

*How B-Corporations' mobilize IC (unawares) to create value.  
Evidence from the Italian ecosystem*

Monia Castellini, Marianna Marzano, Vincenzo Riso

**Purpose** – This work investigates the presence and disclosure unawares of Intellectual Capital (IC) within Italian Benefit Corporations and their capability to create value through the mobilization of IC.

**Design/methodology/approach** – The analysis is developed on a double level. In the first part the work recurs to the qualitative Content Analysis to investigate if the certified BCorps mobilize the IC. In the second part is conducted an empirical analysis on sample of the certified B-Corporations located in Italy to detect the degree of awareness about information, meaning and presence of Intellectual Capital.

**Findings** – The BCorps responding to the assessment tools make an aware disclosure of value creation informations, but they are unaware that within this information there are elements of Intellectual Capital.

**Originality/value** – Bcorps are a new reality to discover and there are few academic researches about this topic.

**Practical Implications** – The lack of awareness about the presence and mobilization of Intellectual Capital makes reflect on the fact that for companies that want to become BCorps or want to renew the certification to continue to be in the BCorps ecosystem they must pay attention to the development of IC.

**Keywords** – Intellectual Capital, Disclosure, Value Creation, Benefit Corporations ntegrated Reporting - Stakeholders engagement - Accountability - Public Value creation - Popular Report.

**Paper type** – Extended Abstract.

## 1. *Intellectual Capital and Corporate Sustainability*

In the last decades the literature on Intellectual Capital have emphasized that benefits deriving from intellectual capital are incorporated into CSR practices deepening empirically the convergence of IC within the social and environmental reports (Cordazzo, 2002), sustainability reports (Pedrini, 2007) and the Voluntary Disclosure of Intellectual in sustainability reports (Cinquini *et al.*, 2012).

Cordazzo's study (2005) assumes that the IC report is a generalisation of the social and environmental reports and Low (2002) put the attention on the companies that have placed on the creation of value detached from financial data (Low, 2002).

The financial report is not sufficient to communicate with the internal and, above all, external stakeholders to explicate the corporate responsibility (Perrini & Tencati, 2006).

Indeed, it's emerged the need *to break free the dominance by accounting practice* and to integrate it with other types of measurement and reporting on the organizational life of the companies (Dumay & Garanina, 2013: 10).

In the 2003, Zambon – on the base of a previously study with Cordazzo (2002) presents within a study on the intangibles and practices of reporting, a consideration about the possible link between the IC Statement and the environmental and social reports.

Later, Cordazzo (2005) expands their previously study on the Italian context assuming that the IC report is a generalisation of the social and environmental reports, highlighting the areas of overlapping between the three documents normally treated as separate elements. The main result adduced was the high level of corresponding between the components of IC and the elements of environmental and social report.

The literature has highlighted that a good disclosure reduces the information asymmetries (Brown & Hillegeist, 2007), but could create others kind of reflections such as: reliability, loss of competitive aspects, distorted information according to the context in which information is developed, providing many informations (Schaper *et al.*, 2017).

One of the latest Dumay's research emphasizes the «need to abandon reporting, and concentrate on how an organization discloses what was previously secret or unknown, so that all stakeholders understand how an organization takes into consideration its ethical, social and environmental impacts» (Dumay, 2016: 180).

The literature has evidenced that ICD represents an element of creation value, but did not explain exhaustively the link and coherence about

the relevance and the creation value of IC with the respective definitions (Abeysekera, 2006).

The concept of value creation assumes that we are talking about extended value, because many organizations are understanding the importance to converge management practices with sustainable and social responsibility approaches.

The Intellectual Capital perspective need to expand, starting from an expanded vision of value which should include the environment, social, business relationships, corporate identity (Allee, 2000), highlighting a limitation in the traditional division.

The value creation of IC, in the holistic approach, encompasses citizens, stakeholders, sustainability, ecology and management making: so, Dumay (2016) identify the variables of creation value of IC in money, utility, social, sustainability.

Furthermore, Dumay et al (2018) explained that in the fifth stage of ICR, there is the need to research a new concept of value and to move beyond the boundaries of traditional conception of it taking into account what is also (but not only) worth to various stakeholders, investors, society, and the environment.

According our point of view the disclosure of IC means disclosure of value creation; but the disclosure of information is voluntary and not bound by regulation (Lang & Lundholm, 2000) and does not always correspond to a total awareness of what information is being disclosed. Often the information provided is greater than what is believed to have been given.

This work aims to analyse the presence and voluntary disclosure of Intellectual Capital within the BCorps that to reach this status must be evaluated through the B Impact Assessment (BIA).

Starting from the analysis of the BIA, the study aims to investigate if exists a relation between the tool of assessment and the report of Intellectual Capital with the aim of highlighting the disclosure of intellectual capital that emerges from the BIA.

## *2. Benefit Corporation*

The Benefit Corporations are the new realities focalized on financial, social and environmental impact, developed around the principle of 3P bottom-line: planet, people, profit (Tobin, 2013).

In this work, it's analysed the B-Corp Impact Assessment (BIA), the

assessment tool utilized by B-Lab, subject that certificate the B-Corp companies.

More in depth, the first part of this study aims to analyse the linking between the IC statement and the tools of assessment to certify the positive impact of companies on sustainability factors.

The B Impact Assessment (BIA) is the tool to measure the impact of the organizations around five standards: Governance, Community, Environment, Workers and Business model.

It's constructed around two thresholds: the minimum to achieve the certification as BCorps is 80 and maximum 200. After this process, every organization pay every year a few according the company turnover and the status of BCorps does not permanent, but it must be renewed every two years.

In deep, the certification has not legal validity; every organization declares in the statute the social mission and made a report to disclose the results achieved at the end of year.

In this work, indeed, the analysis conducted recurs to the qualitative approach combining two research methods.

In the first part, the work recurs to the qualitative Content Analysis (afterwards CA) to respond to the research question to investigate if the organizations, which pursue the certification BCorp through the BIA, mobilize the Intellectual Capital: the scope is to understand if the 'BIA' assessment tool contains elements of IC and if, at the same time, with this tool BCorps disclose information about their IC.

So, CA is applied to underline probably overlap of the contents and information provide in the B-Impact Assessment and IC report (Brennan and Connel's, 2000): the aim is to reveal how the IC informations are present in the BIA.

In the second part, has been conducted a survey on 48 BCorps present on official web site of Bcorporation. To respond to the second research question about the awareness of IC by the same organizations, in case of mobilisation of IC, recurring to questionnaire.

### *3. Conclusion*

In the light of the research results it's possible to affirm that through the BIA the BCorps make disclosure about informations strictly related to the IC but, it emerges that the BCorps have a very little awareness about the presence and mobilization of Intellectual Capital in their organisations

and that there is a overlapping between the value of B Impact Assessment and the report of IC.

A future reflection point is enhance the awareness about the Intellectual Capital and to learn to manage the elements of IC because it could permit an increasing of level of positive impacts and reach a better score in the assessment.

For this reason, this lack makes reflect on the fact that the companies that want to become BCorps and want to renew the certification to stay in the BCorps ecosystem must pay attention to the development of IC. The BCorps have the aim to create value through concrete actions that measure and disclose to reveal to the stakeholders their impacts, where this value is linked to the elements of IC.

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