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Rethinking the value of the company. A study on Benefit Corporations

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ABSTRACT

The aim of the paper is to re-discuss the concept of economic value of the firm in the light of recent market trends, which see a rapid development of new corporate forms, such as Benefit Corporations. The methodology is theoretical-qualitative, given that the goal of the paper is to provide a theoretical framework within which to move for the study of Benefit Corporations. Therefore, starting from the theoretical analysis conducted by La Rocca (2016) and from the concept of Shared Value (Porter, Kramer, 2011), we will analyze all the aspects relating to the economic value of the company (distribution, components and dimensions). The article has implications of a theoretical nature, as it will expand the literature by providing a declination of the concept of business economic value specific to Benefit Corporations. It also has implications of a managerial and Corporate Governance nature, as the case studies analyzed provide evidence of the advantages relating to the establishment of Benefit Corporations. Ultimately, it has implications of a social nature, as it highlights the benefits, in terms of value creation and diffusion, which derive from the development of Benefit Corporations. According to the authors' knowledge, in the literature there is not yet an organic vision from a theoretical point of view on Benefit Corporations, but a similar study was conducted by Gazzola & Mella (2004).

L'obiettivo dell'articolo è quello di ridiscutere il concetto di valore economico dell'impresa alla luce delle recenti tendenze di mercato, che vedono un rapido sviluppo di nuove forme societarie, come le Società Benefit. La metodologia è teorico-qualitativa, dato che l'obiettivo dell'articolo è quello di fornire un quadro teorico all'interno del quale muoversi per lo studio delle Società Benefit. Pertanto, partendo dall'analisi teorica condotta da La Rocca (2016) e dal concetto di Valore Condiviso (Porter, Kramer, 2011), si analizzeranno tutti gli aspetti relativi al valore economico dell'azienda (distribuzione, componenti e dimensioni). L'articolo ha implicazioni di natura teorica, in quanto amplierà la letteratura fornendo una declinazione del concetto di valore economico d'impresa specifico delle Società Benefit. Ha inoltre implicazioni di natura manageriale e di Corporate Governance, in quanto i casi studio analizzati danno evidenza dei vantaggi relativi alla costituzione di Società Benefit. In definitiva, ha risvolti di natura sociale, in quanto evidenzia i benefici, in termini di creazione e diffusione del valore, che derivano dallo sviluppo delle Società Benefit. Secondo le conoscenze degli autori, in letteratura non esiste ancora una visione organica dal punto di vista teorico sulle Società Benefit, ma uno studio analogo è stato condotto da Gazzola & Mella (2004).

Keywords: Benefit Corporation, Sustainability, CSR, economic value, Stakeholders, Shared Value.

1 – Introduction

Firms are organized entities in continuous evolution, aimed at interpreting (and if possible, anticipating) the changes that the market proposes, imagining the future (Beckert, 2021). At this historic juncture, the markets are increasingly oriented towards greater attention to sustainability, understood in both an environmental and social sense. Companies and policy makers are therefore trying to give the business an impression in this sense. The Benefit Corporations were born in 2010 in America and 2016 in Italy, with the aim of having a positive impact on society. It must immediately be pointed out that the Benefit Corporations/Benefit Company present some differences from the B-Corps, even if the two terms often tend to be used synonymously. Despite the existing differences, the link is remarkably close and, therefore, also following the practice, it seems reasonable to us to think of using B-Corp and Benefit Corporation as synonyms. Conceptually, in fact, both categories of enterprise share a single purpose: to create shared value for society. In any case, for explanatory purposes and for greater clarity, Table 1 shows the main differences (Pellegrini & Caruso, 2020):

Precisely in this regard, given the *exploit* that this type of company is having, the literature is constantly evolving. Many authors have already wondered about the motivations that push companies to transform themselves or become Benefit Companies, finding the increase in social and environmental performance as the main motivation (Pellegrini C., Caruso R., 2020). In this sense, the market imposes a new way of thinking about *entrepreneurship*, of conceiving value and its distribution. The so-called social function of the company is therefore today a central and unavoidable question, in addition to sustainability reports, green investments and all the actions that a "traditional" company takes. Benefit Corporations should represent the expansion of the capitalist paradigm that sees profit as the sole purpose of the company (Pellegrini C., Caruso R., 2020).

The ultimate goal of this paper is therefore to rethink the concept of economic value of the firm in the light of this new corporate model and to contribute to the theory of business by providing a theoretical framework within which to move in the analysis of Benefit Corporations. The approach is therefore qualitative-theoretical, and a case study will be provided for each aspect analyzed, following (Ferioli, 2022).

1.1 – *The Benefit Corporations*

It is therefore useful to outline the fundamental features of the Benefit Corporation. They represent an evolution of the concept of enterprise, with the aim of having a significant and positive impact on society.

