cultural commitment is to spread all the core values, which characterize Aboca, also outside the entrepreneurial sphere of influence of the company.

Communication in the form of training and dissemination, both scientific and cultural, has always been central to Aboca's philosophy. They train and systematically provide information to the sales team, the professionals who distribute their products and physicians who describe them, in Italy and abroad though important business meetings and seminars. Courses on the company's premises, online video courses, including tours finalized to the introduction of new scientific evidences and innovations to the entire audience of health professionals in Italy and Europe. The firm also communicate to the public through traditional advertising, with product samples and merchandising material as well as activities the stores.

In line with these activities, few years ago, Aboca founded its own Publishing House "*Aboca Edizioni*". This organization has become more than a mere instrument for divulgation and detailed study of firm's research paths, because it is also a platform that gives space to innovative philosophical and scientific schools of thought, which are originating from many modern intellectuals passionate about similarities and connections of humans and nature.

3.1.4 Aboca and the European Institutions

In 2017, the company opened a representative office in Bruxelles, the center for regulatory decisions at the European level. This office is a key element to structure a dialogue with the institutions started since many years. Thanks to this activity, Aboca monitors the law propositions ensuring a constant exchange of information with the representatives of European Commission, Parliament and European Council. The company conducts its own propositions both individually and through associations, in order to ensure the development of an adequate regulatory framework, which could grant the potential innovative usage of natural substances in different fields of application. To promote this activity Aboca joined the following European associations:

- The Association of the European Self-Medication Industry (AESGP)
- The European Federation of Associations of Health Product Manufacturers (EHPM)
- The International Federation of Organic Agriculture Movement (IFOAM)

- The Organic Processing and Trade Association Europe (OPTA)

3.1.5 Medical information

Aboca promotes a constant activity of communication of its technological innovations and therapeutic offers to the doctors, through a network of pharmaceutical representatives spread on the Italian territory and with an internal team that works on the scientific communication.

Since 2016, this activity of information is promoted also in Spain with a network of specialized representatives. Those employees operate with a systematic activity in territorial clinics (pediatric and general medicine doctors, in Italy also dieticians, dentists and nutritionists) and in the pediatric and gastroenterology wards of the hospitals. To share with the doctors the core values and the research method of Aboca, the company organizes specific events and courses with its participation to national and international congresses.

3.1.6 The economic performance and other data

I will now briefly analyze the financial performance of the whole Group and Aboca s.p.a Società Agricola considering the period of time, which goes from 2013 to 2018.

- The Aboca Group's revenues amount went from more than € 93,000,000 to around € 215,000,000. This trend constitutes a 130% increase in just 6 years, while the growth rate of the EBIT in the same interval reached a +145%, going from € 7,700,000 to around € 18,000,000.
- In the meanwhile Aboca s.p.a Società Agricola, starting from arounf € 87,000,000 was able to achieve total revenues of more than € 165,000,000 (+91%). Although, the highest growth rate could be observed by looking at the EBIT of the holding company: +210% going from almost 6 million euros to more than € 18 million.

In 2018, Aboca Group's revenues went beyond € 215 millions, with a growth of 11,7% on 2017. Around 29% of the total revenues (€ 62 million) comes from sales of the foreign countries, where the company is planning a considerable expansion due to the exponential increase of its sales in the last years. The Group's EBITDA amounts to € 31 million, around 14% of the total revenues generated.

The employees and workers number drastically increased in the last 8 years, in fact, they tripled, going from less than 500 people to almost 1,500, (around 170 are working abroad) and the company is planning to hire other 300 people in the next three years to support its production capacity and its fast-growing international market.

3.1.7 Aboca's commitment for Common Good creation

From 24th of August 2018, the holding of the Group, *Aboca s.p.a Società Agricola* became officially a Società Benefit, anchoring to its statute its mission and vocation for the pursuit of the Common Good[19].

[19] See Garrett Hardin definition in "The Tragedy of the Commons" (1968) in *Science*

As included in the integration of the statute, the general commitment for the creation of shared value is concretely realized through the company’s involvement in six main areas:

1) *Promotion of people’s health and well-being based on the comprehension and valorization of the close relationship between man and nature*
2) *Constant research and development activity of natural and scientifically advanced molecular complexes, created through technologically advanced production processes, for improving the people’s life with safe and effective products*
3) *Creation of new supply chain models based on the active involvement of our partners, sharing our values, from the production to the distribution and the final consumer*
4) *Diffusion of respectful and improving practices for the environment, especially the organic agriculture considered as a cultivation system based on the respect for natural resources, biodiversity and soils vitality*
5) *Tangible orientation to cultural, social and economic development of the communities where the company operates, both nationally and internationally, with awareness-raising projects about themes of sustainable development and common good*
6) *Creation of a positive work environment, that gives value to people and their well-being, in order to develop the potentialities of each person and for constantly increasing the pride and satisfaction to work with the company*

The general commitment of the company was concretely pursued also with the modification of the statute of two of its most important controlled entities. In fact, AFAM and Apoteca Natura adopted the Benefit Model following the Italian law, respectively on the 20th of March 2018 and on the 19th of February 2019: of course their statutory clauses have been modified according to their different business model[20].

The Group strategy is to involve those companies in a noteworthy project of certification, which already began in fall 2018 and that will hopefully lead to the achievement of the B-Corp label for each firm. The first company of the Aboca Group that obtained the certification as B-Corp was AFAM on 31 January 2019, while the holding Aboca and the controlled Apoteca Natura concluded their procedure of impact analysis through the Benefit Impact Assessment and they are currently waiting for the review call being scheduled.

3.2 Aboca: Benefit Corporation since 1978

“It is absolutely ridiculous, according to my opinion, that a company has to be certified or to adopt a special legal form in order to make apparent its social commitment in the creation of the public benefit, because this way of conducting business should be something normal and, on the contrary, enterprises that don’t operate in this manner should be the exception” (M. Mercati).

[20] The core business of these two firms is managing two networks of pharmacies, not the R&D and production processes such it is for Aboca, so they will be oriented to different objectives of common good creation

It is always inspiring hearing presentations of the Aboca's CEO Massimo Mercati, because you can properly understand with clarity what is the common thread that leads the company every day.

In a world where some entrepreneurs are starting to understand just now that the mere and continuous pursuit of profit is unsustainable if separated from a context (social community and environment) that grows with the company, it is rare to meet people who use this way of thinking. That is why I would like to describe briefly, what makes of Aboca an uncommon reality.

As mentioned before, the company was involved in a massive expansion both economically and in terms of human resources. There were many changes, which interested all the levels from the operators of the agriculture phase to the executives. Before starting my internship, I was sure that I would have spent six months in an interesting company, very often mentioned in the journals as a good example of family driven business, but just after I have been there, it has been possible to understand why Aboca was able to achieve its results.

All its choices are guided by values that have become established over time:

1) First and foremost, **consistency** in the pursuit of finding solutions to the health and well-being exclusively in nature
2) Accompanied by **humility** that is reflected in the constant investment to demonstrate the scientific validity of their ideas and training of thousands of healthcare professionals.
3) All this demands a great commitment and quality of **work**, which requires focus on the people in order to create something new that will leave a mark not only today but into the future as well.

Employees seem to follow this philosophy and the environment that they contributed to create in the years proves this. In a company like Aboca there are always many tasks that have to be accomplished in a short amount of time, thus the work life could be frenetic to a certain extent. It is not rare that both employees at the entry level and managers have to work on more than one function or project at the same time. In a standard context, this situation could lead to employees' burn out or dissatisfaction, while here everyone is always available to help others if they need, despite the burden of his numerous tasks, there is always time for a laugh and the relationships between colleagues are most of times unformal: one plus one makes more than two.

The merit of this situation relies surely on the culture that is shared by all the members and it also a consequence of an advanced structure of benefits and activities that creates a unifying membership spread in the whole company. Employees of any level can access to a system of discounts and exclusive promotions regarding an impressive number of shops located from Perugia to Arezzo passing through Sansepolcro and many other towns in the area. This measure can potentially improve the economic situation of the community stipulating the purchase from local activities, thus ensuring a local development anchored to the company's one.

The favorable working climate so created stimulates a positive attitude to the work that is contagious. This is the main reason why the firm was able to hire so many new people without losing its dynamism and values along the path. Mercati's family, with its commitment and passion has always given the good example, creating a personal relationship with each member of the company, that attitude contributed to create a complex organism where each component works with the others to achieve a common goal.

The same awareness of being part of a more complex system can be seeing in the company's attitude towards nature and natural environment, which is always considered with respect and consequently threated as a "stakeholder", not as a mere source of raw materials.

In the last years, the company was always involved in the creation and participation to many cultural initiatives for the local community. Those initiatives were praiseworthy and, summed with all the positive peculiarities listed above, were describing Aboca as a reality already interested in People and Planet well-being, beyond Profit. The CEO perceived the necessity to bring the company's recognition of social value creation to an upper level and that is why he decided to adopt the Società Benefit legal form, "to legally assert what Aboca was already".

During the certification and impact reporting phases, I heard many times that the primary purpose of these two projects was not to add another label to the company's collection, but to integrate the decision making processes using non-financial information. In other words, the property wants to achieve its future growth by imposing to the management the consideration of other variables together with the traditional profit generation constraint. As seen before this operating criterion is already partially used in the creation of a mobilized working climate, in the development of eco-friendly practices since the agricultural phase and generally in the vision of the family members who led Aboca until now, but this official change of paradigm could be disruptive not just from an internal point of view.

3.3 Why did Aboca decide to complete the Benefit Impact Assessment?

As described in the previous chapter there are many reasons for a company to become Società Benefit, some of them are the same for becoming Certified B-Corp, while others could differ also depending on the firm's objectives.

In the case of Aboca, the commitment to the pursuit of the common good was already clear and recognized officially with the approval of the new statute clauses, with the six objectives introduced with the adoption of the Benefit Model. That was made for becoming officially something that Aboca already was, but also to **ensure resiliency** to its purposes and to the unique and organic business model in the short, medium and long-term future.

The choice of using the BIA and consequently to engage the certification process for becoming a Certified B-Corp were driven by the interest for the innovative idea of the Benefit Movement. In fact, it is spreading rapidly all over the world, constituting one of the solidest initiatives to change the current capitalist model (fighting climate change, improving work conditions and promoting a sustainable way of conducting business).

However, the main objective in adopting the BIA as the impact measurement tool for the company was to assess which were the weaknesses of the company, areas that could have been improved and that could have been difficult to find without an external point of view. It is important to notice that Aboca is a cutting-edge company in many fields, as reported in its description, thus most likely external players look at it as a point of reference to acquire best practices and improving their firms.

In this context, I was witness of the Aboca's will for acquiring feedbacks and drawing inspiration from outside the company: it has to be taken for granted that, added to the technical knowledge that I acquired, this was one of the most important lessons that I learnt during this internship.

In the CEO's mind, this was an in important occasion to analyze the business through an international tool, which also delivers a relevant benchmarking result through the BIA score. In fact, whatever happens, if the company passes or fails the certification procedure, the platform will indicate the partial score for all the five impact areas and this will allow the firm to notice where some improvements are needed and where it has its main strengths.

3.4 The certification process

I will now analyze all the steps that led to the certification issuance and the definition of the improvement program. During my internship in Aboca, I assisted Jacopo Orlando (Public Agricultural Affairs and Project Development manager) the manager in charge of coordinating the whole certification process. It should be considered that I had a direct experience in the last part of the first phase, because I joined the team for my internship at the beginning of February 2019, while the first contacts and the consultancy contract between Aboca and Nativa Lab occurred in the previous six months.

M. Mercati has known Paolo di Cesare (Nativa co-founder) since 4 years, therefore Aboca's CEO was aware of the certification but, after proper evaluations, he decided to wait for further improvements of the Benefit Impact Assessment, which was evolving rapidly. The awareness of the B-Corp Movement is expanding thanks to the interests of more companies that are deciding every day to gain the certification or to use the BIA to measure their impact. Despite the company on its own could complete the certification process (the BIA platform is very intuitive), a direct connection with B-Lab and a sort of expertise are needed especially if the firm has to deal with its first certification procedure.

After Aboca adopted the Società Benefit legal form, the CEO showed his interest for the B-Corp certification: I gathered many details on what happened before my arrival so I will try to describe also this first part, but for the very last phases I will base my indications on the plan that was developed during the operation, since my internship ended before the certification issuance.

3.3.1 Pre-operative phase

As mentioned before Nativa Lab was already in contact with Aboca, moreover it was the only consulting firm, which constitutes (and represents also in this moment) the referent for B-Lab in Italy. In the last months of 2018, together with the CEO's office, the consultants developed an action plan for the whole Aboca Group. In fact the certification process of Aboca was pursued at the same time of AFAM's and Apoteca Natura's one, but I will consider just the phases that involved the holding company, because I had a privileged position in attending its whole procedure. After the definition of a certification plan, the first step has been an assessment of the resources that would have been necessary for the project.

An important point that is that there was no clear evidence, at the beginning, which of the firm's functions would have been necessary to involve in the process: to have a general overview it was considered to look at the questions presented in the BIA.

