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- Crisis, commons, Covid-19, stakeholderships, Europe, resilience, SMEs networks
- Benefit corporation, resilience, leadership, SME, crisis, case study
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EDITORIAL

SMES AND HUMANE ENTREPRENEURSHIP:
HELPING TO OVERCOME THE COVID-19 PANDEMIC

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Abstract

Purpose. The dynamics of change in today's global economy call for a renewed look at entrepreneurship. This editorial provides an overview on the contributions included in a thematic issue aimed to investigate humane entrepreneurship in the context of small-to-medium-sized enterprises (SMEs).

Design/methodology/approach. New socio-economic issues, greater emphasis on environmental priorities, and extraordinary circumstances, like the COVID-19 pandemic, have seen academics conceptualize a novel approach to entrepreneurship based on human development. Accordingly, the review of studies grounded on different theoretical, methodological and empirical approaches allows to explore how SMEs contribute to humanistic management and entrepreneurship and understand how socially responsible behaviors by SMEs can promote strategic business initiatives to combat a crisis and alleviate its effects.

Findings. Research on more sustainable, values-based business models for SMEs offers scholars and professionals insights into the strengths and weaknesses of implementing and operationalizing humane entrepreneurship in SMEs that can help mitigate and overcome the impact of economic downturns and tackle complex problems.

Practical and Social implications. *The analysis points out interesting theoretical and empirical perspectives on the new orientations for SMEs made available by humane entrepreneurship and highlights how their leadership and business models might provide a way to help both people and enterprises become engines for social and environmental change. Moreover, it highlights the drivers behind an SME's ability to cope with systemic crises, the values central to a humanistic orientation in SMEs, how humane entrepreneurship can enhance virtuous behaviors, and the results deriving from responsible policies and actions.*

Originality of the study. *The study contributes to advance a field's theoretical understanding that is still underinvestigated and helps elicit and broaden the discussion on humane entrepreneurship as it pertains to SMEs.*

1. The call for a human-centred approach to entrepreneurship and management

The recent pandemic exposed some of the vast limitations associated with the dominant model that underpins today's global economy. One of the most striking chords of the crisis was the shared, urgent feeling that we must reconsider the foundations of our society. As the world retreated inward, business practices and consumer habits underwent a worldwide reset. Among the most significant shifts were calls for organizations to change their traditional profit-driven models. Putting financial concerns aside, we asked businesses to begin contemplating a broader range of environmental and social issues (Gössling et al., 2020; McKibbin and Fernando, 2020). COVID-19 triggered a new vision, forcing our attention to the social and environmental changes we must make to transition to a more sustainable future. This future revolves around a more solid conceptualization of sustainability and new radical opportunities for entrepreneurship (Cohen, 2020). Most notably, in re-establishing society according to this vision, many find that we can open a place for humane entrepreneurship (Bruni and Uelmen, 2006; Jakobsen et al., 2017).

In practice, humane entrepreneurship can and should, be based on ideals-led businesses where the entrepreneur and the firm's management embody the values of solidarity, empathy, equity, and fairness (Del Baldo and Baldarelli, 2019; Molteni, 2009; Nigri et al., 2020). Many small-to-medium-sized enterprises (SMEs) are already serving as paragons of humane entrepreneurship – for example, purpose-driven companies, benefit corporations, and economy of communion enterprises. Research has shown

that leadership capable of creating a culture that encompasses these values can generate innovation, appropriate risk-taking, and decisive action that is particularly consistent with overcoming the challenges brought about by the pandemic (Jakobsen et al., 2017). In other words, the SMEs with humanistic-driven models proved capable of disaster resilience. Alonso et al. (2020, 368) contend that this resilience involves “a dynamic condition describing the capacity of the organization”, while others attribute this robustness to the stakeholders who find themselves able to adapt, innovate, and assess, and therefore ultimately overcome disruption.

The scholars and editors of journals devoted to small business research have also felt this emerging phenomenon, which may account for the recent calls for papers on the subject. With this special issue on humane entrepreneurship, we aim to: 1) advance the field’s theoretical understanding of the topic; 2) provide insights from practice to show how SMEs can nurture humane entrepreneurship; and 3) explore how SMEs contribute to humanistic management and entrepreneurship. This latter point is discussed “as a way to conceive business management as being linked above all with human motivation and as a practice entrenched with a wider understanding of life and society, focusing on motives for action exceeding profit-related goals” (Fioravante, 2022, 1; Fioravante, 2023).

With this in mind, the contributions of this special issue of the *Journal Piccola Impresa/Small Business* offer scholars and professionals insights into the strengths and weaknesses of implementing and operationalizing humane entrepreneurship in SMEs. To date, the research on humane entrepreneurship is still in its infancy, but it is gaining momentum among scholars (Kim et al., 2016; 2018 and 2021; Khurana et al., 2021; El Tarabishy et al., 2022; Vesce et al., 2022). Still, empirical evidence from the business realm is rare, especially regarding small businesses.

Accordingly, the research in the special issue should help advance the discussion on humane entrepreneurship as it pertains to SMEs. The articles highlight different theoretical, methodological, and empirical approaches for investigating, among other things: the drivers behind an SME’s ability to cope with systemic crises; the values central to a humanistic orientation in SMEs; how socially responsible behaviors by SMEs can promote strategic business initiatives to combat a crisis; how SMEs can support their community or alleviate the effects of a crisis; how humane entrepreneurship can enhance virtuous behaviors, such as smart ways of working for employees or how to cultivate positive relationships with customers, etc.; and the results one might expect after implementing responsible policies and actions.

2. The emergence of humane entrepreneurship

The theoretical constructs of humane entrepreneurship are rooted in management and entrepreneurship research (Ireland et al., 2001; Kantur, 2014). Moreover, these constructs have quickly become a source of inspiration within corporate social responsibility studies (Del Baldo, 2012). Humane entrepreneurship has been conceived in many ways – as a model for growing a firm, as a means to creating both financial wealth and new high-quality jobs (Bae et al., 2018), as a strategic posture that inspires new forms of entrepreneurial strategies for wealth creation (Landowska and Della Piana, 2020), and as an orientation towards social and environmental sustainability (Parente et al. 2018; Parente et al., 2021).

Humane entrepreneurship has emerged “as a response to the economic paradigm prevalent in today’s business schools, corporations, and society” (Laszlo, 2019). Within this perspective, humane entrepreneurship has been conceived as a new economic paradigm (Pirson, 2017 and 2019; Pirson and Lawrence, 2010; Pirson et al., 2014; Spitzek, 2009; Spitzek et al., 2009) that is based on theoretical arguments, strategic analyses, and empirical investigations and rests on an alternative view of what a firm could and should be (Fontrodona and Sison, 2006; Röpke, 1960).

From a broader perspective, the humane entrepreneurship concept rests on a philosophical line of thought cultivated within the business ethics literature. This line of thought holds that new orientations and behaviors in economic agents are born out of ethics and, more particularly, out of the ethics of the times (Melé, 2009 and 2013). In the case of humane entrepreneurship, the paradigm is grounded on a managerial and entrepreneurial standpoint that emphasizes the human condition and seeks to develop human virtue, in all its forms, to the fullest extent (Melé, 2003). As such, one of the philosophies underpinning humane entrepreneurship is the importance of putting people first – a philosophy that draws from a long tradition in business ethics studies (Melé, 2003 and 2013). The anthropological assumption underlying this humanistic approach demands a renewed focus on the ethical drivers behind economic and financial behavior. It requires us to widen our interest in non-economic variables (Del Baldo and Baldarelli, 2019) by examining responsible and socially-oriented policymaking (Matten and Moon, 2008).

Among the pillars of the humane entrepreneurship paradigm is the idea of a human enterprise – a publicly-minded organization rooted in its community (Granovetter, 2018). One needs to look at firms as social actors because, through this lens, analyzing a firm’s operations, aims, and needs cannot be solely reduced to economic performance or competitive advantage. Rather, one must consider broader causes and consequences (Hestad et al., 2020) in light of the values that inform the entrepreneur’s vision, the firm’s

culture, how and why the workers participate, and other intangible assets.

One of the key principles of humane entrepreneurship is prioritising people's well-being, beginning with employees. This can be achieved by providing a safe and healthy working environment, offering fair wages and benefits, and promoting work-life balance (Del Baldo, 2020). By treating employees with respect and dignity and allowing them to flourish, businesses can improve productivity, enhance creativity and innovation, reduce turnover rates, and improve resilience (Vesci et al., 2022). Humane entrepreneurship also involves engaging with one's local community, addressing social and environmental issues, being ethical in one's business practices, and adopting ethical leadership and responsible management practices (Debicka et al., 2020). This includes being transparent and accountable about business operations and ensuring that products and services are of high quality and meet ethical standards. By acting with integrity and honesty, businesses can build a strong reputation and gain the trust of their customers and stakeholders (Dumay et al., 2019).

Additionally, humanistic management and entrepreneurship have given rise to coherent frameworks that can explain the motivations and consequences of business behavior that is humanistically-oriented. The paradigm has also yielded business models based on the understanding that the economic sphere is embedded within meaningful horizons, such as communities, allowing people to flourish and protecting the environment. Moreover, it addresses concerns for what is "below" the entrepreneurial and managerial level that works to create shared value (Porter and Kramer, 2011) by bettering working conditions and preserving dignity in the workplace. It is also linked to participation, cooperation, and involving workers in the firm's goals by creating mutually beneficial stakeholder relationships (Davies and Chambers, 2018).

3. The role of SMEs in promoting humane entrepreneurship

SMEs are the central pillar of nearly every national economy. Extant studies argue that they are socially and economically vital despite the many threats and difficulties facing SMEs. Moreover, they can contribute substantially to achieving the UN Sustainable Development Goals by creating decent jobs (Smith et al., 2022). SMEs also play a pivotal role in mitigating the effects of crises by supporting people and their families, preserving jobs, and nurturing the socioeconomic fabric of the communities in which they are embedded (Cowling et al., 2020; Liguori and Pittz, 2020).

SMEs, purpose-driven companies, social enterprises, and innovative circular startups represent favourable contexts for embracing business models prioritizing people, the environment, and society (Del Baldo, 2012).

Moreover, recent studies (Khurana et al., 2021; Kim et al., 2021) and the contributions in this special issue demonstrate that SMEs can significantly promote a humane approach to entrepreneurship.

SMEs may not have abundant tangible resources but are rich in social and relational capital (Light and Dana, 2013 and 2020; Dana et al., 2019). This non-financial value can make SMEs more attentive to stakeholders' needs, helping them find innovative solutions for resilience in times of crisis (Pal et al., 2014). This type of resilience stems from a set of common values and virtues promoted by the entrepreneur that is shared by their community. For example, if an SME abides by the value of making people and relationships central to its business plan, then research shows that SME stands to be more resilient to a crisis. Similarly, the virtues of authenticity and responsibility, prudence and fortitude, long-term orientation, and adaptive capacity will also stand an SME in good stead (Constantinescu and Kaptein, 2020; Jenkins, 2006; Spence and Schmidpeter, 2003; Wehrmeyer et al., 2020). These are drivers of responsible and sustainability-oriented behaviors that, although not always formalized or communicated (the so-called "CSR walk the talk"; see Schoeneborn et al., 2020), have shown to be particularly suitable for facing and overcoming the kinds of crises that the pandemic triggered. Branicki et al. (2018) cite several examples of entrepreneurs who have become known for their ability to build a resilient SME, having experienced adversity directly or operated in uncertain environments. These capabilities rest on shared values that incorporate the pillars of humanistic entrepreneurship and management (Kim et al., 2006; Melé, 2003; Teehankee, 2008; Ylmaz, 2013). Such examples are testimonials of virtuous actions and good practices carried out during COVID-19 that are helping to spread a new business culture. They also highlight the model of humanistic entrepreneurship as a driver for current and future sustainability.

In this special issue, Ceraulo addresses how humanistic management principles can be operationalized by positing the following question at the heart of her study: "How does a company explicitly inspired by humanistic management principles manage the tensions between the economic rationale and its social mission?". She follows this quandary by investigating whether the solutions are effective, exploring if and to what extent humanistic management might help hybrid or purpose-driven businesses successfully handle the tensions between different institutional logics. She examines whether humane enterprises can effectively fulfil economic and social goals. Mintzberg (2009) maintains that rebuilding companies into communities is a successful sustainability strategy. Humanistic management theory sees humans as central and essential to managing a successful business. The theory emerging from the *economy of communion*, discussed through the case study of the Risana Outpatient Clinic, underlines that

communion is both the purpose of the business and a key resource for this business to flourish. Through a stakeholder framework, the case shows how the company developed a common institutional logic that helped it overcome potential conflicts in logic and cope with the challenges presented by COVID-19.

Ghisellini, Quinto, Passaro and Ulgiati shed light on the contributions of circular startups to achieving a more inclusive, human-centred and environmentally-friendly society. Circular startups focus on designing innovative products and processes that use byproducts or repurpose waste. Drawing from multiple case studies, they show how these startups are creating new forms of economic resiliency. They find that environmentally-sustainable and socially-innovative models can better support firms in tackling critical events, such as COVID-19, by improving their resilience and ability to respond properly to difficult situations. Approaching situations with innovation sits at the core of circular startups. This outlook seems more coherent with adopting the disruptive circular strategies needed for a cultural and ethical transition to human-centered businesses. Notably, this resiliency could be a strong catalyst in stimulating large incumbents to develop circular business models.

Giulia Cattafi and Domenico Nicolò's research deepens the relationship between intellectual capital (Guthrie et al., 2018) and high-growth startup companies that establish themselves as social cooperatives. As nonprofit organizations, these cooperatives play a key role in providing services and jobs to disadvantaged workers. Many businesses in this sector are experiencing so much growth that they have been dubbed "social gazelles". Cattafi and Nicolò use the Value Added Intellectual Coefficient (VAIC) model (Pulic, 2000 and 2004) to evaluate the effects of intangible assets on these social gazelles' value creation and growth. They analyze accounting data to verify whether such firms' intellectual capital affects revenue growth. They measure how efficient the various components of intellectual capital are at creating or adding value – most specifically Human Capital Efficiency, to test the relationship between the revenues of these social gazelles and the efficiency of the components of Pulic's VAIC model through a fixed-effects panel regression analysis of 85 Italian social gazelles. Their results show that the higher the investment in human capital, the more that revenue grows. Further, they report that Structural Capital Efficiency is negatively related to revenues, which has interesting implications for both the theory and practice of investment planning in the startup phase of social cooperatives.

Addressing the impacts of the COVID-19 pandemic on economics, technology, societies, and SME strategies in Europe, Pilotti (this issue) points out how crises – as an expression of the interdependencies between problems – are always a function of the fragility of societies. They test the resilience of people and organizations in circumstances that typically require

radical change to overcome. Pilotti points out the need for industrial policies to help SMEs regenerate. He also discusses the role played by a firm's local and global identities, which are grounded on ecosystems primarily built from territories, technology, and knowledge and secondarily based on the notions of smart cities and multidistrict industrial services. Pilotti explores the emerging global and local landscapes in our post-pandemic evolution and how competition factors have been transformed. He tells us that, first, the value chain has been redesigned. Business models now empower absorptive capacity and increase cognitive productivity crossing a digital and green transformation. Second, we are investing more in society's resilience by recomposing financial, health, environmental and social objectives. Third, the EU, at least, is focusing its industrial policies on the things necessary to regenerate SMEs and help them to adapt in the long run.

Finally, Bartolini explores how being a benefit corporation increases the likelihood of SMEs adopting a self-resilience approach when coping with a crisis. The analysis, which focuses on a case study of an Italian SME, provides an innovative, practical perspective on resilience theory that integrates the benefit corporation phenomenon with Pal et al. (2014)'s framework of SMEs' resilience. This study sheds light on how being both an SME and a benefit corporation enhances resilience and strengthens a firm's ability to grow even during a downturn like COVID-19. Further, the study offers insights from practitioners on building a more resilient structure to cope with disruptive events. It underlines how sustainable and innovative business models, such as the benefit corporation model, promote resilience.

In summary, all these articles show that SMEs face many challenges when implementing humane entrepreneurship and often need more resources, under the pressure to generate profit, and the strain of competition. However, SMEs also possess many favourable characteristics that allow them to overcome these challenges. While prior research has focused mainly on larger enterprises to the detriment of SMEs, these contributions underline the peculiarities that render SMEs more likely to authentically commit to a sustainable and responsible business activity – their agility and adaptability to economic and social changes, their closeness to internal and external stakeholders, and the personal ties they can forge with their local community. Unlike large corporations, SMEs can adopt business approaches that prioritize social and environmental considerations alongside economic outcomes, helping them to nurture humane entrepreneurship. This paradigm is gaining traction worldwide as people increasingly recognize the need for more sustainable and responsible business practices.

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RESEARCH ARTICLES



DOING GOOD AND DOING WELL,
NAVIGATING HYBRIDS' TENSIONS:
THE CASE STUDY OF "RISANA OUTPATIENT CLINIC"
PURPOSE-DRIVEN ENTERPRISE

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Abstract

Purpose. The aim of this study is to explore if and to what extent Humanistic Management (HM) values can help hybrid/purpose driven businesses to successfully handle tensions among different institutional logics, allowing them to fulfill both their economic and social goals.

Design/methodology/approach. The following research questions "How does a purpose-driven enterprise explicitly inspired by HM principles manage the tensions between the economic rationale and its social mission? Is it effective?" have been investigated through a qualitative approach. The case study examines a cooperative adhering to the Economy of Communion (EoC) network, which can be considered expressive of a HM approach. Tensions were observed during the Pandemic and analyzed through a stakeholder framework.

Findings. The body of values, such as solidarity, reciprocity, gratuitousness, dialogue, trust, rooted in the organizational culture, played a central role in guiding the company to make winning strategic decisions. A new hybrid "communion" logic was observed, embracing both commercial and social logics, overcoming logic conflicts, coping with the Covid-19 challenges and allowing the company to reach its economic and social goals.

Practical and Social implications. This study provides empirical evidence of the effectiveness of an HM approach to managing tensions between institutional logics in a hybrid organization, through a clear focus on the corporate purpose and the promotion of an inclusive, participatory and cooperative relational culture.

Originality of the study. This paper highlights the strategic relevance of purpose and an organizational culture inspired by the HM / EoC values in managing tensions between institutional logics through an empirical approach.

1. Introduction

Business' purpose is a topic of increasing importance for companies, policy makers and society. Purpose-driven enterprises aim to produce profitable solutions to the problems of people and the planet (Mayer, 2021). Academic research is also devoting greater attention to this subject: on one side positive outcomes result, such as meaningful work at both individual and team/organizational levels, stronger reputation of responsibility (Henderson & Van den Steen, 2015) and individual and collective performance improvement (Stengel, 2012; Carton, 2018; Gartenberg, Prat, & Serafeim, 2016); on the other side, challenges are not lacking. In order to explore the range of implications from pursuing a social purpose through a business model, insights from hybrid organizations' theoretical and practical contributions may be usefully considered. Hybrid organizations (HOs) can be defined as "organizational forms which combine two different institutional logics" (Marinov, Metz, Alexander and Angeli, 2022, 73), or sets "of belief systems and associated practices, [that] define the content and meaning of institutions" (Reay & Hinings, 2009, 627–631). Social enterprises (e.g. cooperatives) are an ideal type of hybrid organization (Battilana & Lee, 2014) combining two modes of value creation. One is based on a commercial logic, required to successfully compete in the market arena within the economic constraint. The other is a social, community-oriented logic, intended to pursue a social or environmental mission and to attain a long-term impact (Battilana & Lee, 2014). Because of their hybrid nature (Dameri, 2021), tensions among divergent institutional logics may threaten their strength and longevity (Zahra, Gedajlovic, Neubaum & Shulman, 2009; Jaeger, 2010; Pache & Santos, 2013; Ebrahim, Battilana, Mair, 2014).

The aim of this research is descriptive and exploratory. The intent is to investigate to what extent Humanistic Management (HM) may help hybrid/purpose-driven businesses to successfully handle the above-mentioned tensions, allowing them to fulfill both their economic and social goals. The research questions are RQ1: "How does a purpose-driven enterprise explicitly inspired by HM principles manage the tensions between the economic rationale and its social mission?" RQ2: "Is it effective?"

The case study analyzed here provides an empirical insight into the topic. It focuses on Risana Outpatient Clinic (Italy). The methodology chosen was the qualitative approach of the case study, which is particularly suited to the needs of understanding a complex phenomenon such as that of business behavior (interpretative orientation) (Sena, 2021). The unit under investigation, the Risana Outpatient Clinic, located 20 km south of Florence, was selected based on the following criteria:

- it is a purpose-driven enterprise, committed to the Economy of Communion (EoC) network, with a history of thirteen years;

- situated within the Italian EoC business park;
- it is a cooperative, a social enterprise, a typical hybrid organization;
- geographically close to the researcher, which facilitates data collection and direct observations.

Direct observations took place during the pandemic: this critical scenario can be considered like a stress test for the organization. Therefore, results are even more interesting and meaningful. In order to ensure rigor and reliability, a research protocol (see Appendix 1) was developed, according to the framework of Yin (Yin, 2018).

This work opens with a review of the relevant literature. Theoretical contributions around Purpose and Humanistic Management will be considered, with special regard to C. Barnard and H. Mintzberg. This approach encompasses a vision of the company as a community and shared leadership ("communityship"), typically present in organizations that see and build themselves as communities. The literature relating to the Economy of Communion experience, a reality to which the Risana Clinic is linked, takes the same perspective. For better understanding the case, it is also useful to explore some Hybrids theoretical insights. It continues with the case study of the Risana Clinic, with a synthetic presentation of its history and an analysis carried out through the Mission-Governance-Accountability paradigm (Baldarelli, Matacena & Pascari, 2017; Ceraulo, 2021). The company's hybrid behavior is studied through a stakeholder perspective (Gigliotti & Runfola, 2022), focusing on management events from March 2020 onwards.

The results of the empirical investigation can be summarized as follows:

- The Risana Outpatient Clinic managed to achieve a substantial break-even budget in 2020, despite the Pandemic, increasing the total number of customers. Moreover, both economic and social performances in 2021 have been remarkable, exceeding expectations.

- All other conditions being equal, the merit for this result can be attributed at least in part to some winning initiatives planned by management and implemented during the lockdown, thanks to proactive management and a collaborative commitment of 95% of employees, highly motivated and ready to work beyond the paid time and their respective duties and good management of government Covid-19 economic support measures;

- On the basis of the information collected, it is quite evident that the body of values, such as solidarity, reciprocity, gratuitousness, dialogue, trust and respect for the human person, rooted in the culture of the organization, have played a central role in guiding the company to make winning strategic decisions during the Pandemic and implement them effectively, not only overcoming the crisis (resilience), but also taking a considerable leap forward (Ceraulo, 2021).

- It also seems true that the culture of communion involves a particular

generative process in relationships. A new “inclusive” institutional logic arises, thanks to which the key-stakeholders are strongly engaged with the organization, providing support and involvement in governance, ensuring flexibility and agility and forming excellent foundations for recovery and the consolidation of growth. This “communion” institutional logic, deeply rooted in the organization’s DNA, embraces both commercial and social logics, thus overcoming logic conflicts and allowing the company to be sustainable and effective in reaching its economic and social goals.

2. Literature review

Analyzing modern managerial narratives related to corporate purpose, there is an increasing convergence around a higher-order purpose, which also embraces social and environmental concerns: a duty-based purpose, evoking moral obligations and reflecting the topical expectations of society (George, Haas, McGahan, Schillebeeckx & Tracey, 2021). From an ethical point of view, the higher order purpose coincides with the pursuit of the common good, broadly understood as a “set of conditions, economic, social, moral and spiritual, that favors personal fulfillment” (Frémeaux & Michelson, 2017, 702). According to the authors, the pursuit of the common good “serve as a guide for humanistic management” (Frémeaux & Michelson, 2017, 701).

According to the definition proposed by D. Melé, “Humanistic Management (HM) regards concern for persons and human aspects in managing organizations. It is oriented not only to obtaining results through people, but also, and above all, toward people themselves, showing care for their flourishing and well-being” (Melé, 2016, 1, 33). HM is a recent theoretical paradigm (Frémeaux & Michelson, 2017), which gained importance from the first decade of this century thanks to the Humanistic Management Network (Spitzeck et al., 2010), but which has significant antecedents. HM can be also defined as the theory of “human-centered management” (Melé, 2016, 1, 37). The vision of the human being that emerges is that of a “person”, of a relational being, free and capable of cooperative relationships aimed at the common good. Chester Barnard in the 1930s offered a deeper look at people: “...observing the human person in depth, highlights their potential, needs and motivations, and opens up a new vision of the business, as a space for internal and external interpersonal relationships, and in the end defining “conditions of communion”” (Barnard, 1966 [1938], 44). From such an anthropological view with Aristotelian roots flows a specific view of the enterprise, seen essentially as a community of persons (Melé 2003, 82; Melé 2012), in which the dimensions of the individual and collective spheres come together, complementing each other (Schlag &

Melé, 2020). In this perspective, the *raison d'être*, the shared purpose of the enterprise is to work in common (Sison & Fontrodona, 2012). Indeed, by virtue of its social nature, human beings constitute themselves in community, a place where they can fully realize themselves. In the enterprise, this happens through participatory work. In this way, one can identify not only a common good to which the enterprise with the products of its labor contributes, but also a common good that the enterprise represents in itself, precisely as a potential place of human flourishing. Hence, the need for humanistic, “pastoral” management, capable of fostering this process (Schlag & Melé, 2020, 2). In this same line of thought, the contribution of H. Mintzberg is particularly interesting. His hope is that companies become capable of looking at themselves and reconstituting themselves as a community (Mintzberg, 2009). In his long and in-depth research activity, the author observed how many important successful companies have been able to cultivate and nurture a sense of community among their members. He argues that rebuilding companies, as a community is the main way to pursue sustainable development, not only for the company itself, but also for society as a whole. In fact, the “members of a company that has a robust sense of community realize how much their organization depends for sustained success on constructive engagement with the communities around it” and “see themselves as responsible citizens of the broader community” (Mintzberg, 2009, 143). He explains, “Community means caring about our work, our colleagues, and our place in the world, geographic and otherwise, and in turn being inspired by this caring.” He uses a neologism, “communityship”, to indicate a leadership style that he attributes to an “engaged and distributed management” (Ibid. p.141): the commitment is aimed at promoting involvement and participation, intervening only where and when necessary. He speaks of a “middle-out” approach rather than top-down or bottom-up. In order to build the community, he identifies the middle managers as the key people to be involved in triggering the change (Ibid.).

The Economy of Communion (EoC) (Gui, 1999; Zamagni & Bruni, 2003; Baldarelli, 2005; Bruni, 2010, 2014; Argiolas, 2017) represents a vast current of thought, theory and practice, which in thirty years of life has reached and involved thousands of people all over the world. It embraces a vision of the company as a free, plural and universal community / communion (Argiolas, 2017). EoC’s typical management theory and practices have been authoritatively regarded as expressions of Humanistic Management (Frémeaux & Michelson, 2017; Gustafson & Harvey, 2022). They are based on three fundamental pillars: dialogue, trust and reciprocity. “Dialogue is understood as a true dialogue, resulting from positive and authentic attention to people. It is not built without listening and sharing” (Del Baldo & Baldarelli, 2019, 262). Trust, “*vinculum societatis*” (Locke 1954 [1660], in

Argiolas, 2017, 88) is essential to authentic and fruitful dialogue (Argiolas, 2017). Reciprocity is understood as “connections that hold a city together. This bond is plural, but its various expressions have, in the coming and going, in giving and receiving, in giving and returning and in *reci-pro-cum*, a common denominator “ (Bruni, 2006b, in Del Baldo & Baldarelli, 2017, 137). The highest form of reciprocity implies the “presence of an intrinsic reward that the actor derives from the action itself, before and independently of the outcome” (Ibid. p.137). The constant effort in EoC companies to translate these principles into decisions and daily operations has led to the emergence of a typical leadership style, producing a corporate governance with particular characteristics. “The role of the individual manager leaves room, in these companies, for a choral figure of manager, in which everyone has his “active” role and is involved in the management of the company, where, there is a leadership that listens, promotes and involves people, manages to create new services with the collaboration of others, making them participate” (L.B. Specht, in Baldarelli, 2005, 88). This point fits perfectly with Mintzberg’s concept of “Communityship”. As for accountability, it is noted that in the EoC businesses “there is a sort of refinement also in the reporting tools, because one of the salient aspects of these companies is the communion that results in the reciprocity of relationships. This reciprocity, in turn, influences the mission and governance” (Baldarelli, 2005). Another key category in EoC theory and practice is the dimension of gratuity. Without gratuity, the community - even the corporate one - does not generate communion (Bruni, 2014). Gratuitousness is a connatural element, unavoidable and essential to human relationships, even in work contexts, and for this reason, it has full voice and economic value (Gui, 1999). According to some authors, a new way of looking at business and its *raison d’être* emerges from the EoC’s practice, a theory of business centered on the person (Gustafson & Harvey, 2020). In fact, they argue, “the purpose of EoC businesses goes beyond sharing profits”: they aim at “creating a new way of doing business centered on the person and humanizing the economy” (Ibid. p. 136).

HOs are “organizational forms which combine two different institutional logics” (Marinov, Metz, Alexander and Angeli, 2022, 73), or sets “of belief systems and associated practices, [that] define the content and meaning of institutions” (Reay & Hinings, 2009, 627–631) and guide their actors’ behavior (Friedland, 1991). Social enterprises (e.g. cooperatives) are an ideal type of hybrid organization (Battilana & Lee, 2014), combining two modes of value creation: one based on a commercial logic, required to successfully compete in the market arena within the economic constraint; the other is a social, community-oriented logic, intended to pursue a social or environmental mission and to attain a long-term impact (Battilana & Lee, 2014). Because of their hybrid nature (Dameri, 2021), tensions among divergent

institutional logics may threaten their strength and longevity (Zahra et al., 2009; Jaeger, 2010; Pache & Santos, 2013; Ebrahim, Battilana, Mair, 2014).

In order to analyze and find solutions to hybrid tensions, the stakeholder approach proposed by Gigliotti and Runfola (Gigliotti & Runfola, 2022) is the model of choice. As a result of a longitudinal empirical case study involving the Fair Trade cooperative, the authors developed a taxonomy of main stakeholders, related tensions, empirically observed solutions and corresponding relational paths. This framework allows for the recognition of tension areas for each relevant category of stakeholders and then to identify an appropriate relational path in order to solve those tensions. This new original lens to observe and manage hybrid tensions is very appropriate for this case study, considering the relevance of interpersonal relationships in the HM approach. According to Knutsson and Thomasson (Knutsson & Thomasson, 2017), the essence of the hybrid form does not consist of the pure combination of separate logics. Navigating tensions rather drives to the creation of an entirely novel hybrid logic and identity, characterized by new organizational goals and strategies, expressed in hybrid behavior.

3. The Risana Outpatient Clinic

The “Risana Outpatient Clinic”, a service and work cooperative represents the unit of investigation of this study. It is located in the Municipality of Figline and Incisa Valdarno, in the province of Florence.

3.1 History

The Risana Clinic was founded in 2008, at the initiative of a small group of founding members linked to the world of health-care, and in particular, to the dental profession, one of whom had already been the owner of a professional practice active in Incisa Valdarno for over ten years. The shared purpose was to create a health, dental and other specialty Outpatient Clinic, inspired by the “culture of giving” and the principles of the Economy of Communion. The Clinic would be established at the EoC Lionello Bonfanti business center, inaugurated just two years earlier (Argiolas, 2017; Bruni, 2014). The explicit *raison d’être* of the new reality, “putting the person at the center”, is manifested first of all in the choice of the legal form: a cooperative, a legal institution that by nature favors the personal, relational and sharing element among the participants, putting the economic purpose in second place (Battilana & Lee, 2014; Baldarelli, Maticena & Pascari, 2017). The focus is on excellence of services, but accessible to all. A questionnaire was distributed to a thousand families in the area, in order to investigate which health services were identified as necessary and at the

same time lacking.

