



# 2

## Italian Benefit Corporations: An Investigation on the Purposes

Federica Palazzi, Annalisa Sentuti, Francesca Sgrò,  
and Massimo Ciambotti

### 1 Introduction

Benefit Corporations (BCs) and B-Corps have introduced a new business model, in which organizations can balance altruistic and lucrative purposes (Del Baldo, 2019) and this denotes their characteristic of being hybrid organizations (Gamble et al., 2020). These hybrid organizations are a crucial element of a structural change involving our societies (Blasi & Sedita, 2022).

Benefit Corporations, known in Italy as *Società Benefit*, have been introduced with Law No 208/2015, to govern for-profit companies that pursue general and specific public benefits, in addition to an economic goal (Gazzola et al., 2019; Nigri et al., 2020). Instead, B-Corps refers to

---

F. Palazzi (✉) • A. Sentuti • F. Sgrò • M. Ciambotti  
Department of Economics, Society and Politics (DESP), University of Urbino  
Carlo Bo, Urbino, Italy  
e-mail: [federica.palazzi@uniurb.it](mailto:federica.palazzi@uniurb.it); [annalisa.sentuti@uniurb.it](mailto:annalisa.sentuti@uniurb.it);  
[francesca.sgro@uniurb.it](mailto:francesca.sgro@uniurb.it); [massimo.ciambotti@uniurb.it](mailto:massimo.ciambotti@uniurb.it)

all those companies that have requested and obtained the homonymous certification, introduced by the American B-Lab, based in Pennsylvania. The B-Lab company certifies organizations that voluntarily meet the highest social and environmental performance standards, transparency, and accountability (Paelman et al., 2020).

In Italy, there are 926 BCs (Il Sole 24 Ore, June 29, 2021), mainly located in Lombardy, Lazio, and Emilia Romagna. B-Corps were 140 with a total turnover of 8 billion euros and 15,000 employees at the end of 2021 (ANSA, February 21, 2022). It is a strongly growing phenomenon that, in 2020, it was subjected to an acceleration.

Personal or business motivations may drive for-profit companies to become Benefit Corporations or to obtain the B-Corp certification (Gehman & Grimes, 2017; Roth & Winkler, 2018). Personal motivations are guided by the entrepreneurs' personal values that, regardless of gender, are mainly values of social justice, safeguard, high sense of autonomy, and caring attitudes toward people and their community (Palazzi et al., 2022).

To meet transparency and accountability duties, Benefit Corporations have to declare their purpose and benefit goals in their bylaw and, to provide an annual report concerning the corporate performance achieved in terms of creating of social well-being (Law 208/2015). However, the Italian law is still generic regarding what purposes BCs have to declare and studies providing empirical evidence on this theme are scarce (Mion & Loza Adauí, 2020).

Therefore, this study aims to explore the purposes of Italian Benefit Corporations, utilizing a content analysis of goals contained in the company bylaw for 383 Italian Benefit Corporations (available at <https://www.societabenefit.net/>). In detail, the research question is the following:

*(RQ1) What are the declared purposes by Italian BCs?*

This chapter is structured as follows: Section 2 presents the theoretical background, Section 3 describes the research methodology, and Sect. 4 illustrates the study's findings. Lastly, the conclusion proposes a discussion of the results, the implications, and the limits of this work.

## 2 Theoretical Background

In Italy, BCs have been introduced with Law No 208/2015, to govern for-profit companies that pursue specific public benefits and economic goals (Gazzola et al., 2019; Nigri et al., 2020). BCs set up and should achieve purposes able to positively affect society, community, and the environment. They can operate in several sectors of activities: the production and distribution of products, services provision, or other economic opportunities for low-income or underserved groups of people or communities, the creation of job opportunities, the environment safeguard, the improvement of human health, arts, sciences, or advancement of knowledge (White, 2015).

The choice to become a Benefit Corporation represents the will to communicate the enterprise's commitment to CSR explicitly. Thus, BCs pursue a public benefit, balance the stakeholders' interests, and produce an annual report assessing the firm's CSR performance (Cooper & Weber, 2021). They should provide a comprehensive, credible, independent, and transparent annual report on their social and environmental performance. Each organization can choose any standard, such as the Global Reporting Initiative, Green-Seal, Underwriters Laboratories, ISO-26000, and Green-America (Hiller, 2013). In Italy, the more used standard by BCs is B Impact Assessment (Cantele et al., 2021). Some BCs do not employ any standard, and others have used international standards such as GRI, ISO26000, or Sustainable Development Goals.