After that analysis, it was formed a group of work called "B-Unit", composed by at least one person for each of the offices touched by the BIA (it was selected a wide range of offices, also some not directly linked with the questionnaire's questions). Chosen the team's members, BIA questions were divided according to the field of competence of the offices and sent to each referent in order to introduce those people to the BIA structure. In the following weeks, those employees were called for participating to the first general meeting were the project was presented by the CEO Massimo Mercati, Paolo di Cesare and the group coordinator Jacopo Orlando.

This is the detail of the offices and company's areas involved in the process:

- Human Resources
- Purchasing office
- Business administration
- Heath and Safety
- Taxes and finance office
- Agricultural office
- Museum administration office and Aboca Edizioni
- Sales office (foreign and Italian markets)
- Quality control
- Innovation and medical science
- Business Intelligence
- Marketing office
- Public relations office
- Communication office

This phase was fundamental for a couple of reasons:

1) Involving since the beginning a considerable number of people and offices helped to save time for the introduction and explanation of the project during their future involvement. Some of the people that were at the meeting were not involved directly in the operative phases, but their general knowledge of the situation and the final aim of the project was useful, because it opened the path for a faster understanding of the issues that would have arisen later on.
2) It was an effective way to show the value of the project for the company, because the company's CEO held part of the presentation. Thus they had a real perception of the importance of their commitment in the work, and to a certain extent (especially for younger employees) of the trust that the company was giving them (being involved could be considered a reward).

Therefore, this phase prepared the field of action for the project development.

3.3.2 Starting phase

After the initial meeting for a general alignment to the objectives, it was necessary for Nativa to have a better perception of the peculiarities of the company. To do so, it was organized another round of several meetings where the consultants met individually each member of the B-Unit to acquire general information about their field of competence in the company and ,whether it was possible, to collect the first punctual data referring to their questions.

This phase lasted two entire days and was useful to assess the BIA comprehension of each referent. In fact, it was the main occasion for them to ask questions about the structure of the tool, the general nature of the questionnaire, the specific meaning of some questions or about some issues that they noticed after a brief reading of the section they had received. This moment was for me a unique opportunity to know all my future colleagues: I was selected to join the project one week before the general presentation, hence this was the only moment available for me and for the others to know each other and this would have been really useful for the following months.

3.3.3 Data collection phase

This phase, with the "pre-operative" can be considered the longest. It lasted three months and constituted the most demanding step in the whole process. During the "starting phase" some data and information were already collected, but the most relevant and the biggest number of them were gathered in this phase.

Nativa was in charge of filling the online form of the questionnaire with the answers that J. Orlando and I were receiving from the offices' referents. As it can be noticed from the number and diversity of the functions involved in the process the work was extremely complex and interesting, because it allowed a single office to act like a filter for any kind of data and information coming from different offices. For the whole duration of the phase, there were daily exchange between the consultants and us regarding the following issues:

- Concerning the interpretation of some questions and their relative answers. The BIA version that we were working on was generally the translation from English to Italian, which was not perfect

- The concept conversion (maybe the most important). Since the BIA was born in the United States, its first versions were specifically adapted to the American context. Even if version five was undoubtedly more advanced and did not bind too much a company operating outside the USA, some of the questions were still too tight for adapting to certain legal or social situations. The main problems concerned the health insurance policies for workers and other types of insurances, which are a special benefit for US employees while they are mandatory by law for Italian ones. Another discrepancy was noticed between the two different legal frameworks, because some of the questions could not be adapted to the Italian context just because the companies do not keep track of the information requested. The last point regarding this type of issues was linked to the questions that were asking the number of people of different ethnicity, different sexual orientation and similar questions. If you think about that, a company should hire each person according to the capabilities that she/he could offer, at the maximum could be taken into consideration also the personality: asking information about ethnicity and sexuality is a potential source of discrimination for the employees
- Interpretation issues regarding the meaning not included in the two previous cases. There was the need for more information to help the office referent to give an answer, because the question was too general it was difficult for the offices to identify the framework of what was asked
- Issues regarding the manner of sending the questions to each office. The BIA is a platform where many questions are presented divided in impact areas, but just Nativa and our office had the password to access: the main reason for that was to avoid an excessive amount of "traffic", if every office would have had access to the tool we would have not had a minimum control on what was happening. The collateral effect of this decision was that we had to send the BIA with the only two file formats that was possible to download, Excel and pdf, ascertaining that they were not appropriate means to work on (imagine having five or six different versions of the same file for each office, the possibility for mistakes increases exponentially)
- Various other issues, concerning typing errors or system's mistakes in the questions download, any other doubt of comprehension about the meaning or interpretation or specific words.

The data collection phase was absolutely the most interesting for me, because I learnt an impressive amount of things about the company and even more about the manner of behaving in certain situations in a complex environment. In some cases, I had also to elaborate some data that were supplied by the administrative or the purchasing offices in order to answer to specific questions about the supply chain.

3.3.4 Pre-submission phase

After having collected the majority of the answers, it was necessary a general verification to assess which of the questions were remaining to complete. This procedure was accomplished by Nativa with our support and highlighted that there were few answers lacking. From the analysis, we saw that the percentage of completion of the BIA was high (around 95%) so, as suggested by the consulting firm, we submitted the document knowing that we could have added all the lacking parts after, since the questionnaire remains open until few days before the review call. In fact, it is suggested to complete everything before submitting, but not mandatory. The main reason for doing it is the fact that with the increase of the companies, which are asking for their impact verification in order to try achieving the certification, B-Lab facing a situation where the demand is growing more than the assimilation capacity of the offer. Added to the amount of work, it should be also considered that the verification process is supposed to be a scrupulous and long procedure during which B-Lab analyzes all the material sent. The verification phase starts just when you submit your questionnaire, hence, to save time, you can submit once reached a reasonable completion percentage and completing the questions later on (few weeks). At the end of this phase, with the subscription, the company receives the Benefit Impact Report with its temporary score, waiting for being verified.

3.3.5 Post-submission phase

This phase can last from few weeks to some months (two or three), according to B-Lab's operators agenda and it ends in the moment when review call is scheduled. They will give to the company a time window with some dates, letting the company to choose the one that it prefers.

During this period, we completed the questionnaire answering to the last questions that were lacking. The manner of working was almost the same described in the "data collection phase", with the only difference that this time we had to focus just on few offices. In the Aboca case, this phase will last at least two months and the review call should be announced around the mid-June.

3.3.6 Review call preparation

Once the exact date and hour are scheduled, it is time to prepare all the materials that could be requested to justify the answers given in the BIA. B-Lab usually verifies the most important questions, the ones that give more points, and answers randomly selected. In order to allow the company to be ready to show documents and materials needed by the operator during the review call, B-Lab communicates all the questions that will be reviewed in reasonable advance.

Documents and files could be requested into different formats: where the questionnaire asks for punctual numbers or percentages it is necessary to prepare an Excel file to show the calculations and the raw data utilized. In case of open or general questions it will be necessary to show official or internal documents (Word, pdf or similar) where there is the prove that what is affirmed is true and reliable (a classical example could be an internal policy which establishes the criteria for choosing a supplier or the code of conduct for employees and collaborators). Every time the company cannot justify an answer or B-Lab finds out that the data provided in the answer describes something that is not real or is delivering a better situation than what it is in the reality. The operators analyze the situation and decides whether to give the points due for the question or not, depending on the seriousness of the false declaration and the good faith of the company.

This phase ends with B-Lab assessment of the score, which could confirm, decrease or increase (low probabilities) the score obtained in the Benefit Impact Report at the subscription phase.

3.3.7 Post-review call phase

The verified score resulting from the review call will be the official Benefit Impact Assessment "mark" that will be will be showed by the company. If the score overpasses the 80 points out of 200 it must be signed the "*Declaration of Interdependence"* by the director of the company and a director or B-Lab officer: doing that the company becomes officially a "Certified B-Corp" and can exhibit its score in the institutional communication, showing also the B-Corp label to all its documents and products.

Working to the project, I noticed many times that Nativa considers the 80 points threshold as the point until which the company is a producer of negative externalities (has an extractive business model). On the contrary, B-Lab's and consequently Nativa's interpretation of exceeding the threshold is that the company is able to produce positive externalities, constituting a source of improvement for the world through a business model that is defined "regenerative".

For Aboca, the final score would presumably be around 115 point, which constitutes a remarkable result considering that this is its first certification process.

3.3.8 Masterplan elaboration and implementation phases

Despite the certification process at this point is completed, the Benefit Impact Report highlighted some areas where the score received was too low compared to the others, thus there are considerable margins for improvements.

The BIA pointed out that Aboca was operating with correct and innovative behaviors in many fields: in the suppliers' selection, the benefit proposition toward its employees, the donations to NGOs and charity organizations, the respect for the environment just to mention few. At the same time, the questionnaire showed that some of those behaviors were the result of common knowledge and practices developed throughout many years of life of the companies, without the existence of any official rule or law.

The company needed to discipline some of those areas, without restricting too much the employees' autonomy, but enough in order to ensure the resiliency of this fascinating internal culture. The formalization of those policies and code of conducts, would be also useful for achieving an higher score in the next BIA evaluation, unlocking some points, which were unavailable in the past certification procedure.

Further improvements, which were elaborated from the BIA indications, are a better monitoring of the resources utilized in the agricultural and production processes (ex. water consumption for irrigation) and the measurement of the CO2 emitted by Aboca's fleet of vehicles.

Focusing on this latter aspect Aboca had already started a program of reforestation, before the BIA was considered as measurement tool for its impact. The program is called "Adopt a tree" ("Adotta una Pianta" in

Italian) and was developed by "Progetto Valtiberina", a no-profit association created by Massimo Mercati to promote cultural development and other initiatives for the local community.
The project, which already started, was thought to re-plant trees, fallen after a violent storm in March 2015, in a hilly area of Sansepolcro: it is open to all companies, which can donate the amount of money necessary for compensating their fleet's carbon emissions though tree planting. Aboca participated to the project as the major contributor stimulating the participation of other local companies. The masterplan will determine also many long-term objectives, which will be implemented gradually through incremental steps in the next years.

3.4 A talk with Pedro Tarak

At the beginning of May (2019), Aboca's CEO received the visit of Pedro Tarak, the co-founder of Sistema B, an organization dedicated to promoting B-Corps in South America, where they met few month before.
In 1984 he co-founded Fundación Ambiente y Recursos Naturales in Argentina and was Managing Editor of the first environmental law journal in Spanish. He promoted public participation mechanisms such as public hearings and free access to information, and environmental legislation covering water and air pollution, environmental licensing and institutional frameworks. In 1992, he facilitated preparatory processes to the UN Conference on Environment and Development by Latin American civil society organizations and media-bridge building between business and government. In 1997, he launched the first AVINA Representation in Latin America and helped start up in Chile, Peru, Uruguay and Colombia. Pedro led AVINA's international bridge building strategy focusing on issues such as democratic governance, arts and social transformation. He co-founded Emprendia, the first B-Corp in Argentina, and became a board member and shareholder of Guayakí, a beverage firm that includes ecosystem regeneration and social inclusion in its core business (The B-Team website[21]).
P.Tarak is highly engaged in the globalization of the B Corp movement together with B Lab from the U.S. and the occasion to meet him has been a moment of indescribable uniqueness for a student who is writing his thesis about that topic. Despite of the apparent importance of his position, I was surprised by his humbleness when I spoke with him. He firmly believes in the power of the BIA and B-Corps, but was open to discuss about some of the critical points that we found about the impact measurement.
To be precise, when we expressed our doubts about the BIA capability of effectively comprehending the complexity of some companies, whether they are not small enterprises with very few employees, he answered that the real purpose of the tool is not to be that. He explained that the Benefit Impact Assessment could be described as a *"Socratic Tool"*, which helps the company by stimulating a deep internal analysis, in search of what can be the starting point for further improvements. In other words, its final aim is to help the firm asking itself the right questions, giving just some examples with the questionnaire, not preaching absolute truths, but

[21] Presentation of lla the components of the team that is trying to spread the knowledge of Benefit Corporations (focus on Pedro Tarak): http://www.bteam.org/team/pedro-tarak/

letting each company to shape a different model toward a development that considers respectfully people and our planet.

3.5 A reflection on the BIA

Among the multitude of different frameworks that are chaotically influencing companies, the B Lab's B Impact Assessment Survey is the one of the most widely used third-party standard since it is also free of charge, if you are not interested in obtaining the certification. It constitutes an important step forward, because it allows potentially every type of business to be able to measure the impact of its activity. Its rapid diffusion to different countries proves that day-to-day more people are giving trust to this tool.

Moreover, the possibility to suggest improvements and modifications to B-Lab is a positive signal for the future. This aspect could be seen from a brief analysis of Version 6 of the questionnaire, which is incomparably better to the first one. The Advisory Counselors have worked intensely in the last years to update continuously the BIA and results are evident. To give an example of the incremental improvements of the questionnaire, I can mention that, during the certification process of Aboca, at the end of the "Collecting phase", B-Lab released BIA Version 6. The structure was the same of the previous one, but it added some new sub-sections and questions, which allowed the company to put in evidence some aspects of its multi-disciplinary business model, increasing the score by at least 10/15 points.