The first group consisting of 12 members was motivated and cohesive. There was a charismatic leader, who animated the team - the dentist who owned the previous practice. She also possessed professional competence, strong commitment and good entrepreneurial and managerial talent. Her leadership style was open, inclusive, based on broad involvement and full confidence; everyone, dentists, assistants, secretaries and collaborators, were invited to participate in the construction of the new clinic, even sharing in the decisions relating to furnishings (Mintzberg, 2009). Always in line with the same ideals, the founding members also decided to create an association, called "Salve! Health to share Onlus" that supports the cooperative, developing initiatives for the promotion and dissemination of EoC values in the health-care sector and in particular, to raise funds to subsidize dental care or other medical specialties for people in economic difficulty.

Table 1 summarizes the Risana Clinic main information, comparing the start-up phase to the current one.

Table 1 – Risana Outpatient Clinic in numbers, 2009 versus 2021

Sector: health services - Core business: dentistry Other activities: various specialist medical services		
	2009	2021
Coop. Associates	12	22
Turnover	€ 254.000	€ 1.092.000
Clients	4.000	15.000
Employees	7	13
Dentists / Hygienists	3+1	12+3
Doctors	3	11

3.2 Mission

Art. 3 of the Statutes specifies the purpose of the activity as follows: "The cooperative is not for profit; its purpose is the pursuit of the general interest of the community in human promotion and the social integration of citizens. The cooperative was created to offer services in the health and social-health sectors and is inspired by the principles of the Economy of Communion, [...] The members believe it is fundamental to recover a vision of medicine based on respect and the value of the dignity of human life and to combine it with technological and scientific progress for a professionalism that points to excellence and brings the person back to the center of interest in the medical art. [...] Annually the Members' Assembly, on the proposal of the Board of Directors, allocates resources to the development of the Cooperative, to training and to special solidarity funds both

for indigent people and for social and health-related projects inspired by the principles of the Economy of Communion”.

The current Health Director of the Risana Clinic, as well as a founding member and charismatic leader of the activity, expresses it thus: “To combine the values of the Economy of Communion with a service to the person centered on the true good of the person ... considering the” Evidence based medicine “(EBM), which [...] means a health that is based on the evidence of the theories, protocols in use, for the good of patients [...]. Here, perhaps, what more we wanted to bring was to look at each patient as a person, unique with his priorities, his needs, his economic possibilities, his personal resources, and therefore beyond the expectations etc., and therefore practically succeeding in having the value of appropriateness, combining clinical and technological excellence but with the possibilities, resources and expectations of the individual patient” (I-01).

Considering all of the above, as well as the social, community dimension, the broad scope of the purpose of the activity, regarding the object and the recipients, it emerges clearly that this is a hybrid, multidimensional mission (Jaeger, 2010; Battilana & Lee, 2014; Baldarelli, Matacena & Pascari, 2017; Ceraulo, 2021).

3.3 Governance

Art. 3 of the Statute itself is explicit as to the governance style chosen by the promoters of the cooperative: “The centrality of the human being in every initiative of the community, with particular attention to people who do not have the resources to express their potential, the fraternity lived in the workplace and the culture of giving in the economic world are the basic principles of the organization of work and company management. The internal dynamics and governance of the Cooperative will be based on participation and reciprocity through management bodies and processes, which can become “structures of communion” inspired by the spirituality of unity, the specific purpose of the Focolare Movement “.

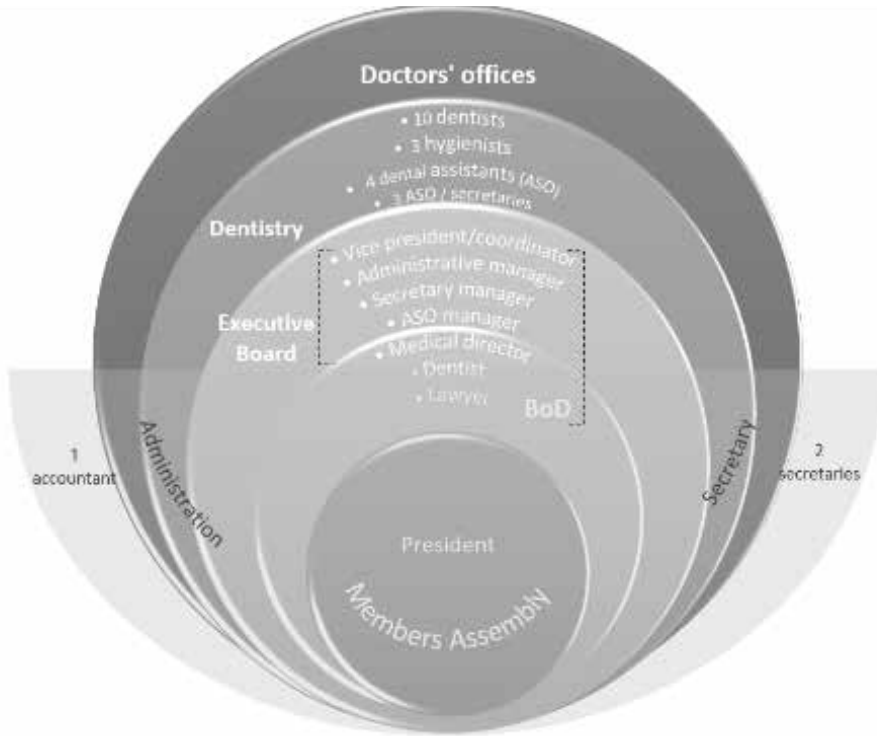
From the point of view of the organizational structure, there is a President, a Vice President and a Board of Directors (BoD) with 5 members, representative of the functional areas and professional figures of the Clinic. The Medical Director participates by right in the Board of Directors. There is also an operational team, made up of de facto members of the Board of Directors daily present in the Clinic, with the addition of a representative of the ASO (Dental Practice Assistants, that is, dental assistants). The operational team actually carries out a coordination and connection function, effectively creating a collegial and participatory direction (see Fig. 1 - the circular diagram expresses the prevalence of horizontality, the absence of effective hierarchies; the concentric circles represent levels of decreasing

decision-making breadth from the center to the periphery; the administrative function, in gray, is traversal to all levels). Even if all of the members of decision-making bodies are cooperative members, it is worth underlining that 57% of Risana workers, employees or free-lance, are not cooperative members.

There are numerous and almost uniformly agreed passages in the interviews with the members of the team of the Clinic, coop members and non-members, attesting to the above, that is to a serene, family-like working climate based on collaboration and engagement, on reciprocal and gratuitous relationships. Regarding the decision-making processes, the vice president puts it this way: "Question (D): the decisions that are made: is there someone who has the last one word, or is it all decided unanimously? Answer (R): No, it is decided collectively. - D: Collegially. And as long as there is no unity, it is not decided R: In short, it is debated. D: We argue. But the point of arrival is still a shared point. A: Oh yes" (I-05). A collaborating hygienist tells how she was positively affected by this style of behavior: "They have a concept of life, how can I say? a little bit far from me, ok? But it is a concept that I like. The fact of sharing, the fact of always being of help to others, I like that. It's nice. I see it in the things that people who belong to this group do; that they do not because there must always be an ulterior motive. So it comes to me willingly to me too, if sometimes I am asked for a favor, or what, to do it" (I-29). One of the founding members describes the company organization chart in this way: "Here you breathe an air of friendship and collaboration, where people's roles never mix, they always remain well defined, but at the same time, it is a place of great collaboration, mutual trust, respect and I would say that, if I had to define it, there is no top-down type structure with one or more people at the head, but there is more of a horizontal type structure with concentric circles, where naturally at various times someone can be a reference and authoritative and in other moments, however, trust is still given" (I-12). A collaborating dentist goes even further: "It's not always easy to relate with very different people, who have very different stories, come from very different backgrounds, but it's also very beautiful, isn't it? In the sense, that is, trying to make a company like a small community is an important goal" (I-28).

Therefore, here too we see the features of a multi-stakeholder and participatory governance, consistent with the corporate mission (Battilana & Lee, 2014; Baldarelli, Maticena & Pascari, 2017; Ceraulo, 2021). The interviews also show appreciation for the periodic training sessions organized by the company for staff, aimed precisely at the development and consolidation of relational skills, considering the reference values in the EoC culture (Argiolas, 2017; Mintzberg, 2009; Baldarelli, 2005).

Fig. 1: Organization chart of the Risana Clinic (author's representation)



3.4 Accountability

The information system of the Risana Clinic produces the classic financial reporting according to the law, consulting qualified external professionals for the preparation of the financial statements and its audit. The relatively small size of the business, the fact that most of the shareholders are workers, as are most of the members of the BoD, in fact reduces the perception of the need for a formalized internal reporting system with respect to corporate life and the achievement of its goals. Many of the communications relating to this type of information are conveyed orally, in the course of periodic meetings and moments of informal exchange (such as lunch breaks), or through mail and internal messaging platforms.

As regards the reporting to external stakeholders, the self-assessment document drawn up at the request of the competent authorities for the granting of the health authorization already contains the provision of a “color” budget in narrative form, according to the RainbowScore approach (Golin & Parolin, 2003), in accordance with the guidelines for running an EoC business (<https://www.edc-online.org/en/imprese-alias/linee->

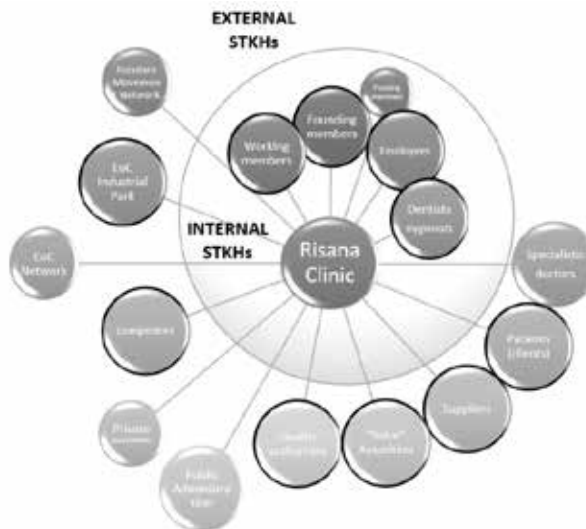
per-condurre-un-impresa.html), as an expression of voluntary reporting to better account for the plurality of objectives pursued and achieved through business activity, for the benefit of the various stakeholders (Baldarelli, 2005; Jaeger, 2010; Baldarelli, Maticena & Pascari, 2017; Ebrahim, Battilana, Mair, 2014; Ceraulo, 2021).

It also highlights the opportunity of reporting tools suitable for expressing the value linked to the typical elements of an EoC enterprise, such as that of reciprocal and gratuitous relationships, which have proved to be crucial in the management of the pandemic emergency (Baldarelli & Del Baldo, 2017).

3.5 Stakeholders

A map of internal and external stakeholder has been drawn, key-stakeholders are written in bold (see Fig. 2).

Fig. 2: Risana Clinic's Stakeholder (STKHs) map (key-stkhs circled in bold)



4. Case analysis

4.1 The pandemic scenario in Italy

The Covid-19 epidemic hit Italy, as in China and then, unfortunately, in many other countries, like a violent tsunami, causing immediate disastrous effects on several levels and triggering a series of negative repercussions, whose echo is still far from dying out. The drastic measures to contain the

contagion imposed by government authorities, from social distancing to total lockdown, have led for most enterprises significant reductions in turnover, with consequent negative repercussions on liquidity and profitability (Cesaroni, De Martini, Pencarelli, 2020). At the end of 2020, more than 33 percent of the companies with fewer than ten employees were considered at risk. Among the most affected sectors, with the most vulnerable activities, are construction, trade, tourism, catering, entertainment activities and other personal services (ISTAT, the impact of the health crisis on businesses, 2020). Tuscany, and especially the province of Florence, was also hit hard. In July 2020, IRPET, “Istituto Regionale Programmazione Economica della Toscana”, estimated a decrease in industrial production in Tuscany in the first four months of the year compared to the same period of the previous year of 21.9%, compared to an Italian average of 18.6%, and foreseeing an even worse scenario for Florence and its province (- 23.4%, IRPET, 2020).

From the point of view of the economic sector to which the Clinic belongs, two aspects should be highlighted. It was found that in general private activities operating in the field of health services benefited in 2020 from an increase in demand, caused by the saturation of the National Health Service for the pandemic emergency. This phenomenon, however, has not been reflected in the specific field of dentistry, in which public service is almost non-existent. Suffice it to say that the 2019 share of private healthcare expenditure for dental treatments in Italy was equal to 92% of total expenditure, compared to 56.3% for specialist medical services, 23.3% for diagnostic services and 9.3% for hospital services (Statista, ISTAT ID 796183). As for the impact of the crisis on the dentistry sector, ANDI (Associazione Nazionale Dentisti Italiani) attests an average decline in turnover in 2020 of 13%. Through a survey carried out by ANDI itself in October 2020 on a sample of 1888 dentists, the main cause identified is the decline in care and treatments, in turn determined by the economic difficulties of families, and, to a lesser extent, to fear of contagion and travel restrictions (ANDI, 2020 Report).

4.2 Risana pandemic crisis management and tensions' analysis

The present section provides an overview of the main events involving Risana during the pandemic. Relevant situations are labeled with an alphanumeric code: e.g. [S1] and will be referred to during the analysis phase. Key passages are written in italics.

2019 is a satisfying year for the Risana Clinic: turnover still growing, gratified patients always bring new ones, investments related to the start of the activity are amortized, younger dentists, after the first years of running-in, begin to pay off. The company's financial situation improves, creating the conditions to tackle new development projects, with the expansion of

the offer of health services and in particular the opening of a multipurpose space for active seniority, next to the Risana Clinic.

The reconstruction of corporate events in the context of the pandemic event is mainly based on the series of interviews collected by each of the people belonging to the clinic team. The accounting data drawn directly from the information system and processed for the purposes of the study allow to evaluate the net economic impact: however, the testimonies of those who lived directly from the inside those difficult months reveal all the drama and the complexity of the scenario, as well as the dynamics of decision-making and operational processes that characterized that period. The main facts, their implications, critical factors and reactions put in place by the company will be presented below, through the lens of the institutional logic tensions among the involved stakeholders.

4.2.1 Situation 1

February 2020: the rapid spread of Covid-19 infections in China is followed with moderate concern.

Beginning of March 2020: the epidemic worsens day by day, restrictive measures are needed in increasingly wider areas of the territory. The network of contacts of the Risana Clinic with health experts, the presence of a family doctor - who guarantees an immediate communication channel with the health authorities - and the direct line with the police forces allow the company to have accurate and prompt information on the restrictive measures in the process of maturing, sensing a few days in advance which scenario was about to take shape. *Despite the uncertainty of the period, it was decided to hire an employee, a former collaborator who was looking for work again after a period spent abroad.* The medical director says: "Arrived at that moment, precisely because of the relationship of trust, of gratitude, for what she had done, she made us decide to immediately include her for a few hours a month, but this new fresh, gritty workforce has brought a great liveliness and also helped all the changes of holidays, so much so that in September with the increase in work we found ourselves able to integrate it with more hours and gradually and now it is practically, it has reached the number of hours he wanted to do" (I-01). A decision made for the good of the person, which later turned out to be positive for the business. This choice, fully consistent with the company's mission, is an expression of inclusive, person-centered management. (Chillemi, Gui, 1997; Baldarelli, 2005; Schlag & Melé 2020) – [S1]. Based on the anecdotal evidence, it is possible to analyze potential tensions in relation with the involved stakeholders, applying the abovementioned stakeholder-based theoretical framework (Table 2):

Table 2 – Stakeholder Tension Analysis In Situation 1 [S1]

Situation	Involved stakeholders	Tension area	Organization's solution	Relational Path	EoC Institutional logic values and practices
S1	Coop members	Sustainability	Focusing on mission and corporate values	Community-based / Co-decision-making process	Gift, reciprocity

4.2.2 Situation 2

March 9, 2020: total lockdown is triggered. The activity of dental practices (ATECO code 86.23.00) is not included in the list of the essential activities. Only emergency services (toothache) are allowed. In addition, the dental staff and consequently the entire clinic are exposed to a high risk, since it is a disease that spreads by oral infection. Official security protocols are not yet available, partial and fragmented information is circulating and Personal Protective Equipment (PPE), starting with the masks, are difficult to find. Part of the staff of the Risana Clinic resides in other municipalities, some even in other Tuscan provinces, and the difficulty in moving around is added to them. The worry is great and there is no lack of fear, but *Risana team reacts promptly and compactly*, as well expressed, albeit with different accents, by each of them: “Then S. (the Medical Director) was very good on that occasion to be present and point of reference, [...] it was a day, a normal morning, immediately she said: let’s do this, let’s write this, let’s send this to everyone, move the appointments... that is, there was a decisive intervention, in short, that made me very happy” (I-31). “...It was necessary to understand what our role was in this situation. Any case, more than a role [...] how to survive, right? Even as a company or ... the service to the person ... even at a total level of person” (I-08). “It was asked who preferred to stay at home without working, who preferred to come... Being among the closest, and in any case the one that is not that I have at home maybe subjects who could be at risk of contagion, maybe a moment older... So I felt it, just to leave my colleagues at home” (I-13). “All the work done for ten years before, of participation in decisions, of involvement, of circularity, of management, has been seen as a result in these difficult times, where we have all cleaned up together, we all sweated together, and each gave up something,... so we say that we have these famous relational assets and this widespread participation has rewarded the company in a decisive way, so

that precisely not only we did not stop when there was the possibility to restart, but we started in fourth gear” (I-01). *One of the winning strategic moves was the timely implementation of the safety protocols, made possible by the professional resources available among the network of collaborators of the study, and by the cooperation of the entire personnel, who participated in the on-line training sessions organized during the closing weeks, and then activated themselves on the basis of their respective skills and the specific area of activity for the elaboration of the protocols and the procurement of the necessary PPE, making available free of charge even unpaid hours* (Bruni, 2014; Gui, 1999; Baldarelli, 2005; Mintzberg 2009).

“Surely a nice thing was trying to organize ourselves in small, almost spontaneous groups, because we needed these protocols, and therefore in order to get back to work, the fact that we started working in groups, we also felt at home, in my opinion” (I-24) (Mintzberg, 2009). “In May, when the protocol came out, we started on the 4th, around the 20th the protocol of the dental offices came out, which was just slightly less rigorous than ours. [...] We were ready, indeed, with a slightly more severe procedure, which we decided to continue to maintain the severity we imposed ourselves, because it was dictated by a self-awareness that, we achieved together” (I-01). We can observe here the strong sense of community that characterizes the entire corporate structure, fueled by unity of purpose and consolidated in the ability to self-coordinate, make the best decisions quickly and implement them effectively. (L.B. Specht, in Baldarelli, 2005, 88; Mintzberg 2009; Melé, D. 2012) - [S2]. The stakeholder’s framework application to situation 2 shows the following relationships (Table 3):

Table 3 – Stakeholder Tension Analysis In Situation 2 [S2]

Situation	Involved stakeholders	Tension area	Organization’s solution	Relational Path	EoC Institutional logic values and practices
S2	Workers	Strategy	Continuous corporate values education, team building, sharing of responsibilities	Co-governance	Gift, reciprocity

4.2.3 Situation 3

The timely preparation of protocols and protective measures has allowed the Clinic to resume activities safely as soon as the competent au-

thorities authorized this. *The quality of the interventions put in place and the discipline of all the staff, who have continued and continue to respect them to date, has transmitted to patients a sense of trust and security, triggering a virtuous chain of word of mouth.* Starting from August 2021, a questionnaire aimed at measuring the degree of satisfaction was administered to the customers of the Risana Clinic: the analysis of 87 questionnaires confirmed an overall level of customer satisfaction very close to the maximum value also with regard to safety measures. *Despite rising costs, no speculation was made: high quality service and fair prices continued to be granted, allowing the minimum possible price list adjustment, transparently communicated to customers.* The family doctor collaborating with Risana confirms “And the patients also do very well here, both because of the welcome and because the environment is beautiful; they are all very happy when they come here” (I-36) - [S3]. This situation highlights not only fidelity to the mission, but also the ability to contribute to a wider common good, according to the authentic spirit of an open community (Argiolas, 2017; Frémeaux & Michelson, 2017). The empirical evidence here suggests the following set of relationships (Table 4):

Table 4 – Stakeholder Tension Analysis In Situation 3 [S3]

Situation	Involved stakeholders	Tension area	Organization’s solution	Relational Path	EoC Institutional logic values and practices
S3	Customers	Reputation, legitimization	Prioritizing safety and health for everybody	Co-“Risana experience”, Communication	Trust, reciprocity

An unexpected site inspection carried out by the health authorities on 30 September 2021 confirmed the adequacy of the protection measures still in place. The PPE adequacy was first attested by the fact that no one, neither among the staff, nor among the patients or other people who were exposed to the Clinic, got sick. Here is what a dentist reports: “It was very challenging. However, in short, we have adjusted the shot, along the way; now we have resumed at an almost normal pace. We have also seen that the anti-contagion rules still work. They told me that no one here got sick after all” (I-33).

4.2.4 Situation 4

The rapid growth of clients’ demand for health care obviously meant a heavier burden on worker’s daily agenda. On the one hand, the clinic

needed to increase the production volume, in order to balance the lock-down turnover loss and free-lance personnel (dentists), whose income is directly linked to the production volume, shared the same goal. On the other hand, employees (dental assistants and secretaries with fixed wages) paid more attention to work quality, instead of quantity. Security protocol requirements and hygienization activities absorbed much more time than before. *The agreement between the two divergent interests is rebuilt daily through dialogue, aiming for the common goal.* A dentist says “the trend here in Risana is however that of trying to listen to everyone and make meetings, even with a certain frequency, among health workers, employees... This produces decision-making processes that are unique in the dental environment, where usually there is a director who decides, the owner or the administrative director or the director of health care in the larger ones ... all those others must obey. Here is something a bit different, in short ... which is not easy, because in any case listening to everyone, making everyone participate, implies a capacity for sensitivity that is also considerable on the part of those who then have to pull the strings, in short” (I-28) - [S4]. Also in this case, the community logic prevails, which through the search for consensus aims to identify the optimal situation from time to time (Baldarelli, 2005; Argiolas, 2017; Schlag & Melé, 2020). Situation 4 anecdotal evidence allows individuating the following (Table 5):

Table 5 – Stakeholder Tension Analysis In Situation 4 [S4]

Situation	Involved stakeholders	Tension area	Organization’s solution	Relational Path	EoC Institutional logic values and practices
S4	Workers	Sustainability, Core Values	Negotiating appropriate decisions	Co-decision-making	Dialog, gift, reciprocity

4.2.5 Situation 5

Many of the dentists working at Risana Clinic also have their own clinic, where they have complete freedom and control and a higher margin on revenues. However, Risana offers them a unique experience: “the professionals who work there, many are very good specialists in some branches ... especially in recent months I feel a good possibility of dialogue and collaboration among us” “we have some working time dedicated to this and also informal moments, such as lunch breaks” (I-9) - [S5]. The strength of the community and the sharing of a higher order purpose even engages competitors in the company (Argiolas, 2017; George et al., 2021). Situation 5 can be described through the following (Table 6):

Table 6 – Stakeholder Tension Analysis In Situation 5 [S5]

Situation	Involved stakeholders	Tension area	Organization's solution	Relational Path	EoC Institutional logic values and practices
S5	Competitors	Sustainability, Strategy	Value-added processes, sharing of knowledge and responsibility	Co-working	Dialog, gift, reciprocity

4.2.6 Situation 6

The persistence of the administrative staff has also allowed the Outpatient Clinic to seize all the opportunities for financial and economic support offered by government authorities and trade associations, accessing non-repayable grants of a sufficient value to reach a substantial budget balance in 2020. A loan at a subsidized rate was also activated, thanks to the strengthening of the Guarantee Fund for SMEs. Management control suggested introducing a slight adjustment to the price list, on average equal to 5%, to compensate for the higher costs produced by the implementation of the protocols. Finally, a cooperating member intervened with an extraordinary grant of 35 thousand euros. The sense of belonging, the common commitment to the corporate purpose and the spirit of community give rise to behaviors inspired by gratuitousness, even exceeding the contractual duties. (Bruni, 2010; Gui, 1999; Baldarelli, 2005; Mintzberg, 2009) - [S6]. The theoretical framework applied to situation 6 provides the following results (Table 7):

Table 7 – Stakeholder Tension Analysis In Situation 6 [S6]

Situation	Involved stakeholders	Tension area	Organization's solution	Relational Path	EoC Institutional logic values and practices
S6	Coop members	Sustainability, Strategy	Enhancing available competencies, activating internal and external stkh networks	Co-decision-making, co-governance	Trust, reciprocity

The analysis of the interviews collected also confirmed that the information gradually available on the relevant aspects of the crisis - risks, preventive measures, progress of group work, trend of results - was promptly made available to all those involved, including patients. Strong mission engagement and participatory governance are linked to multi-dimensional accountability practices. (Baldarelli, 2005; Jaeger, 2010; Baldarelli, Matace-
na & Pascari, 2017; Ebrahim, Battilana, Mair, 2014).

4.3 Risana performances

The comparison between the balance sheet and income statement for the year 2020 respectively compared to 2019 shows how the impact of the pandemic on Risana's economic performance has been significantly mitigated, if not neutralized; the decrease in the value of production has in fact stopped below 4%, against the average 13% of the dentistry sector, thanks to an increase of 25% in the number of clients. The extraordinary income from public interventions of economic and financial support made it possible to achieve a substantial balance in the budget (Table 8). Figures for 2021 show an extraordinary development in turnover, with a final result exceeding all expectations. The comparison of the value of the services produced and the turnover of 2019 and 2020 on a monthly level offers an even more immediate and effective reading of the speed of recovery implemented by Risana (Table 9).

Table 8 – Balance Sheet and Income Statement 2019-2020-2021

	2021	2020	2019
Receivables due from associates	-	-	750
Fixed assets	328.734	165.772	176.531
Current assets	231.916	207.526	135.845
Prepayments and accrued income	10.570	10.107	1.952
Assets	571.220	383.405	315.078
Provisions for risks and charges	-	-	-
Termination benefits provision	136.553	118.696	103.221
Current liabilities	182.354	109.471	76.728
Non-current liabilities	118.589	25.000	53.500
Accrued liabilities and deferred income	11.291	35.006	19.714
Liabilities	448.787	288.173	253.163
+ Owners' equity	85.100	96.918	57.933
Share capital	71.100	98.100	63.100
+ Profit / - Loss for the Period	37.333	(1.686)	3.982
Revenues	1.091.896	780.097	811.414
(comparison with the previous year)	39.97%	-3.86%	
Operating expenses	(1.020.020)	(806.680)	(804.801)
Operating income	71.876	(26.583)	6.613
Financial income and expenses	(9.798)	(512)	(893)
Extraordinary income and expenses	(17.921)	25.409	-
Net Income Before Taxes	44.157	(1.686)	5.720
(% of revenues)	4.04%	-0.22%	0.70%
Taxes	(6.824)	-	(1.738)
Profit / Loss for the Period	37.333	(1.686)	3.982

	2019		2020			
	Services	Turnover	Services	Rate	Turnover	Rate
January	64.902	61.759	67.992	5%	65.560	6%
February	68.733	65.634	71.465	4%	75.971	16%
March	62.432	64.740	22.595	-64%	27.076	-58%
April	63.508	67.410	12.354	-81%	9.336	-86%
May	75.042	77.936	45.082	-40%	45.440	-42%
June	72.093	68.483	67.494	-6%	65.848	-4%
July	67.190	72.288	92.621	38%	91.040	26%
August	37.782	40.715	55.720	47%	57.570	41%
September	61.306	57.739	73.774	20%	67.112	16%
October	82.765	77.367	86.461	4%	87.752	13%
November	76.185	75.841	90.283	19%	95.598	26%
December	61.631	78.952	69.259	12%	91.336	16%

Respecting the economic constraints is of course a necessary condition for the sustainability of the business. No less important for the Clinic was the possibility of continuing, during and after 2020, to offer those who turned to it good quality service at fair prices in conditions of maximum safety.

5. Discussion

The first research question of this study was: RQ1 How does a purpose-driven enterprise explicitly inspired by HM principles manage the tensions between the economic rationale and its social mission? The case analysis here presented suggests some interesting answers. First, it is important to underline that HO behavior was observed during a strong and unpredictable crisis period, where it is reasonable to suppose that organization's weaknesses appear more evident. In fact, potential tensions were found in terms of company sustainability, strategy, reputation, legitimation and core values (Gigliotti & Runfolà, 2022). Analyzing the company's response to potential tensions in each of the six focused situations through the lens of the involved stakeholders, allowed delineating some typical relational paths that Risana was able to run: co-governance, co-decision-making, co-working, co-"Risana-experience" and communication. All these paths share a common root, the robust "culture of communion" (Argiolas, 2017; Baldarelli, 2005; Bruni, 2014; Del Baldo & Baldarelli, 2019; Gui, 1999) deeply embedded in the company, manifested through its pillars, dialogue, trust and reciprocity, plus gratuity, which characterize the daily working-style of each person within the Risana Clinic. According to what is typical in EoC businesses, the company staff make a true Pact to adhere to the mis-

sion. This pact is renewed periodically (Argiolas, 2017). Risana's history tells that EoC was the inspiring context for the company's founders, who shaped the organization accordingly and took care of instilling those values, practices and purpose in each cooperative worker, from the beginning until the present. Considering the foregoing, it is plausible to conclude that thanks to HM/EoC values, Risana was able to manage tensions, hybridizing both market and social logics through a "culture of relationality", developing a new community-based institutional logic, a "communion logic" (Knutsson & Thomasson, 2017), encompassing EoC typical values: gift, dialogue and trust and best practices, reciprocity (Argiolas, 2017; Baldarelli, 2005; Bruni, 2014; Del Baldo & Baldarelli, 2019; Gui, 1999).

The second research question, RQ 2, was: is it effective? Document analysis shows how Risana's turnover has always increased, year after year, allowing a constant company growth. Even in 2020, the first pandemic year, the Clinic was able to deliver a good result, with a limited turnover decrease and a substantial economic and financial balance. 2021 performances exceeded all expectations, with turnover surpassing 1 million euros, thus allowing the Clinic to increase its social contributions, to expand investments and to create new job opportunities. Thus it is possible to answer that, yes, the HO behavior was consistent with its mission even during the crisis and effective in terms of company's ability to reach its desired goals (Ceraulo, 2021).

6. Conclusions

An increasing number of enterprises are answering the call for a greater contribution to society, fostering not only economic growth but also delivering environmental and social impact, explicitly embracing a broader social purpose for the common good.

Hybrid organizations, like social enterprises, lead the trend, warning that reconciling purpose and profit is by no means an easy task. In fact, market and social logics may conflict (Battilana & Lee, 2014), threatening the HOs effectiveness and even their survival (Zahra et al., 2009; Jaeger, 2010; Pache & Santos, 2013).

HOs literature is growing, providing increasing knowledge about their characteristics, challenges and behavior (Marinov, Metz, Alexander and Angeli, 2022).

The present case study contributes to this research stream, offering some insights over HOs tension management ability through a stakeholder framework (Gigliotti & Runfola, 2022), where a Humanistic Management approach is implemented (Spitzeck et al., 2010; Melé, 2016; Frémeaux & Michelson, 2017).

EoC values and practices (Argiolas, 2017; Bruni, 2014; Del Baldo & Baldarelli, 2017, 2019; Gui, 1999) deeply embedded in the organization here investigated, led to develop a specific “communion” institutional logic, hybridizing both market and social logic through a new culture of relationality (Knutsson & Thomasson, 2017).

The results of a single case study are not generalizable by definition. Further research is needed to develop a robust theoretical model.