Benefit Corporations constitute a manifestation of the firm's altruism, according to Ventura (2021). These hybrid organizations seem to be, from a law perspective, more efficient than non-for-profit organizations because they do not have the limit of non-distribution of residual earnings, and they are characterized by a more profound and long-lasting impact on the environment and civil society (Ventura, 2021).

B-Corps are organizations that meet specific socially responsible standards assessed by a certification entity named B Lab (Hiller, 2013). The B Lab was founded in 2006, and it evaluates companies through the "B Impact Assessment" (BIA). The BIA is a score that ranges from 80 to 200 points and is attributed to companies' performance across five broad

categories such as environment, employees, customers, community, and governance (Hiller, 2013; Nigri & Del Baldo, 2018). Each organization can obtain the B Lab's certification even without becoming a BC. In the same way, Benefit Corporations could not be certified by the B Lab. Therefore, the main difference is that Benefit Corporations don't have to be involved in the assessment process, carried out by the B Lab every three years (Del Baldo, 2019). Benefit Corporations have to face only the verification related to the transparency requirements (Gazzola et al., 2019).

Becoming a Benefit Corporation or adopting a B-Corp certification may lead to benefits such as improving consumer trust, enlarging the ability to attract financial resources and talented employees and, fostering managers/entrepreneurs to make decisions in the interest of different stakeholders (Lacmanovic & Milec, 2018). However, adopting the legal status of Benefit Corporations does not lead to obtaining any fiscal or financial advantage. The reasons driving this transition are voluntary (Mion & Loza Adauí, 2020). Shahrokhi et al. (2022) investigated the B-Corps' performance pre and post-certification, measuring the effect of social and environmental governance scores on corporate performance. The findings do not detect significant differences in performance pre and post-certification.

B-Corp certification could be a helpful tool to guide companies toward sustainability, mainly small- and medium-sized enterprises (SMEs) (Carvalho et al. 2022). It could allow shifting from an intuitive approach to a structural approach to sustainable practices.

Moreover, these organizations can be considered purpose-driven, considering that they explicitly pursue a blended mission that combines economic, social, and environmental goals (Mion & Loza Adauí, 2020). BCs have to declare their purposes in the bylaw, which will be the object of analysis of this work.

But what does corporate purpose mean? Traditionally, the purpose of a business is to maximize profit (Friedman, 1962, 1970). Corporate purposes of the largest multinational companies from 2020 have changed in favor of stakeholders and shareholders because of the Covid-19 pandemic (Mayer, 2021). Some argue that satisfying all stakeholders' interests could reduce shareholders' profits, while others assert that stakeholder and shareholder interests are complementary (Garcia-Torea et al., 2016; Chen

& Marquis, 2021). Changing from a narrow focus on shareholders to a broader focus on community, employees, and environment requires a shift in the purpose, corporate strategy, and governance (Freeman, 1984; Chen & Marquis, 2021).

The purpose is “a concrete goal or objective for the firm that reaches beyond profit maximization,” according to Henderson and Van den Steen (2015). The corporate purpose is “to produce profitable solutions to the problems of people and planet” and “not to profit from producing problems for people or planet” (British Academy, 2018; Mayer, 2018; Mayer, 2021). The purpose should be associated with the well-being of shareholders, society, and the natural world (Mayer, 2021). Additionally, a purpose is precise when specifies “what problems it is seeking to solve, whose problems are, how it will solve them, when and why the company is well suited to solving those problems” (Mayer, 2021).

Misani (2021) asserts that “a purpose should distinguish a business in a recognizable manner; express important meanings for society; be measurable, at least potentially; be shareable also by non-primary stakeholders.”

According to the law, BCs must provide the “specific purpose of public benefit” within their corporate purpose concerning community, environment, culture, and stakeholders. However, the identification of common benefits in the bylaw could be generic. This characteristic would increase the discretionary power of directors. The more public benefit is identified and defined in detail, the more directors are obliged to follow the indications; conversely, the more public benefit is generic, the more directors may choose how to pursue it.

### 3 Research Methodology

The content analysis is the research method used to examine the purposes declared in the bylaws by Italian Benefit Corporations within the scope of a qualitative research approach.

