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Profit, Purpose and the ‘Price of Change’: Evidence From Benefit Corporation Transitions

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ABSTRACT

This study investigates the short-term financial consequences of transforming into a benefit corporation, a hybrid organisational form that embeds a dual mission of profit and public benefit. Drawing on the Social Resource-Based View and sustainability-oriented change management, we argue that the transition entails a reconfiguration of organisational priorities and resource allocation, which may temporarily affect firms' financial performance. Using a longitudinal event study on Italian firms, we compare transformed benefit corporations with a matched sample of non-benefit firms. The results reveal lower performance in revenues, more tentative evidence on total assets, together with a reconfiguration of the debt structure following the transformation. Rather than signalling structural weakness, these dynamics may reflect transitional adjustment costs associated with the development of social and relational capabilities. The study contributes to research on hybrid organisations by clarifying the financial implications of benefit transformation and offers managerial insights on the need for careful financial planning during the transition process.

1 | Introduction

Hybrid organisational forms have gained growing attention in management and accounting research as firms are increasingly expected to integrate social and environmental objectives into their core business models. Among these models, benefit corporations represent a legally recognised hybrid form that embeds a ‘dual purpose’—the pursuit of profit alongside the creation of a common benefit—within the corporate charter (Baudot et al. 2020; Riolfo 2020).

While benefit-oriented enterprises are proliferating across several jurisdictions, including Italy, scholarly understanding of their organisational and financial implications remains limited. In particular, most existing studies focus on firms founded as benefit corporations or on companies obtaining B Corp certification, whereas far less is known about organisations that

transform into the benefit form after having long operated under a traditional for-profit logic. However, this transformation entails not only a statutory adjustment but a broader organisational change process requiring the reconfiguration of governance, routines and stakeholder relationships (Riso et al. 2024; Millar et al. 2012; Brunes et al. 2017; Sancak 2023). This gap is particularly relevant in light of the structural trade-off institutionalised by the benefit legal form, which requires firms to balance the interests of shareholders with those of wider stakeholder groups (Riolfo 2020; Riso et al. 2025). From a theoretical perspective, the social resource-based view (SRBV) suggests that the integration of social and environmental goals requires firms to invest in new capabilities—such as commitments, stakeholder connections and consistency between mission and practice—that may generate long-term competitive advantages but also entail short-term adjustments in financial performance (Tate and Bals 2018; Hart 1995; Hart and Dowell 2011). Moreover,

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research on sustainability-oriented change indicates that transitions towards hybrid business models typically involve resource reallocations, increased organisational complexity and a long-term orientation, potentially generating temporary adjustments in financial performance (Millar et al. 2012; Sancak 2023). Despite these theoretical premises, empirical evidence on the financial consequences of adopting the benefit corporation form remains scarce and fragmented, especially regarding firms undergoing transformation.

Against this background, this study examines the short-term financial implications of transitioning to a benefit corporation. Building on the SRBV and the literature on organisational change, we ask:

RQ: What are the short-term financial consequences for firms that transition into the benefit corporation legal form?

To address this question, we conduct a longitudinal event study comparing transformed Italian Benefit Corporations with a large matched sample of non-benefit firms. By examining total assets, revenues, short-term and long-term debt and the overall debt ratio, we assess whether the organisational and institutional shift associated with benefit status produces measurable short-term financial adjustments.

Our findings reveal a distinctive pattern of performance moderation following transformation. Specifically, our findings reveal statistically significant lower performance in revenues of the BCs with respect to the non-BCs, together with a reconfiguration of the debt maturity structure, while evidence regarding total assets and the overall debt ratio is less conclusive. These results suggest a phase of short-term financial adjustment, characterised by weaker revenue performance and changes in the composition of debt following the transformation. One possible interpretation, consistent with the SRBV, is that firms reallocate resources and managerial attention toward integrating social and environmental objectives. However, alternative explanations, including pre-existing firm characteristics, external shocks or sector-specific dynamics, cannot be excluded. Consistent with the SRBV and change-management perspectives, these dynamics may reflect transitional adjustment costs rather than structural weaknesses, potentially signalling an investment phase associated with the development of social and relational capabilities and the progressive embedding of the dual mission into organisational routines.