However, this work offers some empirical evidence about how Humanistic Management may contribute in embedding a social purpose within a business case. Ultimately, a vision of a person-centered enterprise seems to emerge from this experience (Gustafson et al., 2020), a possible place not only for the creation and sharing of values, but also, according to the Humanistic Management theory (Melé, 2016), for human flourishing and fulfillment.

Appendix

Research protocol

A) Introduction	Objectives: explore through the Risana Outpatient Clinic case study if and to what extent Humanistic Management (HM) may help a hybrid / purpose-driven business to successfully handle tensions among different institutional logics, allowing to fulfill both economic and social goals
	Auspices: finding paths / strategic key-factors useful in successful hybrid logic tensions' management
	Research questions: RQ1 “How does a purpose-driven enterprise explicitly inspired by HM principles manage the tensions between the economic rationale and its social mission?” RQ2: “Is it effective?”
	Literature: Purpose, Humanistic Management theory, Economy of Communion theory, Hybrid Organizations' Theories, theoretical contributions about Pandemic in Italy.
B) Information collection procedure	Identification of information sources, presentation of credentials, request for authorizations, timeline of the surveys (25.06.2021-31.03.2022), collecting methods: document analysis, questionnaires (87), semi-structured and in-depth interviews (39, total duration: 16h:41m:25s, 267 pages of transcript, direct observations (130h). Guidelines on researcher behavior.
C) Protocol questions	Enterprises' description (history, mission, governance, strategy, accountability). Pandemic challenges and meaningful events. Company decisions / actions. Company performance. The role of the stakeholders. Post-Pandemic strategies.
D) Report framework	Data format: All paper documents have been transformed into PDF files; All voice notes (recorded interviews) have been carefully transcribed and signed. The numerical data were processed on excel files. All the documentation is registered catalogued as D (documents), E (data processing), I (interviews), O (direct observations), Q (questionnaires) and identified by a protocol number. The bibliography is listed at the bottom.

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CIRCULAR ECONOMY INNOVATION AND COVID-19 STRATEGIES IN START-UPS FOR MORE SUSTAINABLE, HUMANE AND RESILIENT ENTREPRENEURSHIP

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Abstract

Purpose. The Coronavirus Pandemic has further shown the huge limits of the dominant model underpinning the global economy and society triggering the urgent need to revisit its foundations and unsustainable patterns. In this challenging context, Small and Medium Enterprises (SMEs), as well as innovative circular start-ups are redesigning their business models in which the care of people, the environment and society assumes a key role.

Design/methodology/approach. This paper investigates through a multiple case study approach the business models of three recently founded circular start-ups with the main goal of understanding their entrepreneurial motivation, visions, sustainable and human entrepreneurship orientation. In that, we explore how they are contributing to achieve a more inclusive, human-centred, and environmentally friendly society.

Findings. The three case studies analysed show how circular start-ups, by focusing on designing more innovative products and processes for by-products or waste valorisation have created new forms of entrepreneurships also able to generate positive social impacts other than environmental and economic ones.

Practical and social implications. The results show that environmentally sustainable and socially innovative models could better support firms to tackle critical events, such as COVID-19 disease, by improving their own resilience and competitiveness and ability to properly respond to such difficult situations.

Originality of the study. This study attempts to shed further light on circular start-up companies, their features and business models. The international literature shows that circular start-up currently seems much suitable of adopting disruptive circular strategies and the needed cultural and ethical advancements for the Circular Economy (CE) transition. Their innovative approach could be a strong catalyst for large incumbents stimulating them to develop circular business model innovations.

1. Introduction

The Coronavirus Pandemic has shown the huge limits of the dominant model underpinning the global economy and society surging the need for revisiting its foundations (Dana et al., 2021; Ghisellini et al., 2021a; Zamagni, 2016). The recovery of the global economies including the Italian one has made been possible by the State intervention (Gerbaudo, 2021) as well as the involvement of all the actors of the civil society, including entrepreneurs (Muñoz and Cohen, 2017).

Case studies show that entrepreneurs and small organizations (small companies, social enterprises, start-ups) adapted to the challenges of the Pandemic as well as contributed to the recovery of the local economy and society (Bacq and Lumpkin, 2020; Ceraulo, 2021; Fioravante et al., 2021; Ghisellini et al., 2021; Sentuti and Cesaroni, 2021). This evidences the relevance of implementing new models of enterprise that integrate the needs of internal and external stakeholders (Fioravante et al., 2021; Jakobsen et al., 2017; Uelmen and Bruni, 2006; Borzaga and Tallarini, 2021) in order to improve the wellbeing of the society (Padilla-Rivera et al., 2020) and its resilience towards such shocks (Pal et al., 2014).

In this view, Humane entrepreneurship (HE) has emerged in the last years in response to the growing demand of new approaches and visions of enterprise that search for a profitable business and are sensitive to the current environmental and social challenges (Parente et al., 2020). HE is conceived as a theoretical and practical framework that fits with the three bottom line model of sustainability (Elkington, 1994) and the United Nations 2030 Agenda and its 17 Sustainable Development Goals (SDGs) (Parente et al., 2020).

Furthermore, the CE model is also receiving a growing consensus from enterprises and its principles (e.g. reduce, repair, reuse, remanufacture, recycle) (Murmura et al., 2019; Merli and Preziosi, 2018) are currently increasingly being applied reflecting they are willing to innovate their activities and conventional models in particular to reduce their contribution to the current environmental crisis (IPCC, 2021).

Moreover, the circular business models adopted by start-ups are attracting the interest of the international research (Henry et al., 2020; 2022) by opening new opportunities for their explorations (Suchek et al., 2022). Circular start-ups (CSUs) are particular meaningful in the early stage of the transition to CE (Van Langen et al., 2021) as they are currently adopting disruptive circular strategies (Henry et al., 2020) that are crucial for their spillover effects in reverse supply chains to advance CE in large incumbents (Ciccullo et al., 2022; Veleva et al., 2018) and, in general, in the private sector (Henry et al., 2022). Their motivations of addressing environmental problems at global and local level (De Angelis and Feola, 2020) are crucial

for providing responses to environmental challenges and for intercepting market limitations (Rok and Kulik, 2020). To the best of our knowledge only some articles analysed Italian CSUs business models (Coppola et al., 2023; Ciccullo et al., 2022) and no one integrated the concepts of HE in circular business models of start-ups. Further, a few studies have measured HE in SMEs (Debicka et al., 2022; Le, 2022).

Therefore, this paper investigates the business models of a sample of Italian CSUs with the main goal of understanding the main drivers behind their entrepreneurial idea and vision, the features of their business models, the integration of the three pillars of sustainability, their HE orientation and the impacts of COVID-19 in their activities.

Therefore, in this study, our research questions are the following:

1. What factors (environmental and social) triggered CSUs entrepreneurial idea and characterise their visions?
2. How do start-ups implement CE principles (e.g. reduction, repair, reuse, remanufacturing, recycling)?
3. How do they integrate the three pillars of sustainable development in their decisions?
4. How do they integrate the human entrepreneurship orientation towards employees and local community?
5. How did the COVID-19 Pandemic impact on the CSU's activities?

To match its aims, this study is organized as in the following. Section 2 provides a review of the literature evaluating circular business models, Human entrepreneurship theoretical framework, the effects of the COVID-19 pandemic on entrepreneurial activities and CSUs while section 3 describes the method adopted in this study. Section 4 presents the results. These latter are discussed in section 5 while the main conclusions are presented in section 6 along with the implications of the results of the study.

2. Literature Review

2.1 Circular start-ups and business models

The concept of business model is crucial for enterprises as it expresses the way of doing their business and creating, delivering and capturing value for all stakeholders (De Keyser and Mathijs, 2023; Bocken et al., 2016).

Worldwide, the CE is still at the early stage of implementation (Bosman and Rotmans, 2016; Kirchherr and Van Santen, 2019). The business models of enterprises in some relevant economic sectors (such as energy, transportation, food, construction, clothing and textile, technology, retail, advertising and media) are considered unsustainable and their transfor-

mation is needed by means of different strategies including the adoption of CE (Bocken and Short, 2021). Therefore, even if circular business models represent a challenge for an enterprise, due to the involved changes they require (Pieroni et al., 2019), they should be adopted to improve the sustainability of their consolidated business models (De Keyser and Mathijs, 2023) and maintain their competitiveness now and in the future (World Economic Forum, 2022).

Circular business models suggest the closing of material loops, the increase of resource efficiency or the extension of their value over more than a life cycle (Bocken et al., 2021).

Henry et al., (2020) identified in a sample of 128 international CSUs five dominant circular business models namely design-based, waste-based, platform-based, service-based (e.g., energy as a service), and regenerative / nature-based business models. Further, Henry et al., (2022) extended the analysis to understand the motivations of the founders of the CSUs behind their decision to create a new venture as well as their entrepreneurial visions and missions. These aspects are crucial for shedding light on bottom-up initiatives in CE transition and understand their potential. Currently CSUs mainly born to address environmental issues rather than for social altruism (Henry et al., 2022) and only in some cases do they simultaneously perceive all three sustainability pillars (De Keyser and Mathijs, 2023). However, the literature also presents case studies where CSUs try to maximize their positive impacts and harmoniously combining the environmental and social pillars with the achievement of their profits (Rok and Kulik, 2020). Finally, it is also stressed the importance that CE implementation in society is integrated by the concept of “sufficiency” to tackle the excessive levels of material consumption in production and consumption. In a sufficiency-based society, everyone should have enough for a good life with more equality and fairness across society and environment where the societal actors have changed their short-term *“view with a longer perspective and developed an essential collective sense of commitment and responsibility”* (Bocken and Short, 2020).

2.2 Human entrepreneurship

Human entrepreneurship (HE) has been defined by the combination of three components: entrepreneurial orientation, sustainable orientation and human resource orientation (Parente et al., 2020; Kim et al., 2018). HE is based on *“a new way of identifying and exploiting entrepreneurial opportunities through the active involvement of people inside and outside organizational boundaries”*. In that, Parente et al., (2018) suggest that: *employees be inspired and supported in enhancing their talents in the service of an entrepreneurial project. On a wider external level, the ability for entrepreneurs to build consensus, in their*

own communities of reference, is relevant to the definition of strategic entrepreneurial postures". To reach this consensus the traditional vision of entrepreneurship, which has a logic oriented towards business and exploitation of opportunities, should be enhanced by adding a human-centred logic, i.e., human entrepreneurship (Bae et al 2018; Kim et al 2016). As a result, from a resource-point of view, HE orientation is considered as a firm-specific resource that is *"unique, inimitable, uncopiable and irreplaceable"* (Tiep Le, 2022) and contribute to achieve the idea of enterprise as a project rather than *"a machine for making money"* suggested by the scholars of civil economy (Bruni and Zamagni, 2015). In this perspective, the enterprises is a social institution besides being an economic actor that suggests *"corporate social responsibility as a form of justice instead of philanthropy"* (Amaeshi, Nnodim and Osuji, 2012).

Finally, HE is also a framework that potentially could create synergies with circular entrepreneurship since the motivation and identities of circular entrepreneurs are influenced and moved by the triple bottom line orientation (Henry et al., 2022; Rok and Kulik, 2020).

2.3 Circular start-ups and COVID-19 pandemic

In the early 2020, the World Health Organization (WHO) stated that COVID-19 was a world health emergency. The quick and disrupting spread of the virus across countries has produced dreadful impacts on most economic and social activities (Kurita and Managi, 2020; Katafuchi et al., 2021). In order to reduce the transmission of the COVID-19 across the population, the national Governments have adopted numerous and diverse measures, such as social distancing, home quarantine, school closures, and case isolation (Yoo and Managi, 2021). All these policies have caused social and economic shocks in the short-term and growing concerns exist about the long-term effects on household income, consumption (Kim et al., 2018; Martin et al., 2020), economic growth, innovation and entrepreneurial processes (Kurita & Managi, 2020).

In this context, firms and innovative start-ups adapted and further innovated their business models (Guckenbiehl and de Zubielqui, 2022) and outlined new strategies and approaches that fit the new situation (McIver-Harris & Tatum, 2021;). Among these, the adoption of more sustainable and humanistic business models has the potential to boost start-ups to react more effectively to the current sanitary crisis (Uelmen and Bruni, 2006; Jakobsen et al., 2017) and the changing needs of their employees, customers and other stakeholders (Debicka et al., 2022). Generally, the specific features of innovative start-ups should enable them to better cope with the COVID-19 crisis than other firms. Indeed, being innovative can be considered as a precondition of the resilience, as innovative firms should continuously

anticipate and face new trends and/or shocks (Linnenluecke, 2017). Additionally, some very recent studies are showing that circular firms are more resilient than non-circular firms to both period of crisis as well as normal times, as they reduce the use of scarce natural resources (Borms et al., 2023). This can be singled out as a reason why the emergence of the pandemic has drawn the attention to CE as a driver for a higher sustainability (Wuyts et al., 2020). This confirms that the pandemic has stimulated the attention and forced businesses to innovate their business models and culture towards entrepreneurial values encompassing strong sustainability (Cohen, 2020) and humanistic concerns such as solidarity, empathy, equity, and fairness (Del Baldo and Baldarelli, 2019; Molteni, 2009; Nigri et al., 2020).

3. Approach/Method

This section deals with the method adopted in this research to achieve our goals. It is organized in two subsections: research design and sample selection, Interview protocol and data analysis.

3.1 Research design and sample selection

This study adopts a multi-case study approach (Eisenhardt, 1989) consisting in the analysis and comparison of the activities of a group of CSUs. The choice of case study analysis approach, appears to be coherent with previous recent studies analysing the adoption of CE principles and business models of small (e.g., De Angelis and Feola, 2020; Rok and Kulik, 2020) and larger samples of circular start-ups (Henry et al., 2020) and their contribution in perceiving the three pillars of sustainable development (Rok and Kullik, 2020).

This research was designed to collect primary data by means of qualitative interviews face to face (Brinkmann, 2013) and secondary data retrieved from the Atlas of the Circular Economy and in particular from the websites of the selected start-ups.

Before the selection of the sample a literature review was conducted in the emerging field of research of CSUs to identify the main investigated themes as well as the theoretical base where frame the results of this study (Henry et al., 2022).

An initial group consisting of seven CSUs has been built by means of a search in the Atlas of the Circular Economy. The latter platform, in particular, includes many secondary data on the organizations (including start-ups) transitioning to the CE. For each organization, the Atlas dedicate a web page showing how the organization is experimenting the CE, the features of its products/services and its environmental and social policies. Moreover, as evidenced above, further information about the group of the

start-ups was retrieved from their web sites.

After the selection of the seven CSUs, researchers of the group analysed them separately in order to synthesise the firm history and mission and identify the CE business models adopted.

The CSUs have been later contacted by email to ask them to participate to the face-to-face interviews, but only 3 out of 7 provided a positive answer. Notwithstanding, the participation of only these three start-ups- is coherent with Patton's (1990) recommendation about the relevance to select information-rich cases for facilitating in-depth understanding of the topics of interest.

The selected three Italian circular start-ups are distributed in different economic sectors responsible of relevant environmental impacts (e.g. in terms of water consumption, greenhouse gas emissions, waste generation) in the life cycle of products, such as textile/fashion, construction and food supply chain. These three economic sectors have been identified as key product value chains in the Circular Economy Action Plan of the European Union requiring the adoption of urgent, comprehensive and coordinated actions to reduce effectively their environmental impacts (European Commission, 2020).

3.2 Interview protocol and data analysis

Interviews face to face with the founders of the three start-ups (Rifò, Prespaglia, Packtin) were made by at least two members of the research team on the basis of an interview protocol that was developed according to literature (Gibbert et al., 2008).

A list of questions for the interviews was defined on the basis of the literature and in particular: Henry et al., 2020; 2022; Rok and Kullik, 2020; Dębicka et al., 2021; Parente et al., 2020.

Before starting the interviews, the founders of the three CSUs received an information sheet and a consent form where they were informed about the motivations behind their selection, their rights as participants to an interview, how the information collected during the interview will have been handled and further elaborated.

The interviews lasted about 1 hour and have been conducted by means of the most available on-line platforms or by phone. They have been always audio-recorded after receiving the consent of the interviewees. Some notes have also been taken by the members of the research group.

The interviews took place in the period between November 2021 and March 2022. The list of questions used is available in the Appendix. After the interviews, the data collected (both recorded interviews and personal notes of team members) have been transcribed in the form of reports and analysed by the research team members.

A coding procedure was adopted to analyse and process the data collected in the interviews. Table 1 reports how the data have been processed

starting from some exemplary quotes and aggregating them into second order categories. Both the categories of first order and second order code have been selected on the basis of the literature cited accurately in Table 1.

Finally, the main steps of the research method adopted in this study are summarised in Table 2.

Tab. 1: Coding procedure from interviews excerpts to aggregations in theoretical concepts and definitions.

Interview quotes	1st order code	Reference/ definitions 1st order code	2nd order codes (Aggregate dimensions)
<p>"The creation of a sustainable brand was born during a journey in Vietnam when I became aware of the huge problems of overproduction and overconsumption in the fashion industry" (Rifò);</p> <p>"The idea of our start-up emerged from the desire of apply in practice the biorefinery concept that was largely investigated in research and valorise food by-products considering them resources than waste" (Packtin);</p>	Biospheric altruism	Henry et al., 2022 <i>"Motivation based on a pro-environmental attitude addressing nonhuman species"</i>	Entrepreneurial Motivation/idea (Henry et al., 2022)
<p>"Innovate conventional building products manufacturing them in a more sustainable manner with bio-based products of high quality that guarantee the good health and wellbeing of our clients in their buildings" (Prespaglia)</p>	Social altruism	Henry et al., 2022 <i>"Motivation to enhance the well-being of others"</i>	
<p>"The way in which we have produced, consumed and conceived clothing is no longer sustainable. This is why we need a revolution" We are against programmed obsolescence, especially in the fashion industry" (Rifò).</p> <p>"I would like to be more involved in the improvement of the wellbeing of the local community and consciousness in construction about the use of materials of high quality and that comply with the principles of CE" (Prespaglia)</p>	Inspire/ teach circular consumption	<p>Bocken and Short, 2020: <i>"consumption-orientated society based, not only on circular economy, but on sufficiency"</i>.</p> <p>Henry et al., 2022: <i>"Influence consumers or markets by raising awareness and role modelling circular mindsets/ practices"</i></p>	Entrepreneurial identity (vision/ objectives and business environment interaction) (Henry et al., 2022)
<p>"From the beginning one of our brand cornerstones has been our supplier's transparency, one of our fundamental values" (Rifò).</p> <p>"We decided to create a new social impact project, a school for cenciaiolis for people coming from the migrant's local reception centres" (Rifò).</p>	Social Impact	Henry et al., 2022 <i>"Striving for social equity along the supply chain, impact on social structures or (marginal) societal groups"</i>	

<p>"The circular design has a key role for our start-up since our garments are designed to be more durable in their whole life cycle...." (Rifo).</p> <p>"Our products are designed with materials that are mixed in a natural way without the adoption of heat and energy, thus reducing strongly CO₂ emissions in the production processes". (Prespaglia)</p>	Design-based model	Henry et al., 2020: "Design-based start-ups adopt circular innovations mostly in the pre-market phase of their product or service through source material minimization, product design or production process efficiency".	Circular business model application (Henry et al., 2020)
<p>"The core activity of Packtin encompasses a set of processes that at cascade gives an increasing value to by-products of the regional agri-food industry (Emilia Romagna Region).".</p>	Waste-based model	Henry et al., 2020: "Waste-based CSUs seek to extract value from unexploited external waste streams (e.g. recycled plastic, CO ₂ , surplus food) mostly based on innovative process solutions"	
<p>"Sustainability means the minimization of the environmental impacts of our products and processes" (Prespaglia)</p> <p>"The pilot plant that we are developing for waste valorisation is also designed to recycle the water and other by-products that it generates" (Packtin).</p> <p>"Today it is necessary to reuse and recycle for the respect of the Planet and for achieving a long-term sustainability and resilience" (Rifo).</p>	Equilibrium among the three pillars	<p>Elkington, 1999 "social justice, economic prosperity and environmental quality" three key elements of the triple bottom line"</p> <p>vision of founders of CSU as ecopreneurs – inner goal of changing the world for the better. "The economic benefits of succeeding in business are perceived in parallel. (Rok and Kulik, 2020)".</p>	Sustainable orientation Rok and Kulik, 2020)

Not investigated in the interviews	Empowerment	Debicka et al., 2021	Human entrepreneurship orientation (in terms of variables to be studied: Debicka et al., 2021)
Not investigated in the interviews	Ethics	Debicka et al., 2021	
“The artisans who collaborate with Rifò share our values. We ask them to sign a code of conduct, by which they also undertake to respect the 4 principles of the International Labour Organization (ILO): Freedom of association; No forced labour; No child labour; No employment discrimination	Equality	Debicka et al., 2021	
“We pay a great attention to develop a very inclusive, participative and collaborative organizational culture and climate” (Rifò)	Employees Engagement	Debicka et al., 2021	
<p>“Our technology and plant should be implemented in close proximity of the agri-food industries generating in this way a virtuous relationship with the local community, not only in economic terms but especially in social ones” (Packtin).</p> <p>“I would like to be more involved in the improvement of the wellbeing of the local community by improving the awareness about the importance of the use of high quality products in buildings” (Prespaglia)</p> <p>“We finance several solidarity projects in order to give something back to the local community where our company located” (Rifò).</p>	Ecosystem/ local community involvement and development	Debicka et al., 2021; ISO 26000, Social responsibility	

Table 2: Description of the main steps of the research methods adopted in this study

Step 1. Identification of the general objectives of the research (analysis and comparison of the activities of a group of CSUs) and the methods for data collection of the case studies (qualitative interviews and secondary data from interviewees' websites);
Step 2. Literature review for identifying the main researched themes in CSUs research and the theoretical base for the results of the study;
Step 3. Identification of an initial groups of seven CSU by means of a search in the Atlas of the circular economy;
Step 4. Analysis of secondary data of the seven CSUs. Contacted Founders of the CSU to invite them to interview face to face. Reception of the consent to participate to the interviews from 3 CSU;
Step 5. Definition of the list of questions for the interviews on the basis of the reviewed literature;
Step 6. Interviews preparation by sending the information sheet and a consent form to the participants;
Step 7. Conduction of the interviews by the research team members;
Step 8. Analysis of the data collected (both recorded interviews and personal notes of team members) and transcription in the form of reports. Further processing of the data and their aggregation into identified first order variables and aggregate dimensions.

4. Results

This section deals with the presentation of the results about the analysis of the preliminary data collected via Internet websites of the start-ups as well as of the data from the interviews. It starts to describe the stories of the three start-ups and proceeding with the description of their circular production models in the other sections. Table 3 shows specific information about each interviewed CSU.

Tab. 3: Main information about circular start-ups interviewed.

	Rifò	Prespaglia	Packtin
Foundation date	2017	2017	2017
Members (educational skills)	Two co-founders, an intern and 11 employees. The founder has a degree in International Economics while his colleague has a high school diploma as an expert in textile sector.	The Founder, his son and five employees. The founder is a surveyor and has a long experience in the building sector.	Three co-founders and two employees. The three founders have a PhD in Agricultural Science and Technologies while the two employees a degree in Economics and Law.
Location	Prato (Tuscany Region)	Modugno (Apulia Region)	Reggio Emilia (Emilia-Romagna Region)
Mission	Design and creation of an ethical fashion that is versatile, qualitative and unique reversing thoroughly the concept of fast fashion.	Design and innovate conventional building products and technologies with products designed and manufactured in a more sustainable manner.	Reduction of the amount of food by-products by recovering them in a cascade of multiple uses to maximize their value into appropriate recovery options and products.

4.1 *The selected circular start-ups and their stories*

4.1.1 *Rifò*

This start-up is leading in the fashion sector and has been created thanks to the project idea of one of the co-founders in the year 2017. The name of this start-up, “Rifò” (originated from the verb “to redo”) has been chosen by the co-founders as it reflects the spirit of Tuscany people and the way of speaking of the artisans who invented, more than a hundred years ago, the method of regenerating old garments to produce a new yarn: the so-called “Cenciaioli”. Furthermore, “Rifò” aligns with their will of doing and continuing a traditional craft that has been disappearing in recent years.

“Rifò” moved officially in the year 2018, from an idea of one of the co-founders to a venture located in Prato (central Italy) with a social aim after joining the “Hubble” acceleration program at the Nana Bianca accelerator in Florence, with the support of Research and Development Foundation and Fondazione Cassa di Risparmio di Firenze. The idea underlying the creation of “Rifò” was conceived outside of Italy, in Vietnam, where one of the co-founders, in a journey in that country, became aware of the huge problems coming from the overproduction and overconsumption in fashion industry.

The team of the start-up is currently composed by the co-founders and several employees with different ages and skills (ranging from fashion designers to product developers and communication specialists).

4.1.2 *“Prespaglia”*

The start-up has been created in the year 2017 by the founder after several years of research and work experience for big companies in the field of bioconstruction. The huge research work of the founder was aimed to the creation of more sustainable products and consisted also in the preparation of innovative prototypes.

In the interview the founder evidenced that the idea of designing and producing innovative building products was born during a conference on the energy efficiency and use in buildings including presentation of cases of zero energy buildings.

These aspects are at the core of the current mission of the start-up that aims to innovate conventional building products and technologies with products designed and manufactured in a more sustainable manner. So far, Prespaglia have designed and patented a wide range of products having straw as a common ingredient. It is the flagship of their model of eco-sustainability based on circular economy principles.

The team of the start-up consists of the founder and his son as well as

of five workers and a secretary. The description of the team by the founder is particularly passionate towards one of the workers due to his high skills and dedication to the job. Indeed, such dedication and passion is expressed in the products that are defined by the worker as his creatures.

4.1.3 Packtin

Packtin has been founded in 2017 from a spin-off of the University of Modena and Reggio Emilia. The team of the start-up is composed of five members (three co-founders and two employees) who have all a high level of education. The creation of the start-up can be considered as an evolution of the research projects of the three co-founders performed during and after the PhD.

Since its foundation, the mission of Packtin has been contributing to the reduction of the negative effects of the linear model of industrial production in agri-food sector. In the interview, one of the co-founders pointed out that the production of a good in agri-food sector, in the linear production model, considers as waste all the by-products generated during the production process and that are not incorporated in the final good. In such perspective, all the by-products should be treated as waste leading to high environmental, social and economic costs. This problem is as much as relevant in Emilia Romagna Region, where the start-up is located, that is one of the leading Regions in Italy and at the global level in agri-food industry. Accordingly, taking into account this huge problem, the team reflected on how to transform the by-products into an opportunity. In this view Packtin started to design a process of recovery and valorisation of some type of by-products in order to produce new goods with an increasing value.

4.2 How do start-ups implement the principles of CE?

This section describes in detail how the selected start-ups are applying the principles of the CE (*reduction, repair, reuse, remanufacturing, recycling*) in order to understand better why they can be defined as circular born start-up. They adopt one or more than one of the CE principles. “Rifò” mainly applies the reuse and recycling principles but has a strong focus on product design. In the same perspective, follows “Prespaglia” which production model is also highly centred on product design and in the production of biomaterials for construction industry made of straw from wheat cultivated in the surroundings of the company by local farmers. The third start-up, “Packtin” recycles by-products coming from the regional agri-food industry, at cascade, in so providing with the opportunity of maximizing the value of the by-products.

4.2.1 Rifò circular production model

Rifò can be considered a CSU as its missions is producing new clothes from regenerated yarns (e.g., cashmere, wool and cotton for jeans), which are, in turn, easily and entirely recyclable. In other words, as claimed by the Founder, *“Rifò is able to create a regenerated and regenerable clothing line at zero miles in Prato”*. Moreover, *“the circular design has a key role for our start-up since our garments are designed to be more durable in their whole life cycle and at the end-of-life they can be easily disassembled in order to return as quickly as possible into a new production cycle. The complete recycling of clothes is possible as we try to use the same fibre for each component of the garments (e.g. stitching) and avoid too much inlays”*.

The raw materials used by Rifò are regenerated yarns/fibres of different types. The yarns are used for the production of their garments, that are designed internally, while weaved by artisans located in close proximity (lower than 30 km) of the company. This assures a constant relationship of the company with its suppliers which activities also need to be certified by international certification standards. It is important to highlight that the recycling of textile fibres is possible when the garments are 95-100% composed of a single material, be it virgin or recycled. A virgin cashmere fibre can be recycled up to about 5 times whereas jeans cotton up to 3 times. So, the choice of consumers towards the purchase of cotton or wool garments that do not have large amounts of synthetic materials assures more opportunities of being recycled at the end-of-life.

Rifò underlines that regenerated yarns, have shorter fibres compared to virgin ones. As a result, the yarn composition includes a very small amount of virgin fibres (e.g. 20% for regenerated cotton and jeans, and 5% for Cashmere) needed to strengthen the structure of the fabrics and knitwear in order to support the tensions of the production process. The goal of Rifò would be to collect as much as possible old garments and regenerate them into a new cycle in order to create a closed cycle with a zero-net impact. Most of the regenerated materials comes from collected post-consumers clothes (66%) compared to pre-consumers ones (industrial leftovers). Only the recycled cotton derives from pre-consumers sources due to the scarcity of post-consumers products to regenerate. Unfortunately, most often the latter have a mixed composition of cotton and synthetic. The cashmere regenerated mainly origin from clothes coming from North America whereas the regenerated jeans come from European jeans (mainly southern Europe). The collection of the waste clothes occurs from their web portal where they receive clothes made of 100% wool and 100% cashmere. Another source of collection is the project “Rethink your Jeans” by which they collect old jeans composed at least by 95% cotton. In 2020, Rifò recycled about 200 cashmere sweaters and 272 jeans. From these it has been possible

to obtain about 67 kg of cashmere and 150 kg of jeans respectively.

The founder in the interview underlines that the production processes of regenerating yarns generate a small amount of waste that is all recycled internally. Rifò aims to be a sustainable brand and be transparent by revealing the impacts of its activities. Rifò is aware of its limits but aims to face daily challenges with a parallel approach of continuous improvement.

4.2.2 Prespaglia circular production model

The production process of this start-up leading in bio-construction sector is highly centred on bio-based materials and in particular on straw. The latter is included in many of its products from the eco-blocks for external cladding to the architraves until panels for thermal coatings. Straw, is one of the oldest and most used building materials due to its recyclability and incredible natural and performing properties. Moreover, it is easily locally available due to the vocation of Apulia Region in agriculture.

The main feature of straw is its high thermal insulating and sound-absorbing properties, which are essential for creating soundproof and relaxing building environments. The bricks made of straw also contribute to construct solid and long-lasting buildings thanks to the mechanical resistance of straw which has also excellent anti-seismic properties. The interview with the founder reveals that they also have patented recently a structural brick made with bamboo cane. The use of this material provides with the opportunity of lightening the building structure in reinforced concrete.

The bio-construction products by Prespaglia (from bricks to external coating) are also made of expanded clay that is an important material which has the feature of removing the excessive level of humidity in so assuring the optimal microclimate inside the building. Moreover, the glue to attach the materials and plasters are made of straw dust (which is a very resistant thermos plaster) as well as of hydraulic lime and white cement. These materials make it possible to eliminate thermal bridges, helping to provide a planetary compensation of the masonry. Interestingly, the founder during in the interview evidence that *“the materials contained in Prespaglia products are mixed in a natural way without the adoption of heat and energy, thus reducing strongly CO₂ emissions in the production processes”*.

The case study of Prespaglia reveals that the founder conducts this activity with a strong passion deriving from a massive motivation towards environmental protection which has resulted from the very beginning of the development of the business idea in the search for appropriate solutions for bio-construction materials. In truth, it should be noted that the technical know-how that the founder has accumulated over years of work in the conventional building sector also played an important role. In this view, it is worth pointing out that all Prespaglia products are the result

of many years of research and a lot of experience in the construction and renovation of buildings.