It was not easy for a complex tool like the BIA to understand and measure a company like Aboca, which showed a higher level of complexity in comparison to the one that the BIA could bear. As reported, the whole process was planned since the beginning, but the real implementation was the result of several changes and adaptation to the issues that arose in the meanwhile. The platform and the tool itself remain highly perfectible, since it is difficult to make a faithful portrait of a dynamic and complex entity like modern cutting-edge companies, but B-Lab seems on the right path to give to the world a common framework of impact measurement.

3.6 A reflection on B-Corp certification

My internship allowed me to be witness of a crucial moment in Aboca's history. The statute integration was an incredible opportunity for the company to embrace a new model that will certainly contribute to the creation of sustainable future. Nevertheless, the certification deserves a different lecture.

The confusion and misunderstandings linked to the assimilation of the Benefit Corporation and the B-Corp certification concepts created the perception, and in some cases the conviction, that both of them have the same utility and final purpose.

The label "Certified B-Corp" has been the initial spark of a new stream of consciousness, the genial creation of three brilliant Stanford graduates that started shaping a new way of doing business.

According to my opinion, though, relying too much on a certification, even if innovative, to create this shift of paradigm would be ineffective, since these type of tools are strongly linked to the past concept of CSR. In

fact, too often certifications and labels have been used opportunistically, such mere communication means and propaganda tools to influence the consumer, without producing a real change of mindset.
If we want tangible change of paradigm, from Corporate Social Responsibility to the real and meaningful creation of shared value, another non-binding label is not what is needed. It addressed the need of a holistic and omni-comprehensive view of the company and its value chain like never before, but its major contribution to the sustainable development cause has been the input for the creation in the states legislations of the innovative legal form named Benefit Corporation.
Thought in these terms, the certification acquires a different meaning and usefulness, because it becomes a fundamental bridge between the core values of social committed enterprises and the legal recognition of what they are. It constitutes the only possibility for companies located in countries where the Benefit legal form has not been introduced yet, to obtain an official recognition of their purpose of creating a public benefit. There are just five countries all over the world, which introduced the new form and they are USA (since 2010, currently recognized in 34 states), Italy (2016), Colombia (2018), British Columbia (2018) and Scotland (2018), while other 15 are on the legal pathway for the approval.
Therefore, I believe that B-Corp certification is a means for the creation of a network of companies, which can drive an advocacy activity to push a worldwide legal acceptance of the Benefit Corporation enterprise model: the real final objective.

CHAPTER 4

After having confirmed the crucial importance of the Benefit model in defining a real answer to the need of a more complex view of interests in business activity, thanks to scholars' contribution and to the empirical example given by a cutting-edge entity like Aboca, my focus will be on assessing whether and how this type of companies could be a real alternative to the traditional ones.

4.1 Describing the game field

Whether the Benefit mode is successful depends on the way that success is defined. After having identified their importance, in this final chapter I will try to analyze Benefit Corporations from the Game Theory perspective, assessing their value and their capability to drive disruptive changes in the business world as focal points and catalyst for normative behavioral change. Analyzing business organizations utilizing the tools of game theory offers a number of observations that may prove interesting as the debate over these new entities continues.

A business organization is "any association of individuals bound together into a corpus, a body sharing a common purpose in a common name" (McBride, 2011) .Forms of business organizations are a type of "social technology", "a way of organizing people to do things."

During the 20th century, for-profit entities have been regarded as a type of solid, unchanging creation of the law, sustained by a well-developed body of jurisprudence. A sort of markers on the legal landscape that in clear contrast with their antithesis, the non-profit organizations. Thus, enterprises and individuals intent on pursuing the public good were faced with a binary choice: organize as a nonprofit corporation or a for-profit entity (Resor, 2012).

The mission of **non-profits** is "benefit maximization"— supporting or delivering services that benefit one or more identified constituencies. Nonprofit entities that are "organized and operated exclusively" for one or more "exempt purposes" qualify tax benefits. Such advantages, however, may be lost if the activities of the nonprofit are not substantially related to their benefit objectives. The challenges faced by nonprofits are somewhat offset by the social legitimacy attached to the nonprofit form of organization, an attribute that is not enjoyed by traditional for-profits that are socially committed.

In contrast to nonprofits, the history of **for-profits** is more complex. Historically corporate "charters" were granted for engaging in activities for the public good (McBride, 2011) or furthering the purposes of the sovereign authority. Organizations were characterized by specialization: single trade or craft united medieval guilds (Williston, 1888). Later, groups were granted charters to carry out specific projects of limited duration. The liberalization of state laws allowing for "general purpose" organizations severed the historical connection between public purpose and organizational status.

However, it failed to supply another organizing principle. The major operative assumption motivating entity formation was profit maximization: it was assumed that every investor and every firm wished to maximize profits to the exclusion of other goals (Nelson, 2011). As a result, the purpose of corporate enterprise was put in play with competing visions of the roles and duties of business organizations. The 1919 Michigan Supreme Court case, Dodge v. Ford (already mentioned) provided a judicial apologia for organizational existence that came to dominate twentieth-century American and international jurisprudence.

During the last years, however, the distinctions between profit and non-profit entities have begun to blur (Battilana, 2012) . The goals to be accomplished by the corporate entity have begun to change, influenced in no small measure by the laws that create the organizations and govern their existence.

Despite the presence of constituency statutes, and judicial deference to director decision making that links stakeholder interests to long-term profitability, there is still a significant and credible debate about whether for-profit organizations are permitted to consider non-shareholder interests (Clark & Vranka, 2013). The legal landscape dominated by two distinct flagpoles attracted distinct constituencies, pursued distinct purposes, and defined a clear separation between profit and non-profit. As was argued referring to the US context, "…legal system governing corporate entities . . . has not been structured or tailored to address the situation of for-profit companies who seek to use the power of business to solve problems" (Clark & Vranka, 2013).

Under these uncertainties, new forms of business organizations have emerged and the most prominent entities are Benefit Corporations, whose pursuit of profit is subordinate to, or coextensive with, their mission to create a public benefit (Sabeti, 2009).

At the same time, entities created under century-old statutes have developed a range of responses to demands for increased social responsibility. Terms such as "sustainable," "green," "socially responsible," and "public benefit", that only decades ago would seem to have been the jargon of nonprofits, have become a part of the lexicon of for-profit entities. Thus, unlike the single focus entities of the past, the behavior of 21st century business organizations now presents different levels of commitment to social welfare goals.

The existence of such organizational diversity suggests that forms of business organization should be viewed, not as mere combination of assets, but as signals constructed by law, which are able to drive the strategic behavior of market individuals and act as potential catalysts in the creation or destruction of operational norms.

4.2 The framework of rules until now

After a brief look to our society, we can notice that wealth maximization and "shareholder first" mentality continued to dominate discussions of corporate purpose.

A simple explanation for that could be find in convenience: profit can be quantified, it is viewed as a readily available and consistent measure of firm value (Fairfax, 2006). On the contrary, determinations of stakeholder value are inconsistent, and their impact on the overall value of the firm is hard to quantify.

Compensation plans created for company's executives also encourage a profit maximization norm. Those plans are often structured as a mix of benefits, base pay and incentives, which historically have focused on wealth maximization not on stakeholder interests (Deloitte, 2010). There is no clear relationship between increases in firm value and non-shareholder interests, hence executives have little financial incentives to consider such stakeholders.

The profit maximization norm is also balanced by economic theory. In fact, some economists suggest that when all firms focus on maximizing their own firm value social welfare is maximized (Jensen, 2001). In other words, firms increase overall social value if they create products or services that are worth more than the cost to produce them, generating a larger pie for the entire society.

Beyond economic assumption that proposes the beneficial effect of an expanding economy, the market implacably enforces the profit maximization norm by punishing enterprises that fail to produce profits comparable to competing firms. While in theory a firm need only pursue profit, not necessarily maximize it, assessing the amount of profit that is sufficient to satisfy the market is imprecise at best, especially when considered in relation to peer firms that also compete for investors.

Considering other implications outside the quantification and the practical realities of the market, it could be that profit maximization continues to be a normal behavior because of the failure of economics or law to create a viable model for accommodating non-shareholder's constituencies (Jensen, 2001).

Three alternative approaches to shareholder primacy have been proposed by professors Hansmann and Kraakman, in order to try to take account of non-shareholder interests: they are the *manager oriented, labor oriented and state oriented* (Hansmann & Kraakman, 2001). In this concept he manager oriented and labor oriented models are represented by the stakeholder model.

There is a strong connection to the profit maximization target, even if the managers consider the non-shareholders' interests. Many studies in the past seemed to have represented a situation where managers were considering constituencies' interests closer to parity with shareholders' one or they were placing responsibility to stockholders behind the responsibility to customers. Those assertions, though, may hide profit maximization that comes from the back door (Robson, 2015). In fact, while MBA students ranked stockholders, employees and customers at a level comparable to shareholders, other non-core stakeholder consideration was just marginal (Jones & Gautschi, 1988). The main reason is that the impact of a relevant number of stakeholders on profit maximization is just tangential, so in terms of business bottom line they are less considered. "The persistent common perception seems to be that directional duties require placing shareholder wealth at the forefront" and it is not clear whether it depends on design, habits, or lack of imagination (Murray, 2012).

4.3 The separation of Profit and Non-profits it is not enough anymore

Wealth maximization and shareholder primacy norms have not been displaced, but there are enough clues showing that businesses conscience has grown. The notion that a business organization could and should do more than pursue profits is part of the academic world and community expectations. Even he beneficiaries of wealth maximization are starting to pressure companies to recognize larger corporate responsibilities.

All these tendencies resulted in a growing interest in trying to blend financial objectives and societal welfare (Sabeti, 2009).

Business organizations have been sufficiently flexible to accommodate a commitment to social responsibility, despite a jurisprudence not dynamic enough to follow corporate commitments that divert attention from wealth maximization.
Under these conditions, many entrepreneurs have separated the commitment to public benefit creation from their profit-seeking ventures. The practical advantages of this segregation are that the for-profit entity is allowed to access the equity market within a settled legal framework, while the non-profit organization is anchored to its social mission. However, the creation and operation of a separate, charitable foundation, with a distinct legal infrastructure, can significantly increase transaction costs.
The separation of firm's mission from social mission creates a disconnection between the public benefit goals of the foundation and the pursuit of profit by the corporation. A good example indicated in Robson's article is the Bill and Melinda Gates Foundation. It has actively supported initiatives in global health and development, even as Microsoft, Inc. (whose profits provide funds to the foundation) engaged in unethical practices (Dovorak, 2008).
A common approach for forcing companies to consider the implications of their day-to-day behaviors and the effect on stakeholders has been the adoption of codes of conduct. Some of them are certainly well defined, but others are more highly demanding, because they include too explicit commitments (Florini, 2003).
It has been common the use of external standards for measuring the impact of companies' actions, derived from an effort to overcome the *trust me* assumption of some codes of conduct.
However the preparation of reports, describing the progresses made by the companies for achieving public benefit goals were loosing their measurement value because of the not clear description of the goals themselves (Dahlsurd, 2006). Some of those standards allowed a sort of evaluation of company progress in meeting social goals toward people and planet, but in the majority of the cases, their validity is limited by the potential defects of a self-reporting system, imperfection, inconsistency (Mickels, 2009; Norman & MacDonald, 2004).
This situation opened the pathway for certification issuers. B-Lab was able to create a standard of measurement that allows for an effective and potentially immediate assessment with the BIA. Despite the improvements that the tool still requires, it does not present many of the common defects listed above.

4.4 The need of coordination and the "Meeting Place Game"

Improvements in technology and innovation have always been the drivers of economic progress. Less consideration had the influence on the economic growth, of the ways used to organize people in order to exploit the benefits of those inventions.
Business entities represent relevant advances in social technology. They are a form of integrating strategy, organizational structure, management processes, culture and a host of other factors. It is easier for people to cooperate when they create organizations (Beinhocker, 2006). Cooperation has been fundamental for evolution and survival of human beings, inspiring also economic development, since business organizations exist to reduce transaction costs for individuals. Their effectiveness in fostering cooperation should be

determined certainly by understanding the corporate jurisprudence, but also by considering game theory usefulness.

"Game theory is a set of tools and a language for describing and predicting strategic behavior" (Davis M. D., 1983). A strategic behavior could be described as "situations in which one person would like to take into account how a second person will behave in making a decision, and the second person would prefer to do likewise".

Despite game theory is very often used to create situations where the participants' interests are conflicting, in reality it is also common to see situations where participants have similar interests, which lead those individuals to coordinating for realizing them.

In this second situation, participants may have conflicting goals, but common interests that could be pursued with a strategy alignment. Especially in pure coordination games, the strategies coordination is determinant for participants, because allows them to achieve their benefits (McAdams, 2009).