Table 1 – Differences between B-Corp and Benefit Corporation (Source: Pellegrini & Caruso, 2020)

Requirement	Certified B-Corp	Benefit Corporation/SB
Accountability	Directors must take into account the effects of their decisions on both shareholders and stakeholders.	Same as certified B-Corps.
Transparency	The company must publish a report evaluating its overall impact, prepared according to an independent standard.	Same as certified B-Corps.
Measurement	The performances are verified and certified by B Lab through the B Impact Assessment standard. A performance >= 80 out of 200 must be demonstrated.	Self-declaration.
Time limits	Must renew certification every two years.	The only check over time Relates to the transparency requirements.
Relationship with B-Lab	Access to a range of services and support from B Lab.	No formal support from B Lab.
Geographical diffusion	Any private company anywhere in the world.	Available in 36 US states, Italy, British Columbia – Canada, France (Société a Mission, 2019), Colombia (2018), Ecuador (2019), Puerto Rico (2018)

This legal form was born in the USA in 2010, while in Italy it was established in 2016 (first state in the EU). If we distinguish between Profit and Non-Profit companies, B- Corps therefore represent something in between, having elements that refer to both types (Figure 1). They therefore aim at profit (typical of profit companies) and the positive impact on society (typical of non-profit companies). Wanting to outline:

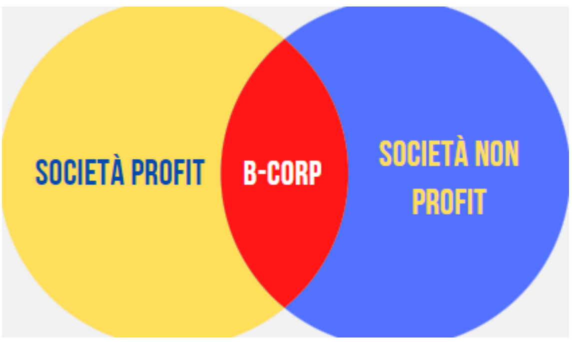

Fig. 1 – B-Corporation (Source: Our elaboration).

The specialized portal societabenefit.net (2023) also identifies three main obligations of B-Corps, arguing that management and shareholders must maintain high standards of:

1) Purpose: SBs are committed to creating a positive impact on society, i.e. shared value, as well as generating profit. Sustainability is an integral part of their business model, and B-Corps create conditions conducive to social and environmental prosperity, today and in the future.

2) Responsibility: the SBs undertake to consider the impact of the company on society and the environment, to create long-term sustainable value for all *stakeholders*.

3) Transparency: the SBs are required to annually communicate and report according to third- party standards the results achieved, their progress and future commitments towards achieving social and environmental impact, both towards shareholders and towards the public.

However, it must be highlighted that, according to the study by Ferioli (2022), despite the disclosure obligations, many companies are still today not very transparent with respect to the market, not making the sustainability report public.

Looking instead at more concrete aspects, IlSole24Ore (2022) demonstrates how the turnover of this type of company is growing strongly, especially in 2020. It therefore seems that the pandemic effect has been positive for this type of company. In 2021, the B-Corps in Italy also achieved a turnover of 8 billion with 15 thousand employees. At the global level, however, at the end of 2021, there were 4,600 B-Corps in the world, 1,400 in Europe with a turnover of 155 billion (438,000 employees) and 45 billion (120,000 employees) respectively. Precisely because of the growing *sentiment* that involves individuals on the issues mentioned (environment, etc.), B-Corps are therefore a type of company with strong growth margins, which will arouse more and more interest from literature and society.

2 – Theoretical reference framework

2.1 – *The theory of value*

The ultimate goal of every company is to create and maximize value, understood as

$$\frac{Cash\ Flow}{Cost\ of\ capital}$$

and this because the creation of value allows the company to have the ability to survive on the market (La Rocca, 2016). Since this is a constant in company management, management must make long-term choices. Over the years, literature has polarized between two schools of thought: Shareholder value and Stakeholder value. Myers (1977) elaborated the first approach, while the second by Freeman (1984). Below, Table 2 summarizes and compares the two approaches:

Value therefore has both *shareholders* and *stakeholders* as *recipients*. It is important, for the purpose of the analysis, to clearly identify the *stakeholders*, which can be both internal and external:

a. Internal stakeholders:
- ✓ Workers;
- ✓ Managers;

- ✓ Owners;

b. External stakeholders:

- ✓ Providers;
- ✓ Government;
- ✓ Creditors;
- ✓ Clients;
- ✓ Shareholders;
- ✓ Society

Table 2 – Comparison between Shareholder value and Stakeholder value (Source: La Rocca, 2016).