The quality of the products has also been proved by thermal tests and other tests. The start-up also aims to obtain the Environmental Product Declaration (EPD) for its products and is performing a Life Cycle Assessment (LCA) study for some of the products since it is required by the EPD certification. Finally, the environmental efforts of the start-up are also reflected in the project for installing a photovoltaic plant on the roof of the facility of the start-up rendering the latter self-sufficient in energy terms. In this way, the start-up adds a further component in its circular production model.

4.2.3 Packtin circular production model

The core activity of Packtin encompasses a set of processes that at cascade gives an increasing value to by-products of the regional agri-food industry (Emilia Romagna Region). Some of the by-products recovered and valorised by the start-up include orange peels as well as tomato peels and seeds. In the interview, one of the founders explains in details the process of valorisation of the by-products. The process is made up of two subprocesses (stabilization and extraction) from each of which specific products are obtained.

The Stabilization of the by-product is performed by means of the creation of a process of exsiccation at low temperatures. The stabilization is needed due to the fact that by-products are fresh and easily perishable and is also important to maintain their flavour and antioxidants. From the process of exsiccation, Packtin obtains the first product that is a flour that can be put on the market and given that it is rich of antioxidants can be used as an ingredient for bakery products or other food products.

The extraction decomposes the by-products in its main fractions such as sugar, vitamins, antioxidants. This gives an added value compared to the conventional flour. The founder underlines that their process is designed as an innovative process of extraction that minimizes the consumption of water. At the end of the extraction process, further products in the form of fibres are obtained that can be used as coatings and are similar to plastic as a material. The founder explained that their business project in developing the technology for the valorisation of agri-food by products (by means of the processes of stabilization and extraction) implies the production of a pilot plant as the required technology to recover the agri-food by-products and, the validation in the: supply chain, technology and market.

After the three types of validations, Packtin considers that the optimal plant should treat a quantity of about 50-100 tonnes of by-products per day, that is a much higher size compared to the one of the pilot plants. In that, such size is also in agreement with the local model of circular economy and

its environmental sustainability in terms of a distance of about 50-100 km from the companies that generate the by-products. Beyond such distance it would be more economically and environmentally convenient to create plants in other areas closer to the production sites of the by-products to avoid excessive transports costs. Moreover, the start-up is also considering to what extent all the processes (stabilisation and extraction) should be performed by Packtin or some should be outsourced.

4.3 How the start-ups integrate the three pillars of sustainable development in their decisions?

With regard to sustainability and its three pillars, one of the questions in the interviews to the start-up was aimed to understand qualitatively their environmental and social awareness and which role have in particular the environmental pillar in their decisions. The three founders/co-founders highlighted that the economic dimension has certainly a relevant role. However, the environmental pillar is intrinsically linked to the economic pillar and is constantly taken into account being part of their core process and products. As a matter of fact, sustainability means for Prespaglia, the minimization of the environmental impacts of their products and processes and also rely on bio-based input of high quality that guarantee the good health and wellbeing of their clients in their buildings. Their products are also certified by the certification scheme ANAB-ICEA that is specific for the bio-construction. ICEA certifies in agree with the standards by the ANAB (National Association of Bioecological Architecture) the bioconstruction materials having a low environmental impact.

The Founder of Packtin e.g., explained that their environmental awareness can be better understood thanks to the fact that their pilot plant is also designed to recycle the water and other by-products that it generates. Moreover, Packtin aims to maximize to the possible extent the value that can be obtained from the agri-food by-products they use as input for their plant. Not to mention that the foundation of their start-up aims to contribute to tackle the high amount of food wastage in agri-food industry.

The founder of Rifò claimed that, the main driver of their business is the environmental protection and safeguard. In the past it was cheap to recycle, but today it is necessary for the respect of the Planet and for achieving a long-term sustainability and resilience. Environmental, social and economic aspects are strongly interconnected and reinforce each other.

4.4 How is the human entrepreneurship orientation of the start-ups towards employees and local community?

The interviews confirmed a different inclination of the start-ups about the inclusion of human and social aspects already resulted by the analysis of their web sites and other secondary sources. However, despite these differences the three start-ups have in common a link with the territory where they are located and from the interviews result their willingness to maintain their local identity and contribute as actors to its sustainable development and a better natural environment. In that, e.g., the Founder of Packtin stated that *"our technology and plant should be implemented in close proximity of the agrifood industries generating in this way a virtuous relationship with the local community, not only in economic terms but especially in social ones"*. In a similar manner, the founder of Prespaglia claimed that *"I would like to be more involved in the improvement of the wellbeing of the local community and contribute to the dissemination of the importance of e.g., the Eco-bonus in incentivizing the use of building materials of high quality and that comply with the principles of CE"*. Rifò takes a particular care to all the stakeholders involved in its activity from the employees, to suppliers and local community. Its website includes a section dedicated to the description of each one of the employees and their skills, interests, education and sensibility. Rifò also have a sustainability report - highlighting the efforts in integrating the human and social aspects in the enterprise' activity. As stated by the Founder, *"the involvement of the employees in the activities of the company is constant and there is a continuous contact assured by weekly and months meetings between employees and founders so to guarantee the diffusion of our organization culture based on sustainability values. We pay a great attention to develop a very inclusive, participative and collaborative organizational culture and climate"*.

The Founder of Rifò also evidenced their goals of maintaining a positive impact in the territory by providing job opportunities to local artisans sharing with them relationships based on human values. Rifò also collaborate and finance several solidarity projects in order to give something back to the local community where the company was born and currently located.

4.5 How the COVID-19 Pandemic impacted on the circular start-up's activities?

The COVID-19 Pandemic has influenced to a different extent the activities of the three start-ups depending e.g., on the consolidation of their business and reliance on external sources of financing the investments related to their activity. At this latter regard, the Pandemic impacted negatively on two of them. One of the start-ups has experienced the cancellation of some financing or the prolonging of the time for receiving the financing for

their investments. The other start-ups has experienced problems from the market side in terms of a reduction of the demand for its products and a change in the relationships with its clients. The third start-ups stated that the Pandemic impacted weakly on its activity evidencing a change in the relationship with its suppliers and banks.

Notwithstanding, all the circular start-up interviewed claimed that being circular start-up- and adopting more human business models support them in better tackle this critical moment, such as the COVID19 disease. Moreover, they support the idea that their contribution to environmental sustainability somehow supports overcoming the health problems caused by the pandemic.

5. Discussion

5.1 Entrepreneurial motivations, visions, and circular business models

Results show that the entrepreneurial idea of creating their CSUs is born from: a) founder's awareness of the huge environmental problems caused by the linear model of production and consumption that is dominant in some sectors such as fashion (this is the case of Rifò): b) the desire of finding opportunities for food waste/by-products available in their local area in large amounts and optimize their valorisation with products at cascade (this is the case of Packtin). This latter aspect appears to be crucial in the creation of the spin-off Naturalmente Colore which foundation was triggered by a strong environmental ethos and desire of using locally available biological resources, as well as further increase their value at cascade compared to the landfilling disposal (De Angelis and Feola, 2020).

The case of Prespaglia is a bit different as the start-up was born to design building products manufactured with more sustainable processes and materials, including wheat straw. It seems that there was not an environmental emergence for such biological by-products behind the foundation of Prespaglia, but the desire of delivering sustainable and circular innovation in the sector. This is also in line with Osterman et al., (2021) who observed that Brazilian CSUs in fashion were mainly born to develop and implement in general more sustainable practices.

Our results are also aligned with those of existing literature focused on the motivation underlying the creation of CSUs in Italy (Ciccullo et al., 2022) and other countries (Henry et al., 2022; Rok and Kulik, 2020). The main drivers in Ciccullo et al., (2022) are the intention of the start-ups of reducing the negative environmental impacts and creating a positive social impact in their local community and supply chain. Similarly, Rok and Kulik (2020) interviewed the founders of six circular start-ups in Poland op-

erating in different economic sectors showing that their main foundation intention was also contributing to tackle the environmental issues and delivering a positive impact. The results of the interviews realized by Henry et al., (2022) reveal as main drivers for CSUs the biospheric altruism and social altruism. In that, the interviews highlight that the high environmental awareness of the founders is triggered by the conviction that business *“is a real lever in addressing the environmental problems”* (Henry et al., 2022).

The results of the analysis of visions and business environment interaction of CSUs show how such aspects are disruptive compared to that of conventional linear business models. This is the case of Rifò that claims to be critical of the programmed obsolescence in fashion. For the purpose, they design products for *“longer durability”* and the use of high-quality yarns, as well as *“emotional durability”*. This product design approach aims to create a long-lasting empathy partnership between users/consumers and the products they purchase (Bocken et al., 2016). In that, this is one of key aspects in the vision of Rifò and are communicated directly and indirectly to their consumers. Moreover, it is important underline that also their artisans are embracing their vision of a circular and sustainable brand. Interestingly, the inspiration of circular consumption in their vision/mission seems a common factor in fashion sector as found in another research work of the authors (Ghisellini et al., 2022) and is of particular importance in favouring the adoption of the concept of *“sufficiency”* in CE transition (Bocken and Short, 2021).

The leading role of Rifò in the interaction with its business environment (integration with both consumers and suppliers) is observed in a different extent in the other two CSUs, maybe due to the different sector to which they belong, their technologies and products. However, the pioneering role and the disruptive visions of both Packtin and Prespaglia are relevant for their positive spillover effects given that they strongly needed to change the current linear mindset, even if the interaction with the business environment is not still developed as in the case of Rifò.

5.2 Humane entrepreneurship orientation and COVID-19

In this study, we aim also to better understand how the investigated CSUs could contribute to develop practices and approaches able to support human and social development both within their organizations and at local level. This aspect appears to be very critical as current literature have underlined that the CE models focus mainly on economic and sustainable development, neglecting the social dimension. In order to better recognize the contribution of CSUs to the implementation of the more human and social aspects in current CE models, we analysed their initiatives and activities able to promote more humane-centred entrepreneurship.

Results show that three CSUs investigated integrate the dimensions of HE to a different extent. Based on the interview, it is worth underlining that Rifò is able to address three of the HE variables investigated (e.i., Equality, Employees engagement, Ecosystem/local community involvement and development), while Prespaglia addresses two HE variables, namely Empowerment of employees, Ecosystem/local community involvement and development. Finally, Packtin through its activity tries to involve and develop the local community.

In this study, we have taken as a reference the following HE variables, that is Empowerment, Ethics, Equality/Equity, Employees engagement, and Ecosystem/local community involvement and development (Debička et al., 2020). These authors have assessed the perception of the importance of considering the HE variables in 126 enterprises in Poland from both the enterprise and the employee's points of view. They have found that the perception is in general high in enterprises and employees who perceive the integration of HE variables as crucial.

Increasingly scholars in entrepreneurship literature consider the focus on people, the reinforcement of employee commitment, their empowerment and the identification in the values of the enterprise as important factors useful to improve the organizational performances (Debička et al. 2020). The inclusion of these factors also reinforces the ability of enterprises to face with period of crisis such as the COVID-19 pandemic, increasing their competitiveness (Guckenbiehl and de Zubielqui, 2022). Interestingly, Rok and Kullik (2020) point out that founders of CSUs operate with a liberating feeling of self-efficacy and this provides them the needed engine for achieving their goals, *"and excites their teams about their potential along the way. Inherent emotion like this supplies a pure source of business value, since it raises resilience and the energy levels necessary to sustain success"* (Rok and Kullik, 2020).

According to our results, the role of CSUs is important for their positive effects not only on internal but also external ones. All the three CSUs are committed towards the involvement and development of the Ecosystem/local community and certainly will be useful in stimulating the orientation towards HE framework for other enterprises. Finally, it is important to highlight that Rifò was founded in the year 2017 and become a certified benefit corporation in 2021, i.e. in a relatively a short time. The adoption of such scheme demonstrates in a certifiable manner the efforts and commitment of this CSU towards the achievement of high environmental and social performances.

6. Conclusions and implications

This paper contributes to the existing research providing further evidence and knowledge on entrepreneurial motivations, visions, and business models of a small group of circular born start-ups shedding lights on their approaches to generating social, environmental, and economic value. In that, it explores a concept of value created more in line with the three pillars of sustainability and the current social and environmental challenges that call to rethink the current business models of SMEs and start-ups in new and more sustainable ways (Pencarelli et al., 2020).

The implications can be theoretical, practical and political. Both CE and in particular human entrepreneurship school of thoughts suggests alternative models of more sustainable and human-centred enterprise and entrepreneurs. Therefore, their integration is highly recommended as it would be beneficial in particular for the CE models.

Our study also provides practical and useful guidelines and insights able to inspire established SMEs to adopt circular approaches, and innovative start-ups to implement a circular business model since their foundation. Moreover, our results show the economic and social feasibility of circular enterprises. Indeed, all circular start-ups analysed show in their mission the will to commit themselves to the planet, as well as their engagement in various social (and local) activities even if with different level of awareness and responsibility. It therefore becomes clear that circular companies make it possible to narrow the boundary between economic and non-economic objectives, by pursuing both at the same time.

More in general, the lesson learned from the case studies underline that the ability to propose a business idea and manage a company while maintaining the balance between the inalienable objectives of the three pillars of sustainability determines in some way the incorporation of strategic and management methods and choices capable of maintaining an active resilience capacity to react and adapt the business to the occurrence of external phenomena of change and instability.

Results also on sustainable and humanistic entrepreneurial models could better support firms to tackle critical events, such as COVID-19 disease (or the instability of the socio-economic system caused by the ongoing war scenario), by improving their own resilience and ability to properly respond to such difficult situations.

Policy makers could improve their understanding on the models of circular born star-ups to better focus their intervention in favour of more sustainable start-ups. Environmental and social certification would be an important tool for selecting them by providing transparent and reliable information on their environmental and social performances. Moreover, the support of appropriate learning and conducive environment as well as of

start-ups initiatives can provide a key contribute to the development of circular start-ups and, at the same time, to innovation processes (Passaro et al., 2017) and to the three pillars-based sustainability (Pencarelli et al., 2020).

Specifically, policy makers could define tailored policy measures able to effectively support the transition of the established SMEs towards circular entrepreneurship models and the birth of circular innovative start-ups to pull the technological innovation aligned with the environmental and social renewal.

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Appendix: List of questions for the interviews

Please kindly let us know the year of foundation of your start-up, the number of the founders as well as their level of education;

How did you develop your entrepreneurial idea? Which factors contributed to the creation of your start-up?

What is your mission?

What is the number of employees and their level of education /specialization?

Please kindly describe the production process and products of your start-up or the services that you provide;

What are your future projects related to the activity of the start-up;

How do you pursue the three pillars (economic, environmental and social) of sustainable development? Is there a hierarchy between the three pillars?

Is it difficult to comply with all three pillars? What are the obstacles and what are the drivers?

What tools do you use to communicate your commitment to sustainability? Do you use a Sustainability Report?

How do you measure your company's environmental impacts? Do you adopt environmental certification labels?

Do you pay attention to the entire product life cycle? Did you perform a Life Cycle Assessment?

Are you involved in social impact projects of the local community?

What are the reasons that led you to adopt the Certified Benefit Corporation or the Benefit Corporation models? (if applicable)

Did the Covid-19 pandemic affect your activities?

If so, which type of effects did you face?

Did the relationship with your internal and external stakeholders changed during and after the pandemic?

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PEOPLE FIRST! INTELLECTUAL CAPITAL AND GROWTH OF
HIGH-GROWTH SOCIAL COOPERATIVES (SOCIAL GAZELLES)
IN THE STARTUP STAGE. EVIDENCE FROM ITALY

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Abstract

Purpose. This paper aims to investigate the relationship between Intellectual Capital (IC) and the revenues in high-growth social cooperatives in the startup phase (social gazelles).

Design/methodology/approach. Using the OECD definition, we have selected all 85 social cooperatives born in Italy in 2014 that became gazelles in 2018 or 2019. Applying the VAIC model, we measured the IC of these companies. Then we performed a panel regression analysis with fixed-effects specification to test our hypotheses regarding the effect exerted by the efficiency of human capital, structural capital and capital employed on the revenues of social gazelles.

Findings. The empirical analysis revealed that both Human Capital Efficiency (HCE) and Capital Employed Efficiency (CEE) have a positive effect on revenues of the Italian social gazelles. On the other side, we found a negative relationship between Structural Capital Efficiency (SCE) and the revenues of these companies.

Practical and Social implications. From a theoretical point of view, this paper contributes to the literature on high-growth firms (HGFs) shedding light on a topic still little explored. It also highlighted possible future lines of research. From a practical point of view, examining the relationship between IC and revenues of social gazelles, this study provides useful insights to design social startups.

Originality of the study. This paper fills a gap in the literature by highlighting the positive role of human capital efficiency (HCE) and capital employed efficiency (CEE) in the revenue of social gazelles.

1. Introduction

Social cooperatives are the most important type of social enterprise (Thomas, 2004; Defourny & Nyssens, 2008; Euricse, 2011) and play a key role in the context of nonprofit organizations (Borzaga et al., 2014).

In Italy they are regulated by law no. 381/1991 and legislative decree no. 112/2017, which introduced two types of social cooperatives: type A and type B. While the former provides services to people, the latter employs disadvantaged workers.

Some of these social cooperatives achieve a sustained competitive advantage already in the startup stage. By satisfying widespread social needs, some of them achieve high revenues immediately after their birth and grow so much that they take on the characteristics of “gazelles”, as young high-growth companies are called. The similarities with these gazelle companies lead us to call them “social gazelles”, since they pursue purposes of a social nature.

We analyze accounting data of these social gazelles acquired from Aida-Bureau van Dijk digital database, in order to verify if the Intellectual Capital (IC) affects their revenue growth. For this purpose, we measured IC and its components, Human Capital (HC) and Structural Capital (SC) according to the Value-Added Intellectual Coefficient (VAIC) model (Pulic, 2000). Then we measured the efficiency of these components of the IC, i.e. the Human Capital Efficiency (HCE) and the Structural Capital Efficiency (SCE), which measure, respectively, the contribution of HC and SC to value added creation. Finally, we tested the relationship between the revenues of these social gazelles and the efficiency of the components of Pulic’s VAIC model by carrying out a panel regression analysis with fixed-effects on a longitudinal dataset of 85 Italian social gazelles born in Italy in 2014.

This paper is structured as follows. Section 2 deals with the literature review. Section 3 presents the theoretical background and the hypotheses. Section 4 describes the research design, econometric analysis, and the results. Finally, sections 5 and 6 discuss the results and conclusions.

2. Literature review

Studies on high-growth firms (HGFs) began in the middle of the last century with the work of Edith Penrose (1959), “*Theory of the Growth of the Firm*”. The ability of these companies to create a large share of net new jobs (Birch, 1981; 1987; Henrekson and Johansson, 2010) has captured the interest of scholars and policymakers.

While in the literature there is a large stream of studies that analyzed the relationship between IC, performance (e.g., Clarke, Seng, & Whiting, 2011;

Inkinen, 2015; Xu & Liu, 2020) and business growth (e.g., Mukherjee & Sen, 2019), there are no studies with specific reference to young high-growth social cooperatives. For instance, Pena (2002) has analyzed the impact of IC on the survival and success of startups. Temouri et al. (2020) analyzed how cluster location and IC impact the entrepreneurial success of the high-growth firms. Studies on young social HGFs are lacking. This is the contribution of our work to literature.

The use of the term “gazelle” refers only to young enterprises in the first stage of life is increasingly widespread among scholars (Kirchhoff, 1994; Brüderl & Preisendörfer, 2000; Fritsch & Weyh, 2006; Petersen & Ahmad, 2007; Acs & Mueller, 2008; Daunfeldt et al. 2015; Eklund & van Criekingen, 2022). Even the OECD uses the term gazelles in this meaning, since it defines them as “...all enterprises up to five years with an average annual growth of more than twenty per cent per year over three years and with ten or more employees at the beginning of the observation period” (Eurostat-OECD, 2007). The assimilation of the concept of a fast-growing company to startups is also widespread in practice. Paul Graham, co-founder of “Y Combinator”, one of the most tech startup accelerators of the world, defines startups as companies “*designed to grow fast*” (Graham, 2012).

In this study, therefore, we consider gazelles only the high-growth startups. This meaning is becoming more and more widespread in the literature (Daunfeldt et al., 2015), in practice, and in the statistical international surveys on entrepreneurship carried out by the OECD. Therefore, by adopting the concept of gazelle in this meaning of a young, high-growth enterprise, it is possible to compare the results of this study with those of other scholars and statistical surveys, avoiding ambiguities deriving from the use of different notions of a gazelle firm (Petersen & Ahmad, 2007).

The existence of social gazelles indirectly testify that it is possible to successfully combine social value creation with financial sustainability of these social high-growth young firms.

Financial indicators (e.g., income, Return On Equity, Return On Sales, etc.) cannot be used to assess the performance of social cooperative gazelles. A debate on financial indicators that may be significant for social enterprises is still ongoing in the literature (Marin-Sanchez & Melia-Martí, 2006; López-Espinosa et al., 2009; Beaubien, 2011; Beaubien & Rixon, 2012). The creation of economic value in social enterprises is necessary for financial sustainability and business continuity (Dees, 1998; Mair & Martí, 2006). These nonprofit organizations rather they must create social value (Waligóra, 2019) by satisfying widespread social needs. They pursue their goals also exploiting social innovations (Campopiano & Bassani, 2021) and operating in networks with other social enterprises (Metallo et al., 2016).

Even though social cooperatives cannot pursue profit, revenue growth is consistent with their social mission (Carini & Costa, 2013). Therefore, in this

study we assume revenue growth as a proxy for achieving a sustained competitive advantage and, thus, the social value created by these firms (Andreasson, 1996; Thomas, 2004; Mancino & Thomas, 2005; Carini & Costa, 2013).

3. Theoretical framework and hypothesis

Stewart (1997) defines IC as knowledge, information, intellectual properties, and experiences that can generate wealth for the firm. Intellectual capital is the ability of the organizations to create intangible assets to generate value. We can observe it from two points of view: a static one, as a stock of knowledge, and a dynamic one, since the variation over time of this stock derives from the interactions between the members of the organizations (Kianto, 2007). According to Edvinsson & Malone (1997) IC includes the experience and skills gained by employees and customer relations.

IC is composed of the following three fundamental elements: 1) human capital (HC), consisting of the skills, experiences, and motivations of employees (Bontis, 1998; Stewart, 1997); 2) structural capital (SC), which is knowledge stored in databases and information systems of companies (Wu, Lin & Hsu, 2007); 3) relational capital, which is the knowledge developed in network relationships with other firms, people, and institutions (Nahapiet & Ghoshal, 1998).

ICM Group study (1998) indicates the following indicators for measuring IC components:

- SC: Administrative expense/total revenues, Processing time, out payments, Computers/employees, Contracts filed without error, corporate quality performance, Investment in IT.

- HC: Average years of service with the company, Number of employees, Number of managers, Revenues/employee, Employee turnover, Number of female managers. Profits/employee, Average age of employees, Number of exempt full-time employees, Average age of full-time exempt employees, Percent of company managers with advanced degrees.

Roos et al. (1998) proposed the following metrics for the intellectual capital elements:

- HC (competence, attitude, intellectual agility): Percent of employees with advanced degrees, IT literacy, Hours of training/employee, Average duration of employment, Hours spent in debriefing, Hours spent by senior staff explaining strategy and actions (overlap expertise) Leadership index. Motivation index, Savings from implemented employee suggestions, new solutions/products/processes suggested, Background variety index (individual and group level), Company diversification index.

- SC (relationships, organization, renewal and development): Percent-age of supplier/customer business accounted for, Length of relationship,

Partner satisfaction index, Customer retention, Administrative expenses / total revenues, Revenues from patents/software/data/databases/etc, Processes completed without error, Cycle/process times, Percentage of business from new products, Training efforts - expense/employee and hours/employee - Renewal expenses/operating expenses, New patents/software/etc.

Previous studies have also highlighted the role of HC (Castanias & Helfat, 2001; Palazzi et al., 2019; Sarto, Saggese, & Viganò, 2022), IC (Demartini & Paoloni, 2013; Del Baldo et al., 2021) as a source of a sustained competitive advantage (Hall, 1986), also in social enterprises (Masciarelli, Di Pietro, & Serpente, 2020).

The literature has also highlighted how HC affect the survival of start-ups (Gatewood, Shaver & Gartner, 1995), in particular the skills and experiences of the founders (Bird, 1993; Fontana & Nesta, 2010) and the other cognitive factors such as their competence (Chandler & Hanks, 1994; Pinnelli et al., 2018), education (Rasmussen & Sørheim, 2006), and emotional intelligence (Rhee & White, 2007).

This paper aims to analyze the impact of IC on the revenues of the Italian social gazelles. To carry out this analysis we used the VAIC model which breaks down the IC into two components: the human capital (HC) and the structural capital (SC). This model examines the efficiency of the components of the IC and Capital Employed Efficiency (CEE) to evaluate how they contribute to the corporate performance and value creation (Public, 2000, 2004).

In this study that examines non-profit organizations, the VAIC model is used to explain the determinants of a different aspect of performance: revenues, assumed as a proxy of a sustained competitive advantage and of the value created for customers / users. In other words, the hypothesis underlying this study is that the efficiency of the VAIC components, namely Intellectual Capital Efficiency (ICE) and Capital Employed Efficiency (CEE), affect the revenues of these social cooperatives.

We suppose that the efficiency of the HC (HCE) positively affects revenues of social gazelles. As the efficiency of HC increases, the added value created by employees and delivered to customers increases. It derives users' satisfaction which favors the growth revenues.

It derives the following hypotheses:

Hp1. HCE positively affects the revenues of social gazelles.

Hp2. SCE positively influences the revenues of social gazelles.

Hp3. CEE positively affects the revenues of social gazelles.

4. Research Design

4.1. Sample selection and data collection

We used a longitudinal data set consisting of 85 Italian social gazelles over the period 2014-2019 to test our hypotheses.

The process of data collection and sample definition was divided into two steps. First, using the growth and size criteria of the OECD definition, we have identified all the Italian startups that have become gazelles in the period 2018-2019. We set up a search strategy in the Aida-Bureau van Dijk database that selected 2,183 companies born in 2014 (i.e., those up to five years), with at least 10 employees in the second or third year of life (2015 and 2016 respectively) and an average annual growth rate of the number of employees [1] or turnover [2] greater than 20% in the following three years.

$$\text{Employment growth rate} = \sqrt[3]{\frac{\text{Employees}_{(t)}}{\text{Employees}_{(t-3)}}} - 1 > 0.2 \quad [1]$$

$$\text{Turnover growth rate} = \sqrt[3]{\frac{\text{Turnover}_{(t)}}{\text{Turnover}_{(t-3)}}} - 1 > 0.2 \quad [2]$$

At the second stage of the data collection process, among the population of 2,183 gazelles, we selected only cooperatives with a social function (i.e., social gazelles). At the end of this procedure, the final sample consists of 85 cross-sectional units (social gazelles) observed over a period of six years, from 2014 to 2019, as shown in Tab. 1.

Tab. 1 - The process of data collection and sample composition

Growth periods	2015-2018		2016-2019		Total obs.	
	N.obs	%	N.obs	%	N.obs	%
Firms born in Italy in 2014* (N = 41,692)					41,692	100.00
Population of Italian gazelles ^a	1,730	4.15	453	1.09	2,183	5.24
Population of cooperative gazelles ^{a, b}	305	17.63	42	9.27	347	15.90
Final sample: population of social gazelles ^{a, b, c}	65	3.76	20	4.42	85	3.89

* Data refers to the companies available in the AIDA Bureau van Dijk database.
^a Companies became gazelles according to the OECD definition
^b Gazelle companies having the legal form of cooperatives
^c Gazelles set up as social cooperatives (Law no. 381/1991 and Legislative Decree no. 112/2017)

4.2. Variables

The dependent variable used in the regression analysis is the natural log of revenues for the period 2014-2019, assumed as a proxy of growth of the social gazelles.

Explanatory variables include the three components of the VAIC model, such as HCE, CEE, and SCE.

To derive these components using accounting data, following the Public's approach (2000), we first calculated the Value Added (VA) [3] for the i -th social gazelle at year t , as follows:

$$VA_{it} = Output_{it} - Input_{it} \quad [3]$$

where:

$Output_{it}$ is the value of production

$Input_{it}$ is the cost of materials, components, and services

Since in this model wages and salaries are not considered as costs but as investments that play a key role in the value creation process, the equation [3] can be reformulated as follows [4]:

$$VA_{it} = OP_{it} + EC_{it} + D_{it} + A_{it} \quad [4]$$

where:

OP_{it} is the Operating Profit.

EC_{it} are the wages and salaries assumed as proxy of Human Capital (HC)

D_{it} and A_{it} represent Depreciation and Amortization, respectively.

After VA has been calculated, we measured the efficiency of the resources used by companies to create value, namely the Human Capital (HC), the

Structural Capital (SC) and the Capital Employed (CE).

To measure the contribution of human capital to the VA, we calculated HCE by dividing the VA by the total employee costs (HC) [5], as follows:

$$HCE_{it} = \frac{Value\ Added_{it}}{Total\ employee\ costs_{it}} = \frac{VA_{it}}{HC_{it}} \quad [5]$$

To obtain SCE, we first proceeded by calculating the structural capital (SC) [6] as follows:

$$SC_{it} = VA_{it} - HC_{it} \quad [6]$$

SC represents the set of support structures, processes and procedures embedded in an organization that enable human capital to function (Khavandkar et al., 2016). To calculate the SCE, we divided the SC of each i -th social gazelles at the year t to the value created [7]:

$$SCE_{it} = \frac{Structural\ Capital_{it}}{Value\ Added_{it}} = \frac{SC_{it}}{VA_{it}} \quad [7]$$

Finally, we estimated the value the Capital Employed (CE), that represents the book value of assets minus intangible fixed assets (Alipour, 2012), as shown in equation [8]:

$$CE_{it} = Total\ assets_{it} - Intangible\ fixed\ assets_{it} \quad [8]$$

After CE has been calculated, we measured the CEE [9] by dividing the VA to the book value of net assets of i -th social gazelle at the year t , as follows:

$$CEE = \frac{Value\ Added_{it}}{Total\ Asset_{it} - Intangible\ Fixed\ Assets_{it}} = \frac{VA_{it}}{CE_{it}} \quad [9]$$

To control for some factors potentially affects the revenues dynamic, we also introduced in the regression model the following control variables:

Current ratio (LIQU): calculated by dividing current assets to current liabilities (Gill & Mathur, 2011), included in order to control the impact of the short-term financial balance and the liquidity of companies on revenues of social gazelles.

Financial risk (FIN_RISK): measured through debt-to-equity ratio, considering its impact on firms' growth (Baù et al., 2020).

Firm size (SIZE): calculated using the natural log of the number of employees (Eklund, 2020).

We also introduced six temporal variables to appreciate the effect of the economic cycle on the revenue's dynamic.

4.3. Data analysis and statistical procedure

To analyze the impact of IC on revenues in social gazelles we performed a panel regression analysis with fixed effects specification. The software used to process data and perform the econometric analysis is STATA 14.0 MP.

Before running the regression analysis, we performed several statistical tests to select the most appropriate model for our data and minimize the potential bias. First, Since the Breusch-Pagan/Cook-Weisberg test (p-value < 0.001) revealed heteroskedasticity, we refrained from using pooled Ordinary Least Squares (OLS). To decide whether to apply the model with fixed or random effects, we ran the Durbin-Wu-Hausman test. Since the p-value of the Hausman test is less than 0.001, we reject the null hypotheses that the random-effects model is more consistent than the fixed-effects model. Therefore, we have chosen to adopt the fixed-effects model to test our hypotheses.