An interesting construct, which requires participants to coordinate their behaviors, is the *Meeting Place Problem*, a pure coordination game that received the heavy name of *central metaphor* for coordination literature (McAdams, 2000).

Regina Robson's work "*A new look at Benefit Corporations*" (2015) brought to my attention a noteworthy example of such a problem that might arise in a city marathon context.

Imagine that two participants to the marathon want to meet after the race, but each one neglect to agree with the other the exact location. They have no means of communication and there are no previous agreements that can help to determine where they could meet. Let us assume that there are just three possibilities for the meeting: the transit hub, the finish line and the hospitality tent. The primary objective of each player is to meet the other and both of them are indifferent to the location.

In the game theory literature, we can frequently find a matrix (a normal form) that represents all the strategies and payoffs available for the players in this situation. The possible choices for each player are represented in a tabular fashion identifying all of the elements of the game: the participants, the possible strategic choices, and the payoff to each player. In this example, the payoff is zero if the parties fail to connect and it is one in the case of meeting. Using the traditional format, the payoff of Runner 1 is shown as first and the one for Runner 2 as second. An example of how this normal matrix form might be constructed could be seen in Table 3.

Table 3: Representation of the *Marathon coordination game*

	Runner 2		
Runner 1	Finish line	Hospitality tent	Transit Hub
Finish line	**1,1**	0,0	0,0
Hospitality Tent	0,0	**1,1**	0,0
Transit Hub	0,0	0,0	**1,1**

Source: Personal readaptation of the example taken from R.Robson (2015)

A coordination in their decisions is desired by both runners, since the positive payoff can be achieved just when both are in the same place at the same time. This game creates three Nash equilibria (the bolded scenarios) where each player cannot unilaterally change her strategy, because this would imply a reduction in the payoff value.

The meeting place game framework is shaped by the following precise rules:

- The individuals have not being faced with a similar problem in the past
- They have no means of communications
- They have not said or done anything prior to being separated that could make one place more probable for their meeting
- The participants have not agreed on a meeting place
- In their minds, meeting at whatever of the three locations would appear to be equally likely
- The probability that the participants would choose the same meeting place is one out of three

4.5 A practical experiment of the Game: everything depends on the focal points

The Nobel Prize-winning economist, Thomas C. Shelling conducted certain number of unscientific experiments and samplings, demonstrating that the laws of probability could suggest lower possibilities of success of the meeting place problem than what you can assess in reality (Schelling, The strategy of Conflict, 1980).

During his research, Schelling created a version of this problem, setting it in New York. The individuals are told to imagine that they have to meet someone, in a random place, on a certain day in the city and they are also told that they have no previous agreement with the other person with regard to the meeting time and the location (Mehta, 1994).

If we think about a problem created in this terms, reasoning within game theory rules, we can find a number of different times and locations that the individuals might select very close to the infinity, so an almost infinite number of Nash Equilibria. Reasoning in terms of probabilities, the expectation that the participants would choose the same time and place are disarmingly low.

However, the answers reported by the survey were surprising, because they indicated a relevant amount of coordination between participants. Most of the participants are reported to have chosen the information desk located at the center of the main hall in at Grand Central Station as their meeting place, while almost all individuals have selected noon as the meeting time.

Speaking with game theory jargon, the time *noon* and location *Grand Central Station* could be described as **focal points**: they are figurative markers that are so salient that each participant expected that the others would be aware of them and would consider them in formulating their strategy (Robson, 2015)

The most important aspect of effective focal points is their ***distinctiveness***, a certain detail that establishes the ***salience*** of a specific meeting time and location. Despite the clarity of this concept, the factors that contribute to the distinctiveness of a certain strategy are not always easy to discern.
Regarding the New York City example of the meeting place problem, Schelling thought that an explanation of why Grand Central Station was selected by so many participants as their meeting place could have been that all the people, who took part to the interview lived in Connecticut, at New Haven. In fact, Grand Central Station is the terminus of the rail between New York City and New Haven so it could be a location of renowned salience for those people.
On the other hand it is not so immediate to understand why the time "noon" could be considered a focal point. Its salience could depend on its importance in the popular culture, its link with lunch-time or the fact that it is located in the middle of the day. It might be also that participants answered like that, because they were interviewed at this time for the survey.
From this attempt of giving an explanation of the individuals' possible behaviors, it is apparent that focal points rely on mental processes different from logic or efficiency, thus they are very interesting concepts because they are able to describe human being's behaviors in situations where we are used to take decisions using the concept of instinct. As R.Robson reported, the requirement for a signal effectiveness as focal point is that it be so *common* to the participants that Player 1 expects Player 2 to recognize it and Player 2 expects Player 1 to recognize the focal point as well.

4.6 Law: an artificial constructor of focal points

Focal point are very often based on common experience, hence they can arise naturally, such as the example of Grand Central Station, but their artificial construction it is also possible through regulation and statutory law (McAdams, 2009). The participants' expectations can be recalibrated by the simple existence of a rule or law, which can cause them to rethink their strategies and that could happen even if this new regulation does not provide possible sanctions in case of violation (Cooter, Do Good Laws Make Good Citizens? An Economic Analysis of Internalized Norms, 2000).
Another aspect to consider is that the consideration process of such laws itself can effectively influence behaviors. Putting the concept in simpler words "When the parties involved have some common incentive to coordinate their behavior, the law's articulation of a behavior will tend to create self-fulfilling expectations that it will occur" (McAdams & Nadler, 2008).
This definition, establishes enough elements for considering law as a potential focal point, a signal that makes apparent the salience of an outcome.
In her article, Professor Robson brings the illustration of the adoption of a standard for use of "gluten-free" claim on food labels, which constitutes an effective example of law usage as focal point. The case is referred to the USA, where, despite the widespread interest in this type of food, there was not a single standard for the "gluten-free" qualification:

“Although the Food and Drug Administration (FDA) proposed a rule on the topic in 2007, final regulations defining “gluten free” were not issued until 2013. Even before final adoption, the commencement of the rule making shaped the strategic decision making of the industry participants as companies moved toward the use of the FDA’s standard. As with other regulatory proposals, law functioned as an effective focal point for coordinating behavior”

Maybe, the most valuable concrete of the focal points’ power is showed by the legislation that regulates the business organizations formation. In fact, within game theory borders, the laws disciplining the creation of business organizations constitute focal points, which have been artificially constructed for operating in the relationship between entrepreneurs and investors. This situation can be described as another coordination game that helps each part to reduce transaction costs (Butler, 1989; Coase, 1937). Communication and trust among individuals constitutes fundamental aspects, in situation where the positive outcomes take time to appear or are intangible, because they play a key role in encouraging and sustaining the coordination between participants (McBride, 2011).

In the last years, corporate behaviors were controlled by accountability and disclosure, so corporate laws have focused mainly transparency: the final aim of judicial decisions and statutes has been fostering the trust among different players in the business environment like directors, officers and shareholders. The judicial consequences derived from cases such as Dodge vs Ford (see also Unocal and Revlon cases), can be a certain assurance that organizational energy of a for-profit entity will be directed toward benefitting shareholders (Fisch, 2006; Hansmann & Kraakman, 2001; Gevurtz, 2002). If things stand like that, investors can trust on a particular societal form, which can ensure the feasibility of a profit maximization strategy and utilize such guidance to coordinate their behavior.

4.7 Benefit model as a competing focal point in the business environment

Benefit corporation legislation is an attempt to introduce in the corporate law another focal point, which might distinguish itself from the two traditional paradigms that dominated the organizational landscape until now: non-profit and for-profit entities. This third guiding light could constitute an effective effort for attracting socially minded entrepreneurs and investors.

Among the main disapprovals that are moved against benefit entities, the strongest might be the fact that “this legislation is a solution in search of a problem” (Blount & Offei-Danso, 2013). According to these critics social and environmental goals can be and are accommodated by traditional for-profits companies involved in ethical and sustainable behaviors. In fact, their number is increasing constantly, as it is told by many analysis of the social equity funds (for example Domini Fund). Those funds are investing on socially responsible businesses and many of the participations composing their portfolios come from traditional for-profit entities.

However, the high elasticity that has allowed for-profits to adapt their benefit goals mainly to customers' demand makes it hard to discern the seriousness and intensity of companies' effort to pursue social responsibility. As was reported in the first chapter, sometimes it is quite difficult even to define what corporate social responsibility should be. Socially conscious investors are not supported while they are trying to invest their money, because they are often disoriented and unable to choose a business whose social commitment mirrors their own. This situation leads to significant transaction costs, potentially preventing the possibility of truly committed businesses of receiving the funds that they need for their growth: this means the creation of a vicious circle where just traditional for-profits entities whose concern for social goals is a mere defensive reaction to public demands, not a primary driver of behavior. Embracing a behavior as a core purpose for a business or accommodating it as a collateral tendency are completely different attitudes.

For delivering a clear idea of the concept, I will use the example reported by Professor Robson, who described a situation with these two types of companies, but I will adapt it to the Italian context taking Aboca and a fictitious pharmaceutical company[22] () as protagonists.

Aboca is a Benefit Corporation and, as reported in the previous chapter, it manufactures only Certified Organic products that adapt to human organisms without the use of chemicals both during their production and cultivation phases of raw materials. Being Benefit for Aboca means that it is asked to report on the company's performance in the impact areas that are formally specified in its statute.

ChemicXpharma (whatever firm in the pharmaceutical industry that did not embrace the Benefit Corporation form) is a prominent company in the same industry that manufactures drugs and other products for human health. It has distinct line of products whose production processes have a low impact on environment and whose raw materials have the Organic international certification. Although not legally required to do so, ChemicXpharma utilizes the Global Reporting Initiative (GRI) guidelines to report its performance concerning sustainability and social responsibility. Moreover, ChemicXpharma funds a nonprofit foundation that helps local development in the geographical areas where it located its production facilities.

Despite both companies operate in a socially conscious manner, providing benefits to their communities, their approaches are manifestly different. The social mission of a company that decided to become a Benefit Corporation is inextricably tied to its operations. Aboca's entire production is the evidence of its commitment to the production of public benefit, though the achievement of sustainability goals.

On the contrary, ChemicXpharma has a wide range of different products for human health, whose collateral effects on the organisms and environment may necessarily be less positive than other types of drugs produced without chemical usage.

These socially committed ventures are participants in a meeting place game, where investors with other stakeholders (potential employees for example) try to find each other in an increasingly chaotic environment:

[22] I will call it ChemicXpharma, an invented name to let the reader occupying this place with whatever famous pharmaceutical company

levels of social commitment might be difficult to distinguish. To understand this aspect, let me describe a fictitious previous step of the situation represented with the two pharmaceutical companies.
For defining this example assume that Aboca had never existed before and Aboca's founder, Valentino Mercati, wants to create his socially responsible, for-profit entity committed to a common good and public benefit creation-centric model of decision-making. He has three different options for his choice of incorporation: constituting a traditional for-profit entity, a cooperative [23] or a Benefit Corporation.
The Social Impact Investing division of the European Investment Fund (EIF) is looking for for-profit, mission-driven enterprises such as Aboca. For simplifying the game:

- the payoff to both Aboca and EIF is presumed to be identical
- neither the party receives any benefit if they fail to connect.

The meeting place problem that I just created is identical to that faced by the runners in the city marathon.
Whether Aboca and EIF meet will depend on how successful Aboca is in describing its venture and how diligent EIF is in perusing the landscape for an enterprise that is compatible with its social objectives. It is important to notice that I chose the EIF just for simplicity, but its position could be taken by one of the many impact investment funds or ethical banks (in Italy Banca Popolare Etica) that are arising all over the world. In the case described, game theory affirms that the presence of a quickly identifiable focal point can increase the probability of coordination of the parties in their activities.
When entities believe that the most active socially responsible investors are likely to invest in a certain kind of for-profit entity and if an investor has the reasonable belief that the most mission-committed (for-profit) companies are likely to choose a specific societal form for their business organization, that form of organization will be considered as a focal point. The existence of such an organizational focal reference will make it easier for both enterprises and investors the coordination of their strategies, taking advantage of reduced transaction costs. This game it is open also to a universal application to any other type of stakeholder, such as suppliers, consumers and employees.

4.8 Are Benefit Corporations conspicuous in the real world? The US and Italy situations

In the same way, in which the lack of a specific standard in the definition of gluten-free made it difficult to compare products, the lack of organizational points of reference makes it complicated to discern organizations whose commitment to public benefit is part of the firm's soul, from many other enterprises whose commitment to common good creation may not be the main driver of the company's behavior. Despite it does not exist a

[23] In the example described by Professor Robson, the founder has to choose among three possibilities of incorporation: a traditional for-profit entity, a Low Profit Limited Liability Company (L3C), or a Benefit Corporation. I changed the L3C with a cooperative entity because the first one are not recognized in the Italian legislation. This simplification is just to create a meaningful parallelism with the American legislation, I am not considering the two societal form as the same thing.

precise formula for constructing a focal point, Benefit Corporations present several attributes that may make them an effective focal point for socially committed players, compared to other organizational form.