	Shareholder's Approach	Stakeholder's Approach
Objective	Wealth maximization for shareholders (governing the firm in the interest of the shareholders).	The company is a socially responsible entity which must pursue the objective of creating value for all stakeholders (including shareholders).
Advantages	Measurable goal. If value is created for shareholders, given their residual remuneration, all stakeholders will benefit in cascade.	The satisfaction of all stakeholders and, thus, their ability to contribute to the continuous creation of value is taken into consideration. In particular, the value for stakeholders, being less tied to the contingent market value, should lead to more positive effects in long-term investments.
Disadvantages	Exaggerated concentration on short-term market performance, which hinders long-term projects. Agency problems between managers and shareholders.	The lack of unique and converging objectives can lead to confusion and lack of priorities and can be used by management to justify unsatisfactory performance. Governance issues among managers, shareholders and stakeholders.

It is clear how these two categories of subjects have different interests and objectives, albeit with a single purpose: to maximize the value of the company. In other words, all stakeholders want the company to stay on the market for as long as possible and have better (financial and otherwise) *performance* than its *competitors*. The problem therefore does not lie in what they want (maximize value, in fact), but in *how*. These differences are even more evident in today's context, in which the great social challenges permeate every area of individuals' lives. Companies are therefore called to deal with issues such as environmental sustainability, digital transition, inequalities (Gümüsay *et al*., 2022).

The prevalence of one school of thought over the other has an impact on corporate choices. In fact, management must define an objective function of the company and direct the choices along a precise path. Actually, in 2001 Jensen (2001) and Freeman (2001) arrive at a synthesis of the two approaches, contemplating an approach shown in Figure 2:

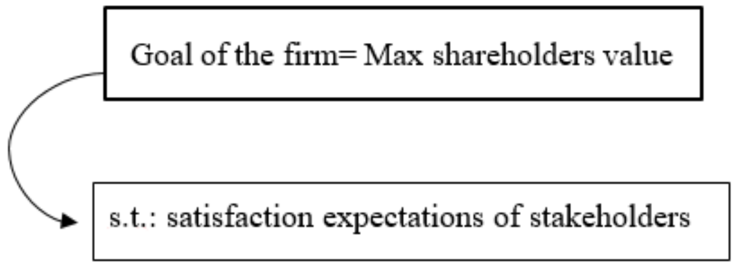

Fig. 2 – Company objective (Source: La Rocca, 2016).

Therefore, the maximization of shareholder value remains, but with the specific constraint of satisfying the stakeholders. According to Jensen and Freeman, stakeholder satisfaction implicitly allows shareholders to be satisfied, since if the stakeholders do not receive an adequate level of satisfaction, then they would abandon the firm in favor of another more satisfactory towards their needs. In the following paragraphs, two macro-aspects will be analyzed: components and dimensions of the value. Following La Rocca (2016), by components of value we mean: assets in place and *growth opportunities*, while by dimensions of value we refer to: book value; market value and economic value.

It is therefore useful to give a definition of each element considered:

a. *Assets in place*: these are the assets in which the company has already invested and which are therefore already available to it;

b. *Growth Opportunities*: these are assets in which the company still has to invest (both in the short and medium-long term) and which guarantee the generation of cash flows;

c. *Book value*: refers to the value that comes off the books and refers only to *assets in place*;

d. *Market value*: represents a proxy of economic value and consists of the sum of *assets in place* and *growth opportunities*. However, the latter are only those grasped by financial analysts, who try to estimate *growth opportunities*;

e. *Economic value*: it is the real value of the company, made up of the sum of *assets in place* and real *growth opportunities*.

2.2 – *Shared Values*

The concept of shared value is elaborated by Porter and Kramer (2011). It is based on the assumption that businesses are increasingly seen as the cause of social, environmental and economic problems. In reality, according to the authors, the problem of companies lies in an obsolete value creation system which looks at the short term and neglects the needs of other players involved in the economic process of the company. In this sense, shared value is the opportunity to create value for society by addressing its problems and challenges. This does not imply that companies should not focus on profit, but it does mean making economic results in a new way. In other words, the concept of shared value can be summarized as in Figure 3:

Idea in Brief

The concept of shared value—which focuses on the connections between societal and economic progress—has the power to unleash the next wave of global growth.

An increasing number of companies known for their hard-nosed approach to business—such as Google, IBM, Intel, Johnson & Johnson, Nestlé, Unilever, and Wal-Mart—have begun to embark on important shared value initiatives. But our understanding of the potential of shared value is just beginning.

There are three key ways that companies can create shared value opportunities:
- By reconceiving products and markets
- By redefining productivity in the value chain
- By enabling local cluster development

Every firm should look at decisions and opportunities through the lens of shared value. This will lead to new approaches that generate greater innovation and growth for companies—and also greater benefits for society.

Fig. 3 –Shared value (Source: Porter and Kramer, 2011).