Krippendorff (2012) defined content analysis as “a research technique for making replicable and valid inferences from data according to their content.” The content analysis aims to enable understanding (Campbell,

2017), starting from a more complex text (in our case, the content of statutes) through the coding. Content analysis instruments are helpful to measure volume by sub-category and total narrative, considering words, sentences, paragraphs, or themes.

Throughout the data analysis, the content of statutes was hand-coded by using a matrix, on a spreadsheet. The initial concepts in the raw data were decomposed into simpler constituent elements described using the statutes' language or simple descriptive phrases. Then, elements have been classified in categories and grouped in main topics. Finally, the frequency of each topic has been measured.

All authors defined the coding rules together. The authors codified the text of the statutes separately. After that, the authors discussed the results and solved eventual coding doubts.

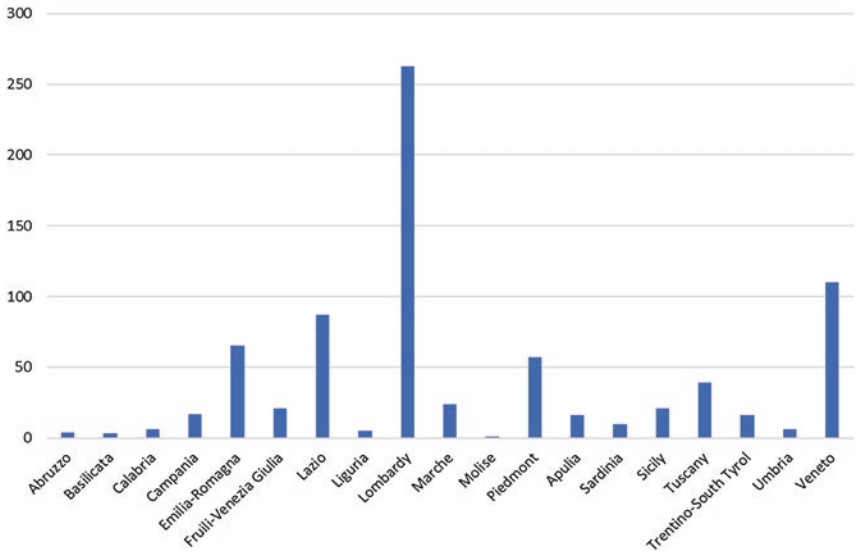
This study examines the purposes of 383 Italian Benefit Corporations (available at <https://www.societabenefit.net/>).

## 4 Findings

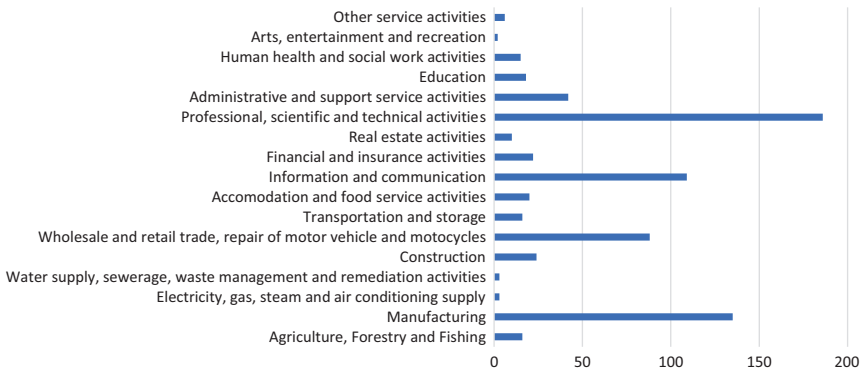
The Benefit Corporations phenomenon is evolving continuously. We employed the database AIDA (Bureau van Dijk) to describe BCs in Italy. We extracted the dataset on April 28th, 2022 (up to date on April 20th). We searched for companies with the words “benefit corporation” in the corporate object and active. We found 771 BCs in the database. The BCs are mainly located in the North and Center of Italy, particularly in Lombardy, Veneto, Lazio, Emilia-Romagna, Piedmont, and Tuscany (Graph 2.1).

They principally operate in the professional, scientific, and technical activities (26%); 19% of BCs operate in the manufacturing sectors, 15% in the information and communication industries, and 12% in the wholesale and retail trade and repair of motor vehicles and motorcycles (Graph 2.2).