In the definition proposed by Professor Schelling, a focal point must be **conspicuous**. In fact, to be effective it must be so prominent that each player can think that all the other players can recognize it, taking into account the focal point in defining their strategies.

The process of passing legislation fulfils this requirement, because it is characterized by a noteworthy salience that in incomparably more effective than private attempts in coordinating behaviors.

Examining the US context, thrifty-four states have authorized the statute of Benefit Corporations compared to the only twelve that currently approve the formation of L3Cs[24].

At the international level, the concept of Benefit Corporation is expanding exponentially, but it seems that we will have to wait for many other adoptions (beyond the current recognition in five countries, there are others under development) of the statute form, for considering it as a conspicuous focal point.

Considering the Italian case, the situation is different: there are no L3Cs for proposing a comparison, just cooperatives and no-profit entities. While no-profits are by definition outside the field of analysis for their nature, cooperatives could be considered, just for the sake of simplicity, surrogates of L3Cs in our legislation. The main difference with the US case is the governmental form, because Italy is a Parliamentary Republic while United States are a Federal Republic. The important consequence of this, it is about the diffusion of the organizational form, which ones approved by the Italian government is valid on the whole Italian country, while in the US the approval procedure is accomplished by each federal state independently.

This reflection is necessary to be aware of the fact that in Italy Benefit Corporations and cooperatives are both conspicuous, so officially just the time will tell if the model will be effective: unofficially, however, the rate of growth of Italian Benefit Corporations (and Certified B-Corps[25]) is the highest among all the countries of the world.

It may be added, that since their creation in 2010, Benefit Corporation have been increasingly mentioned by academic journals and in popular press in the US and South America, but they are rapidly becoming a subject of interest in Europe too.

These legal entities are going beyond the mere definition of another organizational form, because they are able to overcome the borders of corporate social responsibility and legal communities. The key sometimes is that they are able to excite imagination about a potential new leading paradigm of business. Citing again Professor Robson's article:

[24] See MissionBox website: https://www.missionbox.com/article/401/companies-with-purpose-the-l3c-option-in-the-us

[25] As mentioned in the second chapter, according to the Italian law that introduced the Benefit organizational model, Certified B-Corps must become Società Benefit within two years after their certification, thus the number of B-Corps will affect directly the number of Società Benefit.

“As Professor Schelling noted with regard to focal points, “In the final analysis we are dealing with imagination as much as with logic…” B-corporations have been heralded as the revolutionary vanguard of an emerging “fourth sector,” as “transforming corporations from psychopaths to good citizens,” and as representing “a massive shift in our collective consciousness about business, from a narrow focus on profits to triple bottom-line orientation . . . .” Such sentiments suggest that B-entities have captured the imagination of many corporate social responsibility advocates, contributing to their salience as a preferred organizational form for socially committed enterprises.”

The salience of the Benefit model goes beyond the mere diffusion of their recognition, but it is also identified by the exponential growth of their study and their capability to become a *buzz concept*.

4.9 The importance of a proper structure in Benefit Corporations accommodation

The salience of a focal point are determined not only by the contribution of imagination and publicity (that are intangible elements), but also by the infrastructure that is built for them (Robson/Schelling).

Unlike non-profits entities, benefit corporations has not been accompanied by tax incentives yet. This detail have reduced the complexity that might derive from tax-related measures of reporting and profitability.

Another relevant element, it is that from the game theory’s perspective, obligating to create a general public benefit added to the specific ones[26] was smart. In fact, to be an effective focal point, the Benefit form must be a consistent signal that facilitates the interests’ alignment of the participants. A population of entities, each pursuing just a distinct and narrow purpose, would constitute a little improvement in the current fragmented context of enterprises. R.Robson calls those organizations “minibenefit entities” and she thinks that they would lack the focal power necessary to allow entrepreneurs and investors to align their interests.

Summing up, there are few barriers to becoming a benefit corporation: additional legal obligations are few and well-specified, they have a potential advantage in attracting socially conscious consumers and investors, they seems to have the focal characteristics to be a point of reference.

Benefit corporations are already an attractive and effective focal point in the US and they are rapidly becoming so in Italy such as on the world organizational landscape. It would not be necessary to wait too many years until organizations will stop asking themselves “Why becoming a Benefit Corporation?“ and they will ask “Why not?”.

[26] In the US Benefit Corporations are just required to identify a general area of influence for the creation of public benefit, while in Italy they have also to indicate specific areas of impact.

4.10 Focal points and Norm changers: not always the same thing

Now that we understood that these new entities could be focal points for entity formation, it is necessary to understand whether they can change for-profit organizations' behavior, trying to deal with the social and environmental problems that were indicated in the SDGs 2018 Report of UN.

A significant change comes when brought by a "**game changer**", a driver of transformational change in normative behavior. The change in corporate behaviors depends on the evolution of the benefit Benefit concept from focal point to norm catalyst, but this evolution is not easy nor inevitable. While it is possible to create artificially a focal point, there is no simple formula for norm changer. In fact, focal points effectiveness depends just on a matter of convenience in the coordination of common interests of the players. On the other hand, rules require tacit agreements within the community that a particular behavior is expected and appropriate: in this case, there are moral and ethical implications (Sunstein, Social Norms and Social Roles, 1996).

If focal points can be viewed as a matter of convenience, norms can be considered as a matter of commitment (Cooter, 1998).

The transparency of the process of formation, change and displacement of community expectations is apparently difficult to assess (Cooter, 1998), thus it is easier identifying an existing norm than knowing the new set of behaviors that will displace it. There might be few norm violations, which encourage additional violators and in a short time, they can achieve a critical mass, displacing the original norm (Schelling, 1978; Sunstein, 1996).

A norm change can be also fomented by making the community aware of grievances resulting from the existing norm structure. Critics can undermine the norm revealing the existence of a new consensus in the community or by disclosing new information that can accelerate the new norm formation (Sunstein and McAdams).

These factors combine to make the process of norm change more uncertain than creation of a focal point.

Choosing an organizational form, thus an internal commitment to a particular model of operation is an act of self-categorization, which creates expectations among external stakeholders. For early adopters who will choose Benefit Corporation status, the main driver will be the alignment with their long-standing, passionate commitment to corporate social responsibility: it worked like that for Aboca. The attention at this point should not be focused on whether Benefit Corporations mirror a meaningful commitment to social responsibility, but whether those entities can catalyze that commitment among a complex community of for-profit enterprises. In game theory, effective focal points are not necessarily game changers; on the contrary, the factors that makes Benefit Corporations effective focal points (rapid statutory adoption, buzz in both popular and academic circles) might undermine their value as drivers of change.

4.11 Why could the statutory characteristics of Benefit model undermine a real change

At this point, it is necessary to analyze the mechanisms that ensure Benefit Corporation to "walk the talk". The US legislation about these organizations relies on transparency rather than sanctioning to drive behavior, hence, it leaves to the market to reward entities that have created an adequate profit and a meaningful benefit (Clark & Vranka, 2013).

Some commentators have argued that the ambiguity and vagueness of creating a "general public benefit" opens the door to management entrenchment and self-serving decision-making (Murray). Moreover, the attention to multiple stakeholders' interests increases the complexity of decisions that even the most well intentioned manager could find challenging (André, 2012). Thinking in these terms can lead to see the act of managing a Benefit Corporation as running a government. The risk is a resuscitation of the shareholder primacy model, which can arise because of the lack of prioritization among competing interests. In addition, while benefit directors may be accountable to multiple constituencies, only shareholders can sue them if their interests are violated. There is no clause in the Model Benefit Corporation Legislation that prohibits CEOs from choosing to give priority to shareholders, after having done due consideration to multiple stakeholder interests and this applies to context where companies are not in a fragile situation.

On the other side, traditional investors may also choose to invest in Benefit entities, attracted as much by the shared reputation of these organizations as by the possibility of generating a public benefit. However, this kind of investors could pressure boards toward acting in a more traditional way, even if the company officially preserves its Benefit form: the MBCL explicitly assert its objective of external takeover deterrent, but it does not provide for protection from takeover that comes from within the company (management and shareholder return to be interested just in financial results) (Reiser, 2011).

There is also a risk that the salience of the benefit form of organization might also attract the "wrong kind" of entrepreneurs. Traditional companies may find it useful to keep their assets in a Benefit Corporation where being social committed leads to competitive advantage, while maintaining a traditional profit maximizing structure for all its other businesses. The precedent for this kind of behavior is already evident in many industries, where some consumer products companies have launched one green or natural marketing line, which delivers to the consumers the perception that the firm is eco-friendly, with a marked distinction from its other product lines .

The annual benefit report requires an evaluation of benefit performance on its impact of areas, but it does not consider the operations of affiliated groups, parent companies, and owners: the consequence is the creation of a greenwashing business to cover the most important part of the group business. Among the last peculiarities of the American legislation, it has to be mentioned that Benefit Corporations are "legally required to meet higher standards of corporate purpose, accountability and transparency" (Clark & Vranka, 2013); nevertheless, those organizations are generally exempt from government oversight.

The law drafters justify such an open structure, arguing that is fundamental to make easier the adoption of these entities: managers and entrepreneurs would be worried by the potential for increased liability that derives from beneficiaries' dissatisfaction. While such a choice may strengthen the focal appeal of the legislation, it does little to protect against the erosion of the public benefit purpose.

To conclude the legal and judicial infrastructure similar to the traditional corporation undoubtedly fosters the focal power of the model, but it potentially undercuts its efficacy as norm catalyst and driver of behavioral change.
The majority of reflections can made also for the Italian legislation that introduced the model taking as example the American experience in 2016. However, establishing that a violation of the norm on Società Benefit will determine a violation of the Italian Consumer Code for misleading advertisement is a remarkable difference (see Appendix B). In fact, this clause establishes that the public authority will control that those entities are pursuing the public benefits objectives written in their statutes, within the limits explicated by the law. Of course, it is too early for presenting example of violation of the law. It would be interesting to see which will be the judgements and the concrete consequences of misleading behaviors of the first "bad" Società Benefit, because after that moment it will be created a precedent for the next violators.
While the weaknesses of the US model are more apparent, in Italy the first judgments would probably determine whether the Benefit Corporations can actually constitute a behavioral change in business administration or a well-hidden shortcut for mere profit maximization.
Anyway, the shortcomings of both the legislations seem to be not accidental. They can be viewed as deliberate decision by both the drafters and the proponents trace a middle, alternative path between the chaotic system of private certifications, which lack of standardization and a complicated statutory regime that might detract from the appeal of Benefit Corporations as meeting place for socially committed enterprises and investors.

4.12 The focal point influence on behaviors could rely just on its existence

Despite those shortcomings, they may not be fatal to achieve the Benefit model purpose. Sanctioning it is not always necessary, because a legal imprimatur could reinforce conformity to an already existing norm; hence, the power of law expression may be sufficient to transform focal points into norm catalysts (McAdams, 2000; Sunstein, 1996).
To describe this possibility, Professor Robson took the example presented by McAdams, providing a clear explanation of how a legal focal point might move from meeting place to a driver of norm change. The example analyzes the effect of a smoking ban in an airport waiting area, where smokers and non-smokers plays a "Hawk-Dove" game[27]: Hawks have a strategy of asserting their rights, while Doves have a strategy of acquiescence.

"Assume a pro-smoking convention: smokers play Hawk and nonsmokers play Dove. Further, assume the imposition of a law that designates a discrete area as nonsmoking. Even if unaccompanied by sanctioning, the law would have the effect of changing the equilibrium between smokers and nonsmokers. The no-smoking

[27] "In game theory, a "Hawk-Dove" game is a mixed motive scenario where players' strategies conflict but where they also have an interest in cooperating to avoid what they would consider the worst possible outcome" (Robson, 2015)

sign would function as a focal point for nonsmokers who presumably would congregate in the area of the nonsmoking sign. More significantly, the prohibition on smoking would cause smokers and nonsmokers alike to reconsider whether the prior behavioral norm was still operative. Instead of acquiescing to the predominant norm that allowed smoking in the waiting area, nonsmokers might be more likely to play "Hawk" and assert their rights. Smokers might reconsider their normal "Hawk" strategy and be more likely to acquiesce—play "Dove"—and refrain from smoking in the nonsmoking areas. In time, it is possible that a new nonsmoking norm might emerge, as nonsmokers suffered less of a penalty for asserting their rights and smokers suffered approbation by insisting on smoking in the nonsmoking area." (Robson, 2015)

Asserting the right to a smoke free area is a signal of the possibility of another strategy. This may cause a change in the normative behavior of permitting to smoke, moving toward one that favored non-smoking (McAdams, 2000). The analogy with Benefit Corporation legislation is apparent, because incorporating into the Benefit model is like embracing a group norm, with a stakeholder-centric management operative system. Members sometimes gain more esteem form the group norm adherence than they suffer the larger society approbation: for that, the transparency asked to Italian and worldwide Benefit Corporation might trigger an *esteem competition* among those entities.