In this sense, shared value is presented as a way to rethink capitalism in the light of society's needs and as a way to make companies cut costs, rethinking the concept of productivity.

3 – Objective of B-Corporations: a new conception of value

Following this analysis, it could therefore be said that the B-Corps have as their objective the one in Figure 4:

Max shareholder → Max positive impact on society → Max stakeholder value

Fig. 4 – Value (Source: Our elaboration).

It therefore appears clear how the concept of value has evolved: it is not enough to satisfy the *stakeholders*, but, among the *stakeholders*, attention must always be paid to society with regard to the impact one has on it. The value of the company is therefore more *democratically* distributed and widespread. However, this poses a further problem: Is the impact on society measurable? If yes, how? The answer to this question will be the subject of this section.

The problem arises above all if we consider the complexity of society, understood as a set of very different individuals in terms of behavior, consumption choices, opinions (especially with regard to the issues mentioned in the previous paragraph). In this regard, B Lab (B Impact Assessment, 2023) has made available a *tool* for companies that allows them to measure their social impact in three steps. In particular:

– STEP 1 -Assessment: Through a series of questions tailored to the size, sector and geographical location of the company, this assessment will allow you to understand the current position of the company in terms of social impact and what it needs to build a better business for employees, the community and the environment;

– STEP 2- *Compare*: Compare answers with thousands of other companies. The system will return two types of *feedback*: A quick snapshot, a look at the practices in which the company excels and those in which it could improve; The B Impact Report, a scores look at multiple issues related to the same impact topic;

– STEP 3 -Improve: Aimed at creating a business improvement plan with regard to impact.

The creation of instruments for measuring the environmental and social impact of B-Corps is necessary due to the issue relating to transparency and reporting which this type of company is called upon to fulfil, as well as due to the intrinsic mission of the companies themselves. In particular, B-Corps are required to annually prepare an impact report (see Box 1) to be attached to the financial statements and made public to third parties through appropriate means (company website).

Box 1: Impact report Gruppo Aboca

Taking a company as an example, it is possible to carry out an analysis on the Aboca Group's Impact Report. The structure of Aboca's report exactly reflects what was said in section 1. In fact, Aboca returns in a transparent and clear way all the numbers of the impact it had on the areas of interest, first overall and then with regard to individual areas. It also exhaustively explains the objectives that the group sets itself and the actions it intends to pursue. By way of example, part of the Report is inserted, recommending complete reading for more details:

Source: https://doc.gruppoaboca.com/aboca/aboca/relazione-di-impatto-aboca-2020-web/

The impact report must consider:

– Specific objectives, methods and actions implemented by the directors for the pursuit of the purposes of common benefit and any circumstances that have prevented or slowed it down;

– Impact assessment generated using the BIA assessment standard;

– A section dedicated to the description of the new objectives that the company intends to pursue in the following year.

In response to the question posed at the beginning of the paragraph, it is possible to state that the value created for society is therefore measurable in well-defined ways. What has been said up to now raises a further question, widely debated today in the literature: Corporate Social Responsibility (CSR). The relationship between this model of society and the issue of CSR is evident however it deserves further study.

Firstly, CSR can be expressed as a *"concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis"* (Steurer *et al*. 2005). In this sense it almost seems that CSR is not only integrated into managerial practices as happens today in many companies, especially if with specific regard to environmental sustainability (the terms CSR and sustainability are often used interchangeably in the literature. Hahn *et al*. 2013; Thijssens *et al*. 2016) but is really part of the *"core business"* of the company. In other words, more exact, CSR is the central focus, the pivot on which B-Corps are based. It almost seems that B-Corps are an evolution of the CSR concept. It seems clear that, at least in theory, the other types of companies could continue to operate even without caring about environmental and social sustainability; conversely, B-Corps would have no reason to exist if the *mission were missing social*. Precisely with reference to the corporate mission of the B-Corps, the study conducted by Mion *et al*. (2022) demonstrated that there is a relationship between the declared mission and the financial and, even more so, environmental performance of Italian Benefit Corporations, testifying to the attention given to the social aspect in B-Corps (see Box 2).

Box 2: Mission di Chiesi e CSR

The empirical evidence of the importance of the concept of CSR in Benefit Corporations is given, for example, by the report of the Chiesi company, operating in the pharmaceutical sector. In the introduction, Chiesi immediately highlights its attention to social issues, highlighting the actions it intends to take to follow up on the declaration. Indeed, Chiesi writes: "The health of patients is closely linked to the health of the people who work with us, of society and of the planet. This interdependence, and our commitment to it, are expressed in the concluding sentence of our sustainability manifesto: "The health of the planet and its inhabitants deserves our best energies. Today this mission is protected within the corporate purpose of Chiesi Farmaceutici. However, a simple declaration may not be sufficient if it is not followed by a program of concrete actions". By way of example, the extract:

La salute dei pazienti è strettamente legata alla salute delle persone che lavorano con noi, della società e del pianeta. Questa interdipendenza, e il nostro impegno a riguardo, sono espressi nella frase conclusiva del nostro manifesto di sostenibilità: "**La salute del pianeta e dei suoi abitanti merita le nostre migliori energie**".
Oggi questa missione è protetta all'interno dell'oggetto sociale di Chiesi Farmaceutici. Una semplice dichiarazione, però, potrebbe non essere sufficiente, se non fosse seguita da un programma di azioni concrete.