Considering the 434 companies of which turnover (2018–2020) is available, 56% of BCs have got a mean turnover for three-yearly lesser than 2 million euro, 24% have got a turnover between 2 and 10 million



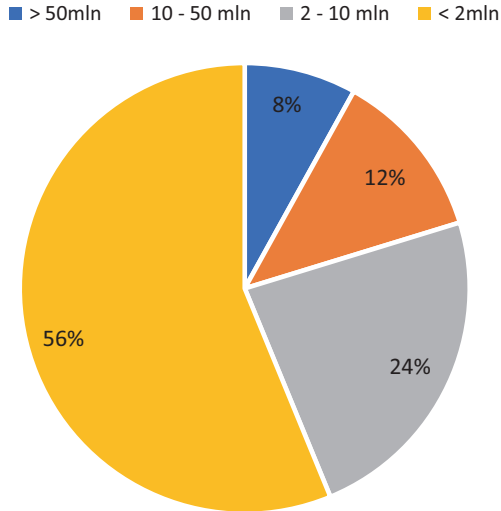
**Graph 2.1** Benefit Corporations in Italy. (Data source: Own elaboration from AIDA (Bureau Van Dijk))



**Graph 2.2** The operational sectors of Benefit Corporations. (Data source: Own elaboration from AIDA (Bureau Van Dijk))

euro, 12% have got a turnover between 10 and 50 million euro, and 8% have got a turnover greater than 50 million euro (Graph 2.3).

Data available concern 400 BCs. Micro firms with less than 10 employees represent 48% of the total, small businesses with employees between



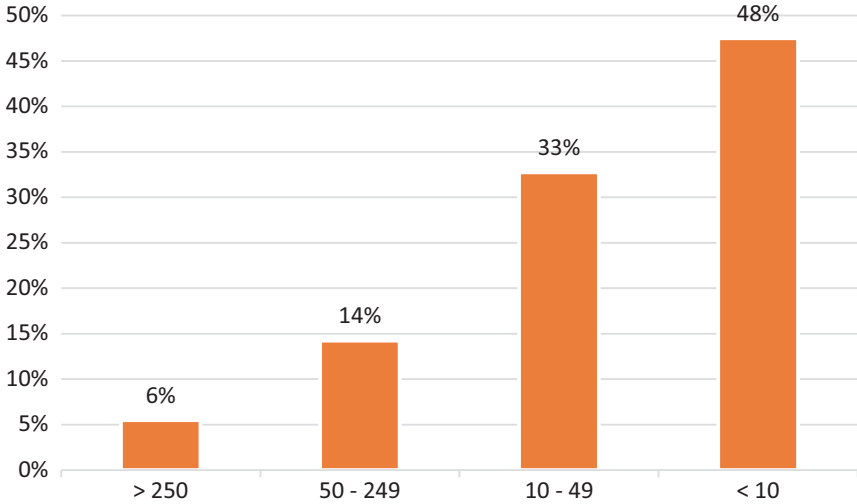
**Graph 2.3** The turnover of Benefit Corporations. (Data source: Own elaboration from AIDA (Bureau Van Dijk))

10 and 49 are 33%, medium-sized enterprises with employees between 50 and 249 are 14%, and finally, large firms with employees greater than 250 are 6% of the total (Graph 2.4).

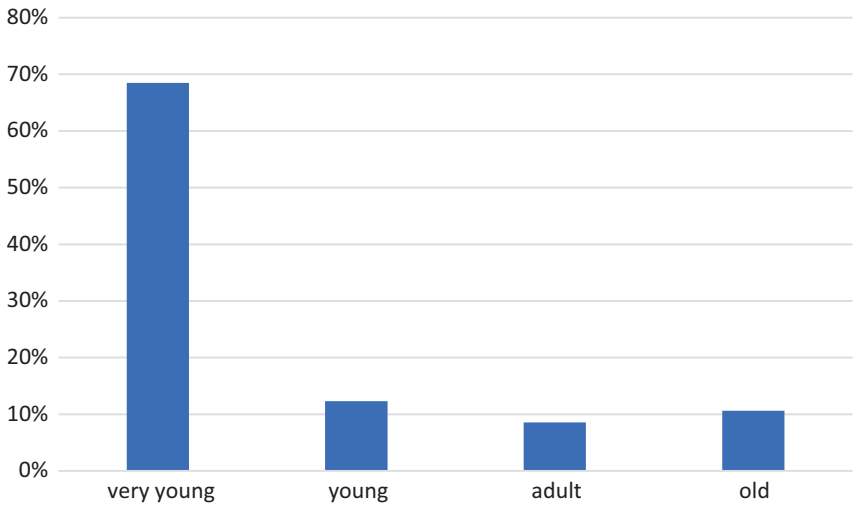
Regarding 771 Benefit Corporations, the majority of companies are very young, at less than 10 years (68%); 12% of firms are young with age between 10 and 19 years; 9% of companies have got an age between 20 and 29; finally, 11% of businesses are old, with greater than 30 years old (Graph 2.5). Since 2020 the Benefit Corporation model has gone through an acceleration: 340 BCs have been established (44% of the total).