This study makes three contributions. First, it offers the first large-scale empirical assessment of the short-term financial consequences of transforming into a benefit corporation, a phenomenon that has grown rapidly but remains empirically underexplored. Second, it contributes to the theoretical development of the SRBV by illustrating how the creation of social and environmental value affects financial performance during early-stage transitions. Third, the study provides actionable insights for managers and policymakers: Transformation into a benefit corporation requires careful financial planning, as temporary imbalances between mission and financial objectives may arise during the organisational alignment process.

The article continues as follows. Section 1 presents the theoretical background. Section 2 outlines the institutional context,

data and methodology. Section 3 reports the empirical results. Section 4 discusses the findings and their implications. Section 5 concludes by summarising the contributions and suggesting avenues for future research.

2 | Literature Background and Theoretical Framework

2.1 | The Dual Purpose of a Benefit Corporation and Its Intrinsic Trade-Off

Benefit corporations represent a novel hybrid enterprise model that occupies a space between traditional for-profit and non-profit organisations (Baudot et al. 2020). This study focuses specifically on firms that transform into benefit corporations, rather than those established as such from inception, highlighting the financial implications of this transition. Originating in the United States in the early 2010s, benefit corporations introduced an innovative legal framework designed to reconcile profit-making with the pursuit of broader societal objectives. They are characterised by a 'dual purpose' model, aimed at the concurrent pursuit of both profit objectives and the creation of a common public benefit (Riolfo 2020). Thus, firms may either be established directly as benefit corporations or later undergo a transformation process. The latter, however, is not merely a statutory act but constitutes an organisational change process; it requires the development of stakeholder management and engagement practices capable of redefining the relationship between the company and its external constituencies, thereby integrating interests that go beyond those of shareholders alone (Riso et al. 2024). This view is consistent with change management research, which shows that sustainability-oriented transitions necessitate deep cultural, procedural and governance adjustments (Millar et al. 2012; Brones et al. 2017; Sancak 2023).

From a regulatory perspective, the legal status of benefit corporations establishes the obligation to balance the interests of shareholders with those of other stakeholders, thereby institutionalising a structural trade-off between the pursuit of profit and the generation of social and environmental value (Riso et al. 2025). This trade-off can be interpreted through the conceptual framework of Dyllick and Muff (2016), who distinguish between approaches of 'weak sustainability,' in which profit remains the primary goal and social and environmental issues are integrated only if compatible with economic logic, and 'strong sustainability,' in which value creation for society takes on an equal or even superior role to economic objectives. From a normative standpoint, benefit corporations are positioned closer to the latter view, although they operate under a constant tension between these divergent aims.

Such tension may also have financial implications, since organisational change processes often require reallocating resources and adopting a longer-term strategic orientation, potentially generating short-term costs but enabling future performance improvements (Millar et al. 2012; Sancak 2023).

Despite this legal mandate for balance, the risk of opportunistic behaviour persists. As Agostino et al. (2024) emphasise, the

growing emphasis on sustainability may prompt some firms to adopt the legal status of a benefit corporation primarily as a tool of legitimization and communication, without a genuine commitment to creating shared value. This risk materialises when the status is used to attract ESG-oriented investors or to achieve market differentiation without corresponding transformations of the business model or a substantive alignment of organisational practices with the stated common benefit objectives. In such cases, the legal form may serve chiefly as a reputational ‘business card,’ leading to the phenomenon of benefit washing. Recent scholarship has highlighted such ambiguities. Riso et al. (2025) point to the generally low quality of sustainability disclosures, claiming a risk of ‘benefit washing.’ Esposito et al. (2025) underline the heterogeneity in the quality of impact reports. Furthermore, Galli et al. (2021) show that, particularly in small- and medium-sized enterprises, a lack of transparency is a significant issue.