Per questo motivo, **abbiamo sviluppato un piano strategico di sostenibilità che contempla un piano di azione**, **dal 2018 al 2022**, articolato su numerosi progetti, atti a generare un beneficio collettivo, creando contestualmente un valore economico per l'azienda. I risultati di questo impianto progettuale vengono valutati utilizzando il più avanzato protocollo internazionale di misura degli impatti sociali e ambientali, il B Impact Assessment sviluppato dalla non profit B Lab, attraverso un percorso di mobilitazione di tutte le nostre filiali nel mondo

Source: https://www.chiesi.com/documenti/389_relazione-di-impatto-2019.pdf

It therefore appears clear that the constraint of maximizing value for society, according to the aspects analyzed, is an ontological aspect of Benefit Corporations: once again, they would have no reason to exist without a strong, direct and positive link with the community. However, if we draw attention to the value maximization scheme represented at the end of the previous section, it is possible to note that in addition to the company, the other *stakeholders* must be satisfied. In this regard, the next section will deal with this issue.

4 – Value distribution: beyond the social mission

The satisfaction of all *stakeholders* is a necessary constraint for maximizing the economic value of the company. The problem, as previously mentioned, lies in the contrast between the interests of the shareholders and those - for simplicity's sake - of the other stakeholders. For example, let's take two categories of subjects involved in the company's activity: workers and customers. Simplifying, the former are indeed interested in maximizing the value of the company, but, at the same time, they would like high wages (or in any case proportionate to the work they perform in terms of quality or quantity), while customers are interested in maximizing their benefits (product/service quality, customization, etc.) and minimizing sacrifices (price, research and acquisition costs, etc.). On the other hand, shareholders are interested in maximizing their value. Without wishing to consider the theory of agency costs, it is clear that the value of the firm also includes the value of other categories of individuals.

Maintaining the focus on these two groups of subjects, as, in my opinion, those who have the greatest weight, together with the shareholders, in determining the value of the company, it is possible to apply these aspects to B-Corps. One might therefore ask: What do (or what should) B-Corps do to hold together the maximization of shareholder and stakeholder *value?*

An answer, in my opinion exhaustive, to this question is given by the paper Chen and Marquis (2021) entitled: "Remaking capitalism: The movement for sustainable business and the future of the corporation". The very concept of *“Remaking” is interesting*. We talked about a new way of doing business in the previous section, which is linked to a broader rethinking of the economic system in which businesses operate. In other words, keeping the value of shareholders, customers, employees and all other *stakeholders together and in balance* is only possible if we rethink the capitalist system and place a sustainable and fair way of doing business at the centre. Often this is a spontaneous, natural process, as in the case of Veeva System, which will be analyzed in Box 3.

In concrete words, the study starts by arguing that the gap between shareholders and stakeholders has now become a serious problem and suggests that companies focus more about *the stakeholders*. In this sense, it almost seems that the concept of value is turned upside down: in the past, *stakeholders* were taken into account if it was in the interests of the shareholders, today attention to *stakeholders* almost ignores the interest of the *shareholders*.

The study also highlights how, from the workers' point of view, among other things, B-Corps are very attractive since workers feel more included in the corporate mission and have greater benefits. Increasingly in recent years, with the rise of temporary work and the gig-economy, companies often do not cover employee benefits such as the health care costs of their employees. As a result, many of the B-Corps I've studied report that employees tend to be more satisfied and engaged with their jobs after their companies become a B-Corp. Previous research has also found that purpose-driven companies are more likely to attract and retain talent.

Box 3: Veeva Systems e Rhino Foods

• Veeva System was the first listed company to become a Benefit Company (although not having certification) in terms of governance model. Josh Faddis, that company's general counsel on why the firm converted to the BC structure, said it was because "as a BC that aligned with our core values, how we already ran the business and how the Our process for making big decisions already in the company involved thinking about the impact for key stakeholders such as customers, employees and partners. In other words, the company was already a de facto BC and the transformation happened in a completely natural.

• Rhino Foods, a manufacturer of dessert products. In addition to having a myriad of employee benefits, they create a program that provides their workers with emergency grants when they have seen some of their workers run into financial trouble due to unplanned situations. Since creating this program, they have seen a 36% increase in employee retention.