Finally, we estimated the following panel regression equation:

$$REV_{it} = \beta_1 HCE_{it} + \beta_2 SCE_{it} + \beta_3 CEE_{it} + \beta_4 SIZE + \beta_5 LIQU_{it} + \beta_6 FIN_RISK_{it} + a_i + \varepsilon_{it}$$

Where β_1 , β_2 and β_3 are the regression coefficients of the sub-components of the VAIC, respectively. β_4 , β_5 and β_6 are the estimated coefficients of the control variables. ε represents the error term for the gazelle i at the time t .

5. Findings

In Tab. 2 we report the descriptive statistics (mean, standard deviation, minimum and maximum values) of the variables included in the regression model for the period 2014-2019.

Tab. 2 - Descriptive statistics of variables used in the regression models

Variables	Obs.	Mean	St. Dev.	Min	Max
Revenues	489	793.48	1653.41	0.00	23510.84
Structural Capital Efficiency (SCE)	463	0.22	2.39	-1.37	51.00
Human Capital Efficiency (HCE)	463	1.30	3.03	-4.17	59.45
Capital Employed Efficiency (CEE)	489	1.47	1.11	-1.90	9.81
Number of employees	489	36.10	64.30	0	569
Current ratio	476	1.54	0.97	0.00	9.54
Debt to equity ratio	489	9.88	31.59	-102.75	192.22

The average value of the revenues of the social gazelles in the period 2014-2019 is 793.48 thousand euros. However, revenues have a high variability, as shown by the standard deviation (equal to 1,653.41 thousand euros). To normalize the distribution and mitigate the impact of outliers, we used the logarithmic transformation of revenues before performing the regression, as reported in section 3. As a result of the logarithmic transformation, revenues show an average value of 5.903 and a standard deviation of 1.516.

Tab. 3 reports the pairwise correlation matrix summarizing the association between revenues and explanatory variables.

Tab. 3 - Pairwise correlation matrix

Variables	REV	HCE	CEE	SCE	SIZE	LIQU	FIN_RISK
REV	1.000						
HCE	-0.099	1.000					
CEE	0.176*	-0.046	1.000				
SCE	-0.178*	0.001	-0.107	1.000			
SIZE	0.684*	-0.090	0.276*	-0.086	1.000		
LIQU	-0.094	0.072	0.010	0.201*	-0.15*	1.000	
FIN_RISK	0.126	-0.009	-0.015	0.008	0.104	-0.101	1.000

All the coefficient denoted by (*) are significant at the level of 5%

HCE is weakly and negatively correlated with REVENUES ($r = -0.099$). HCE is also negatively related with CEE ($r = -0.046$) and SIZE ($r = -0.090$); but is positively associated with SCE ($r = 0.001$) and LIQUIDITY ($r = 0.072$).

CEE is positively and significantly related with the revenues ($r = 0.176$) at the level of 95% of confidence.

On the contrary, SCE is negatively and significantly correlated with REVENUES of social gazelles ($r = -0.178$).

Finally, before running the regression analysis, we also checked the Variance Inflation Factors (VIFs). The results of this test are reported in Tab. 4. Both all the VIF coefficients and the mean VIF (1.08) are below the tolerance threshold of 5.00 (O'Brien, 2007), showing that our model is not affected by multicollinearity.

Tab. 4 - Variance Inflation Factors (VIF)

Variables	VIF	1/VIF
HCE	1.04	0.958
CEE	1.12	0.890
SCE	1.11	0.903
LIQUIDITY	1.05	0.957
SIZE	1.11	0.899
LEVERAGE	1.04	0.962
Mean VIF	1.08	

The results of the regression analysis are presented in Tab. 5.

Tab. 5 - Results of fixed-effects (within) panel regression to estimate the impact of the efficiency of IC on the growth of the Italian social gazelles

REVENUES	β	SE	t	P> t	[95% CI]	
HCE	0.068***	0.023	2.945	0.003	0.022	0.113
CEE	0.204***	0.041	5.006	0.000	0.124	0.284
SCE	-0.398***	0.103	-3.877	0.000	-0.600	-0.196
SIZE	0.406***	0.063	6.462	0.000	0.283	0.530
LIQUIDITY	0.011	0.043	0.266	0.791	-0.073	0.096
LEVERAGE	0.002	0.001	1.881	0.061	0.000	0.004
YEAR DUMMIES						
Y2014	1.087***	0.122	8.889	0.000	0.846	1.327
Y2015	1.652***	0.132	12.479	0.000	1.391	1.912
Y2016	1.973***	0.138	14.300	0.000	1.701	2.244
Y2017	2.190***	0.141	15.578	0.000	1.913	2.466
Y2018	2.324***	0.139	16.766	0.000	2.051	2.596
Y2019	2.623***	0.173	15.133	0.000	2.283	2.964
N. obs.	456					
N. groups	85					
R-square:						
Within	0.7678					
Between	0.2876					
Overall	0.5389					
F-stat (11, 360)	108.22***					
Prob > F	0.000					
Note: * p-value<.10, **p-value<.005, ***p-value<.10						

The regression analysis confirmed hypothesis 1. HCE has a positive effect on the revenues of social gazelles. The coefficient of HCE is positive (=0.068) and statistically significant at the level of 1%. In contrast to our hypothesis 2, SCE negatively affects social gazelle revenues at a significance level of 1%. The regression coefficient is negative (=0.398). Investments in SC in the social gazelles probably require more time to generate revenue. Start-ups are often characterized by a lack of reputation and to that reason they take longer to win customers and gain market share (Bruna & Nicolò, 2020).

CEE is also statistically significant at the level of 1% and positively affects the revenues of social gazelles, as shown by the regression coefficient (.204). This confirms our hypothesis 3.

As for control variables, the only statistically significant relationship is between size and revenues. Consistent with our arguments about the key role of human capital in the process of creating value in social gazelles, as the number of employees increases, the value of revenues also increases. The regression coefficient of the variable SIZE is positive ($=0.406$) and significant at the level of 1%.

6. Discussion

This article contributes to the literature on young high-growth enterprises (gazelles), social enterprises, and intellectual capital examining the relationship between IC and the growth of high-growth startup companies set up as social cooperatives. We used the VAIC model to evaluate the effects of these intangible assets on the value creation and growth of social gazelles.

Investments in HC have positive effects on revenue growth already in the short term, i.e. in the first five years of the life of the companies examined in this study, conventionally assimilated to the startup phase. This is because this investment in HC immediately produces positive effects on the quality of the services provided to customers / users of the services provided by social gazelles and this results in revenue growth.

The investment of resources in SC takes longer to produce positive effects on revenues. In the short term it produces negative effects on revenues because it can be achieved by subtracting resources from investments in HC which produce immediate effects on revenues.

This study shows that in social gazelles the investments in HC should be favored over those in SC to sustain a competitive advantage and revenue growth. These social startups create value for customers mostly by investing in knowledge, training, education etc. of their workers rather than in the other the structural components of the IC.

7. Implications, limitations and conclusions

The results of regression analyses show that revenues grow more in social gazelles that invest more in HC. We also find that revenues are negatively related to the investment in SC. In the regression model six temporal dummy variables highlighted a correlation between the trend of the economic cycle and the revenue growth of social gazelles.

This study focused only on Italian social gazelles. This represents the main limitation. Subsequent studies can overcome this limit by examining the relationship between the investments in IC and growth in revenues of social enterprises operating in other countries.

Another possible development of this study is the exam of the relationship between intangible resources and growth for different types of social gazelles in the Italian context (A and B) and operating in different industries (education, healthcare, cleaning services, etc.). A further test should be carried out with reference to the enterprises born in different years and belonging to different cohorts. It would also be interesting to test the relationship between growth and other variables not considered in this research. The development of enterprises is also determined by variables relating to technology, legislation, market forces, etc. (Porter & Van der Linde, 1995). This represents a further limitation of this study.

This research presents both theoretical and practical implications. The theoretical ones concern the contribution on the ambiguous role of the IC with specific reference to high-growth social startups, thus overcoming a gap in the literature. While HCE has a positive impact on revenue growth, the SCE is negatively related to revenues, at least in the short term. Practical implications concern the investment choices considering their effects on revenues. Practical implications derive for planning of investments in IC of social cooperatives in the start-up phase.

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CRISIS AND RESILIENCE IN THE POST PANDEMIC AGE IN
SEARCHING FOR EMERGENT TRUST AND COMMONS GOODS.
SME'S STRATEGIES OF ADAPTATION IN EUROPEAN GREEN
NEW DEAL FOR PEACE, EQUITY
AND INCLUSIVE FLOURISHING IN A NEW MULTILATERALISM¹

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Abstract

Purpose: Paper explore the concept of crisis in a global world as expression of interdependences of economic, social and environmental factors to transform methods and practices of management, organization, SMEs and their networks. Exploring the role of SMEs towards stability and peace. Extremely relevant verify if the industrial policy is able to support the regeneration of SMEs in network trajectories coupling with local-global identity in searching of creativity and variety to push cognitive productivity and profitability in the long run generating resilience to the next shocks.

Design/methodology/approach: The approach of the work is an antropological analysis of the world landscape and the role of SMEs with a multidisciplinary trajectories.

Findings: Major findings are the exploration of perimeter of a new industrial policy in the world about the role of SMEs.

Practical and Social implications: Main effort is to redesign the effort to rebuild a post-pandemic trajectory of the world with more centrality of common goods delivered and produced by SMEs, looking for a more balanced development horizon beyond emergencies by investing in the resilience capabilities of our societies by recomposing financial, health, environmental and social objectives also with a "Relational State" "overcoming" keynesian planning state core.

Originality of the study: The work is a tentative multidisciplinary approach to consider the role of SMEs in a complex world of multidimensional crisis.

¹ A first version of the paper has been presented in the International Workshop PISB October 2021, University of Urbino - Health crisis Covid-19 (2020).

1. Introduction: a long chain of multidimensional crisis and commons as an answer

Crises are always an expression of the fragility of societies and communities or – in many cases – also of entire countries, but today we should say – in the face of the outcome of the covid-19 pandemic – of the global system. Because we see a hard impact on how the different planetary political societies and communities are organized, that push all of us to improve our cooperation capabilities for development, for better medical services, science collaboration, material and immaterial infrastructures and more efficient regulatory institutions. Consequently could be correct to say that emergent interdependent global crises is also a “test” of our resilience capacity and require radical changes to sustainably deal with such a shock like the global health care crisis in 2020 for a diffuse global discontent (Stiglitz, 2020; Cappellin, 2020). Indeed, incremental adaptations activated by markets are no longer sufficient when crises take on systemic value in time and space in a risk growing society (Bech, 2018; Sandel 2015). Like the one that took place from the fall of the Berlin Wall to the defeat of communist systems by launching a global neo-capitalism seemingly without competitors and limits to get to the trigger of the first Internet crisis of 2001 to that from the invasion of Afghanistan and Iraq and that will lead to the tragic political-terrorist trail of 9/11. This will be followed by the 2008 sub-prime economic crash in an unbroken interconnected chain of local-global crises in a complex cycle (political-economic-technological-climate-health-military) from which we have never re-surfaced:

- Terrorist crisis (1995);
- Crisis of confidence on technology (2001);
- Eurozone debt crisis (2006);
- Refugee crisis (2010);
- Climate change crisis (2011);
- Political and institutional crisis in democracy (2016);
- Health crisis Covid-19 (2020);
- Military invasion of Ucraina by Russia Federation (2022) and energy explosion of gas prices.

We need of a global and multilateral stability for a new age of peace and sharing growth after IInd World War. Because we have injected in a long and constant process, albeit at irregular intervals in the last thirty years, both growing distrust into democratic systems and distrust of globalisation for diffuse asymmetries of its global impact for diffuse inequalities (in health, education and climate changes). We need of better redistributed planetary resources and reinvigorated confidence in democratic systems

with the benefits “for all” with a sharing prosperity as a result of open and transparent societies capable of reducing both, inequalities and environmental pressures. Also with a reinvigorating role of SME’s system in the world and in Europe as a diffuse leverage to redistribute resources, innovation, knowledge work and intelligence. Starting from a better prediction of interdependences between different factors of crisis and their vicious dynamics that were kept “hitily” separate: the politician from the terrorist and energy sources, the economic from technology, the climate from the health, the great company from SMEs dynamics. Four interconnected and welded rings revealed by the 2020 Covid-19 global crisis, crossing weakening the US dominance role and strengthening China to which the West has dumped much of the environmental pressure on manufacturing over the past 50 years. In particular, it is exploiting the low wage regimes but also the lower environmental constraints. This trajectory has managed to reduce some of the absolute poverty – especially in eastern and coastal China – but widening the relative one at the expense of the planetary middle classes especially in the West. Will be extremely relevant in that landscape of transformation the industrial policy able to support the regeneration of SMEs in filiere and network trajectories coupling with local and global identity in searching of creativity and variety to push cognitive productivity and profitability in the long run generating resilience to the present and future shocks. That is why, in the effort to rebuild a post-covid-19 trajectory, we can (and must) look at a more balanced development horizon beyond emergencies by investing in the resilience capabilities of our societies by recomposing financial, health, environmental and social objectives also with a “Relational State” over dispensing and authoritative government also “overcoming” keynesian planning state.

The main objectives of the paper are, first of all, to explore the emergent landscape in global and local platform in post-pandemic evolution. Secondly, to define the transformation factors of competitiveness and the role of connections between different loops State and Markets, research and innovation, democratic institutions and people about justice, inclusion and participation. Thirdly, focusing the industrial policy EU necessary to sustain the regeneration of SMEs strategies for a long run adaptation, increasing creativity and open innovation for improving quality of contest and community.

2. Response to world pandemic as new emergent alliances between State, Market and people and SMEs strategies

It means relying – as in wartime – much more on centralizing decisions of the key themes of modern development, since markets – as a form of

decentralization decision-making – are not able in themselves to inject self-regulation and balance with a medium-to long-term look interweaving transparency, rigour and governance decision-making rules. Where the public will have to gain as a support to institutions, businesses and families both financially and from the bureaucratic side to restore that trust in democratic institutions and markets that has been lost in the last 40 years. Demonstrating that they know how to spend the necessary resources that will come from Europe by facilitating the healthiest and most active actors towards that line of transformation along the joint digital and environmental transition by investing appropriately on material and intangible infrastructure (from education to safety to health).

A critical phase of exit from the crisis that will also require the transitional strengthening of the State presence through appropriate investments in equity to foster the great convergence between strategic activities considered essential for the future and that are accompanied by those activated in Europe as a whole. Continental system investments (from universities, aeronautics, medicine, telecommunications, shipbuilding, etc.) to broaden the scope of these sectors on a European scale. An opportunity to balance and regulate the excesses of capacity in some of these sectors from a single market perspective, which is an ancient issue but which the emergency can be revered.

The interconnected pillars of a resilient and more equal society are as follows:

- Development of an infrastructure network for health protection looking at the resurgence of future health crises and the emergence of new ones.
- A widespread investment in school and research to overcome educational and class inequalities in access to knowledge towards a society of equals, to be stronger and faster in adapting to external shocks, to increase the widespread embezzlement of innovations and to restore a resumption of competitiveness in the country, especially in cognitive productivity that allows wages to rise even for greater dynamic stability of the labour markets.
- Reformation of a slow and cumbersome Public Administration that knows how to operate by project and promotes merit, intelligent bureaucracy, aligning with the European trajectories.

So with a Relational State that resumes its regulatory, stimulus and incentive centrality around an appropriate industrial policy strategy starting from support to citizenship and for those services that are part (bottom up) of the common goods of an inclusive democratic country such as: school, health, infrastructure, research, justice. With an overview of public participation between the listed and coordination that could foster an industrial strategy that makes system and also involves the unlisted.

Those inclusive activities (health, school, research, infrastructure, jus-

tice) that are the backbone of a country but also the “bottom-up” source of greater protection in the face of shocks, dynamically protecting families and businesses from the whippings of current and emerging crises. Given that we will get more indebted from this crisis and that we will be exposed for decades to the risk of financing, we will have to use it to become more efficient and lighter. Even relying on refinancing rates below our potential growth rate, building better trading capacity in Europe and making the best use of the tools it offers us with long-term loans and secured by the EU umbrella as we have tried to do even in the covid-19 crisis, gaining that time which is so scarce. Two of the keys are on the one hand our considered private savings as well as – on the other - the primary current account surplus that has been gradually improving since 1992 that do not make us identify with cicadas – as the Germans say – but with ants. In fact, it is the Spiegel itself that reminds Germans that for 30 years the Italian state has been spending less on its citizens than it takes them if we exclude horribilis annus of 2009, with public investments cut by 1/3 from 2010 to 2015 and a 40% drop, to which, according to Spiegel and rightly so, the very low private Italian debts compared to GDP. We must therefore ensure that the enormous private savings are gradually geared towards productive investment even with less use of home ownership where possible and useful as fueling a recovery in investment and growth that will then allow debt to be “normalized”. That’s why it’s necessary to inject confidence, preventing the legacy of the pandemic crisis from being increased risk aversion as a preference for “inactive” savings due to uncertainty weighing on future returns, further slowing the recovery in productivity that has been declining for more than 25 years.

We therefore need to start an industrial strategy that puts the transformation of the production system at the centre by rebuilding the foundations and conditions for a new social and political development also promoting territory network of SME’s. With a Relational State that can’t be reduced to acting as an “urban vigilante” by lighting yellow and red lights or what you can’t do, but also using green for what you can do actively by not just treating the damage that the epidemic and health crisis are creating accompanied by the financial crisis. So a State that stimulates markets, organizations and institutions to reform themselves by co-creating shared value and innovation for an emerging economic, social and environmental resilience by pairing green and digital transformation able to reduce inequality (material and immaterial).

- A. using Golden Power to “defend our national state-controlled companies (and not only) from any external threats that would affect its control”;
- B. offering directionality and promotion to the coordination of invest-

ments and production chains defined as strategic (from manufacturing to services);

- C. outlining a body of medium- to long-term planning tools, avoiding dispersion of actions and interventions at different local regional levels, especially in the energy, infrastructure and training fields;
- D. introducing conditionality related to green and environmental and / or infrastructure innovation policies in a systemic key crossed with the two pillars / actions of circular sustainability and digital economy.

A “selective” trajectory that is able to lift the country in the postcovid-19 from its historical delays:

- north-south inequalities,
- digital divide,
- access to SME (open) innovation with policy for diffusion,
- eco-systemic reinforcement of key supply chains along the ridges (Adriatic, Tyrrhenian, Alps and Apennine).

Around the integration between technological and green innovation in a close connection with Europe to produce, consume and plan differently with appropriate local “endogenous” industrial policies well welded with macroeconomic policies by acting on “exogenous” factors (Cappellin, Pillotti et al., 2019; Cappellin, 2004). Clearly is almost obvious that we need a different mission of the PA (local, regional and national) focused on greater skills and lighter to exercise the address dynamic capacity necessary to integrate and monitor the different intervention actions both on the side of Regional Agencies and on the technocracies side of Eni, Enel, Leonardo, Fincantieri and State Railways. Within an “alignment” exercised by Cash Deposits and Loans as if it were a new IRI capable of expressing all the potential of selection, address and stimulus by triangulating publicly controlled companies, shares on the private capital of medium-sized enterprises and medium-to long-term financing instruments.

Because we can't forget that we remain a “mixed economy” that needs coordination that in itself the markets are not able to realize (for economic, social and moral limits)(Sandel, 2015; De Grawve, 2018) that it no longer has to be support of private initiative (as happened in the 1920s to overcome banking crises and the Great Depression). Acting in concert to deal with global hyper-competition with financial and structural instruments to “overcome” those historical typological limits not adequate for an increasingly integrated and interdependent way for: sizes, technology, innovative vocation, low capitalization, family management. An active and innovation state (Mazzucato, 2014) with patient capital therefore that acts in concert with private companies mobilizing all its industrial, research and financial potential for eco-system actions suitable to push the double transition in green and digital and to evolve our companies in networks of

networks, along supply chains and platforms increasingly integrated for a generative complex value with asymmetric impact on distribution of richness and global growth (Mazzucato, 2020).

Italian majority shareholdings and control:

- A. Listed Italian companies: Banca Monte Paschi di Siena S.p.A. (68,25%) Enav spa (53,28%) Enel spa (23,59%) Eni spa (4,34%) [Cassa depositi e prestiti spa detiene una partecipazione del 25,76%] Leonardo spa (30,20%) Poste italiane spa (29,26%) [Cassa depositi e prestiti spa detiene una partecipazione del 35%].
- B. Companies with listed financial instruments: Amco spa - Asset management company spa (100%) Agenzia Nazionale per l'Attrazione degli Investimenti e lo Sviluppo d'impresa spa (Invitalia) (100%) Cdp - Cassa depositi e prestiti spa (82,77%) Fs - Ferrovie dello Stato Italiane spa. (100%) Rai - Radio televisione italiana spa (99,56%) C - Unlisted companies Arexpo spa (39,28%) Consap - Concessionaria servizi assicurativi pubblici spa (100%) Consip spa. (100%) Equitalia giustizia spa (100%) Eur spa. (90%) Gse - Gestore dei servizi energetici spa (100%) Invimit Sgr - Investimenti immobiliari italiani società di gestione del risparmio spa (100%) Ipzs - Istituto poligrafico e zecca dello Stato spa. (100%) Istituto luce - Cinecittà srl (100%) Mefop - Società per lo sviluppo del mercato dei fondi pensione spa (59,05%) Ram - Rete autostrade mediterranee spa (100%) Sogei - Società generale di informatica spa (100%) Sogesid spa (100%) Sogin - Società gestione impianti nucleari spa (100%) Sose - Soluzioni per il sistema economico spa (88,8%) Sport e salute spa (100%) STMicroelectronics holding N.V. (50%) Studiare sviluppo srl (100%) Sources: Secretary of Economics and Development, 2020 (last report on DL 33/2013).

3. Stakeholderships and common goods for a growth in the long run with sustainability and responsibility

For those reasons will be necessary to reconsider opportunity to growth for stakeholderships and commons good approach in emergent European Corporation oriented to mature CSR strategies, in particular after covid-19 crisis also with support of ESG consolidate "climate finance". The implications of a concise analysis of the legal structure of the company on both the corporate law and corporate governance side are evident, and that are in place in the temporal indeterminacy of employment relationships and contracts on the one hand and, on the other, the notion of responsibility that property rights' approaches or those of the Agency are able to deal with strictly. The reasons are quite evident, because the legal system of enterprise recognizes:

- A. managers not as mere agents depending on the exclusive interests of shareholders having a wider responsibility towards workers and the working environment or community as a whole;
- B. shareholders not as exclusive owners of the company, having a responsibility towards the company and, itself and towards, for triangulation towards all internal/external stakeholders and towards the environment and the community of reference.
- C. the corporation, in its legal personality, not as directly dependent on the exclusive will of the representatives the ownership, even in the pro-rata form of participation fee, for responsibility towards the environment and its contractors work benefits.
- D. the Corporation, as an institution with “autonomy” in responsibilities to all stakeholders and to the environment in a direct way and, indirectly, towards the community.

So, we can reasonably ask with Deakin (2015): are we in the presence of a company without ownership or ownerless? The answer is absolutely not. Simply because it is the assets of the corporation involved that cannot be fully identified as exclusive assets of individual specific subjects, but as common goods or commons: goods that can be treated by the legal system as not excludable in the absolute sense, but we could also say unrivaled, as an expression of a high specificity, historical and cultural even before of economic and technological levels. Owners exist – as known – and act on the boards of listed companies to condition the formation of the values of the securities, as in the boards of the unlisted to choose managers, remuneration and investment trajectories. In fact, it can well be said that the economic theory of common goods or commons is a theory capable of exploring the fundamental and basic conditions within which collective action can preserve, sustain and maintain efficient valuable resources useful to society as a whole, reproducing those factors within which contextual conditions of value appropriation can be regenerated. So a theory that can develop a coherent perimeter of emerging ecologies of values. A theory that finds its foundation in the preservation of natural and environmental resources and services to these municipalities in the form of common-pool resources as we find them represented and collectively organized, following Ostrom (1990):

- in irrigation,
- fishing,
- in the condition of marine and aquatic life,
- in forest and tree systems,
- in aquifer systems,
- in the basics of available raw materials such as in complex and articulated biodiversity systems at multiple cellular levels,

- in life contained and sustained in the air
- or, in the systematic reduction of the territory with deforestation and land use useful to agriculture and the hydro-geological balance.

To configure an integrated system of common-pool resources treated in a differentiated way and parceled in often residual forms that led to the well-known paradox due to "The tragedy of the commons". Systems that in recent decades have been subjected to systematic dispossession and/or pollution without any care or attention of policy for actions of the care of these fundamental primary resources and without which no enhancement (or appropriation), neither public nor private, is possible. Nobel laureate Elinor Ostrom (1990) explores precisely this dimension of commons evolution, as an expression of shared collective action. The success of resource use regimes depends on two key state elements. The first level of status refers to the known content of the property rights (PR), while the second level relates to the institutional conditions that are able to produce those property rights. A double level that allows you to permeate the effectiveness of property rights (PR). PR that acts in common pool resource contexts is contingent, contested, not self-enforcing according to Deakin's analytical scheme. So it's critical to consider a broad governance framework to assess how PR can be able to address the collective action issues associated with managing shared resources in order to be stabilized and acted effectively. Then, the first level of analysis brings back to the complexity of PR conns with common resource pools that are not defined either as "open access" or as the absence of exclusive rights, but on the contrary are identified "by the presence of collectively held rights of access, withdrawal, management and exclusion, and sometimes (but with less salience) the presence of alienation". Because the right to alienation is not one of those rights to identify those responsible for adapting common PR systems in a specific area of application, so much so that many users of common-pool resources have actual PR without including that of alienation, as well analyzed by Elinor Ostrom in her studies of the last 30 years. The second level of analysis looks at the effectiveness of the common-pool resources regimen as being capable of profane standards and systems of regulation in a long-term process and tested its smooth functioning precisely in this wide time frame on the basis of specific conditions illustrated by Ostrom (cf. Tab.A, below), while, on the other hand, in several studies the question of unsustainability has been raised in the case of free riding issues that conflict with the management of common-pool resources (See Akwood, 2019).

Two, as known, the proposed solutions: (a) - state control over the use of common resources and, (b) the reinforcement of PR with powers arising from alienation rights in open market contexts. The "convergence" of these two solutions between public and private, according to some, would allow

both an adequate return on private investment made and reduce emerging negative externalities. Others say market pressure and government intervention “converge” viciously in raising threats to common property institutions.

Tab A. Principles for commons-Pool Resources

- Well-Defined boundaries
- Proportionality between benefits and costs
- Collective choice arrangements
- Monitoring
- Graduated Sanctions
- Conflict Resolution mechanisms
- Minimal Recognition of Rights
- Nested Enterprises

Then, four major evaluation problems emerge for the discussion:

- A. What compatibility between the proposed commons model and the modern business structure?
- B. Such as commons structure and dynamics are likely to be empirically assessed and tested in relation to forms of corporate governance?
- C. What are the regulatory implications of a corporation perspective such as commons?
- D. Why we are seeing in last two decades acceleration of innovation but the productivity decrease and real wages shortening?

The Covid crisis has pushed in advanced these main problems for the future of new and emergent European Corporation with a small group of it riding innovation and best performance. But if productivity and wages doesn't increase is a clear signal of scarce social effect of innovation as a function of a reduced diffusion process. The main solution is to push open innovation by inside and outside of the companies. Is necessary a State that improve quality of contest (infrastructure, education, transport, basic and applied research, ecc.) able to improve diffusion process of open innovation. About SME strategies we need to reinforce enormously network process of open innovation by filiere and regions coupling with inter-districts processing along frontiers of innovation and logic of urban chain services. Improving possibly the level of labour participation to the enterprise network strategies for a new organization able to push intelligent collaboration changing hierarchy modeling and business model as well cooperative employment, leveraging cognitive productivity and creativity for resilience also with diffuse bridge with university and research centre (Pilotti, 2019).

4. Rethinking HR functions for wellness organizations “over” pandemic crisis

In the transformative framework described, the main challenges facing the human resources directorates are as follows:

Maintenance, increase and qualification of the workforce;

Improvement of the quality of people’s working life in a dynamic work life balance for district and network level;

Redesign of company policies on safety, health and integrity that know how to look at a life career and not only at the task career;

Development of motivational growth modalities both in relation to extrinsic factors (salary) but also and above all to intrinsic ones (motivational climate, emotional-cognitive and satisfaction resources, perceived well-being and happiness rates);

Promotion of awareness that as the digital age advances with technologies that become commodities, people are increasingly central and able to create value from increasingly dense relationships (Pilotti, 2019).

Overall, it seems to emerge, especially in the post-pandemic framework - the need for a growing autonomy of people with management approaches for objectives and empowerment both for a shared governance of daily activities (team work, smart working, soft relational skills in addition to hard ones) and for the medium-long term development of their training and professional development trajectory. Therefore, a necessary transformation of the standard tools and processes of HR functions towards greater flexibility, adaptation and learning from interaction with people oriented to improve their well-being by building a collaborative and inclusive climate towards a more robust and expanded organizational wellbeing emerges. A process that requires companies to make systematic investments in training and accompanying people for a reduction of conflict and a widening of the meshes of collaboration in an ecosystemic key between the company, partners and the community of reference². This will imply an acceleration of digital investments and associated training towards a superior culture of teamwork cooperation and an enhancement of the quality of life at work and outside work, with greater attention to proximity welfare services also inter-organizational and clustering between SMEs and medium-large companies promoting people’s creativity and productivity and therefore also wage levels. We are therefore experimenting – in the knowledge economy

² Cfr. Indagine Cegos, “L’impatto della pandemia sulla funzione HR in Italia”, 2021. needs and business objectives for the sharing of economic wellbeing, social and environmental between shared spirituality and happiness. The creation of value is therefore part of a broad perspective of principles of inclusion and fundamental diversity strategies in groups of planetary scale but equally fundamental in networks of SMEs and medium-sized enterprises also for the impacts of a welfare of territorial and / or functional-sectoral proximity as a Third Way between capitalisms of East and West, or between the borsa-centric and Nippo-Renan ones (Vicari, 1988).

and management of connections (Vicari, 2001; 1999) – new forms of professional and community coexistence to feed the great convergence between digital and ecological transition around the well-being of people and organization to dynamically couple people's (Pilotti, Rinolfi, 2022).

5. Green Transition and risk of SME's credit crunch: data solutions and culture

The green and digital transition poses a major challenge to the relationship between banks and enterprise SMEs across Europe. The simple reason is that banks will only be able to lend money to companies aligned with the green classification/taxonomy approved by the European Parliament in 2020. Adding a new indicator required by supervisory bodies for credit risk assessment: the Green Asset Ratio (GAR)³.

In the absence of reliable or non-aligned data from companies, credit risk will increase and with this its average cost and consequently a potential credit crunch. Everything will depend very much on the articulation of the implementing rules of the taxonomy. The financial system will therefore have to accompany above all the SMEs to understand and apply the new metrics to access credit, better understanding the ESG criteria and more generally the European rules on sustainability (Pilotti, 2022).

What are the possible and desirable solutions?

- A. standardization of the required information;
- B. simplification of reporting and accounting data for SMEs;
- C. support for the sharing of ESG competences.

These three “accounting” criteria should be accompanied by public platforms dedicated to the standardized collection of data, also culturally increasing the awareness of SMEs on environmental issues. A strategy to reduce the risk of credit crunch by banks that would mainly lead to SMEs (Baravelli, Pilotti, 2023).