In short, Italian Benefit Corporations are mainly located in the North and Center of Italy, and they operate in the service sectors. They are micro and small firms, very young.





**Graph 2.4** The number of employees of BCs. (Data source: Own elaboration from AIDA (Bureau Van Dijk))



**Graph 2.5** The age of BCs. (Data source: Own elaboration from AIDA (Bureau Van Dijk))

We analyzed 236 purposes on 383: absent in 56 cases; incomplete in 40; vague in 51 (Table 2.1).

There are five main topics emerging from the analysis of purposes declared in the bylaws by BCs (Table 2.2). The first is the attention to environmental impacts, included in 150 bylaws. The second one is the attention to employees, cited by 126 Benefit Corporations. The third is the attention to territory, community, and civil society declared in 117 bylaws. Promoting innovation and sustainable practices, processes, and technologies is the fourth topic present in 95 bylaws. Collaboration and partnership represent the fifth topic to which 90 Benefit Corporations refer.

The other topics have lower frequency decisively. The attention to customers/consumers/patients and promoting diversity, inclusion, and solidarity have a frequency equal to 54.

**Table 2.1** Analyzed purposes

Purposes	No.
Available	236
Absent	56
Incomplete	40
Vague	51
Total	383

**Table 2.2** Frequency of main topics

Topics	Frequency
Attention to environmental impact	150
Attention to employees	126
Attention to territory, community, civil society	117
Promoting innovation, and sustainable practices, processes, and technologies	95
Collaboration and partnership	90
Attention to customers/consumers/patients	54
Promoting diversity, inclusion, and solidarity	54
Promotion and spread of the Benefit Corporation model or B-Corp or similar models	53
Promotion of culture, art, and beauty	50
Attention to suppliers' selection	40
Other	33

Data source: Own elaboration

**Table 2.3** Declinations of common benefit

How many declinations of common benefit	Frequency
1	19
2	35
3	55
4	63
5	33
6	12
7	11
8	3
9	2

Data source: Own elaboration

Promotion and spread of the Benefit Corporation model or B-Corp or similar models are cited in 53 bylaws. Promotion of culture, art, and beauty recurs in 50 bylaws, the attention to suppliers' selection in 40 cases. Finally, a residual category is identified as "other" that includes more specific topics and less spread.

It is also interesting to verify how many declinations of common benefit recur in the purpose (Table 2.3). Four declinations of common benefit have the highest frequency, equal 63 cases. We observe three declinations in 55 bylaws, two declinations in 35 cases, and five declinations in 33 bylaws. Nineteen Benefit Corporations identify the common benefit in a univocal way. Twelve firms attribute to common benefit six declinations. Eleven companies recognize seven declinations. Finally, three Benefit Corporations decline the common benefit in eight forms, while two BCs even in nine ways.

## 5 Conclusion

The Benefit Corporation model in Italy is an evolving phenomenon concerning companies of every size, age, sector, and geographic location. This corporation model is spreading fast in Italy and the world. The Covid-19 pandemic, increased inequality, ethics-based corporate scandals, and the rise of awareness of climate change risks, a reconsideration of the current capitalist system (Ventura, 2021) can have accelerated the

spread of this model. It could be interesting to investigate if the pandemic has been a driver that fosters the diffusion of BCs.

Italian Benefit Corporations are principally micro and small firms that operate in the service sectors, less in the wholesale and retail, and manufacturing ones, located in the North and Center of Italy, and they are very young.