The maximization of value, understood in this way, for workers is also demonstrated by the study conducted by Romi, Cook and Fowler (2018), who find evidence of greater productivity and wage growth in B-Corps, also stating that the attention employees are recognized as an "area of excellence" in this type of company.

On the other hand, on the customers' side, they are often not fully involved in the value creation process. In fact, many are unaware of B-Corp certifications and the contribution their purchase makes to society. From this point of view, companies should maximize value for customers, exploiting the widespread *sentiment* on social and environmental issues by involving them more in company decisions. In this sense, having customer loyalty as the ultimate goal, the SBs would have a strong competitive advantage over their competitors. In fact, the customer would be more involved in the company mission and his satisfaction would be higher. Ultimately, this would lead, as evidenced by the literature, to an increase in cash flows and, consequently, in the value of the company. Precisely this seems to push consumers to buy products marketed by B-Corps (Blasi & Sedita, 2022). On the other hand, it is reasonable to think that there would be no reason, except the one mentioned, which could push an individual to purchase a product of a Benefit Company compared to that of another similar company, *ceteris paribus*. Attention to other *stakeholders* is not blurred in Benefit Corporations. It is an integral part of the vision and way of operating of this type of company: maximizing the value of the company also passes through greater attention to the other *stakeholders* and hinges on their involvement in the corporate mission. To summarize, it can be said that the social mission, maximization of shareholder value and *stakeholder satisfaction* are therefore complementary and essential elements for maximizing the value of the company.

5 – Components of value

There is now unanimous opinion in the literature about the two components of value: *Asset in place* and *Growth Opportunities*. The component deriving from *assets in place*, or the assets in which the company has already invested, is easy to determine, as they are already owned by the company. It is more complex to determine the value of *growth opportunities*, also called *growth* *options*, because they depend on the discretion of the managers, *decision makers*, who have the decision- making power to exercise these options. *Growth opportunities* are also made up of physical assets and *intangibles*, intended as "intellectual capital", namely: human capital; organizational capital; relational capital. Furthermore, the literature highlights how the attention towards growth options is greater at the *strategy level* than at the *operations/business level* (La Rocca, 2016).

Given this initial theoretical context, it seems interesting to rethink the components of value in B- Corps. So, the question is: Where does most of the value for B-Corps reside? While for many companies, especially in the consultancy and tech sector, the value concerns intellectual capital, for Benefit companies, in my opinion, it lies in the ability to develop investment projects that increasingly involve the community and involve as many companies as possible towards the goal of having a positive social impact. In this sense, M&A operations and partnerships with other companies appear to be very important (see Box 4).

Box 4: Farmacie Apoteca Natura e Deloitte

In confirmation of what has been examined, the companies have decided to invest in projects that have led them to be respectively the first network of benefit pharmacies in the world and one of the most important consultancy firms globally. The strategy in both cases is clear: to grow by creating a network that shares the company's values and culture. The companies aim to involve the entire healthcare supply chain and the companies with which they operate respectively and already have important collaborations with important companies.

Their respective websites read:

Aboca: “To be recognized as such, every company should qualify as a benefit company. In our vision, doing business cannot in fact be separated from the performance of an economic and social function and from the pursuit of the common good; these values are already in our DNA. For this reason, in 2018, we chose to become the first Benefit Pharmacy network in the world and we measured our work with the B Corp certification. We also have important partnerships with some companies operating in the health and personal care sector"

Deloitte: “The transition to a Benefit Company fits fully into the strategy of the Deloitte Network: «At Deloitte we are aware that we have a great responsibility towards the community in which we operate and that we can have a positive impact on the complex challenges of today's world. For this reason, on a global level, we have launched WorldImpact, the strategy that aims to create a more sustainable world. In Italy we have declined this commitment with Impact for Italy, multiplying our efforts to support companies and institutions with the idea of contributing to a more virtuous, sustainable and inclusive growth of the country's economy»”

Source:

https://www.apotecanatura.it/

https://www2.deloitte.com/it/it/pages/about-deloitte/articles/deloitte-diventa-societa-benefit---deloitte-italy---about.html

The study by Gazzola et al. (2022) provides evidence on the impact that the corporate culture of B-Corps has on M&A operations. From the research emerges a medium-long term vision and a strong importance of compatibility from the point of viewof values and culture.

The value of *growth opportunities* is, for benefit companies, closely linked to their nature, as in any company. Indeed, it is reasonable to deduce, precisely because of their "social" nature, that they invest to involve the community as much as possible, understood as individuals, businesses, other types of entities in their corporate mission. Intellectual capital then plays a central role in B-Corps, especially with regard to the third element that composes it, relational capital. The set of relationships established with the market, with customers and with partners of all kinds represents an important source of value for Benefit Corporations. However, as witnessed in the previous sections, B-Corps also pay close attention to human capital, understood as the set of knowledge and skills of the people who work in the company. In fact, section 2 mentioned the ability to attract talent and retain workers.