6. Europe, sustainability and resilience

A design that requires an enormous capacity for institutional reform by crossing financial instruments into an injection of confidence that through

³ This indicator will represent the degree of exposure to climate risk of the credit sector and the lower it is, the greater the investment in green assets (raising the numerator). But for this it will be necessary to have reliable data from customers, that is, from companies to be communicated by banks as early as January 2023. The GAR indicator has to the denominator the total asset of every bank and to the numerator only those activities aligned with the EU sustainability rules. See also Baravelli, Pilotti (2022).

a national and European project leverages a participation of civil society as happened in the post-war period, albeit with different political and economic ruling class and with different institutional sensitivities in a situation where the European umbrella was missing if we exclude the ECSC - European Coal and Steel Community of 18 April 1951 and in force since 1952 by Jean Monnet and Robert Schuman. In particular, in a society oriented to produce more risk and not less (Beck, 2011, 2018).

So without forgetting the current global dimension that from the crisis of 2008 to that of the covid-19 of 2020-2021 (and to military invasion of Ucraina by Russian Federation) has taught us that we are “condemned” to be interdependent because environmental sustainability, migration and refugee flows and financial instability are part of a deep global imbalance and that requires global responses with more multilateral cooperation and not less. A focus that makes Europe even more fundamental than 10 years ago even if many autocrats today think differently, from Trump’s US to postBrexit UK, from Erdogan’s Turkey to Bolsonaro’s Brazil (defeated in end 2022 by Lula), through Modi’s India. Finance and covid-19 such as the environmental and climate change crisis, have shown us tragically clear that we need coordination of national and global policies and that we cannot get out of these interdependent and interconnected crises on our own. To do this we need to recover the trust of people all over the world disappointed by the effects of an asymmetric and unfair globalization (also by climate disaster treated by COP 27 in Egypt with “loss and damage” restorations) that had to solve all our ills in one fell swoop, while it has increased them by increasing inequalities, relative poverty and inflate threats of global warming for which the sovereigns-nationalists that have emerged in the last 20 years have not adequately responded, and that they come out weakened precisely by the global health crisis. The mediation power played by the USA so far is coming down and China’s global role is growing while Europe must find its own space, hopefully as soon as possible, perhaps as a “positive” side effect of the covid-19 and tragic invasion of Ucraina in february 2022.

A Europe as a global player in a strategy of resilience possible and sustainable in planetary balances that first can rethink the way we produce and consume, work and learn, connect and team up, becoming a community capable of reducing the now unsustainable pressure on the use of natural resources. That is why despite covid19 and indeed even more precisely for this pandemic and its nature that the green transition remains the cornerstone of European policies of the next 30-50 years through the leverage of economic sustainability as much as products and services as well as ways of producing and consuming.

The fight against climate change is in the hands of this generation of young people from all over the planet who better appreciate its wealth and

knows how to adapt conditions to reverse the unsustainable trajectory of environmental disasters triggered by global warming function of a reckless use of the limited resources of the planet. Also listening to the voice of science and pushing politicians to act now or it will be late, starting with the Paris Agreement and the Sustainable Development Goals contained in the UN-2030 Agenda.

With Ursula von Der Lyen's European Green New Deal, we are deeply changing our approach to resource management from a global perspective towards a sustainable medium-long term economic and productive model realizing circularity. It takes into account the interdependence between resource scarcity, climate change, biodiversity loss and reduce bio-capacity. We need the programming bio-capacity of long term that the markets or the individual states are able to give themselves for the scale of the changes in progress that is no longer regional, nor national nor continental as covid-19 taught to all those who thought they could close themselves in isolationist and autarchic strategies. The 2030 environmental targets and climate neutrality to 2050 require alliances and collaborations in supernational organisms to take a medium-long term development trajectory, having exhausted the positive momentum that had brought us out of the tragic 1900s. So looking at green policies as levers of new employment creation and a different quality of growth with development by taking the path of circular and sustainable models in the responsibility of production and value models that demand increasing socialization of risks for the increasing involvement of science that calls for long and not short-term (Pilotti, 2017,2019, 2022), such as the discovery of a drug or a vaccine against the pandemics of today and yesterday (Pilotti, Rinolfi, 2022).

We have long known that pollution comes from industry and construction, transport, agriculture and an overly consumerist and waste-oriented model because it is immersed in linear logics to trigger circular logics that reduce waste and transform residues into energy and environmental opportunities in the knowledge that man's well-being (without adjectives) is also a well-being of the planet. But we will also have to be aware that the well-being and prosperity we enjoy has been achieved through irresponsible use of natural resources, triggering the climate crisis and in 2020-2021 the health crisis and that we will have to reduce the environmental footprint and improve bio-capacity.

Firstly, by reducing Europe's dependence on resources extracted, used or processed in other parts of the world, resulting in external effects (to Europe) due to the way we produce and consume by reducing inequalities from developing countries with which we trade goods, services and human resources.

Secondarily, by supporting these countries with "equal exchanges" and transferring knowledge, investment and infrastructure (materials and in-

tangibles) to them, capable of reducing gaps (poverty, education, access to health care and infrastructure) by also reducing the exit of the best resources from these countries to other continents, involving them in green and circular growth.

Thirdly, because green and circular growth is global or not, because there can be no exchange between environmental protection and economic growth that has been the vicious refrain of these 70 years (Pilotti, Rinolfi, 2022).

New circular economy and green new deals must converge towards inclusive citizenships reducing the pressure on the irresponsible use of natural resources but we need of structural reforms (bureaucracy, justice, labour markets, property rights, ecc.). In this way we must put our hand to the overall product cycles starting from a design that is sustainable from first phase to the last one and planning production and technological models that are equally so. Working on the long life cycles of products and their reuse, recycling and regeneration so that they remain as long as possible in European (and world) territories without “unloading” inefficiencies and diseconomies outside. In fact, too little is the 12% of second raw materials that return to the economy. Too many products become obsolete quickly and many cannot be repaired or reused or recycled (PCs, smartphones, televisions, cars, but also houses or furniture products etc.), or they can only be used once. While we must offer users the choice of whether to keep old products – repairing or regenerating them – before moving on to new ones by opting for sustainability choices and thus offering them opportunities to re-emphasize a planned obsolescence of many products as for most electronic devices.

A trajectory that will result in less resource extraction and less emissions, hence less global warming with all the virtuous consequences that can result. In conclusion, we are “condemned” to be interdependent because environmental sustainability, migration and refugee flows and financial instability are parts of a deep global imbalance and that requires global responses (Urbinati, 2019, 2020) not with emergent populism-nationalism, also reforming great Global Institutions (UN, OMS, IMF, NATO, BEI and UE) with more multilateral cooperation and not less. Also to reduce risks to transform trade wars in a class war (Klein, Pettis, 2020) or in the old conflict between poor and rich, but on a global scale for peace and less inequality looking for the emergent future in cooperation and collaboration to all levels micro and macro, local and global as in case of exit of pandemic battle.

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RESILIENCE TO COVID-19 PANDEMIC CRISIS AS BENEFIT CORPORATION – THE CASE OF AN ITALIAN SME

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Abstract

Purpose: The paper explores how being a Benefit Corporation increases the likelihood of SMEs of adopting a self-resilient approach, when coping with crises.

Design/Methodology/approach: The analysis involves a qualitative approach based on a case study. Main information sources are secondary data and interviews.

Findings: The study shows how being a Benefit Corporation enhances a resilient approach aligned with Pal et al. (2014)'s framework and the ability to grow even during Covid-19 downturn.

Practical and social implications: The study offers insights to practitioners on how to build a more resilient structure to cope with disruptive events and crises and underlines how sustainable and innovative business models – such as being a Benefit Corporation – enhance resilience. In this sense, the paper supports transitions towards more sustainable business models.

Originality of the study: The paper provides an innovative practical perspective on resilience theory, integrating Pal et al. (2014)'s framework with the Benefit Corporation phenomenon. Moreover, the study contributes to existing resilience literature, with specific regard to SMEs.

1. Introduction

Small and medium-sized enterprises are highly vulnerable to times of crises. During both the global credit crunch in 2007-2009 and the recent Covid 19 pandemic, SMEs have faced severe losses, announced massive lay-offs and many of them had to stop operations (Pencarelli et al., 2021; Bartik et al., 2020). Inherent characteristics and typical SMEs' constraints, like scarcity of financial resources, lack of economies of scale, weak relationship power in supply chains, and lack of managerial and strategic skills, are considered to be the causes of their vulnerabilities (Burnard & Bhamra, 2011). However, their characteristics can also be a source of survival. In fact, being small also means being flexible, adaptable, quick in decision-making and, therefore, capable to change rapidly and innovate when necessary (Eggers, 2020).

Studies on organizational resilience have tried to map which resources or assets boost the capability to adjust or recover from very difficult situations (Prayag et al., 2018) also with reference to SMEs (Pal et al., 2014). However, they are quite broad as they aim to be universally applicable to any contexts and SME types. Another limitation is that they focus on operational aspects, neglecting the role that goals and nature of organisations may have on their resilience capability. On the contrary, we believe that having sustainability as the backbone of the corporate mission and strategy allows to mature distinctive aspects that are beneficial to resilience development. Coherently, we applied a qualitative research approach based on a single case study with the aim to explore and explain how a strong commitment to social and/or environmental matters embedded in the core mission of a company may pervade all its characteristics (i.e., resources) and actions (i.e., processes), which, in turn, contribute to crisis survival and long-term success. To achieve our goal, we focused on a Benefit Corporation, which is committed to generate positive social impacts in its bylaws.

From our case study analysis, we identified some main contributions. First, with reference to the practical ones, the paper provides SMEs' entrepreneurs with useful suggestions about the most critical resources to develop in order to increase resilience. Furthermore, our empirical evidence offers insights to practitioners operating in extreme situations, like the Covid-19 pandemic crisis. It also provides proof of the benefits a company may achieve when changing towards more sustainable business models, like the Benefit Corporation (BC), by highlighting how the BC nature boosts resilience.

Second, from a theoretical point of view, since strategies that influence the resilience of SMEs are considered under investigated by the literature, this paper aims to contribute to the topic by applying the Pal et al. (2014) model that identifies three key assets for achieving resilience, based on

resource-based view, dynamic capabilities, and organizational learning theory. In addition to this, we extended existing models on resilience by contaminating them with the BC phenomenon, which is also still under-explored.

This paper is structured as follows. The next section reviews the literature on resilience and Benefit Corporations (BCs), leading to our research proposition. With reference to SMEs, it explores the benefits of being a BC when coping with crises, thanks to a self-resilient approach. Then, the methodology and case description follow in section 3. Section 4 provides results of the case study, while section 5 proposes a discussion of practical and theoretical implications. Finally, section 6 concludes.

2. Literature review

2.1 Pillars of resilience theory applied to SMEs

The theory of resilience can enrich understanding about the ways SMEs deal with current and future crisis.

Resilience was originally introduced by Holling (1973) to explain the capacity of ecosystems to return to the original state or an equilibrium upon a perturbation. In management, the first studies on firms' resilience date back to the works of Meyer (1982) and Staw et al. (1981), who defined the concept as the organisational capacity to face threats. According to Norris et al. (2008) resilience is about the capacity to adapt successfully when facing adversity, stress or disturbance. However, resilience does not necessarily guarantee a successful recovery. It is just "an indicator of preparedness and capability to cope with a crisis" (Herbane, 2019, 487).

With reference to SMEs, previous studies can be categorised into three research streams: 1. Identification of the assets or antecedents that foster resilience; 2. Evidence of the possible organizational reactions stemming from resilience; 3. The relationship between resilience and sustainability.

In the first stream of literature, many researchers have highlighted the importance of change management process capabilities in enhancing resilience, because change management elements allow small firms to design innovative responses to resilience (Ates and Bititci, 2011). However, many other characteristics have the potential to help firms to overcome difficult situations. One of the most comprehensive models of SMEs resilience is proposed by Pal et al. (2014). According to it, three key assets are crucial, which are based on three organizational theories respectively: resource-based view, dynamic capabilities and organizational learning.

The first key asset refers to companies' resourcefulness in terms of material, financial, social, network and intangible resources. Since resource con-

straints often hinder SMEs' growth, they also might prevent SMEs' resilience. Among others, human resources (labelled as social resources in the framework) and network connections and relationships with stakeholders are seen as essential contributors to superior organizational performance, hence resilience.

The second pillar refers to dynamic capabilities like flexibility, redundancy, networking and robustness, that allow the organisation to activate and adapt its resources to provide a response to a changing environment. Flexibility includes rapid decision making, fast learning and quick adaptation of the routine processes. Redundancy means the duplication of critical elements or functions as well as multiple sourcing as a mean to increase reliability in case of a system failure or unpredictable lack of resources. However, it is a costly practice that not all SMEs can afford. Building networks and knowledge integration are common strategies in SMEs working in supply chains. But, in the SMEs domain, the ability to enable resilience through strategic flexibility appears to be predominant.

Finally, the model includes learning and culture. These are the "soft resources and processes" that refer to individuals' knowledge, awareness and collective learning. In particular, three enablers are identified: the role of leadership, collectiveness, and employee well-being (Pal et al., 2014). Entrepreneurial leadership in SMEs is vital, both in ordinary and exceptional times. An inspiring and decisive leader (owner-entrepreneur or manager) with high qualifications and experience can be crucial to define turnaround strategies. In particular, entrepreneurs' capabilities and past experience with adversity represent the key drivers for survival (Branicki et al., 2018 in Alonso et al., 2020). However, a "single strongman" is not decisive. A shared vision, sense-making and optimism among all employees are necessary during crisis as they favour collectiveness, i.e., the capability of the organisation to jointly work toward the overcoming of the crisis. Finally, employee well-being is fundamental for promoting adaptive learning capabilities.

Despite its broad scope, the framework has a strong limitation: it does not consider interactions among antecedents. For example, social capital (i.e., the capabilities and resources obtained through social relations) is widely recognized as a mechanism that improves dynamic capabilities like networking and innovation, both in normal and extreme conditions, such as those generated by the COVID-19 pandemic (Gölgeci and Kuivalainen, 2020; Al-Omoush et al., 2022).

Another important stream of literature focuses on different reactions or models adopted by SMEs and start-ups to cope with a crisis and particularly with Covid 19 impacts (Kuckertz et al., 2020). For example, Giones et al. (2020) and Roulet and Laker (2020) suggest activating dormant social networks. Freedy et al. (2022) report the adoption of alternative forms of

interaction (e.g., virtual customer interaction), while Donthu and Gustaffson (2020) emphasize an increasing resort to remote employees working. As a matter of fact, digitalization has innovated many SMEs' business models during COVID 19 (Kumar and Ayedee, 2021; Del Baldo et al., 2022).

A general illustration of SMEs reaction is provided by Alonso et al. (2020), as a result of a research drawn on a sample of international tourism SMEs. They found that enterprises can, alternatively, be: (1) self-reliant, (2) vigilant, (3) inactive.

Self-reliant SMEs adopt an active approach and a proactive posture (Eggers, 2020), being innovative and creative, to generate alternative revenue streams by detecting market opportunities. Alternatively, in response to the crisis, they increase efficiency, by rethinking operations and supply chain configurations. Instead, vigilant SMEs show an inactive approach, just getting ready for changes in health and safety requirements because of critically affected operations. Finally, SMEs are classified as inoperative when they temporarily discontinue operations and are on stand-by, for a lack of structure to action an alternative plan or, sometimes, also because of enforced government measures. For the latter group of firms, Covid 19 was mainly perceived "as threat to be survived passively" (Pelikánová et al., 2019).

Transposing these different reactions into the social-ecological system theory (Walker et al., 2009), SMEs might respectively transform themselves by creating new development trajectories (transformability), adjust their internal processes to the environmental changes (adaptability) or implement small adaptations with the goal of remaining within critical thresholds (persistence).

Brito et al. (2022), building on the framework developed by Alonso et al. (2020), argued that SMEs with lower levels of human and social capitals are associated with static/vigilant resilience approaches, while when characterized by higher levels of human and social capitals they tend to assume a dynamic resilience response, typical of self-reliant SMEs. This is because they tend to develop richer resource bundles, thanks to stronger social media and financial management capabilities.

A more recent stream of literature attempts to connect resilience with sustainability. During crisis, businesses take the occasion for internal rediscovery and orientation toward CSR that becomes an opportunity (Fernández-Feijóo Souto, 2009). In COVID-19 years, many companies have started or increased their active engagement with CSR strategies (He and Harris, 2020) as a response to greater consumers' attention on ethical practices and environment friendly products (Pelikánová et al., 2019), but also as a source for competitive advantage (Moneva-Abadía et al., 2019). CSR strategies focus on stakeholders and customers' needs, therefore allow businesses to better sense or even anticipate tendencies and cope positively with unexpected

situations (Ortiz-de-Mandojana and Bansal, 2016). CSR implies continuous stakeholder dialogue and engagement; therefore, it perfectly fits with organizational resilience that includes iterative processes of “recognizing changes in the external environment, identifying critical vulnerabilities, and taking effective actions” (McManus, Seville, Vargo, & Brunsdon, 2008).

This explains why companies with sustainability certifications recorded greater financial performance than non-certified competitors during Covid 19 (Ferioli et al., 2022). CSR strategies have a positive and significant impact on resilience levels and performance at both the micro and macro level. This is demonstrated by studies on large and listed companies (i.e., Lv et al., 2019 and Huang et al., 2020 find that the better a firm’s CSR performance is before a shock, the less damage it suffers), by research on small rural hospitality enterprises (Sobaih et al., 2021; Marco-Lajara et al., 2022), and also suggested by the United Nations (UN), that call for more inclusive and sustainable economies and societies because they are better able to face global challenges, such as pandemics and climate change (UN.org, 2020).

Within this stream of research, evidence on BCs - a new way of managing CSR and business that combines companies’ sustainability and financial needs (Gazzola et al., 2019; Mion et al., 2021) – confirms the positive linkage between sustainability and resilience (Ferioli et al., 2022).

2.2 Characteristics of Benefit Corporations

BCs were originally outlined in US legislation in 2011 as a legal form for businesses that simultaneously pursue profit objectives and contribute to society and the environment’s well-being. It is a recent phenomenon that is recording a rapid increase. Italy was one of the first EU countries to embed this legal form in its legislation in 2015 (Law No. 208 of 28 December 2015). However, to be more precise, the BC is not a new type of corporation, but it is a status that can be included in one of the traditional categories (e.g., limited liabilities and public companies). So, whatever type of company might become a “purpose-oriented company” (Muñoz et al., 2018) whose activities are guided by the purpose of combining economic, social and environmental goals (Mion and Loza Adauí, 2020).

BCs can be also defined as “hybrid organizations” (Pache and Santos, 2013; Marinov, Metz, Alexander and Angeli, 2022; Dameri, 2021), like social cooperatives, as they combine the commercial logic (economic rationale) with the social and/or environmental logic (social mission). Their legal status imposes the simultaneous pursuit of different economic, social, and environmental goals (Baudot et al., 2020; Battilana and Lee, 2014; Rawhouser et al., 2015). So, by statute, BCs have a double purpose, profit on the one side, and public common benefit, on the other side. Coherently, BCs have a corporate form that fully incorporates sustainability.

Hiller (2013) states that becoming a BC can be considered a way to implement CSR. He also identifies five characteristics of BCs: provide a common benefit to address both economic and social responsibilities, have a specific annual disclosure with specific impacts auditable by an independent third party, have broader goals beyond profit on a voluntary basis, greater transparency, and pursue common benefit through concrete actions as part of core business operations. These five aspects are consistent with the CSR framework of Crane et al. (2008) and make BC an interesting object of observation through the sustainability lens.

The study of Marchini et al. (2022) on Italian BCs offers interesting insights on the linkages between being a BC and CSR practices, especially when BCs are small enterprises. First, it remarks that SMEs choose workers as favourite stakeholders and tend to direct common benefit more to internal company stakeholders, while larger companies show more interest in customers and other stakeholders outside the company. This is coherent with the strategic role attributed to human capital in SMEs. In line with this focus, many Italian BCs push for personnel recruiting and training initiatives, mainly dedicated to top positions, making the entire organization ready to implement this hybrid model (Mion and Loza Adauí, 2020). Furthermore, issues like career development, remuneration plans, health and wellbeing of workers and collaborators are frequently present as common benefit pursued by BCs in Italy (Marchini et al., 2022).

Corporate social actions, which characterize BCs, represent a strategic approach for firms, in order to increase their competitive advantage. Such approach boosts the identification of new opportunities, for both the BC itself and society (Porter and Kramer, 2006). Furthermore, Dupire and M'Zali (2018) found empirical evidence of a positive correlation between market competition and CSR, which is embedded in any BC mission. To focus on it can become a differentiating factor, increasing the ability to compete and achieve then multiple advantages, also in terms of financial and reputational results.

The adoption of BC status also implies changes in organization and reporting needs and practices. Reporting is mandatory for Italian BCs that have to publish a yearly impact assessment. Reporting is also in response to the pressures to meet the cultural expectations of society on such types of businesses. Transparency has a key role and as a consequence, stakeholders tend to be more involved in decision-making processes. Together with larger stakeholder involvement, new procedures are necessary to monitor externalities, with the twofold purpose of reporting them (transparency purpose), on the one hand, and of measuring to manage such externalities (improvement purpose), on the other hand. Such dialogue with stakeholders is highly relevant when a BC aims to obtain the sustainability certification issued by B Lab. To become a Certified B Corp (a 3-years certification

that guarantees high standards of transparency, as well as social and environmental performance), companies must undertake a process called B Impact Assessment (BIA) that evaluates five broad categories: environment, workers, customers, community, and governance (Castellini et al., 2019; Liute and De Giacomo, 2022) and require companies to be in constant dialogue with stakeholders (Gazzola et al., 2019; Burger-Helmchen and Siegel, 2020).

Based on the characteristics of BCs discussed above (i.e., CSR embeddedness, focus on human capital, transparency and stakeholders' involvement), we can observe important interconnections between them and the Pal et al. (2014) framework on resilience enablers for SMEs. In addition, BC's relevant attention to human capital leads to expect for more dynamic responses to crisis as reported by Brito et al. (2022). To prove the contribution of BC characteristics to a self-resilient approach to face Covid-19 crisis, we developed then the following proposition, subsequently explored through a case study involving an Italian SME.

Proposition: with reference to SMEs, being a BC increases the likelihood of adopting a self-resilient approach, when coping with crises, like the Covid-19 pandemic.

3. Methodology and case study presentation

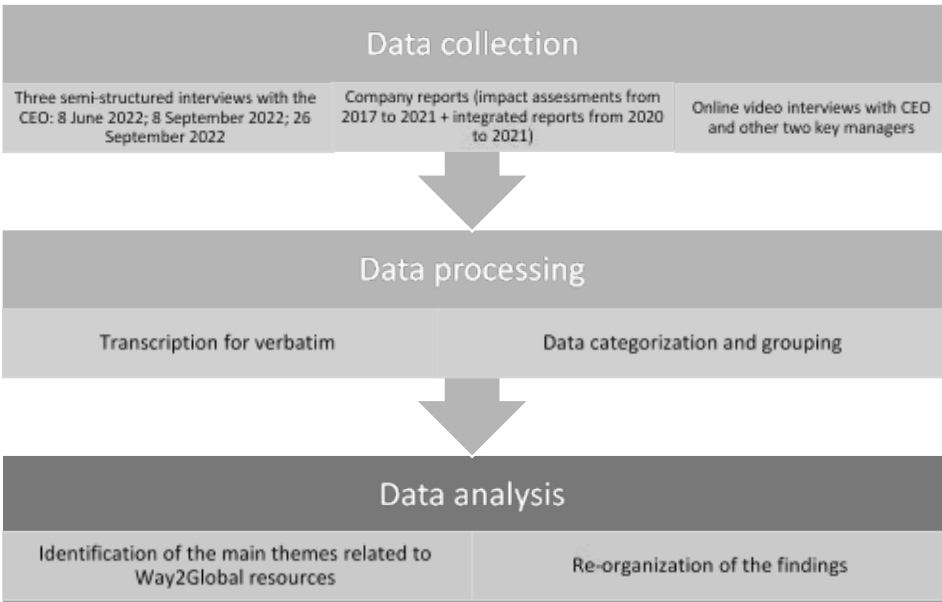
3.1. Methodological approach

We adopted a qualitative research approach (Flick, 2009): a case study strategy (Yin, 2018) with an explorative nature, that can be considered appropriate to facilitate the understanding of a variety of aspects involved in our analysis. We choose a phenomenon-driven methodology, because of the awareness that understanding on emerging research fields requires to consider real enterprises as core-subjects of the research process (Rocha and Ghoshal, 2006). In other words, our "instrumental case" (Stake, 1998) can facilitate the understanding of some more general issues, and this is consistent with the idea that small sample research is appropriate to understand the peculiarities and the drivers of a phenomenon at its early stage. Our in-depth investigation offered the possibility of understanding the company's propensity and ways to adverse challenges from the external environment, e.g., the Covid-19 pandemic.

Furthermore, such approach was appropriate given the combination of different techniques of analysis implemented, in order to deal with the complexity and variety of information and data sources (Hartley, 1994). In fact, the analysis we developed involved a combination of secondary data and three interviews. The starting point for the research was to un-

derstand the enterprise’s existing business strategy and industry context. This was undertaken with a first interview with the CEO, together with a deep analysis of Way2Global’s disclosure. To better ground the analysis in business reality, contextual research was also carried out (Whitman and Woszczyński, 2004). This provided us with documentary objective evidence (Patton, 1990), available on the enterprise’s website, press release, public presentations, impact assessment documents, integrated reports, and internal sources. Then a second interview was scheduled to deepen the analysis on company’s assets for resilience. Primary data obtained by interviews were combined to these secondary data, to better explore such a comprehensive subject of analysis. Both interviews were carried out on Teams, lasted 1 hour and were recorded, transcribed, and sent to the interviewee for validation (Voss et al., 2002). The information collected with interviews was also triangulated with data from the aforementioned documents. Finally, a recap interview was scheduled to check for understanding. The following figure (Figure 1) summarizes the research process described above.

Figure 1 – The empirical research process



With reference to the case selection, the choice of Way2Global was driven by a number of factors. First of all, its double nature of SME and, at the same time, of BC was relevant, given the proposition we aimed to explore. Second, the selection was encouraged by the outstanding efforts of this SME towards sustainability, from both the business model and the disclo-

sure point of view. More precisely, its high commitment toward social and environmental aspects has made Way2Global a best practice for sustainability in the SMEs domain, as proven by several awards obtained during the last years¹. In addition, its continuous improvements in communicating how it is possible to do business in a sustainable way (from 2020 they started disclosing an integrated report) make Way2Global a great example of how to leverage on corporate integrated reporting for spreading the culture of sustainability.

Third, the selection of this case has also been based on the company's willingness to take part in the study; this attitude guaranteed a very full access to company documents and positively contributed to the deepening of the analysis.

3.2. Company overview

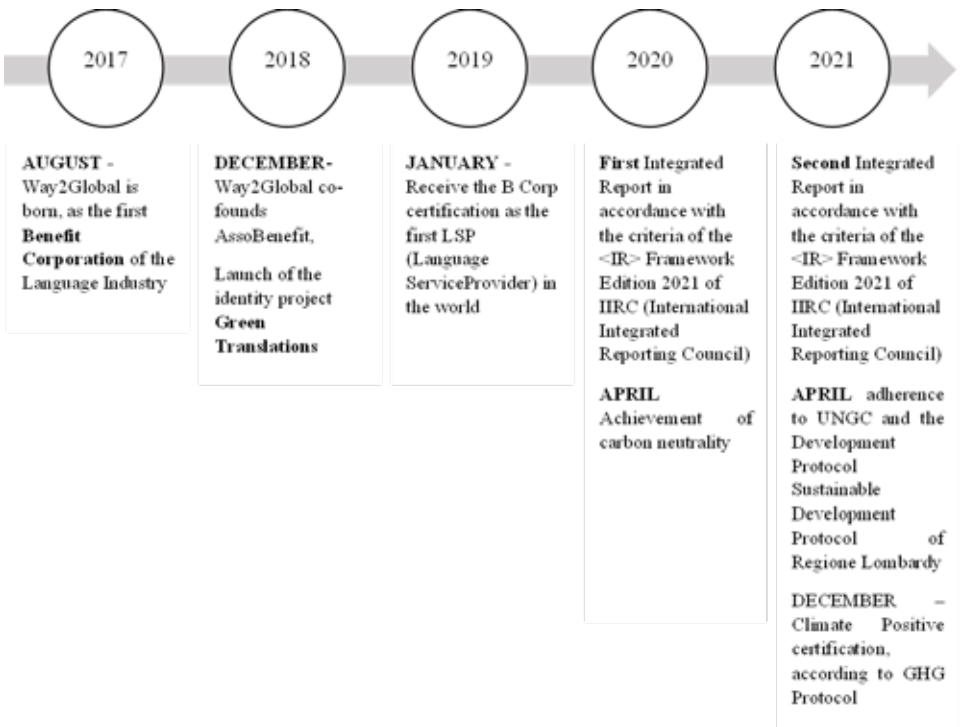
Way2Global is a women's startup established in 2017 as a BC by Trans-Edit Group, which was already among the top 100 global translation companies. The startup provides translation services in all languages, helping other companies grow abroad. Its customers mainly operate in the Financial, Legal, Medical-Scientific, Fashion, Luxury, and High-Tech sectors. Its client base includes both TOP Fortune 500 multinationals and Italian SMEs that intend to export. The service sector Way2Global operates in is a USD 60 billion global market that has been growing steadily over the past decade. At the end of 2020, Way2Global counted 12 employees, of which four are under the age of 30 and only two are over 45. Its workforce is predominantly female (9 out of 12).

During its years of activity Way2Global has endowed itself with a series of documents and policies reflecting its sustainability and ethic culture, such as: Charter of Values, Code of Ethics, Supplier Code of Conduct, Employee Handbook, Environmental Policy, Human Rights Policy, Health and Safety Policy, Quality Policy and Diversity & Inclusion (D&I) Policy.

Starting its life as a BC, Way2Global has embarked on a virtuous and successful path under the sign of sustainability and social commitment as reported in the figure below (Figure 2).

¹ For more details see: <https://www.way2global.com/en/way2global-about-us/way2global-awards>.

Figure 2 – Way2Global Sustainability Path



The company’s commitment to contribute to the advent of a more equitable, inclusive and fair world is reported in its vision “*Beyond borders for a better world*”. The startup aims at creating “*translations that unite,*” working to promote understanding and cohesion by connecting people and different cultures across borders and language barriers. Furthermore, Way2Global is committed to promoting the sustainable business model of BCs around the world (as demonstrated by the foundation of Assobenefit²), convinced that a company’s success is measured by its ability to contribute to the achievement of the SDGs of the UN 2030 Agenda.

4. Results from the case study

Way2Global’s business model - result of their story of sustainable rebirth as a BC - is based on tangible assets, as well as on human capital

² Established on 3 December 2018, Assobenefit has the goal to contribute to the affirmation of a new economic model of sustainable development in Italy based on the founding principles of the Benefit Companies.

and important intellectual and relational assets. These elements have characterized its first three years of activity (from 2017 to 2019) and led the Company to build a solid, yet flexible and dynamic structure, which gave it an edge during the period of crisis caused by Covid-19 as described in the following sections.

4.1. Results achieved by Way2Global during and after Covid-19

Way2Global was able to build an organization capable to adapt and proactively cope with a disruptive event such as Covid-19 as its financial results show; at the end of 2020, Way2Global closed the year with a significantly improved operating result over 2019, although with a slight decrease in turnover (Table 1). This positive outcome, when many SMEs were struggling to survive, is the result of the capacity to react with effectiveness and timeliness to continuous evolutions as the CEO states to its stakeholders: *“Since the end of February 2020, we have had to implement drastic and continuous changes, reconfiguring work modes several times, the structure, the team, products and services, and even our business model”* (Way2Global Integrated Report 2020).

From the financial perspective, the Gross Operating Margin moved from 191,000 euros in 2020 to 237,634 euros in 2021, while the EBIT increased from 98,000 euros in 2020 to 180,284 in 2021. In this period, the company underwent a prudent voluntary pay curtailment of C-Levels to be able to overcome economic uncertainty, a choice that demonstrates how this SME is subjected to the role of a powerful and decisive CEO. No cash issues emerged because the company’s capitalization increased by 42% in 2020 also thanks to the surplus on the shares transferred to the new minority shareholder.