The preparation of the annual report may play a key role in this game, because companies hope to gain better reputation than the others do, by disclosing their behaviors toward stakeholders' and environmental concerns. This *challenge* would push companies to implement measures that are even more demanding, in order to create a gap of commitment between them and the other. The best companies (in achieving positive financial returns and generating public benefit) could raise the bar for other entrants, creating a virtuous circle.

The adherence to the specific Benefit model might be the main difference between them and the traditional for-profits: as reported by Professor Robson, "there is no discrete profit maximizes club to offer support to entities openly espousing shareholder primacy".

The new option created by benefit corporations updates all players' prior beliefs about the dominance of profit maximization (McAdams, 2000). The recognition of this belief may spread all over the businesses and may be enough to nudge every type of company in the direction of a public benefit model firm's behavior.

4.13 The risk to show the wrong way to companies

Some scholars identified a collateral unintended effect that could undermine the positive action of nudging described above. The legislation identifies two classes of corporate entities, those who are not obliged to consider public benefit and those that are legally required to take it into account. According to those scholars, this aspect could also change the behavior of traditional corporations it the opposite direction.

Defining a specialized entity, with a statutorily defined purpose of common benefit creation, implies that this responsibility is owned just by Benefit Corporations. This affirmation creates an open conflict with the pure rationale of Corporate Social Responsibility, which states that the obligation to consider the interests of stakeholders should be an integral part of all business organizations (Osuji, 2011; Argandoña & Hoivik, 2009). As a result, traditional for-profits that are partially committed to considering stakeholder interest together with their financial performance, might no longer get credit for their social efforts promoted in good faith: just Benefit Corporation will be recognized as the public brand for social responsibility (Murray, 2012). Diminishing the opportunities of reputational enhancement for those traditional companies would constitute a determinant constraint, which could lead them to abandon the few socially conscious behaviors that they had until that moment.

As far as I am concerned, I do not agree with the last part of this collateral effect analysis. I agree on the fact that Benefit Corporations will become the main focal point (a "brand" as stated by Murray), but if they will demonstrate (as Aboca is doing) that the model can be at least equally profitable to the others traditional ones, the latter will have a valid incentive to join the group. Benefit companies that walk the talk and passionately pursue public benefit could potentially redefine the meaning of Corporate Social Responsibility, which is exactly the necessity that was highlighted at the beginning of this work. The exclusive community of Benefit entities would stop to be a matter of few illuminated businesses and it would be unusual not being one of them. According to my opinion a future like that has the same probabilities to happen as the negative one, just our day-to-day actions will be able to determine if being benefit will be the normality. Despite the uncertainty of this probability game, there is one thing that we know all: it is time to change how we look at business organizations.

CONCLUSION

This study helped me to achieve a deep knowledge of the topic of business and social sustainability, with its implications for the future. The form of Capitalism, which guided our lives until now, has been the most powerful engine for innovation and for organizing people, but it is not an option anymore. Global leaders have been aware of that before the majority of the world population, but international attempts for coordinating countries' behaviors have not been effective enough until now. For this reason, it is fundamental to act directly at the micro-level of society, changing this mainstream capitalist paradigm of doing business, empowering the consideration of all the actors that suffered and are suffering the consequences of a selfish, thoughtless manner of extracting value from our planet.

I have tried to analyze what have been done in this field until now, following the pathway of the concept of Corporate Social Responsibility from its dawn in the last century. I understood that it was just a partial answer to the problems that people and companies should have considered something "like hiding the dirt under the carpet": it became just a means for *greenwashing* purposes, for companies that do not know any other way of considering stakeholders or, even worse, are not interested in it at all. A key problem, mainly for social conscious entrepreneurs and firms, is that a real understanding of the collateral effects generated on environment and society is hardy achievable now, because the tools available are not advanced nor enough widespread.

Among all the possible options to overcome this structural problem, I decided to analyze the B-Corp certification that introduced a convincing tool (the BIA) and a new cutting-edge idea in the global business landscape: the Benefit Corporation. The major force of this legal form is that is acts on the roots of existing companies, ensuring resiliency and recognition of their social purposes. The comparison between the USA and Italy legislation has been useful for a better understanding of the legal and social framework of application of this new concept.

Thanks to my direct experience in a real process of certification, I have tried to describe with the highest precision possible the Benefit Impact Assessment and all the phases that usually lead to the "Certified B-Corp" label issuance. Knowing Aboca directly from inside was incredibly useful, because it allowed me to "touch" the complexity of a business model that has developed during the years with a multi-stakeholder approach, before this attitude became mainstream. After my six months internship, I believe that the example of this peculiar pharmaceutical company could constitute one or even the best answer to the question "Is the creation of public benefit a sustainable and profitable way of driving business?". Working there, I saw with my eyes that committed and mobilized people are the best asset for creating a competitive advantage, even more if they rely on humility, consistency and work. There is just one thing that the company could do to achieve an even higher level of social innovation, ensuring a real lifetime loyalty: a symbolic opening of the firm ownership to its people, workers and employees.

The time spent in Aboca gave me the occasion to see many aspects, which would not be caught by an external view of the certification and the actual life of a Benefit Corporation. Thanks to this privileged position, I achieved important conclusions: the B-Corp certification is just the entry door for the real business innovation, which is the Benefit legal form.

Ascertained this fact, I tried to explain why the feasibility of this paradigm could be real and how it would be able to convey all the behaviors that we desperately need to adopt before it is too late. With the help of Game Theory, I entered in the academic and professional debate that has arisen about this topic. The conclusion of this examination is that the expanding recognition and the legal framework can actually help the Benefit Corporation to constitute an effective focal point in the coordination game that every day more investors and entrepreneurs are playing. These companies have the potential to drive a significant change in the day-to-day behaviors, acting as game changers to trigger the shift that we all need, in order to arrive at the time when being socially committed and profitable will simply mean "doing business".

In a world where everything changes and moves at increasing speed, characterized by universal epochal challenges, I firmly believe that the key factors of success will be comprehension of interdependency, cooperation and an interdisciplinary approach.

Interdependency, because problems are so complex that one company cannot think to survive if it does not consider its stakeholders, creating value together with them, according to the common needs, which must be respectful for the environment.

In the meanwhile, academics and professionals will have to play a key role in the implementation of new **interdisciplinary** approaches to decision-making, building models that must take into account different types of variables coming from all the domains of our knowledge, remaining in close contact with the reality. I think that there is a compelling need of further theoretical and practical studies about ecology and economics, which has to be enough persuasive to create a solid base for empowering the affirmation of socially committed entrepreneurs and investors, as the classical and neo-classical economics perspectives empowered the past view of Capitalism.

Finally, the **cooperation** between all the actors involved in the value creation process will be the necessary condition for a sustainable and socially committed new type of capitalism.

Critics could say that my last thoughts sound like a utopia and probably they would be right, because Benefit Corporations are just the first valid attempt in that direction, thus they still rely on social factors that are too similar to the common ones. The human race is not evolved enough to achieve that level of business and social comprehension.

However, my hope that in a not too far future, the reality will not be so different from that one and, for what I can do, I will work to arrive there, because as I learnt from my life and as a visionary and successful Italian entrepreneur said, "A dream seems a dream, until you start working on it" (Adriano Olivetti).

Appendix A

DECLARATION OF INTERDEPENDENCE

We envision a global economy that uses business as a force for good.

This economy is comprised of a new type of corporation – the B Corporation – Which is purpose-driven and creates benefit for all stakeholders, not just shareholders.

As B Corporations and leaders of this emerging economy, we believe:

> That we must be the change we seek in the world.
>
> That all business ought to be conducted as if people and place mattered.
>
> That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.
>
> To do so requires that we act with the understanding that we are each dependent upon another and thus responsible for each other and future generations.

Director/Officer

Director/Officer, B Lab

Date

Company

Date

Appendix B

Società Benefit

LEGGE 28 dicembre 2015, n. 208
Disposizioni per la formazione del bilancio annuale e pluriennale dello Stato (legge di stabilità 2016)
(GU n.302 del 30-12-2015 - Suppl. Ordinario n. 70)
Vigente al: 1-1-2016 http://www.gazzettaufficiale.it/eli/id/2015/12/30/15G00222/sg

Article 1

(Purposes)

1. The purpose of this law is to promote the establishment and the growth of corporations - hereinafter, benefit corporations - which, in carrying out their economic activities shall pursue, in addition to the aim of distributing profits, one or more aims of common benefit, and
operate in a responsible, sustainable and transparent manner vis-à-vis individuals, communities, territories and the environment, cultural and social heritage, entities and associations as well as other stakeholders.

2. The purposes under paragraph 1 above shall be specifically identified within the benefit corporation's corporate purpose and shall be pursued through an administration finalised at balancing the interest of the shareholders and the interest of those that may be impacted by the company's business activity.

3. The purposes under paragraph 1 above, may be pursued by any of the entities subject to the provisions of Book V, Title V and VI, of the Civil Code, in compliance with the relevant applicable provisions.

Article 2 (Definitions)

1. For the purposes of this law:

1. (a) "common benefit": means the pursuit, while carrying out the benefit corporation's economic activities, of one or more positive effects, or the reduction of negative effects, for one or more of the categories listed under article 1, paragraph 1, above;
2. (b) "other stakeholders": the individuals or groups of individuals directly or indirectly involved in, or affected by, the activities of the benefit corporation, being, inter alios: workers, clients, suppliers, lenders, creditors, public administration and civil society;
3. (c) "third party standard": procedures and criteria required in order to assess the impact generated by the benefit corporation with respect to common benefit;

(d) "evaluation areas": sectors to be necessarily included in the assessment of the activities of common benefit.

Article 3

(Benefit corporation's corporate purpose and company name)

1. The benefit corporation, without prejudice of the applicable provisions of the Italian Civil Code, shall identify, within its corporate purpose, the aims of common benefit that the benefit corporation intends to pursue.

2. Companies other than benefit corporations which intend to pursue also aims of common benefit shall amend accordingly their by-laws or articles of association, in compliance with the relevant provisions applicable to the different kind of corporations according to the Civil Code.

3. The amendments under paragraph 2 above, shall be filed, registered and published in compliance with the relevant provisions applicable according to article 2252, 2300 and 2436 of the Italian Civil Code.

4. The benefit corporation which has included in its corporate purpose the aims of common benefit, can add, next to the company name, the words “Società Benefit” (i.e. Benefit Corporation) or “SB”, and use such denomination in its issued securities, official documentation and communication to third parties.

Article 4

(Benefit Corporations’ directors’ obligations and liabilities)

1. The benefit corporation is administered in a manner that considers the interest of the shareholders, the pursuit of the common benefit objectives, and the interests of those identified under Article 1.1 above, in accordance with the provisions of the by-laws.

2. For the purposes of paragraph 1 above, the benefit corporations shall, without prejudice of the relevant applicable provisions of the Italian Civil Code, identify the individual or the individuals to be appointed with the role and tasks for pursuing the common benefit.

3. The breach of obligations under paragraph 1 above, may be deemed as a breach of the duties imposed by the applicable laws and the by-laws upon the directors of the company.

4. In the event of breach of the obligations under paragraph 1 above, the relevant provisions of the Civil Code regarding directors’ liability shall apply.

Article 5 (Annual benefit report)

1. For the purposes of this law, the benefit corporation shall produce an annual report concerning the pursuing of common benefit; such report shall be attached to the annual financial statements and shall include:

a) the description of the specific objectives, modalities and actions implemented by the directors in order to pursue the aims of common benefit and the possible mitigating circumstances which have prevented, or slowed up, the achievement of the above aims;

b) the evaluation of the generated impact, using a third party evaluation having the requirements listed under Annex A and which includes the evaluation areas identified under Annex B;

c) a specific section containing the description of the new objectives which the benefit corporation intends to pursue in the following fiscal year.

2. The annual report shall be published on the benefit corporation’s website, if existing. For the protection of the beneficiaries of the annual report, some financial data can be omitted.

Article 6
(Italian Competition Authority’s competences)

1. The benefit corporation that does not pursue the aims of common benefit is subject to the provisions of Italian Legislative Decree 2 August 2007, No. 145, regarding misleading advertising and the provisions of the Italian Legislative Decree, 6 September 2005, No. 206 (the Italian Consumer Code).

2. The Authority carries out the activities under the provisions set forth in paragraph 1 above, within the limits of the available funds and without charging any additional expenses upon the entities subject to its supervisory activity.

ANNEX A
THIRD PARTY STANDARD

The third party standard used by the benefit corporation shall be:

1) **comprehensive** in that it assesses the impact of the business and its operations aimed at pursuing common benefit upon individuals, communities, territories and environment, cultural and social heritage, entities and associations, as well as other stakeholders;

2) **developed** by an entity which is not controlled by, or affiliated to, the benefit corporation;

3) **credible** in that it has been developed by a person that both:

(a) Has access to necessary expertise to assess overall corporate social and environmental performance;

(b) Uses a balanced scientific and multistakeholder approach including a possible public comment period to develop the standard;

4) **transparent** in that the following information is made publicly available:

1. (i) The criteria considered when measuring the overall social and environmental

   performance of a business;

2. (ii) The relative weightings of those criteria;
3. (iii) The identity of the directors and the governing body of the organization that developed and controls revisions to the standard;
4. (iv) The process by which revisions and changes to the standard are made;
5. (v) An accounting of the sources of financial support for the organization, with sufficient detail to disclose any relationships that could reasonably be considered to present a potential conflict of interest.