Finally, another issue related to *growth opportunities* concerns the relationship with *corporate governance*. The environmental context in which Benefit Corporations find themselves operating and competing today is constantly evolving and the changes involving companies are rapid. For example, consumers have increasingly "sophisticated" consumption preferences and the development of social networks allows them to have continuously different interests. To all this is added a strong uncertainty linked to the geo-political aspect and an ever-greater attention, as mentioned, to some issues (inequalities, environment, etc.). Businesses therefore need *governance* that is capable of grasping - indeed, anticipating - market changes and keeping up with social changes. This becomes even more necessary in a benefit society. Property rights on *assets* and corporate boundaries should in this sense be more extensive and power more distributed among *stakeholders*. This would allow companies to better intercept market sentiments and maximize the value of the company itself (see Box 5).

Box 5: Eolo

The decision to integrate stakeholders within the governance and decision-making process is a fact that involves more and more companies. This is the case of EOLO, a benefit company operating in the telecommunications sector. On the site it reads:

“EOLO” chooses to integrate its sustainability strategy within the Statute, protecting its mission and operating model oriented towards operating as a Stakeholder Company. The legal form of Benefit Company, introduced in Italy in 2016, identifies "double purpose" companies, i.e. companies that, in addition to profit, pursue specific purposes of common benefit. The transition to a Benefit Company allows companies to formally include stakeholders in their business model."

Source: https://nativalab.com/stories/eolo-acquisisce-la-qualifica-di-societa-benefit-e-include-gli-stakeholder-nella-propria- governance/

6 – Dimensions of value

Regarding the dimensions of value, the literature has already identified in theory three aspects (La Rocca, 2016): economic value; market value and book value. Starting from the book value and taking into account the value components analyzed in the previous section, it can be stated that it only takes into account the *assets in place*. The application of the accounting principles to the balance sheet and its disclosure are just a snapshot of the company limited to the assets it holds. Furthermore, the book value brings with it a series of distortions relating, for example, to the truthfulness of the contents of the financial statements and therefore to the correct work of the person preparing them. On the other hand, the market value incorporates a series of frictions such as information asymmetries, agency costs, opportunism, excessive volatility typical of "real" markets, which are not perfect and efficient. Market value, however, can be considered a good *proxy* for economic value, which is exactly what the firm is aiming for. The question that arises then concerns the alignment of the three dimensions of value in order to minimize the distortions listed above and be more transparent towards the *stakeholders*.

Having made this premise of a theoretical nature, it is necessary to contextualize the Benefit Corporations. In this sense, it can be deduced, for the reasons set out in the previous sections, that the interest mainly concerns two aspects: *growth opportunities* and *stakeholders*. It is clear that the information deriving from the financial statements is not sufficient, precisely due to the nature and purposes of the financial statements themselves. So, the question that arises in this section is: Can B- Corps be a business model that manages to align the three dimensions of value? If yes, how?

What has been said in the previous section has the following statement as a direct logical consequence: in Benefit Companies it is easier to take account of *growth opportunities,* and this derives from the greater involvement in the company decisions of the stakeholders (see Box 6).

Box 6: Danone

To confirm what has been said, the Danone case (benefit company) was taken as an example. If you look at the difference between book value and market value of the stock, you can see the following difference:

It is immediately apparent how the difference is less marked in the Danone case. Clearly the analysis does not have any type of statistical reliability, since the difference could concern numerous aspects, not considered here, which are independent of being a Benefit Corporation. However, it can be an interesting starting point for future research. In fact, in theory, for the reasons set out in the previous sections, the market value (intended as a proxy of the economic value) and the book value should be more aligned.

Source: Yahoo Finance

The conclusion reached is that in benefit companies, agency problems and information asymmetries between the various stakeholders are reduced and therefore the dimensions of value are more aligned. Furthermore, if we consider all the transparency and publicity obligations (Assonime, 2023) to which benefit companies are subject from a legal point of view, we deduce a greater difficulty in engaging in opportunistic or illegal behavior. In this case, there would also be a reputation problem, which due to the nature of Benefit Companies would be difficult to remedy. In theory, therefore, the answer to the question that has been asked seems to be yes and the way in which this occurs seems to be closely connected to the involvement of stakeholders within decision-making.

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At the end of this section, it is therefore possible to state that Benefit Companies should have greater incentives to apply correct behavior. The incentives derive from so-called "ontological" aspects. The social mission, the attention to the *stakeholders*, the focus on sensitive issues (and the consequent reputational aspect which forms the background to the whole analysis) should therefore represent a stimulus for the Benefit Corporations.