Table 1 – Balance Sheet and Income Statement of Way2Global

BALANCE SHEET				
	31/12/2021	31/12/2020	31/12/2019	31/12/2018
Total non-current assets	203,565	267,823	252,984	221,913
Current assets	1,414,706	958,685	858,154	1,178,297
Accruals and deferrals	8,834	15,687	25,042	10,617
Total Assets	1,627,105	1,242,195	1,136,180	1,410,827
Total Equity	315,179	202,016	142,439	99,006
Severance indemnity	79,307	152,983	155,459	136,180
Debts	1,232,619	887,196	838,282	1,175,641
Total liabilities and Equity	1,627,105	1,242,195	1,136,180	1,410,827

INCOME STATEMENT				
	31/12/2021	31/12/2020	31/12/2019	31/12/2018
Total value of production	3,143,263	2,466,222	2,785,546	2,678,580
Total cost of production	2,962,979	2,365,421	2,832,774	2,616,505
Operating income	180,284	100,801	-47,228	62,075
Financial income and expenses (net)	-5,863	-8,584	-4,480	-5,617
Income before taxes	174,421	92,217	-51,708	56,458
Net income	113,163	59,576	-55,566	40,308

Despite the pandemic period, Way2Global was able to continue its business by the timely conversion to smart working of 100% of operations and workforce. This implied a great shift to digitalization that the company transformed into an opportunity to offer new services, like multimedia and CSR support, that can be considered digital frontier services. The change required a large investment in R&D in a period of crisis, but it allowed the company to grow and hire three new young women.

As in the past, Way2Global continued its commitment toward female empowerment and during 2020 achieved a 75% female employment rate, 75% procurement of language services from women companies, and a 5% share of total hours worked allocated to training. In addition, they launched a new organizational mode called “slow working”, which reduces expectations and demands on new mothers returning from maternity leave, and a special program called “south working” that allows employees to work from geographically remote locations. These actions were possible *“thanks to the agile structure and a strong trustful relationship between Way2Global and its workforce”* (CEO).

Such commitment to human capital was recognized by the Council for Equal Opportunities of Regione Lombardia that awarded Way2Global with the Award Parity Virtuous 2020 for putting in first place the common benefit and happiness of its people, continuing to create social value in business despite the difficulties of the pandemic. *“Our projects have a strong focus on gender equality. Way2Global is a female start-up so we are advocates of SDGs. We are convinced that technology and artificial intelligence are key drivers for woman empowerment”* (Laura Gori, CEO).

At the same time, Way2Global managed to continue its commitment to the local area and society, confirming its advocacy for sustainability through a series of important initiatives. Aware that different times and situations require different aid, Way2Global reformulated its impact on the territory according to contingent problems: *“we adapted our translation activities to help wherever there was a need, from importing and donation of protective masks through the correspondent Chinese for hospitals on the ground that were*

operating without dpi on the Covid patients; to sending interpreters to enable communication between the Chinese, Cuban, and Albanian medical teams who rushed to the aid of its personnel health workers collapsed during the lockdown, and to the numerous surveys, collections of best practices, and mobilizations designed to foster hope and positivity” (Letter to Stakeholders – Integrated Report 2020).

Finally, in 2020, Way2Global also decided to prepare its first Integrated Report (IR), following the Framework of the International Integrated Reporting Council (IIRC), combined with Global Reporting Initiatives Guidelines (GRI-G4) and the Italian 2013 GBS Standards. Voluntarily disclosing an IR represents a great challenge for an SME. This type of document is usually adopted by large listed companies and only anecdotal evidence refers to smaller companies (Del Baldo, 2017; 2018; Muslichah et al., 2019). Preparation of the report required Way2Global to carry out an important work on materiality, which *“started with stakeholder mapping and arrived at the definition of the materiality matrix through continuous discussion and dialogue among the company’s functions and stakeholder categories”* (Integrated Report, 2020, methodology section). The IR presupposes both a strong vocation to transparency and a strong relationship with stakeholders.

Although some proactive adjustments taken by Way2Global during 2020 were due to the necessity to cope with the new reality imposed by Covid-19, the positive trend is not limited to the emergency period but continued also during 2021, both from the financial and non-financial perspectives. This may indicate that Way2Global was able to internalize the good brought by the pandemic period in terms of organization and business model in a very resilient way.

4.2. The key drivers for resilience in Way2Global

Assets and resourcefulness

From its origin and during the years of life before the occurrence of Covid, Way2Global was able to build a robust business model based on three key pillars: *Social Innovation*, *Organizational Innovation* and *Technological Innovation*. These pillars require a great investment in people, relationships and technology: a key set of assets, skills and tools that helped the company to successfully perform in the midst of the storm of 2020.

As reported in its statute of BC and in its IR, the company has always been committed to creating meaning, wealth and shared value. Its goal is to *“promote professional translation as a sustainable tool for bringing people together across borders, languages and cultures”*. In other words, they aim to provide professional services while contributing to people encounter and integration. This is because their actions are inspired by both profit and non-profit orientations.

Way2Global has always reported its objectives and results in relation to what they identify as their main areas of interest as BC that, as extracted from the Impact Report, are the pursuit of happiness and well-being of employees, assuring equality of gender and women's empowerment in the workplace; transparency; the environment; commitment towards the local community and the civil society and a strong interest to R&D and innovation development, enhanced through partnerships with academia and research centres.

The care for human capital is clearly measurable by the fact that: *"Having our community of linguists amongst our key stakeholders implies that we hand out 65% of our generated value to them, whereas only 8% of the revenue is distributed to shareholders and 4% is reinvested in the company"* (Laura Gori, CEO).

Its interest in R&D is demonstrated by the fact that Way2Global has always focused on R&D projects and partnerships with Italian and foreign universities and research centres for the development of new technologies based on artificial intelligence and deep learning.

The company is also characterized by an extensive network of relationships with other stakeholders. Since its birth, Way2Global has imprinted a strategy to enhance a professional, quality, and lasting relationship with customers, suppliers, and business partners by implementing a series of transparency and loyalty measures. In addition, Way2Global has always favoured a short supply chain and localized economy, setting ambitious goals on the percentage of spending on local suppliers, enhancing a strong relationship with the stakeholders.

Last but not least, the Company has always enhanced its community network through a long-standing civic commitment to the local area, which is measured in terms of conventions, collaborations, workshops, hosted internships, participation in theses and surveys, and other advocacy initiatives that benefit civil society.

Following the Pal et al. (2014) framework, Way2Global is rich in human capital and networks and relationships. They can enhance resilience, maintaining countless secured relationships with quality stakeholders (suppliers, customers, financiers, etc.), thus intertwining integrally to organizational success patterns (Leiblein, 2011; Starr et al., 2003).

Dynamic competitiveness

Because of its small size and streamlined organizational structure, Way2Global is agile by its very nature. Moreover, in its Impact Reports Way2Global proposes a *"progressive business culture of time and logistical flexibility"*. In particular, since its foundation, Way2Global promotes an agile way of working in the form of smart working mode, flexible schedules, hour bank, part-time on demand, parental leave well beyond legal obligations, slow working policies upon return from maternity leave. Further-

more, it has activated a wide basket of “time-saving” services for its employees and contractors, such as online catering service coordinated by the front office with the possibility of meal consumption in a dedicated break room set up for the purpose, online grocery shopping with delivery to the company’s headquarters, laundry service with pick-up and drop-off at the company, delivery of medicines, car washing, etc.

This mode of organizing the job and the services offered to employees allows the entire workforce to easily adapt to new strategies and routines and possible impacts on people’s personal lives are minimized. At the same time, all employees have access and knowledge of digital communications that allow them to rapidly communicate across organizational functions even when working remotely.

In the light of the model of Pal et al. (2014), the company owns long-term flexibility: a dynamic capability fundamental for response activation in crises, as also proposed by Burnard and Bhamra (2011). Strategic flexibility means rapid decision-making, rapid and effective internal communications, capacity for fast learning and the ability to quickly adapt routines and strategies (Vossen, 1998).

At the same time, Way2Global has built its business on strong relationships with its clients, going beyond a mere profit logic and *“involving them in the green and social vision of the Company”*. Networking ability and success is based on transparency and the sharing of Way2Global’s values and mission. Similarly, partnerships and R&D projects on open innovation have been created on the basis of the principles of common benefits, multi-stakeholder collaboration, transparency and reciprocal trust. As the CEO states, the *“firm’s ability to interact with other business partners and manage these relationships efficiently”* is also due to its being a Benefit Corporation and a member of Assobenefit. This means being embedded in a structured context and being a part of a wide and strong network by nature³.

Networking capabilities are another key asset found in Way2Global. As suggested by the Pal et al. (2014) framework, they are strongly related to the development of resilience. As Sullivan-Taylor and Branicki (2011) highlight, increasing interorganizational relationships enable rapid implementation of decisions in SMEs and develop trusted relationships with suppliers and financial institutions. Similarly, Demmer et al. (2011) also highlighted the need of ‘executing renewal’ in SMEs through incorporation of customers in value chains, for engendering resilience.

³ In 2019, the B Corp entourage included more than 5,000 companies in 74 countries around the world, 140 of which are established in Italy, while more than 2,000 companies belonged to AssoBenefit.

Learning culture

Laura Gori is the founder and the CEO of Way2Global, and she is also the backbone of the entire Company. Passionate advocate for BCs, she keeps learning and disseminating about sustainability, corporate social responsibility, strategic leadership, and BCs.

"I decided to attend an executive education course, to develop a skill set in integrated thinking, value creation, accountable strategic leadership, civil economy and non-financial disclosure. The program ended with a final examination, which let me enroll in the Italian Register of Certified Civil Chief Value Officers" (Laura Gori, CEO).

Laura Gori, together with the top management has promoted a culture of sustainability and social vocation to employees and to the Company in general. *"I am here today in my role as a passionate advocate for benefit corporations as well as a certified chief value officer, to testify and share the journey of a small Italian female Start-Up on sustainability, as well as its approach to integrated reporting and non-financial disclosure" (Laura Gori, CEO).*

Workers are very much involved and trained about the mission and the vision of Way2Global: the Impact Report is the main channel of communication with employees, staff, and stakeholders in general about ESG performance of the year and the future middle-term targets. Also, since its creation, Way2Global shares and distributes its business plan and periodic reports about the performance of the company.

Also, taking part in BC projects, CSR and welfare activities and initiatives and offering training activities to employees, collaborators, suppliers and customers on the subject of sustainability and BC through a multi-channel communication (DEM, events, conferences, workshops, etc.) enhances the awareness of the entire Company towards sustainability and social benefits, and helps to spread a sense-making culture.

The sense-making culture is combined with a strong sense of well-being given by the offering of on-going training, an inclusive culture of equal opportunities and gender equality, and giving the possibility to manage working schedules.

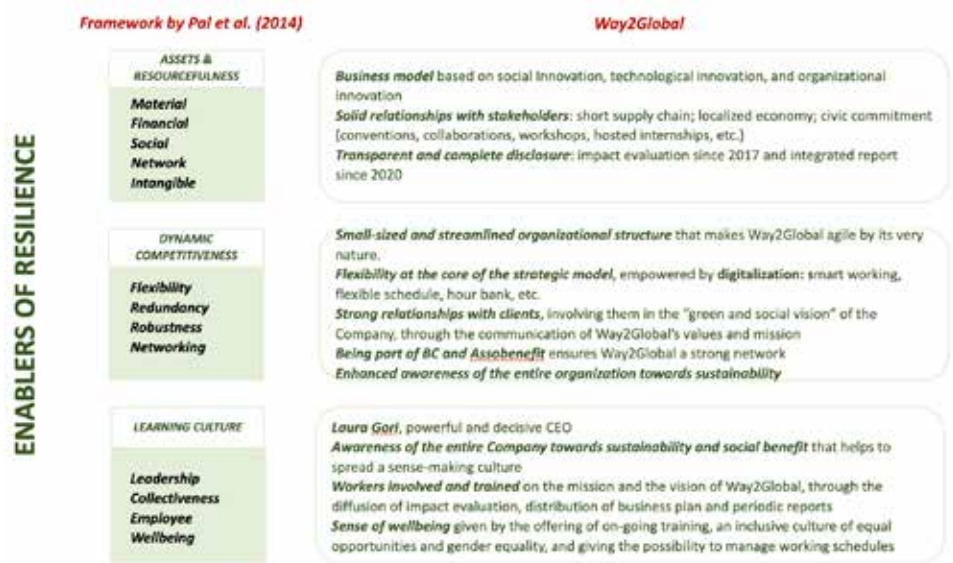
This evidence indicates that Way2Global can rely on the specialized knowledge of individuals and collectively on the organization as key assets to respond effectively to unfamiliar or challenging situations. Learning and cultural aspects, in general, play a pivotal role in enabling organizational resilience, perhaps to a higher degree in the case of SMEs. Pal et al. (2014) framework clusters these aspects into three vital enablers: leadership and top management decision-making, collectiveness and sense-making, and employee well-being.

5. Discussion

In this session we aim to recap the key distinctive characteristics of a BC and their impact on the elements of the framework of Pal et al. (2014) and, at the same time, to link them to the evidence coming from our case.

Next figure (Figure 3) shows the overlaps between Way2Global’s distinctive characteristics as a small-sized BC, on the one side, and the resilience enablers by Pal et al. (2014), on the other side. These common elements are essential to confirm our proposition: *with reference to SMEs, being a BC increases the likelihood of adopting a self-resilient approach, when coping with crises, like the Covid-19 pandemic.*

Figure 3 – Pal et al.’s Framework integrated with Way2Global characteristics as BC



A detailed description of the evidence follows.

Way2Global and the role of assets and resourcefulness

Freeman (2004) emphasized the role of human resources, with their stock of skills, attributes, knowledge, expertise, as a critical contributor to superior organizational performance. Teamwork and enhanced trust among the employees are also ingredients to develop an internal risk management culture, as well as to collaborate and communicate proactively (Sheffi, 2007).

As reported in our literature review, in BCs we can observe a dominant role of assets and resourcefulness in the form of human and social capitals,

which also includes stakeholders' engagement and commitment. This is particularly true for SMEs (Marchini et al., 2022). The BC model pushes new personnel recruiting and training initiatives, shared values, social cohesion, collectiveness and sense-making.

Consistently, in Pal et al. (2014), human resources and network connections and relationships with stakeholders are seen as essential contributors to superior organizational performance, hence resilience.

If we refer to our case, we found a business model based on social innovation, technological innovation and organizational innovation, that we believe to be perfectly coherent with this enabling role.

In addition, solid relationships with stakeholders have been developed, in terms of short supply chain, localized economy and civic commitment through conventions, collaborations, workshops, and hosted internships, for example.

Finally, a transparent and complete disclosure positively contributes to deepen these relationships, thanks to Way2Global's Impact Report since 2017 and Integrated Report since 2020.

Way2Global and the role of dynamic competitiveness

In the model of Pal et al. (2014), the ability to enable resilience through strategic flexibility appears to be predominant in the SMEs domain. It allows the organisation to activate and adapt its resources to provide a response to a changing environment, thanks to rapid decision-making, fast learning and quick adaptation of the routine processes.

As mentioned above, a recent stream of literature attempts to connect resilience with sustainability. Innovativeness and creativity, as well as improved efficiency by rethinking operations and supply chain configurations are possible responses to crises offered by a sustainability journey. This means that sustainability boosts the identification of new opportunities, like empirical evidence also proves (Dupire and M'Zali, 2018).

Since CSR is essentially embedded in BCs' missions, corporate social actions -which characterize BCs- represent a strategic approach for enterprises to increase their competitive advantage and leverage business model innovation, from both the social and the environmental perspectives.

This said, if we consider its small size and streamlined organizational structure, Way2Global is agile by its very nature. Flexibility is at the core of its strategic model, empowered by digitalization (smart working, flexible schedule, hour bank, etc.).

Strong relationships with clients have also been established, by involving them in the "green and social vision" of the Company, through the communication of Way2Global's values and mission through diffe-

rent channels and tools. Also being a BC and part of Assobenefit ensures Way2Global a strong network.

Finally, the case description highlighted the enhanced awareness of the entire organization towards sustainability and the numerous related initiatives taken.

Way2Global and the role of learning and culture (leadership and employee well-being)

Among others, the model developed by Pal et al. (2014) also includes learning and culture, as well as leadership, collectiveness, sense-making, and employee well-being as resilience enablers. First of all, they assume the form of rapid decision-making, rapid and effective internal communications, capacity for fast learning and the ability to quickly adapt routines and strategies (Vossen, 1998). Several studies suggested that such flexible and adaptable behaviour is a key resilience enabler in SMEs (Sullivan-Taylor and Branicki, 2011; Vargo and Seville, 2011). According to several authors (Bourgeois and Eisenhardt, 1988; McManus et al., 2008; Mitroff et al., 1992; Penrose, 2000), in SMEs decision-making is largely affected by the role of a powerful, decisive, and inspiring CEO and it is also supported by a powerful top management team. But leadership during crises is much more than just decision-making. It includes the assurance of optimism among employees, setting out a clear sense of vision and, in addition, ascribing sense-making yielding collectiveness.

Finally, employee well-being concerns employee accountability and sense of ownership, but also includes knowledge sharing, learning and right mind-set as ingredients of continuous improvement (Keller and Price, 2011). They facilitate a shared vision and the alignment of the organizational values with the corporate culture.

As described before, career development, remuneration plans, health and well-being of workers and collaborators are typical small and medium-sized BCs' pursued benefits (Marchini et al., 2022). And this represents an additional overlap between BCs' characteristics, on the one hand, and resilience enablers, on the other hand.

With reference to Way2Global, we can underline the charismatic CEO Laura Gori, who is able to express a powerful and decisive leadership and, as a result, enhances the awareness of the entire Company towards sustainability and social benefit, thus spreading a sense-making culture.

Workers are constantly involved and trained about the mission and the vision of Way2Global through the diffusion of impact reports, distribution of business plans and periodic reports, integrated reports included. Furthermore, their sense of well-being is reinforced by the offering of on-going

training, an inclusive culture of equal opportunities and gender equality, and the possibility to manage working schedules, as examples.

To conclude, if we consider the good performance of Way2Global during and after the Covid-19 pandemic as a measure of its resilience together with the overall picture of Way2Global emerged by the case analysis (Figure 3), numerous elements confirm our initial proposition, asserting that *with reference to SMEs, being a BC increases the likelihood of adopting a self-resilient approach, when coping with crises, like the Covid-19 pandemic.*

6. Conclusions

This paper describes the case of an Italian SME that innovated its business model during Covid-19. In line with previous studies (Kumar and Ayedee, 2021; Del Baldo et al., 2022), also the company under investigation resorted to digitalization to face pandemic-related restrictions but, differently from similar SMEs, it was able to grow. The company showed a self-reliant approach (Alonso et al., 2020), meaning that they were able to both adapt internal processes to external changes and develop new trajectories of business.

This achievement was supported by several assets, but mainly its human capital and relational capital that have always been at the core of the sustainability mission of the company.

From a theoretical standpoint, this case study represents a contribution to existing resilience literature, with specific regard to SMEs' resilience. Way2Global is an example of how being a BC can help build a resilient business model in line with the framework proposed by Pal et al. (2014). Therefore, the paper aims to enrich the scant literature on resilience of SMEs (Conz et al., 2017). Furthermore, since Alonso et al. (2020) encourages future research to test the theoretical frameworks proposed in the literature, this paper attempts to complement the theoretical model of Pal et al. (2014) by contaminating it with the BC phenomenon, which is relatively new and underexplored.

This case study has also practical implications, because it offers insights to practitioners operating in an extreme situation (Hannah et al., 2009) and also supports transitions towards more sustainable business models, like the BCs' ones. This case has also the potential to inspire other SMEs to undertake a sustainability transformation, by emphasizing the consistency between that strategic transformation, on the one hand, and the core principles of a BC, on the other hand.

The main limitation of this research is that the detailed findings relate to one company only. Although we are aware that deductions from a single case require some attention, we believe that the results of this work

may have broader applicability in the SME domain. Future research could extend the number and scope of analysis by considering SMEs operating in the manufacturing sector, where tangible investments in equipment and machinery may limit flexibility and adaptation and impose strong financial pressures on management for repaying loans used to finance assets.

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**BIPARTISAN SUPPORT FOR SMALL BUSINESSES:
STATEMENTS BY POLITICIANS AND LEGISLATIVE MEASURES
IN ITALY BETWEEN 1996 AND 2018**

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Abstract

Purpose. National and international institutions frequently define small and medium-sized enterprises (SMEs) as the backbone of national economies. Accordingly, both left-wing and right-wing politicians make frequent statements regarding the importance of SME policies for fostering economic growth and employment opportunities. This paper presents a quantitative study of the alleged bipartisan support for small business.

Design/methodology/approach. The empirical analysis considers the statements in support of small business, as reported by major national newspapers, of leaders of Italian political parties on the left and right. In addition, the empirical analysis reviews the legislative measures adopted by centre-left and centre-right national governments for SMEs between 1996 and 2018.

Findings. The results show that the leaders of right-wing parties were more active, in the period under review, in expressing their support to small businesses, while centre-left governments adopted more legislative measures and allocated more funds in favour of SMEs.

Practical and Social implications. These results provide an empirical background for assessing the position and credibility of the political and social actors that shape the discourse on SMEs in the public arena.

Originality of the study. This paper is the first attempt to quantify the widespread and debated political support to small business.

1. Introduction

Micro, small and medium-sized enterprises (SMEs) represent 99% of all businesses in the European Union, employ around 100 million people, and account for more than half of Europe's gross domestic product (GDP), while "just 0.2% of all enterprises has 250 or more persons employed and are therefore classified as large enterprises" (Eurostat, 2018). The European Union has long launched policies aimed at facilitating access to finance, reducing the regulatory burden, improving market access, building capacity and supporting SMEs in their transition to sustainability (De, 2017; Dvouletý et al., 2020)¹. These actions stem from the conviction that SMEs are the main engine of European economic growth, although the economic debate on which firm size distribution ensures stable growth and a balanced social development is still ongoing (see, for example, Wennekers and Thurik, 1999; Acs and Szerb, 2007; Atkinson and Lind, 2018). At the same time, politicians in every country never fail to publicly express their awareness that SMEs represent the backbone of national economies. The metaphor of SMEs as the engine of economic and social development is so frequent in the political arena that it is sometimes stigmatized as a "commonplace" (Dannreuther, 1999), "political rhetoric" (Perren and Jennings, 2005) or "political consensus" (May and McHugh, 2002). In addition, casual observations show that both parties on the left and right are ready to approve legislative acts in support of small businesses. While this position is not surprising - given the number of SMEs, small entrepreneurs and SME stakeholders that could guarantee substantial electoral returns - the actual conduct of policy actors towards SMEs may be conditioned by the political and ideological orientation. This could affect both the magnitude of public claims, for example during parliamentary debates, press conferences or newspaper interviews, and the actual government measures adopted when a centre-left or centre-right coalition is in power. However, to the best of our knowledge no previous study has systematically analysed whether and how the support given to small businesses changes across the political spectrum.

This paper explores this theme and considers the behaviour of Italian political parties towards SMEs between 1996 and 2018 and identifies possible differences between the left and right. On the one hand, the paper considers the public statements of political leaders in support of SMEs be-

¹ The broadest and most complete initiative designed for SMEs is the Small Business Act (SBA), presented by the European Commission in June 2008. The SBA suggests a political partnership with Member States, provides an SME policy framework to promote entrepreneurship and urges governments and institutions to "think small first" when establishing policy and law (Bennasi, 2010).

tween 1996 and 2018. On the other, the empirical analysis examines all the legislative measures adopted by centre-left and centre-right governments in favor of SMEs in the same period. The legislative acts are described in terms of form, financial commitment, and conditions to access support. The choice of the period under review is critical. Prior to 1992, Italy was governed almost exclusively by centrist or left-centrist coalitions. Between 1992 and 1994 a nationwide judicial investigation into political corruption led to the disappearance of many political parties and to the appearance of new ones. The Italian electoral law of 1993 (better known as *Mattarellum*) revised the proportional representation, encouraging the creation of two political coalitions. This led to alternating centre-left and centre-right governments in power after the 1996 general election. After other electoral law reforms (in 2005, 2015 and 2017), the distinction between centre-left and centre-right governments became less clear after the 2018 general election.

The empirical analysis clarifies the extent and characteristics of the parties' support for SMEs. Although several scholars have debated the fading distinction between left and right in the political arena (see Gilbert, 2018, in relation to the political scenario in Italy), real or perceived fundamental distinctions remain in every country. In addition to the scientific interest in a theme that is usually addressed heuristically, the results of the paper provide a solid empirical basis for political and social actors. Firstly, the results offer citizens and constituencies systematic information instead of casual observations on the real actions of parties on the left and right towards small business. Secondly, SME stakeholders and the trade associations that represent the interests of SMEs can better evaluate their endorsement or hostility towards political coalitions, especially during electoral campaigns, when the majority, if not all politicians, express their wholehearted commitment to the prosperity of small business. Finally, the paper provides what we believe to be a thought-provoking contribution for all those that shape, organize and participate in the "discourse" regarding SMEs in the public and political sphere (Habermas, 1962; O'Keeffe, 2006). The scope and quality of discourse on a specific theme can in fact affect citizen behaviour and policymaking (Scollon, 2008).

The paper is organized as follows. The next section discusses the theoretical issues on the position of parties on the left and right regarding small business. Section 3 and Section 4 explore this position by considering the Italian political parties between 1996 and 2018. Section 3 focuses on the public statements of Italian party leaders reported by the two most important Italian national newspapers. Section 4 analyzes the scope and characteristics of legislative measures in support of SMEs adopted by centre-left and centre-right coalitions in government. Section 5 discusses the results and the limitations of the empirical analysis, while the last section describes the possible implications of the results and presents the conclusions.

2. Theoretical background and research questions

Large firms can exploit economies of scale and scope in R&D, production, distribution, sales and marketing. They therefore have an initial technological advantage compared to SMEs, which ensures competitive advantages on the market (Chandler et al., 2009). At the same time, SMEs are sometimes described as more agile and flexible than large organizations; thus, SMEs are able to change the production process more rapidly in response to variations in demand, technology and regulation (Fiegenbaum and Karnani, 1991; Reynolds, 1997; Prasad, 1999). The broad debate on the firm size distribution associated with a stable economic growth began many years ago and is still alive today, given the mutability of markets and technology over time. In Italy, economic scholars have usually celebrated small businesses, given the success of the industrial district model, which boosted economic growth and trade surplus during the last century (Dei Ottati, 2018). However, the celebration of small businesses has weakened with the rising globalization of markets, which has exposed small organizations to harsh competition from medium and large foreign firms (Della Sala, 2004).

From a theoretical perspective, right-wing parties, as traditionally more pro-market and anti-regulation than left-wing parties, are expected to stigmatize the excessive burden of rules and the associated fixed costs incurred by SMEs, which is a possible cause of their supposed inefficiency. According to Bahn and Willenskym (2017), the idea that regulation disfavors SMEs is rooted in many conservative right-wing political parties, who try to reconcile deregulation and cut taxes with support for small business. On the other hand, thanks to economies of scale and scope, the greater efficiency of large organizations may lead to lower final prices and thus advantages for low-income consumers. In addition, large firms are easily unionized and thus provide the best “environment” to protect employees’ rights, which is a key objective of the left. These factors should lead parties on the left to focus on large organizations and to set aside SME issues. However, leaders of left-wing parties may be protective of small businesses, to the extent that the “negative” characteristics of SMEs (less capital, lack of economies of scale and scope, etc.) mean that they suffer under the market power of large organizations. In other words, supporting small business may reflect a democratic view of the economic process. In addition, left-wing parties are traditionally more interventionist than right-wing parties, which may be reflected in a more concrete defence of SME interests.

These preliminary remarks are sufficient in themselves to show the complexity and variability of factors that influence the attitudes of policy actors towards small business. The evolution of SME support in the United States is further proof. Mitchell and Holmberg (2020, p. 3) quote Roosevelt’s speech (1940) according to which, with the advent of the industrial age,

the struggle was between the large-scale “units of finance and industry on one side and the great mass of workers and small-business men on the other.” The combination of workers’ and small business owners’ interests was abandoned by the Democrats in the second half of the last century. On the one hand, from the mid-century, the Republicans claimed that they were ready to improve the conditions of SMEs with an agenda of tax cuts and trade union constraints (in doing so, the Republicans did not consider that these measures would also benefit large firms, which would thus steal the market share of SMEs). On the other, the Democrats reinforced the association between the right and small business, defining the “small business as inherently regressive, antithetical to worker interests, as opposed to Democratic values” (Mitchell and Holmberg, 2020).

In Europe, the alternance between left and right in supporting small business has shown less variability. Broadly speaking, Crouch et al. (2001) and Crouch et al. (2004) emphasized the role of sociocultural and institutional factors in boosting the development of regional economic systems and industrial districts, made up of small businesses. For example, Trigilia (1982) claimed that local Italian subcultures of both left-wing and right-wing parties (politically represented by socialist/communist and Catholic parties respectively) both supported the development of small business with socio-economic policies during the 1970s and 1980s. In Great Britain, after a general indifference towards small business until the early 1970s, Conservative and Labour governments “have been concerned about small business and have endeavoured to implement policies for its benefit” (May and McHugh, 2002, 79). At the same time, the right-wing in Europe has shown a steady position in support of SMEs (Ivarsflaten, 2005; Schaffer et al., 2019), which is associated with the liberal reforms of “Thatcherism, Christian Democracy and the Single European Market Programme” (Danneuher, 1999, 221). Also in Italy, right-wing parties have always courted small business. For example, the Lega Nord, usually described as an Italian right-wing or extreme right party, has tended to present itself as “the champion of small-and medium-sized companies” (Betz, 1994, 112). The distinction between the left and the right in supporting small business is however, not clear-cut even in Europe and Italy. All parties are aware that the system of small business represents a huge part of the electorate. Consequently, all politicians are keen to declare themselves on the side of SMEs.²

² SME stakeholders can achieve their own political positioning, an issue explored in a few surveys. In the United States, the surveys suggest small-business owners are more likely to consider themselves as republicans (National Small Business Association, 2014). In Europe, Oesch and Rennwald (2018) and Schaffer et al. (2019) obtained similar findings: small business owners tend to self-identify on the right, although they do not favour the far-right when national economic conditions worsen. These surveys also found that small business owners are more pro-business and market-liberal, in this respect more similar to the electorate of the centre-right (Ivarsflaten, 2005).

To sum up, three general considerations are involved. Firstly, both left and right European parties claim to be aware of the importance of SMEs in every national economy and, especially during economic downturns, express their willingness to support small business with concrete public policies. Secondly, over the years, right-wing parties have apparently supported small business more frequently than left-wing parties and have combined such support with a pro-business economic policy and against the rigid regulation of economic activities (although a less superficial analysis of this position reveals that it does not necessarily favour SMEs). Finally, the generic support given to SMEs contrasts with the extreme heterogeneity of small businesses. In fact, SME stakeholders may have contrasting interests. Supporting small business can mean helping SME owners and managers to make major investments as well as promoting the protection of SME employees during economic crises. Under certain conditions, SME policies can favour multiple stakeholders, however the actual recipients of the measures adopted by national governments can change.

The following sections provide a closer examination of these considerations. Section 3 assesses the extent of support to small business in the statements of Italian party leaders that appeared in major newspapers between 1996 and 2018. Section 4 considers the legislative acts relating to SMEs approved in the same period under the centre-left and centre-right governments. Our research questions and empirical expectations, based on the issues discussed in this section, are the following.

RQ1. Did political leaders of the left and the right express an equal support to small business? We expect that the statements in favour of SMEs characterized both the left and right, but also that right-wing parties are more determined to express their support for SMEs.