ANNEX B EVALUATION AREAS

The evaluation of the overall performance shall include the following areas:

1. Corporate governance, for evaluating the degree of transparency and liability of the corporation in pursuing of the aims of common benefit, with a particular focus on the corporate purpose, the degree of involvement of the stakeholders and the degree of transparency of the policies and practices adopted by the corporation;

2. Workers, for evaluating the relationships with employees and collaborators in terms of salaries and benefits, training and opportunities of personal growth, quality of the working environment, internal communication, flexibility and job security;

3. Other stakeholders, for evaluating the relationships of the corporation with its suppliers, the local environment and local communities in which it operates, the voluntary activities, the donations and the cultural and social activities, as well as any actions aimed at supporting the local development and the development of its own supply chain;

4. Environment, for evaluating the overall performance of the corporation, considering the life cycle of goods and services, in terms of exploitation of resources, energy, commodities, production, logistic and distribution processes, utilization and consumption and life end.

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Summary

Chapter 1

International initiatives and data

In 1983, the UN created a Commission appointed of finding a way to satisfy the primary needs of a world population, which was constantly growing.

The first definition for “Sustainable Development” was proposed four years later, in 1987, in occasion of the United Nations Conference on Environment and Development in Tokyo, with the presentation of the “Brundtland Report” (from the name of the Norwegian president of the Commission specifically created in 1983). The report expressed the concept that sustainability is something about the creation of a balance between the necessities of environment safeguard and economic development that allows to “satisfy the needs of the current generation without compromising the capacity of the future generations to satisfy theirs”.

The following Conferences in Rio de Janeiro (1992), in Kyoto (1997), Johannesburg (2002), Copenhagen (2009), Paris (2015) tried to impose restriction to the main polluting countries, limiting the artificial increase of the greenhouse effect and the climate change consequences on the world population. Unfortunately, some of the positive changes that international agreements could have brought have been corrupted by a set of different factors: one of the main contributors was the pervasive economic interest that was often considered above any other and limited the production of real positive effects.

The approval of Agenda 2030 for Sustainable Development in 2015 marked a new era of the global initiatives, with the proposition of its 17 Sustainable Development Goals (SDGs) and 169 specific Targets. All these objectives are based on the integration between the three main dimensions of sustainable development, which are environmental, social and economic.

At this time human beings are consuming 50% more than what the planet could produce in one year and is pushing the world until its capacity limits. In 2010, 388 individuals owned the wealth of the poorest 3.5 billion people of the planet: six years later, in 2016, they were 8 people. In the same year for the first time in the history, 1% of the planet’s population owned the amount of wealth of the other 99% (Oxfam International, 2017). Moreover, 10% of the people with the highest income is responsible for the same greenhouse gas emissions of the remaining 90% (Fasan & Stefano Bianchi, 2017).

According to the Sustainable Development Goals Report 2018, progresses are insufficient to meet the Agenda’s goals by 2030. In fact 11% of the world population, or 783 million people, lived below the extreme poverty threshold in 2013. The proportion of undernourished people worldwide increased from 10.6 per cent in 2015 to 11.0% in 2016 and this translates to 815 million people worldwide in 2016. Globally, 32 million people died in 2016 due to cardiovascular disease, cancer, diabetes or chronic respiratory disease. In 2016, household and outdoor air pollution led to some 7 million deaths worldwide. Based on data between 2000 and 2016 from about 90 countries, women spend roughly three times as many hours in unpaid domestic and care work as men. In 2015, 29%of the global population lacked safely managed drinking water supplies, and 61 per cent were without safely managed sanitation services. In 2016, the absolute number of people living without electricity was 1 billion. The share of renewables in final energy consumption is modest, just 17.5% in 2015: yet only 55%of the renewable share comes from modern forms of renewable energy. The global unemployment rate in 2017 was 5.6%, but young people are three times more likely to be unemployed than adults (13% in 2017). Between 2000 and 2014, the number of people living in slums increased from 807 million to 883 million.

The 2017 was one of the three warmest years on record and was 1.1 degrees Celsius above the pre-industrial period. Without concerted efforts, coastal eutrophication is expected to increase in 20 per cent of large marine ecosystems by 2050. About one fifth of the Earth's land surface covered by vegetation showed persistent and declining trends in productivity from 1999 to 2013, threatening the livelihoods of over one billion people. Up to 24 million square kilometers of land were affected, including 19% of cropland, 16% of forest land, 19% of grassland and 28% of rangeland. Nearly 8 in 10 children aged 1 to 14 years were subjected to some form of psychological aggression and/or physical punishment on a regular basis at home in 81 countries (primarily developing), according to available data from 2005 to 2017. At least 1,019 human rights defenders, journalists and trade unionists have been killed in 61 countries since 2015: it is the equivalent to one person killed every day while working to inform the public and build a world free from fear and war (United Nations, 2018). Those lines sound like a peremptory warning.

From macro to CSR analysis

UN has tried to influence governments, with a top-down approach, but at the end understood that if it want to affect the society it has to act with a bottom-up strategy, engaging the second most widespread social actor (the first one is family): the enterprise. Thus, after this macro-e*xcursus*, I decided to move my attention towards the micro-dimension of companies, considering the Corporate Social Responsibility evolution in the literature and in the development of the modern business framework. I found that many scholars in the past decades, has thought that business had some responsibility to society beyond that of making profits for shareholders.

Thus, I went through the concepts of Corporate social Responsibility[28], Responsiveness[29] and Performance CSP, understanding that those words have been used in the majority of occasions as mere means for attracting consumers, not for driving the companies' decision-making process. With the era of scandals inaugurated by Enron in 2000s and continued with the financial crisis in 2008 the notion of sustainability became something impossible to be postponed, together with a deep re-thinking of the way business was conducted.

Under this light, I found also studies that demonstrated how the social irresponsibility is directly linked with more costs, which on the long-term affect the company competitive advantage. Nevertheless, those results were partial and not universally acceptable, imposing a temporary ceasefire between the measurement of CSP and Financial Performance, in order to concentrate the attention on the analysis of complexity that arises from interdependent systems.

[28] the aspect which emphasized companies assuming a socially responsible attitude

[29] The boundary-spanning processes by which the firm connects itself to information, stakeholders and issues

This analysis was focused on CS Responsiveness and led me to understand that the existing models, which try to manage complexity, are not developed enough to deal with the need for an organic view of business CSR and society. From that, I understood the necessity of going beyond CSR concept, basing my study on the work of scholars who focused on the interdependency of many actors in the business landscape (Porter and Kramer, 2006), with a special attention to the words of D.J. Wood.

She argued that in the past, the consequences of firm's behavior on accounting measures or stock prices constituted the majority of the studies related to the justification of CSR and the attention, in this studies, was concentrated not on the affected stakeholders, but on the enterprise itself. "We have a lot more work to do. Refocusing on stakeholders and society and **crossing the disciplinary barriers in the name of CSP** may be just what is needed to invigorate and sustain CSP scholarship and to discover the results that will be truly meaningful to corporate managers and their many stakeholders" (Wood, 2010).

Part of the problem that CSP academics face is the difficulty to have good data for their analysis and that companies lack a standard that could guide their impact acknowledgement. Hence, I briefly studied Environmental Social Governance (ESG) rating system and other propositions like the Carbone Disclosure Project (CDP), Climate Disclosure Standard Board (CDSB), Integrated Reporting (IR) Framework, Sustainability Accounting Standards Board (SASB), UN Global Compact (UNGC).

I found valid indications in the **Global Reporting Initiative (GRI)**, a set of standards, which have been developed over many years through multi-stakeholder contributions, but mainly by in specific certification, which was implemented starting from the GRI rules: the B-Corp certification.

Chapter 2

The Benefit idea

In June 2006, Bart Houlahan, Jay Coen Gilbert and Andrew Kassoy founded B-Lab, a nonprofit organization with the main purpose of promoting a radical evolution in business paradigm. They developed an advanced impact measurement protocol: the Benefit Impact Assessment (BIA).

B-Lab is composed by Board of Directors, which is responsible to look for possible philanthropic investors to ensure the best functionality of the organization, observing the management of financial budgets and operations. The Board of Directors establishes the Standard Advisory Council (SAC) to ensure continuous incorporation of best thinking and practices into B Lab's mission and activities (B-Corps website).

In 2008, B-Lab and the first 100 B-Corps shaped the Benefit Corporation legislation together with the Philadelphia lawyer William H. Clark, Jr. and the law firm he was working for, Drinker Biddle & Reath LLP[30], which worked pro bono. In April 2010, Maryland was the first US state and the first in the world to codify the new legal form of **Benefit Corporation**. Now this legal form is recognized in 34 American states and many others in the US are starting the procedure to introduce the Benefit Corporation status in their legal systems.

[30] Drinker Biddle & Reath LLP website: www.drinkerbiddle.com

The “benefit project” developed by B Lab, has indeed two complementary components: measuring the economic, environmental and social value creation of a company, implementing a global adhesion to the Benefit legal form.
The Benefit Impact Assessment is an online free platform that, after the subscribing procedure, allows companies to evaluating their positive impact on stakeholders, giving an appropriate relevance to environment and people. It delivers an evaluation of the business that considers it as a whole, measuring the firm’s impact in five areas: Governance, Workers, Community, Environment and Consumers.
Each one of those areas produces a score and it is necessary that the sum of them reaches at least 80 points out of 200, in order to obtain the B-Corp certification label. In the B-Corps website, it is showed that currently (12th of June) just 2.788 certifications were released on more than 100.000 companies that measured their business impact (it is less than 3% of the total). It positively considers certifications of business sustainability or green economy such as LEED, Fair Trade, Organic, ISOs just for citing some.

The Benefit Impact Assessment

According to my experience I elaborated a personal description of the BIA. It has a three levels structure: the first level is the one composed by the five impact areas, 2) the second is constituted by the sub-sections that are contained in each impact area, 3) the third is the level where questions are reported. Questions can be divided into three types: General questions , Quantitative questions, Qualitative questions.
At the beginning, each firm has to select its business model: the type of sector it operates in, its geographical range of action (the reference market), its number of employees. This procedure is necessary because the software will show different tailored questions according to these preliminary answers. The total number of questions potentially available is approximately 1.000 and some of them are unlocked according to the pattern that is chosen by the company.
When the questionnaire is completed, you can send the result by clicking the button “subscribe”, at this point the company has to wait until B-Lab’s communication of the Review Call. Before the Call, the firm will be asked to show specific documentation and proves regarding a certain amount of questions randomly chosen after a first general review made privately by B-Lab. If revisers do not notice any problem in the BIA and in the documentation, and they assessed that the company score is above 80, they can release the certification label “Certified B-Corp”. To obtain this label and gaining access to the B-Cop network it is necessary to pay an annual inscription fee whose amount varies depending on the company’s annual sales (from $500 for sales between $0-$149,000 to $50,000 or more if company earns more than $1 billion). The official moment that certificates the issuance of the label is the signature of the B-Corps programmatic document, the Declaration of Interdependence.
The certification conserves its validity for three years, after this period the company must retake the assessment to keep the label. Despite the fee is due every year, the score is certified just when the certification expires,

thus a company, which improved its performance in the year following the certification, can report its score just specifying that it is “not verified”: this is one of the major critics moved toward B-Lab.

The Benefit concept in Italy

The introduction of Benefit Corporations in the Italy was promoted by senator Mauro Del Barba and the founders of Nativa Lab, the Italian partner of B Lab, Eric Ezechieli and Paolo Di Cesare, who started their lobbying activity in fall 2014. Their purpose was to introduce some clauses to the Italian Stability Law in order to make of Benefit Corporations an officially recognized business entity (Valsan, 2017). This happened on 28 December 2015, when the Italian Parliament approved the 2016 Stability Law, Act N° 208/2015 introducing the new legal form of Società Benefit, from the Italian name, which was given to those entities. Italy has been the second country in the world, after United States, to introduce this new type of corporate model. The improvement that those companies want to bring is the balance of interests of non-profit and for-profit sectors. Concretely the law text indicates

“…in the exercise of an economic activity, in addition to the purpose of sharing the profits, pursues one or more purposes of common benefit and operates in a responsible, sustainable and transparent manner towards people, communities, territories and the environment, cultural heritage, social activities, public institutions and associations, and any other stakeholders.”

Some Italian experts interpreted this event as the legal acknowledgment of the so-called *“fourth sector”* (Di Teodoro and Partners, 2016; Di Turi, 2015). There are no fiscal cuts in Italy for the moment and the legal status only affects the business mission and requirements regarding accountability and transparency.

According to the rules introduced by the Law 208/2015 in the Italian legal framework, four aspects have to be considered in order to become a Società Benefit:

1) the common benefit purposes must be indicated in the statutory clause of the company
2) the organization must be properly managed in order to balance its shareholders’ interests with all the interests of company’s stakeholders.
3) it must be selected an individual who will be in charge of pursuing the common benefit
4) It must be published a report that will show annually the pursued and the achieved objectives through a business impact evaluation, in compliance with an independent third party standard.