7 – Implications, limitations and future research

The study conducted certainly has limitations. First of all, it focuses on a specific theory (the theory of value), leaving out the theoretical aspects, such as the behavioral vision of the company, although important and useful for understanding the functioning of these companies. On the other hand, it takes as an example some case studies that are not necessarily representative of all Benefit Corporations. In the future, research could therefore analyze these aspects from an empirical point of view, especially with regard to the differences between the market price and could also consider the Benefit Corporations under a different lens, not necessarily regarding the economic value.

However, the research has some implications. Firstly, it has implications of a theoretical nature as it contributes to expanding the literature on the economic value of the firm, highlighting how it is evolving in the light of these new corporate forms. It certainly has implications of a managerial nature, since, according to what is highlighted by the theoretical aspects analyzed and the case studies examined, it encourages companies to undertake a path aimed at sustainability and attention to stakeholders, since they would benefit from a reputational and economic-financial performance point of view (see Box 7).

8 – Conclusions

The analysis carried out brings with it some dutiful conclusions. In summary, it could be said that Benefit Corporations are an effective model of society for the concrete development of the so-called *Shared Value* (Porter and Kramer, 2011). Reinventing the economic system, the competitive space of businesses, the nature and purpose of businesses themselves, rethinking the role of stakeholders therefore seems to be an unavoidable challenge for the economy today. Albert Einstein: *"Crisis is the greatest blessing for people and nations, because crisis brings progress. Creativity is born from anguish as the day is born from the dark night. It is in the crisis that inventiveness, discoveries and great strategies arise"*. If this is true, then it is true that the environmental emergency and the social crisis are an opportunity to build a model of sustainable development, in which businesses are the engine of a more equitable society. This, which appears to be a philosophical conclusion, is paraphrased in economics as a greater diffusion of business models such as the Benefit ones which by their nature pay attention to these issues.

Box 7: The case of Nespresso

An interesting and summary case is that of the Nespresso coffee company. Nespresso, a Benefit Company, well embodies the concept of positive impact on society. In fact, it implements a "fair trade" which aims to increase the share of revenues that goes to poor farmers, putting them in a position to obtain higher prices for the same products. While being born out of a noble sentiment, fair trade has more to do with redistribution than with expanding the overall value created. Nespresso combines a sophisticated coffee machine with vacuum-packed single-serving pods that contain high-quality coffee from around the world. By offering quality and convenience, Nespresso has expanded the premium coffee market. However, obtaining a reliable supply of high-quality coffee is very difficult. Most coffees are produced in extremely poor rural areas of Africa and Latin America by small farmers trapped in a vicious cycle of low productivity, poor quality and environmental degradation that limits production volumes. To solve these problems Nestlé has redesigned purchasing. He has worked intensively with his suppliers, advising them on cultivation practices, guaranteeing bank loans and helping to insure inputs such as seeds, pesticides and fertilizers. Nestlé has established local structures to measure the quality of coffee at the point of purchase, which has enabled it to pay farmers directly a premium for the supply of the best quality beans and thus increase their incentives. A higher yield per hectare and a higher production quality have increased producers' incomes, decreasing their environmental impact. Meanwhile, Nestlé's reliable supply of selected coffee has grown significantly. Shared value has been created. Shared value, therefore, is not about sharing the value already created by companies with a redistributive approach. Instead, it consists in expanding the overall endowment of economic and social value. Some studies carried out on cocoa producers in the Ivory Coast indicate, for example, that while fair trade can increase farmers' incomes by 10% to 20%, investments made with a view to shared value can increase them by over 300%. It may take an initial investment and time to implement new purchasing practices and develop the support cluster, but the return will be higher economic value and broader strategic benefits for all participants.

Source: https://creazioneimpresa.net/2021/10/26/societa-benefit-5/

In this sense, specifically the existence of Benefit Corporations has a mutual advantage for the companies themselves as it seems that they attract impact investment capital. Furthermore, there seems to be an improvement in the company's reputation in the eyes of rating agencies and the financial world (for big companies). There is an advantage, at least in Italy, in public tenders (a rewarding value is expressly recognized in the Procurement Code 50/2016). On the other hand, consumers, especially those most interested in the issues mentioned, maximize their value and could be driven to involve other individuals, guiding their consumption choices. Businesses must obviously avoid distortionaryphenomena such as *"greenwashing"*.

There is also an ever-increasing demand for this type of company to be listed on the Stock Exchange (Benefit Company Quotes, 2023).

From this point of view, there is a further advantage in terms of Corporate Governance. In fact, the Corporate Governance Code introduces the concept of 'sustainable development', understood as an

Objective that guides the action of the board of directors and which takes the form of the creation of long-term value for the benefit of the shareholders, taking into account the interests of the other stakeholders relevant to the company.

In conclusion, for all the reasons given, we should encourage the development of similar company models that take into account the impact on society: the company cannot be considered an "island".

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