From the analysis of 236 purposes displayed in the bylaws by Benefit Corporations, some topics emerge as more relevant: attention to the environment impacts, employees, territory, community, civil society, promoting innovation, and sustainable practices, processes, and technologies, and collaboration and partnership. Additionally, the common benefit has mostly between two and five declinations for every business. These findings are consistent with the broad categories such as environment, employees, customers, and community considered by B Impact Assessment (Hiller, 2013; Nigri & Del Baldo, 2018).

In short, the focus of BCs is on the *environment, people, and innovation*.

Environment safeguarding implies reducing the impacts of human activities on the environment. Notably, the efforts are oriented to reduce gas emissions that produce climate change, decrease the waste and the consumption of natural resources, and diffusion of the circular business models. The Benefit Corporations contribute to the creation of prosperity conditions in the biosphere. This commitment requests the promotion of environmental education activities in the reference territory, beginning with the leading local actors.

The focus on people implies the spread of well-being, and an inclusive culture based on respect among people. Attention to people means satisfying the needs of employees, mainly linked to the search for a balance between private and work life, particularly for women. In addition, it means fostering public health with healthy products, primarily biological, with a low environmental impact. Then, it includes the valorization and development of people through good training processes. The focus on people is oriented toward the search for their happiness.

The care of people concerns employees and people outside the company, who are part of the community where a Benefit Corporation operates inside the reference territory. All cultural, artistic, sports, and

educational activities are tools that BCs use to spread ethical values, to foster inclusivity and diversity.

Innovation and the search for sustainable practices, processes, and technologies are instrumental to environmental and social purposes. They imply developing knowledge through investments in R&D activities and partnerships with universities and research centers. Supporting innovative start-ups oriented to sustainability is another way to foster innovation.

One of the main limitations of this research is that the analysis of purposes concerns only 236 bylaws; the examination should extend to a more significant number of bylaws. Secondly, it could be fascinating and valuable to compare the declared purpose and the content of the annual report about the social and environmental impacts that Benefit Corporations have to draft. It is necessary to verify the consistency between the declared purposes and the actions with consequent effects.

Further research should focus on the corporate strategies, the business models, the governance structure, gender issues, and the relationship between social and environmental impacts and the economic performance of BCs and B-Corps. Moreover, examining the financial opportunities to support these businesses and their investments (provided by institutional investors, business angels, banks, crowdfunding, and other companies). Moreover, the comparison between Italian and worldwide Benefit Corporations (i.e. USA, Canada, Scotland, Colombia) would allow an understanding of differences and similarities in terms of business models, strategies, governance, and social and environmental impacts.

Moreover, environment, people, and innovation, which emerged as critical from the analysis, are interrelated elements that deserve our attention to better understand how they develop and mutually support.

Finally, we believe it necessary to investigate the link between Benefit Corporations and B-Corp certification. The factors that promote or obstacle the B-Corp certification process deserve to be examined in-depth, together with the motivations that drive a Benefit Corporation to begin the certification process and the advantages they hope to obtain.

## References

- Blasi, S., & Sedita, S. R. (2022). Mapping the Emergence of a New Organisational form: An Exploration of the Intellectual Structure of the B Corp Research. *Corporate Social Responsibility and Environmental Management*, 29, 107–123.
- British Academy. (2018). *Reforming Business for the 21st Century*.
- Campbell, D. (2017). In Z. Hoque, L. D. Parker, M. A. Covaleski, & K. Haynes (Eds.), *Content Analysis. The Routledge Companion to Qualitative Accounting Research Methods*, Routledge, Taylor & Francis Group.
- Cantele, S., Troisi, G., & Campedelli, B. (2021). Le società Benefit in Italia: un'analisi sulla diffusione e sulle prassi di rendicontazione. *Management Control*, 2, 107–126.
- Carvalho, B., Wiek, A., & Ness, B. (2022). Can B Corp Certification Anchor Sustainability in SMEs? *Corporate Social Responsibility and Environmental Management*, 29, 293–304.
- Chen, W. D., & Marquis, C. (2021). Remaking Capitalism: The Movement for Sustainable Business and the Future of the Corporation. *Management Decision.*, 60(11), 2897–2903.
- Cooper, L. A., & Weber, J. W. (2021). Does Benefit Corporation Status Matter to Investors? An Exploratory Study of Investor Perceptions and Decisions. *Business & Society*, 60(4), 979–1008.
- Del Baldo, M. (2019). Acting as a Benefit Corporation and a B Corp to Responsibly Pursue Private and Public Benefits. The case of Paradisi Srl (Italy). *International Journal of Corporate Social Responsibility*, 4(1), 1–18.
- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Pitman.
- Friedman, M. (1962). *Capitalism and Freedom*. University of Chicago Press.
- Friedman, M. (1970, September 13). The Social Responsibility of Business is to Increase its Profits. *New York Times*.
- Gamble, E. N., Parker, S. C., & Moroz, P. W. (2020). Measuring the Integration of Social and Environmental Missions in Hybrid Organizations. *Journal of Business Ethics*, 167(2), 271–284.
- Garcia-Torea, N., Fernandez-Feijoo, B., & de la Cuesta, M. (2016). Board of Director's Effectiveness and the Stakeholder Perspective of Corporate Governance: Do Effective Boards Promote the Interests of Shareholders and Stakeholders? *Business Research Quarterly*, 19(4), 246–260.
- Gazzola, P., Grechi, D., Ossola, P., & Pavione, E. (2019). Certified Benefit Corporations as a New Way to Make Sustainable Business: The Italian