These requirements are due to not fall under sanctions by the AGCOM (Autorità garante della concorrenza e del mercato) the Authority, which is in charge of overseeing the effective application of the common benefit objectives. Italian legislation offers the possibility to adopt the status of Società Benefit to a broad range of companies: limited liability companies, cooperatives and partnerships (Tarlantini, 2017).

These are the major differences between Italy and US regards:

- American directors are not considered responsible whether the public benefit is not achieved or whether an action fails. On the contrary, Italian directors seem to have more responsibilities thanks to the liability clause concerning them

- The legal status is another point that differs between the two legislations. In fact, in the Italian context, any kind of business has the possibility to adopt the new legal status of Società Benefit, adding also the initials SB to the business' name. In the United States, the situation is quite different, because only traditional for-profit companies can become Benefit Corporations
- Finally, the US model, the Model Benefit Corporation Legislation (MBCL), does not require mentioning explicitly the public benefits that the company will be committed to pursue. On the other hand, in Italy, Società Benefit are required to specify their own scopes and how the latter are materially achieved: this rule was developed in order to contrast the possibility of *corporate greenwashing*[31] and to increase the possibility of social purpose's achievement.

After a review of the main studies made on the theme, I promoted a critic analysis of positive and negative points of view. Benefit Corporations and B-Corps could be a positive solution for:

- **Resiliency** of both the company and its socially committed vision of business.
- **Brand Identification**, because those companies will be able to stand out in the midst of greenwash
- **Capital attraction**, as proved by BlackRock interest in sustainable businesses (Fink, Purpose and Profit, 2019)
- **Networking and Strategic partnerships** that could arise between different companies with the same purposes
- **Quality of workforce** deriving from the attraction of young employees who seek meaning in their careers.
- **Revision opportunity**, the BIA offers a valid solution for reviewing all the company's business model.

On the contrary these are the **main critics** are well summarized by this citation "With the advent of the benefit corporation form, there is now a legal argument against socially responsible initiatives. Benefit corporations are legally unnecessary or desirable, cautions about unintended potential to change corporate law, legal uncertainty for directors, and questions the wisdom of including a third party standard in entity formation legislation" (Verbos & Black, 2017)

Chapter 3

Aboca: Benefit Corporation since 1978

The focus moves on the example of Aboca, a company born in 1978 as agricultural firm, which expanded its business until becoming the European leader in the production and distribution of medical devices, dietary supplements and cosmetics based on medicinal plants. In my analysis of Aboca I found that is was the real application of the concepts introduced by the Benefit Corporations. It creates scientific research for human health from the past, analyzing ancient volumes and studying ancient remedies with new technologies. It is

[31] From Cambridge Dictionary: "behaviour or activities that make people believe that a company is doing more to protect the environment than it really is

owner of a publishing house, which spreads its innovative ideas all over the world, which manages the majority of the production phases (from the seed planting to the packaging, as well as the products distribution to medical practitioners, pharmacies and herbalists). It is a stimulating reality, where people (from 400 to 1,500 in 8 years) like their job and are really mobilized by the company pillars of humility, consistency and work.
Aboca's commitment to the creation of shared value is well explained by the six objectives of public benefit that were established, when it became Benefit Corporation (August 2018):

7) *Promotion of people's health and well-being*
8) *Constant research and development activity*
9) *Creation of new supply chain models*
10) *Diffusion of respectful and improving practices for the environment*
11) *Tangible orientation to cultural, social and economic development of the communities*
12) *Creation of a positive work environment*

This part of the thesis helped me to understand that profit and sustainability are possible, because Aboca is demonstrating that embracing a multi-stakeholder approach in business decisions is possible and profitable (+210% of EBIT growth between 2013 and 2018).
The CEO Massimo Mercati decided to involve in the BIA process of impact measurement because he wanted to understand the areas of improvement of an already cutting-edge company (which will lead Aboca to certificate with a score around 115).
During my internship there, I was directly involved in the certification process assisting the coordinator of the project, so I formulated and described all the main features of each phase that could be divided in:

- Pre-operative phase
- Starting phase
- Data collection phase
- Pre-submission phase
- Post-submission phase
- Review call preparation
- Post-review call phase
- Masterplan elaboration and implementation phases

In May, after a talk with Pedro Tarak[32], invited by M.Mercati to visit Aboca, I asked some questions about the certification procedure and the type of questions, which were asked in the BIA. Revising my notes, later I understood the importance of the indication that he gave us about the nature of the Benefit Impact Assessment: he defined it a *"Socratic Tool"*, which helps the companies to ask themselves the right questions. It helped me to reflect about both the BIA and the B-Corp Certification.

[32] The co-founder of Sistema B, an organization dedicated to promoting B-Corps in South America.

I think that the tool remains highly perfectible, since it is difficult to make a faithful portrait of a dynamic and complex entity like modern companies, but B-Lab seems on the right path to give to the world a good framework for the impact measurement.

According to my opinion, too often certifications and labels have been used opportunistically, such mere communication means to influence the consumer, without producing a real change of mindset. If we want tangible change of paradigm, from Corporate Social Responsibility to the real and meaningful creation of shared value, another non-binding label is not what is needed. Thought in these terms, the certification acquires a different meaning and usefulness, because it becomes a fundamental bridge between the core values of social committed enterprises and the legal recognition of what they are. It constitutes the only possibility for companies located in countries where the Benefit legal form has not been introduced yet[33], to obtain an official recognition of their purpose of creating a public benefit. Therefore, I believe that B-Corp certification is a means for the creation of a network of companies, which can drive an advocacy activity to push a worldwide legal acceptance of the Benefit Corporation enterprise model: the real final objective.

Chapter 4

How Benefit Corporation can constitute a real alternative to for-profit entities?

After having verified the importance of the Benefit Corporations in defining a real answer to the need of a more complex view of interests in business activity, my focus moved toward an assessment of how this model could become mainstream. For doing that "asked" help to Game Theory using the concepts of focal point and game changer. With the contribution of the work of the Noble Prize winner Thomas C. Schelling and the application of its studies, I modified several fictitious situations to demonstrate in a real case of business incorporation that law and distinctiveness of precise factors can guide the decisions of players.

Precisely I started from the literature on "coordination games", with the example of a marathon, where two runners try to meet in the same place at the same time, forgetting to specify them and having no way of communicating before the meeting. Under certain assumptions, the result leads to the formation of three Nash equilibria (Table 1).

Table 1: Representation of the *Marathon coordination game*

	Runner 2		
Runner 1	Finish line	Hospitality tent	Transit Hub
Finish line	**1,1**	0,0	0,0
Hospitality Tent	0,0	**1,1**	0,0
Transit Hub	0,0	0,0	**1,1**

Source: Adaptation of the example taken from R.Robson (2015)

[33] There are just five countries all over the world, which introduced the new form and they are USA (since 2010, currently recognized in 34 states), Italy (2016), Colombia (2018), British Columbia (2018) and Scotland (2018), while other 15 are on the legal pathway for the approval.

Reading an article of professor R.Robson (2015) I was attracted by the application of this example to a real situation in New York, where random people were asked to meet with another person without knowing the place and the time of the meeting. Reasoning in terms of probability, this game should end in the identification of an infinite number of Nash equilibria, while a conspicuous number of participants identified the Grand Central Station and noon, revealing an unconscious coordination capability.

After having known this example, I found that focal points could be artificially constructed and laws are some of the main concretization of that principle. Specifically, one of the main contribution of law to affecting the creation of social frameworks, is the legislation that regulates the formation of business organizations

So, exploiting the parallelism created by professor Robson (2015), I adapted the conditions of the marathon and of the "New York meeting game" to a situation where Aboca, a Benefit Corporation, and ChemiXpharma, a fictitious traditional for-profit company that promotes just CSR initiatives and operates in a market similar to Aboca's one.

This game helped me to demonstrate that thanks to their salience, both on the public and on the business landscape, the legal form of Benefit Corporation could act as an effective focal point in a meeting place problem, where one of the growing environmentally conscious investors[34] wants to invest in a socially committed reality.

Can Benefit Corporations bring a real change in our behaviors?

With this result, I then tried to verify if the Benefit legislation could cause the behavioral shift in business entities that is necessary to change the way of creating and extracting value from our society, specifically in the US and the Italian cases. Since it is not consequent that a focal point becomes a real behavioral changer, it was necessary to understand if the features of Benefit Corporations would have fulfilled the needed requirements. The main problem is the fact that the new legislation it is not very clear on explicating, which are the consequences of misleading conducts of companies that adopted the legal form, nor there are examples of judgments yet.

However, the study of professor Robson (2015) helped me to understand that the openness of the Benefit model, with its low barriers of adoption and the existence of specific rule in the normative framework could effectively trigger a mechanism in the businesses' decision-making processes that ensures the consideration of multi-stakeholders' interests. In fact, it is not necessary that a norm explicitly establish the sanctions in case of a breach of the rule, because law is a driver of behavioral changes with its mere existence and there are plenty of examples in both the real life and literature.

Creating a specific group of organization, which is legally recognized as generator of public benefit creates something like a "brand". The law could trigger an esteem competition between socially committed companies, where they try to improve their performances considering also other variables instead of the mere

[34] For this example I took the Social Impact Investing division of the European Investment Fund (EIF), but it would have been any social impact, private equity fund or ethical bank like Banca Popolare Etica in Italy.

profit. The new option created by Benefit Corporations updates all players' prior beliefs about the dominance of profit maximization (McAdams, 2000). The recognition of this belief may spread all over the businesses and may be enough to nudge every type of company in the direction of a public benefit model firm's behavior. From this perspective, Benefit corporation legislation has been an attempt to introduce in the corporate law another focal point, which might distinguish itself from the two traditional paradigms that dominated the organizational landscape until now, non-profit and for-profit entities, which are not the proper forms to conciliate the pursuit of profit and the public benefit.

Benefit companies that walk the talk and passionately pursue public benefit could potentially redefine the meaning of Corporate Social Responsibility, which is exactly the necessity that was highlighted at the beginning of this work or at least can help us to change the way we look at business organizations.

Conclusion

After this study I can say that the form of Capitalism, which guided our lives until now, has been the most powerful engine for innovation and for organizing people, but it is not an option anymore. Global leaders have been aware of that before the majority of the world population, but international attempts for coordinating countries' behaviors have not been effective enough until now.

I have tried to analyze what have been done in this field of business organizations now, following the pathway of the concept of Corporate Social Responsibility from its dawn in the last century. I understood that it was just a partial answer to the problems that people and companies should have considered something "like hiding the dirt under the carpet": it became just a means for *greenwashing* purposes, for companies that do not know any other way of considering stakeholders or, even worse, are not interested in it at all.

A key problem, mainly for social conscious entrepreneurs and firms, is that a real understanding of the collateral effects generated on environment and society is hardy achievable now, because the tools available are not advanced nor enough widespread. Academics and professionals will have to play a key role in the implementation of new **interdisciplinary** approaches to decision-making, building models that must take into account different types of variables coming from all the domains of our knowledge, remaining in close contact with the reality. I think that there is a compelling need of further theoretical and practical studies about ecology and economics, which has to be enough persuasive to create a solid base for empowering the affirmation of socially committed entrepreneurs and investors, as the classical and neo-classical economics perspectives empowered the past view of Capitalism.

Among all the possible options to overcome this structural problem, I decided to analyze the B-Corp certification that introduced a convincing tool (the BIA) and the idea of Benefit Corporation. The major force of this legal form is that is acts on the roots of existing companies, ensuring resiliency and recognition of their social purposes.

Thanks to my direct experience in a real process of certification, I have tried to describe with the highest precision possible the Benefit Impact Assessment and all the phases that usually lead to the "Certified B-Corp" label issuance. Knowing Aboca directly from inside was incredibly useful, because it allowed me to "touch" the complexity of a business model that has developed during the years with a multi-stakeholder approach, before this attitude became mainstream. Working there, I saw with my eyes that committed and mobilized people are the best asset for creating a competitive advantage, even more if they rely on humility, consistency and work.

The time spent in Aboca gave me the occasion to see many aspects, which would not be caught by an external view of the certification and the actual life of a Benefit Corporation. Thanks to this privileged position, I achieved important conclusions: the B-Corp certification is just the entry door for the real business innovation, which is the Benefit legal form.

Ascertained this fact, I tried to explain why the feasibility of this paradigm could be real and how it would be able to convey all the behaviors that we desperately need to adopt before it is too late. With the help of Game Theory, I entered in the academic and professional debate that has arisen about this topic. The conclusion of this examination is that the expanding recognition and the legal framework can actually help the Benefit Corporation to constitute an effective focal point in the coordination game that every day more investors and entrepreneurs are playing.

These companies have the potential to drive a significant change in the day-to-day behaviors, acting as game changers to trigger the shift that we all need, in order to arrive at the time when being socially committed and profitable will simply mean "doing business".