RQ2. Did political coalitions of the centre-left and centre-right adopt the same number of legislative acts in favour of small business? The greater “political” support given to SMEs by right-wing parties to small business could not necessarily reflect the actual legislative measures adopted by the centre-right ruling majorities, given the less interventionist attitude of right-wing compared to left-wing parties.

RQ3. Are SME policies neutral in terms of intended objectives and recipients? Our prediction is that the pro-business stance of right-wing coalitions in power probably entails legislative measures aimed at creating the proper context in which SMEs can pursue their objectives, as well as alleviating their fiscal burden (with, for example, tax credits). On the other hand, left-wing coalitions are expected to prefer direct forms of intervention, such as direct funding to SMEs with certain characteristics or belonging to certain

sectors. In addition, we expect to find differences in terms of the target and recipients of SME policies, given the extreme heterogeneity of the system of small business. In particular, the measures in support of SME employees are expected to be more frequent in the case of centre-left governments.

3. Supporting SMEs: the statements of the leaders of Italian political parties between 1996 and 2018

3.1 Data and methodology

The data collection regarding the statements in favour of SMEs considered 15 political parties present in the Italian Parliament between 1996 and 2018. The identification of left-wing and right-wing parties is relatively simple for those parties with a traditional left-wing orientation (Democrat-ici di sinistra, Partito Democratico, Partito Socialista, Verdi, Rifondazione Comunista, Comunisti Italiani) or right-wing orientation (Alleanza Nazionale, Fratelli d'Italia, Lega Nord, Forza Italia), because these parties explicitly claim to be left, centre-left, centre-right or right-wing parties. Some political parties define themselves as centrist or moderate (for example, Unione Democratica di Centro and Popolari), while others are not clearly aligned with the left, right or centre, because they take a left-wing stance on one matter and a right-wing stance on another, or because they refuse to be associated with left and right (for example, Movimento Cinque Stelle).

This paper considers the statements of the party leaders (called “secretaries” in Italy) reported in the online version of *La Repubblica* (hereafter, *Repubblica*) and *Il Corriere della Sera* (hereafter, *Corriere*), the two Italian national newspapers with the highest circulation. Given the frequent dissolutions, foundations and reorganizations of Italian parties, there have been 40 party leaders between 1996 and 2018. For each leader, we searched for statements in favour of small business using the database Lexis-Nexis for *Corriere* and the internal archive for *Repubblica*. The coding consisted of using the keywords (in Italian): “small-sized firms”, “medium-sized firms”, “small firms” and “small- and medium-sized firms” along with the surname of each party leader. Among the search results, we selected the articles that included spontaneous statements of party leaders regarding SMEs. During the collection of statements, we subjectively decided whether a statement was in favour or not of small business. Our initial inquiry aimed at identifying both positive and negative statements, but *all* statements resulted in favour of small business, since they addressed the driving force of small business for economic growth, foreign trade, or employment. We then randomly selected five samples, each of them with 100 statements, and assigned the samples to five students. The students

had to confirm or reject our initial assessment of positivity of politicians' statements. Our initial assessments were totally confirmed. Therefore, we maintained all the statements collected. The statements of party leaders that could not be associated to centre-left or centre-right (12.7% of total statements) have been equally shared between the centre-left and centre-right.

3.2 Results

The data collection returned 5329 statements in *Repubblica* and 1724 in *Corriere*, split between the centre-left and centre-right as reported in Table 1.

Table 1. Statements in favour of SMEs, 1996-2018

	Centre-left	Centre-right
<i>Repubblica</i>	2974 (55.8%)	2355 (44.2%)
<i>Corriere</i>	868 (50.3%)	856 (49.7%)
Total (A)	3842 (54.5%)	3211 (45.5%)
Days of tenure (B)	4626.5 (57.9%)	3351.5 (42.1%)
A/B	0.83	0.96

Source: La Repubblica, Il Corriere della Sera.

Centre-left leaders express more statements in favour of SMEs than centre-right leaders. This difference is more pronounced in *Repubblica*, which is considered more progressive than *Corriere*, which instead has a conservative stance (Le Moglie and Turati, 2019). These observations need however to be adjusted for the tenure of centre-left and centre-right coalitions. In fact, the media usually (and understandably) give more coverage to ruling political parties, because these are responsible for legislative and administrative actions (Durante and Knight, 2012).

The average duration of Italian governments is shorter than in other countries, although nearly every government is associated with a majority of centre-left or centre-right. Between 26 May 1996 and 23 March 2018 there were eleven distinct governments, seven supported by centre-left coalitions, three supported by centre-right coalitions, and a "technical government" (the Monti cabinet), which ran the country between 16 November 2011 and 28 April 2013. In Italy, a technical government consists of a non-political body, usually supported by nearly all the political forces, that is, including both left wing and right-wing parties, especially in situations of economic or institutional emergency. For the sake of simplicity, the days during which the Monti cabinet was in power were equally divided between centre-left and centre-right governments. With this adjustment, centre-left coalitions ruled the country for 4626.5 days (57.9%) and centre-right coalitions ruled

the country for 3351.5 days (42.1%) in the period under review.

The higher number of days when centre-left coalitions were in power explains the prevalence of centre-left party leaders in expressing support to small business. However, weighting the total number of party leader statements with respect to the days in power between 1996 and 2018, the centre-right shows a greater propensity to make statements in favour of small business. We can thus conclude that both fronts frequently express their support to small business, although the data reveal a prevalence of centre-right party leaders in making statements in support of small organizations and in favour of policy measures that enhance the conditions of SMEs.

4. Supporting SMEs: legislative measures of the centre-left and centre-right coalitions in power between 1996 and 2018

4.1 Data and methodology

To collect the data regarding the Italian legislative measures in favour of SMEs, we used the Leggi d'Italia database (<http://online.leggiditalia.it/>), in which we searched for ordinary laws and decree-laws³ approved between 26 May 1996 and 23 March 2018 and that included “small and medium-sized enterprises”, “small firms”, and similar expressions. The database returned 48 legislative acts. Each legislative act was analysed in order to find the following information.

- *Measures.* Each legislative act can include one or more measures in support of SMEs.
- *Allocated funds*, in millions of euros.
- *Form of support.* The support for small business took the form of *tax credits*, *direct funding* (including *non-repayable contributions*), setting up of or increase in *revolving loan funds* and *administrative measures*. Administrative measures, mean, for example, establishing agencies for the internationalization of Italian firms, stipulating measures for administrative streamlining, and creating an institutional “guarantor” for small business.
- *Long-term measures.* Some legislative acts provide that the support to SMEs had to be implemented over several years, especially in the case of the allocation of funds. No measure provided the allocation of funds for more than three years.
- *Conditionality.* In some cases, SMEs may be the recipient of support if certain conditions are satisfied. These conditions may regard the

³ The decree law (decreto legge) is a regulatory act that is entered into force provisionally but requires the enactment of a legislative act (legge) to have definitive force.

characteristics of the SMEs, the characteristics of the industry they belong to, or the nature of the investment the support is designed for. Among the conditional measures, we identified those that: targeted SMEs belonging to specific economic sectors (*sectorial measures*), supported employment within SMEs (*employment*), supported investments in physical or intangible assets (*tangible and intangible capital*).

These characteristics of SME support were then weighted with respect to the duration of the centre-left and centre-right governments. To do this, we considered the days of tenure of both coalitions, calculated the quarterly duration, and then divided the value of each variable by quarters⁴. This calculation measures the real frequency of intervention of centre-left and centre-right coalitions in the period under review. In the first step, in line with Section 3, the variables regarding the technical cabinet (Monti cabinet) were divided equally between the centre-left and centre-right.

4.2 Results

Tables 2 shows the results of the data collection.

Table 2. Measures in favour of small business between 1996 and 2018 (including technical cabinets).

Total values	Centre-left	Centre-right
Legislative acts	24	24
Allocated funds	5499.5	2947.45
Tax credits	16	10
Direct funding	5.5	4.5
Non-repayable contributions	2.5	1.5
Revolving loan funding	18	6
Administrative measures	4.5	5.5
Total measures	47	28
Long-term measures	9.5	7.5
Conditionality	23	13
Sectorial measures	10	5
Employment	6.5	1.5
Tangible and intangible capital	3.5	3.5
Quarterly values		
Legislative acts	0.47	0.64
Allocated funds	106.98	79.15

⁴ The choice of unit of measurement (days, months, quarters, years, etc.) is not crucial. We chose quarters to simplify data readability.

Tax credits	0.31	0.27
Direct funding	0.11	0.12
Non-repayable contributions	0.05	0.04
Revolving loan funding	0.35	0.16
Administrative measures	0.09	0.15
Total measures	0.91	0.75
Long-term measures	0.18	0.20
Conditionality	0.45	0.35
Sectorial measures	0.19	0.13
Employment	0.13	0.04
Tangible and intangible capital	0.07	0.09

Notes: allocated funds in millions of euros.

Centre-left and centre-right coalitions adopted the same number of legislative acts in support of small business, although the quarterly average was higher in case of the centre-right (0.64 against 0.47 of centre-left). However, a single act can include more than one measure, which thus changes the result: the centre-left approved 47 measures against the centre-right's 28, with a quarterly frequency of intervention of 0.91 and 0.75, respectively. This result is reinforced by the fact that the resources allocated by the centre-left were higher both in total (+87%) and by quarter (+35%).

Centre-left and centre-right coalitions performed similarly in terms of long-term interventions, tax credits, and direct financing measures. Interestingly, both centre-left and centre-right governments (in particular, Berlusconi II-III, and Prodi II cabinets) adopted incentives (in the form of tax credits) for small businesses that decided to merge (Bigazzi and Mangani, 2010). On the other hand, more frequently than the centre-right, the centre-left created or renewed revolving loan funds and non-repayable funds, while the centre-right coalitions adopted more administrative measures, such as the institution of a "guarantor" of SMEs in November 2001, an agency devoted to put forward proposals, to be presented to the national government, for developing the system of small business.

The measures adopted by centre-left coalitions included, in absolute and relative terms, more conditions to access public support, although both coalitions frequently designed forms of intervention that addressed specific economic sectors (for example, a 6 million Euros fund that the Berlusconi II cabinet devoted to SMEs active in fish farming in 2004, or a 5 million Euros fund for audiovisual small industry by the Renzi cabinet in 2016). Finally, the centre-left and centre-right differed in terms of the recipients of the support. Compared to the centre-right, centre-left coalitions approved more measures aimed at bolstering employment in SMEs (for

instance, the tax credits for new hires in SMEs adopted by the Prodi cabinet in 1997), while the centre-right prevailed for those measures designed to support SME investments in tangible and intangible assets (for example, the tax credits and direct financing devoted to investments in hardware equipments by the Berlusconi II cabinet in 2002).

In order to test statistically the difference between centre-left and centre-right in terms of support to small business, we have built a distribution of quarterly legislative acts, measures and allocated funds between 1996 and 2018. For this, we excluded the actions adopted by the Monti technical cabinet (whose measures should be arbitrarily distributed across time). The descriptive results shown in Table 3 are basically the same as those in Table 2. However, a t-test shows that the average quarterly acts, measures, and allocated funds do not significantly differ between centre-left and centre-right coalitions.

Table 3. Measures in favour of small business between 1996 and 2018 (excluding technical governments).

Total values	Centre-left	Centre-right
Legislative acts	22	22
Allocated funds	4764.5	2212.45
Tax credits	15	9
Direct funding	5	4
Non-repayable contributions	2	1
Revolving loan funding	17	5
Administrative measures	3	4
Total measures	42	23
Long-term measures	9	7
Conditionality	22	12
Sectorial measures	10	5
Employment	6	1
Tangible and intangible capital	3	3
Quarterly values		
Legislative acts	0.43	0.59
Allocated funds	99.26	65.07
Tax credits	0.29	0.24
Direct funding	0.10	0.11
Non-repayable contributions	0.04	0.03
Revolving loan funding	0.33	0.13
Administrative measures	0.06	0.11
Total measures	0.87	0.67
Long-term measures	0.18	0.19

Conditionality	0.43	0.32
Sectorial measures	0.19	0.13
Employment	0.12	0.03
Tangible and intangible capital	0.06	0.08

Notes: allocated funds in millions of euros.

5. Discussion and limitations

The statements of party leaders combined with the real measures adopted by national governments in support of small business permit to respond to the research questions proposed in Section 2.

RQ1. The claimed support to small business is bipartisan, since both left-wing and right-wing parties frequently express their support to SMEs. At the same time, the centre-right shows a greater determination in claiming their support to SMEs, at least within our sample of articles taken from major Italian newspapers. Thus, the empirical findings confirm our expectations.

RQ2. The greater willingness of right-wing parties to commit to SMEs is apparently confirmed by frequent law-making in favour of SMEs. However, a more detailed analysis reveals that the centre-left actually presented more measures and devoted more resources to small business. Although this difference is not statistically significant (if we consider the quarterly distribution of acts, measures and funds), it confirms the less interventionist line of the centre-right compared to the centre-left. Therefore, our empirical expectations are partially confirmed in the data.

RQ3. The centre-right approved more administrative or “contextual” measures than the centre-left, that is, measures that do not provide for a direct public intervention within specific economic sectors⁵. The centre-left more frequently adopted measures aimed at protecting employment within SMEs than the center-right, while the centre-right preferred to support SME investments in tangible and intangible assets. However, centre-left coalitions did not present more direct financing measures, while centre-right coalitions did not provide more in terms of tax credits. Hence, our

⁵ A controversial SME policy adopted by centre-left cabinets is the Industria 4.0 plan presented in June 2016 and implemented with various legislative acts (decree laws 193/2016, 243/2016, 50/2017, 91/2017). The plan explicitly addressed to manufacturing industries and aimed at increasing SME productivity, supporting the adoption of digital technologies (Cassetta and Pini, 2018; Yang and Gu, 2021). Although the plan was presented as “horizontal”, many scholars noted that it was essentially “place-neutral” and “firm-based” (Seghezzi and Tiraboschi, 2018; Fiasché and Timpano, 2019), and that it did not take into account the “systemic nature” of economic development, also at a local level, for example within industrial districts (Andreoni, 2017; Gherardini and Pessina, 2020). The plan was then renamed Impresa 4.0 and extended to service firms at the end of 2017.

predictions are partially confirmed.

Broadly speaking, the data show that the support to small business is not necessarily neutral, as it is usually described in the statements of left-wing and right-wing policy actors. Although the objective of public support is to promote the generic “prosperity” of small business, the immediate effect of SME policies can affect different categories of stakeholders, whose interests do not necessarily coincide. An interesting bipartisan measure is the tax credits that both coalitions adopted to encourage mergers and acquisitions between SMEs. These measures show that both left and right assume that efficiency increases with firm size and that SMEs would want to grow if they had the resources to do it. However, previous work on the theme has found that many entrepreneurs do not want their businesses to grow, nor do they want public sector assistance. This would explain why many entrepreneurs are often reluctant to exploit the promotion measures available (Perren and Jennings, 2005; Niska and Visala, 2013).

Our results need to be contextualized. Three points regarding the position of political parties about SMEs, the units of observations of legislative acts, and the general approach of the empirical analysis, prevent these results from being extended to other countries.

In the first place, the statements of the party leaders reveal the official position of political parties only partially, since other party members could have different views on the same issue. In addition, the attitude of a party to SMEs should be combined with the position of companion parties within a coalition, especially during electoral campaigns. Of course, if the empirical observations regarded the programs of different coalitions, the sample would be inevitably smaller. In addition, the combination of parties within a coalition changes frequently during a single legislature.

Secondly, there are numerous, heterogeneous legislative acts that address small business in Italy, and, more importantly, they are approved at different administrative levels⁶. Since the early 1990s, the Italian public sector has undergone radical reforms, pursuing a higher decentralization of revenue and expenditure responsibilities (Arachi and Zanardi, 2004; Giarda, 2004, Grisorio and Prota, 2015). This means that many resources targeted at small business are not handled by the central government but directly by regional governments (Ferrucci et al., 2020).⁷ Several scholars have emphasized im-

⁶ In Italy, the public sector is organized in three main layers of territorial government: central government, regional governments, and local governments, which include provinces and municipalities.

⁷ In addition to their own resources, regions can count on a large set of financial tools provided by the EU and national legislation to fund policies in support of SMEs. The European Structural and Investment Funds and the National Fund for Development and Cohesion are part of a unitary planning approach to support regional development in all areas of the country, especially in regions with poor economic conditions.

portant regional differences in the management of these resources (see, for example, Rolfo and Calabrese, 2003; Ambrosiano et al., 2010). For example, some regional governments have adopted scattering funds to support small business, while others have drawn up long-term plans that support SMEs with certain characteristics in selected industries (Bianchi and Labory, 2019). These asymmetries can depend on the left-wing or right-wing coalitions in power at the regional level. This paper does not explore the interregional differences, which could reveal different results.

Thirdly, our analysis assumed that the Italian political spectrum can be described by a contraposition of left and right coalitions and parties. In reality, the distinction between left-wing and right-wing parties was uncertain even during the XX century. The Italian Communist Party, founded in 1921 and dissolved in 1991, attracted the support of about a third of the vote share during the 1970s and certainly represented “the left” of the political spectrum. However, Christian Democracy, which was the largest party in the Italian Parliament from 1946 until 1994, comprised both centre-right and centre-left political factions. After the dissolution of these large parties, new electoral laws introduced forms of majoritarian representation, but a large share of politicians was still elected with a proportional method. This prevented the development of two large and distinct political groups that could compete on economic and social issues.

Broadly speaking, several politics scholars and casual observations suggest that the distinction between political left and political right is fading, both at the national and international level. Since the contribution of Giddens (1994), several scholars have raised questions as to the possible evolution of the traditional left-right political spectrum used to classify political ideologies and political parties, and which characterized much of the European history during in the last century. What is under discussion is, on the one hand, the “blurring and the resilience of left and right” (Mair, 2007) and, on the other, the emergence of new forms of political polarization, with the rise of new populist movements (Taggart, 2004; Mudde and Kaltwasser, 2012; Caiani and Graziano, 2021). In reality, “blurring and resilience” issues especially regard parties and coalitions of the left. In fact, populist parties and populist movements tend to assume political and ideological positions traditionally advanced by right-wing parties (Pelinka, 2013; Rodrik, 2020). This also seems to hold for the issues discussed in this paper. Ivaldi and Mazzoleni (2020) observe that the new populism is seeking the attention of small business. Rovny and Polk (2020) claim that all European populist parties remain essentially right-wing, since they embrace “a typical right-wing pro-small business agenda of tax reduction and easing the bureaucratic burden on small entrepreneurs”. In conclusion, even if the “right” is becoming an ambiguous political subject, new populist parties are ready to replace them at least in their (claimed) support of SMEs.

6. Conclusions

The leaders of all political parties tend to highlight in their speeches and manifestos the contribution of SMEs to national economic growth and the importance of public support of small business. The often-generic statements in favour of SMEs, the confusing overlap between economic stances and ideological positions, and the large electoral base represented by the system of small business, can explain, *prima facie*, the bipartisan support given to SMEs. To investigate this in more detail, this paper has analysed the scope of SME support by the Italian centre-left and centre-right leaders between 1996 and 2018 and the actual legislative actions of centre-left and centre-right governments in favour of small business in the same period. The results show that right-wing parties are more active in claiming their support of small business, while centre-left governments adopted more measures and dedicated more resources to SMEs. The empirical inquiry also revealed differences in terms of the form and characteristics of intervention. The results are important for Italy, where the share of SMEs in terms of GDP and the total number of firms is greater than the European average (Goodman et al., 2016)⁸, but also provide a stimulus for similar analyses in other countries.

These results need to be contextualized both geographically and historically, since the very same concept of left and right may change over time and space. While the theoretical considerations presented in Section 2 reflect the left-right contraposition in Europe, they cannot easily be extended to other areas, where the political poles are not easily identifiable as left and right. The most important example is the United States, where the support of the system of small business has alternated between the Democrats and Republicans, who do not mirror the traditional European distinction between left and right.

We believe that the results of this paper are relevant in several ways. From a scientific perspective, the results clarify how the left and right diverge in terms of SME support, an issue that is usually addressed heuristically. However, the importance of the empirical results could be of value for those outside academia as well. Firstly, they could serve as empirical support for SMEs and SME associations, when they are assessing which political coalition has the greater chance to defend their interests. The system of SMEs includes various stakeholders and is rather “disorganized” (Dannreuther, 1999). The composition of SME stakeholders’ interests is therefore challenging for all representative organizations and political coa-

⁸ Italian SMEs create 66.9% of the total value added in the national non-financial business economy, against the EU average of 56.4%. The share of employment of Italian SMEs is 78.1%, against the EU average of 66.6% (OECD, 2020).

litions. In any case, the results offer important insights during crucial political moments, such as electoral campaigns, and provide a grounded empirical basis on which to assess the position and credibility of political parties and political leaders. This is important since some scholars have observed that many small entrepreneurs are not convinced that policymakers either have the required expertise to “help” small business, or that policymakers are really motivated by the interest of the entrepreneur (Niska and Vesala, 2013). Within the political arena, this paper provides new material for political parties when they challenge the opponents’ position on the grounds of SME policies. Borrowing the words of Perren and Jennings (2005, 181), policy actors should take these empirical findings as an “explicit challenge (...) to consider the irony and iniquity of their position as each of their utterances and interventions extends the contradictory discourses” regarding SMES, small entrepreneurs and SME policies.

More generally, this paper contributes to the debate regarding the formation of a public and political discourse on SMEs. The inclusion of SMEs in the political discourse stems from the expectation that SMEs, especially those of new formation, generate economic growth and increase employment (Davis et al., 1996; Haltiwanger and Krizan, 1999; Perren and Jennings, 2005; Audretsch et al., 2006; De Wit and De Kok, 2014; Wapshott and Mallett, 2018). The repeated references to small business by policymakers (confirmed in this paper) has induced some scholars to examine SME policies using an original discourse analysis. The modern SME policy can be perceived as a discourse, “a version of enterprise promotion that has become established as solid and real” (Niska and Vesala, 2013). The SME policy discourse shapes the goals (the maintenance and especially the growth of existing SMEs) and the means (funding provisions, training and advisory services) for enterprise promotion. Although the implementation of the SME policies naturally includes material events, these events only make sense through discourse (Wetherell, 2001). However, the discourse regarding SME policies is often piecemeal and SME policies are poorly explained (Curran, 2000). In addition, the objectives of these policies are defined only in “politician speak” (Storey, 2016) and it is difficult to understand whether they achieve their goals. Finally, Perren and Jennings (2005) observe that the political discourse regarding small business usually assumes that politicians are competent business experts, that small business want to grow, and that SMEs need the support of public policies. These assumptions, however, are rather questionable (Niska and Vesala, 2013) or need to be explored empirically (Pencarelli et al., 2010). While the development of empirical techniques for assessing the impact of SME policies remains a crucial step for policymakers and academic scholars, it is also important to explore the underpinning philosophy of the bipartisan support of small business, since this philosophy is often hidden behind the

multiple and generic statements in favour of SMEs. This paper has provided a quantitative contribution to the debate on the political discourse regarding SMEs. The challenge of future research is to combine quantitative and qualitative analyses of the political discourse on SMEs, along with the study of SME policies adopted in different countries. This will clarify how and to what extent political representatives shape the debate regarding SMEs, which is likely to be long-lasting given the large proportion of SMEs in all economies.

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BOOK REVIEW

F. SGRÒ, "INTELLECTUAL CAPITAL AND ORGANIZATIONAL PERFORMANCE. AN EMPIRICAL FOCUS ON SOCIAL COOPERATIVE ENTERPRISES", SIDREA SERIES IN ACCOUNTING AND BUSINESS ADMINISTRATION, SPRINGER, CHAM: SWITZERLAND, 2021.

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Abstract

What is the relationship between intellectual capital and organisational performance in social cooperative enterprises? Francesca Sgrò's book answers this question by providing a comprehensive analysis of the principal components of intellectual capital sub-dimensions (human, relational and structural capital) and their effect on the social and financial performance of social cooperative enterprises. After a thorough literature review on social enterprises, intellectual capital within non-profit organisations and the relationship between intellectual capital and firm performance, the author presents the main results from an empirical analysis of 151 Italian social cooperative enterprises. By adopting quantitative methods and combining data gathered from a survey and the AIDA database, six principal components of intellectual capital involved in the value creation processes were identified: education, employee productivity, employee satisfaction, relationship quality, collaborative and communicative capacity, satisfaction of social needs and service innovation. Moreover, human capital emerged as one of the most important assets in driving both financial and social performance. Managerial and theoretical implications, as well as limitations and further research, are discussed.

Review

Intellectual Capital (IC) is recognised as a crucial resource for business success and viability, and it is seen as the primary source of sustainable competitive advantage for both for-profit and non-profit organisations. However, research has focused more on for-profit firms, paying little attention to the non-profit sector, with a few exceptions. This volume contributes to filling this gap in the literature. Specifically, it advances the work of Bontis et al. (2018), published in the *Journal of Intellectual Capital*, titled “Intellectual capital and financial performance in social cooperative enterprises” by focusing on the relationship between IC sub-components and the financial and social performance of social cooperative enterprises (SCEs). These enterprises are known as an example of hybrid organisations since they adopt economic and social practices and simultaneously pursue both social and economic goals. They are considered the most entrepreneurial, articulated and advanced examples of social enterprises. In this context, IC is considered crucial for achieving the SCEs’ mission, implementing their corporate strategy, acquiring and maintaining a long-lasting competitive advantage and improving their corporate performance.

Francesca Sgrò’s book offers a further contribution by providing a comprehensive analysis of the principal components of intellectual capital sub-dimensions (human, relational and structural capital) within non-profit organisations and delving into their effect on the social and financial performance of SCEs. Notably, the research presented in the book aims to answer the following three research questions: (RQ1) What are the principal components of IC sub-dimensions for SCEs? (RQ2) What elements of IC influence the financial performance of SCEs? (RQ3) What components of IC affect the social performance of SCEs?

After a short introductory chapter, the author devotes the second chapter to a broad overview of the role and main features of social enterprises among non-profit organisations. The author begins by presenting the legal evolution of social enterprises and their diffusion in Italy and Europe, highlighting the essential characteristics of a social enterprise, in terms of entrepreneurial, social and inclusive ownership-governance dimensions, and describing social enterprises and hybrid organisations. Then the focus moves to SCEs, which are identified as an ideal type of social enterprise. SCEs are considered the most adopted legal form for SEs, and their diffusion in Italy and Europe was described together with an overview of the phenomenon in the literature on economics and management studies.

Chapter three introduces the reader to the topic of the book: the concept of IC and how it has been analysed within the economic and management literature. The author starts by describing the pivotal role of IC in the knowledge-based economy. Then she illustrates the evolution of IC stud-

ies, provides several definitions and taxonomies that have emerged over time and describes the three main components of IC: human capital (HC), relational capital (RC) and structural capital (SC). In the second part of the chapter, the author provides a descriptive literature review by investigating the concepts of IC in the non-profit sector to highlight the strategic role of IC for SCEs. Finally, she also provides an innovative multidimensional measuring system of IC for SCEs by developing a set of key performance indicators (KPIs) able to capture the value generated by human, relational and structural capital.

In chapter four the author addresses the relationship between IC and firms' performance, with a focus on hybrid organisations. She underlines that, for these enterprises, the concept of performance overcomes the traditional one as "profit maximisation". Then, the author describes the organisational performance as multidimensional considering that these hybrid organisations have adopted a social mission while generating profit to sustainably accomplish this mission. Therefore, performance is divided into social (or mission-based) and economic-financial. Hence, drawing on the literature, the author offers an overview of the studies regarding the relationship between IC and the performance of hybrid organisations. Finally, she proposes two hypotheses closely linked to the second and third research questions and devoted to testing the influence of human, relational and structural capital on SCEs' performance: Hp1—The IC sub-dimensions (human capital, relational capital, structural capital) affect the economic-financial performance of social cooperative enterprises; Hp2—The IC sub-dimensions (human capital, relational capital, structural capital) influence the social performance of social cooperative enterprises.

Chapter five involves an extensive overview of the various methodological aspects of the study. It provides insights into the adopted mixed-method by illustrating the questionnaire design, as the most common tool used in social sciences, especially when it is used, in an exploratory way, to measure the attitudes and/or behaviour of a population or a sample, and the statistical analysis tools (principal component analysis and ordinary least squares model) utilised to identify the main components of IC for SCEs (RQ1) and to investigate the influence of human, relational and structural capital on SCEs performance (RQ2 evaluated by testing Hp1 and RQ3 evaluated by testing Hp2). Thereby, a detailed and empirical elaboration of data has been provided.

A population of 151 Italian social cooperative enterprises was investigated. The firm's financial data were collected from the AIDA database and combined with data collected from a survey that was conducted from March 2018-June 2018. A total of 125 completed questionnaires were returned for a response rate of 82.78%.

To answer the first research question (RQ1), a principal component analy-

sis (PCA) was performed to identify the main factors for each IC sub-dimension, and six principal components of IC in SCE have been identified. Specifically, concerning human capital, two main factors have been identified: the first component is called education and includes training and the number of employees with university degrees, which represent the most important investments in human capital by SCEs; the second component is called employee productivity and satisfaction and refers to the value added relative to employee cost and the degree of employee satisfaction. Two main components were found for relational capital: the first component is called relationship quality and concerns the quality of the SCE's relationships with customers and the reference territorial community; the second component is called collaborative and communicative capacity and refers to the corporate capacity to effectively collaborate with external partners and communicate with external actors via the SCE's website. Moreover, concerning structural capital, two main components have emerged: the first is called social needs satisfaction and is related to the ability to satisfy social needs by providing services and serving users, while the second is called service innovation and concerns the ability to provide new services. To answer the second and third research questions by testing Hypothesis 1 and Hypothesis 2, two models were proposed and tested. Model 1 investigates the effects of IC sub-components on the economic performance of SCEs and uses ROA (an operating profitability measure commonly used in financial analysis and calculated as the ratio between operating profit and total assets) as the dependent variable. Model 2 investigates the effects of IC sub-components on the social performance of cooperative enterprises and uses the number of users served (i.e., the social output, calculated as the ratio between the number of users and the number of employees) as the dependent variable.

Concerning Model 1, results show that human capital positively influences economic performance. Specifically, the presence of employees with university degrees, the value added per employee, employee satisfaction and training activities positively and significantly affect the return on asset. However, with regard to relational capital, only the relationship established with the community positively and significantly affects performance. Conversely, an online web presence negatively and significantly affects economic performance.

Regarding Model 2, findings show that human capital positively influences social performance. Specifically, the presence of employees with university degrees, the yearly training per employee, the value added per employee and employee satisfaction positively and significantly affect social performance. With regard to relational capital, the quality of relationships with partners has a positive and significant effect on social performance as well as the quality of the relationship with the reference community. The quality

of relationships with customers and those belonging to a network also has a positive and significant effect on social performance.

To sum up, six principal components of IC in SCEs have been identified: “education, employee productivity, employee satisfaction, relationship quality, collaborative and communicative capacity, the satisfaction of social needs, and service innovation. These factors represent effective levers for use in fostering IC, which guarantees the long-term survival of corporate companies” (p. 71). Furthermore, human capital is one of the most important assets in driving both SCEs’ economic and social performance. Additionally, relational capital has also a positive influence, while structural capital does not affect organisational performance.

This book makes an essential contribution to the debate on the role of IC in non-profit organisations, especially SCEs. The volume has the merit of providing a wide-ranging overview of the impact of sub-components of IC on SCEs’ ability to pursue social outcomes while preserving economic and financial sustainability. The empirical research has identified the main KPIs that may be used to measure the IC and represent firms’ value creation mechanisms in SCEs. In conclusion, Sgrò’s work has confirmed how IC, and especially human and relational capital, can be crucial in the non-profit sector and provides useful implications for research and practice.

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