- Example. *Corporate Social Responsibility and Environmental Management*, 26(6), 1435–1445.
- Gehman, J., & Grimes, M. (2017). Hidden Badge of Honor: How Contextual Distinctiveness Affects Category Promotion Among Certified B Corporations. *Academy of Management Journal*, 60(6), 2294–2320.
- Henderson, R., & Van Den Steen, E. (2015). Why Do Firms have “Purpose”? The Firm’s Role as a Carrier of Identity and Reputation. *American Economic Review*, 105, 326–330.
- Hiller, J. S. (2013). The Benefit Corporation and Corporate Social Responsibility. *Journal of Business Ethics*, 118(2), 287–301.
- Krippendorff, K. (2012). *Content Analysis: An Introduction to its Methodology* (3rd ed.). Sage.
- Lacmanovic, S., & Milec, D. (2018). *The Relevance and Distribution of Certified B Corporations in the European Union Economy* (pp. 337–346). Economic and Social Development: Book of Proceedings.
- Mayer, C. (2018). *Prosperity: Better Business Makes the Greater Good*. Oxford University Press.
- Mayer, C. (2021). The Future of the Corporation and the Economics of Purpose. *Journal of Management Studies*, 58(3), 887–901.
- Mion, G., & Loza Adauí, C. R. (2020). Understanding the Purpose of Benefit Corporations: An Empirical Study on the Italian Case. *International Journal of Corporate Social Responsibility*, 5(1), 1–15.
- Misani, N. (2021). Why and How to Be a B Corp or Benefit Corporation. *Economia & Management*, 1, 26–30.
- Nigri, G., & Del Baldo, M. (2018). Sustainability Reporting and Performance Measurement Systems: How do Small-and Medium-Sized Benefit Corporations Manage Integration? *Sustainability*, 10(12), 4499.
- Nigri, G., Del Baldo, M., & Agulini, A. (2020). Governance and Accountability Models in Italian Certified Benefit Corporations. *Corporate Social Responsibility and Environmental Management*, 27(5), 2368–2380.
- Paelman, V., Van Cauwenberge, P., & Vander Bauwhede, H. (2020). Effect of B Corp Certification on Short-term Growth: European Evidence. *Sustainability*, 12(20), 8459.
- Palazzi, F., Sentuti, A., & Sgrò, F. (2022). *Gender Differences in the Personal Values of for-Benefit Entrepreneurs. An Investigation of Italian Benefit Corporations*. Emerging Evidence and Future Agenda, SIDREA Series in Accounting and Business Administration, Springer International Publishing.

- Roth, F. M. S., & Winkler, I. (2018). *B Corp Entrepreneurs: Analysing the Motivations and Values Behind Running a Social Business*. Springer.
- Shahrokhi, M., Parhizgari, A. M., Hashemijoo, M., Okafor, C. E., Nishikawa, Y., & Dastan, A. (2022). Corporate Governance and Stakeholder Capitalism. *Managerial Finance*, 48, 1123–1136.
- Ventura, L. (2021). Philanthropy and the For-profit Corporation: The Benefit Corporation as the New Form of Firm Altruism. *European Business Organization Law Review*, 23, 603–632.
- White, T. J., III. (2015). Benefit Corporations: Increased Oversight Through Creation of the Benefit Corporation Commission. *Journal of Legislation*, 41(2), 329–352.