2.2 | Sustainable Businesses and Performance: Theoretical Development

Within the broader theoretical debate on sustainable business models, the SRBV provides a compelling framework for analysing the dynamics that characterise benefit corporations. Rather than introducing an entirely new paradigm, the SRBV extends traditional approaches to the firm by recognising that the pursuit of social and environmental value can itself constitute a strategic resource (Hart 1995; Tate and Bals 2018). Moreover, the transformation into a benefit corporation entails a profound organisational change process and therefore represents a relevant change-management challenge. Several studies highlight that transitions toward sustainability-oriented business models require the evolution of capabilities, routines, governance systems and organisational cultures (Millar et al. 2012; Brones et al. 2017; Sancak 2023). In the case of benefit corporations, this shift is particularly demanding because moving from a traditional profit-oriented model to a triple bottom line (TBL)–oriented model requires the redefinition of decision-making processes, strategic priorities and performance evaluation mechanisms. Consequently, the development of new social, relational, and environmental resources—as envisaged by the SRBV—depends on the effective management of the transition and the alignment of internal and external stakeholders with the new corporate purpose. Conceptually, the creation or transformation into a benefit corporation can be viewed as an institutional expression of SRBV principles, because it formalises the integration of economic, social and environmental objectives within a single organisational purpose (Riso et al. 2024). According to this perspective, the capacity to generate shared value across the TBL may not only fulfil normative goals but also support long-term economic and financial performance (Tate and Bals 2018).

A key implication of the SRBV is that adopting a TBL logic broadens the firm’s performance horizon beyond purely financial outcomes to include social and environmental results. However, these dimensions may follow different temporal dynamics: Financial outcomes are often observable in the short term, whereas social and environmental returns may emerge more gradually. For firms undertaking a transition toward a sustainable model—such as benefit corporations—investments

in social and environmental capabilities may therefore exert temporary pressure on short-term financial performance while potentially generating more durable benefits over time.

The SRBV builds on the traditional resource-based view (RBV), which argues that firms achieve sustained competitive advantage through resources and capabilities that are valuable, rare, inimitable and nonsubstitutable (Barney 1991; Peteraf 1993). Subsequent developments extended the RBV to include dynamic capabilities (Teece et al. 1997) and relational perspectives emphasising the role of interfirm networks in leveraging resources beyond organisational boundaries (Lavie 2006). Within this stream, however, the firm remains the central unit of analysis and performance is predominantly conceptualised in economic and financial terms.

Building on these insights, Hart (1995) proposed the natural resource-based view (NRBV), extending the RBV to recognise ecological constraints and the strategic relevance of capabilities oriented toward environmental challenges. In particular, pollution prevention, product stewardship and sustainable development were identified as capability domains that can underpin long-term competitive advantage (Hart and Dowell 2011). This environmental turn broadened the RBV by explicitly situating firms within natural systems and recognising ecological stewardship as a potential driver of performance (Hart 1995).

More recently, scholars addressed the need to theorise the social dimension of sustainability. Tate and Bals (2018) developed the SRBV, which foregrounds the micro-foundations of social capabilities that enable firms to create shared Triple Bottom Line value. These capabilities are articulated through the 3C framework: Commitments (e.g., mission-driven intent, governance mechanisms and social innovation practices), Connections (e.g., stakeholder engagement, supply-chain collaboration and partnerships with communities and financiers) and Consistency (alignment between stated mission and long-term practices, avoiding gaps between rhetoric and action). This perspective extends the RBV in the following three main directions: by broadening the unit of analysis to networks of economic, environmental and social stakeholders; by enlarging the set of strategic variables to include social commitments and relationships; and by redefining outcomes not only as private rents but also as jointly created economic, social and environmental value (Tate and Bals 2018).

According to this perspective, firms embracing the TBL are able to achieve not only superior social and environmental outcomes but also enhanced financial performance, as the integration of social capabilities strengthens resilience and long-term competitiveness. Benefit corporations, by institutionalising such commitments through their dual purpose, appear to operationalise this theoretical logic, developing social and relational capabilities that can generate both social impact and competitive advantage (Hart and Dowell 2011; Riso et al. 2024). Nevertheless, the relationship between these outcome variables may not be uniform across organisational forms. As Tate and Bals (2018) observe, ‘questions arise whether these outcome variable relationships are similar for all organizations or may be different for stock listed companies, B-Corps, social businesses and non-profits’ (210). This suggests that while benefit corporations can

be expected to leverage social capabilities to create shared TBL value, the extent to which these practices translate into financial performance may vary according to institutional context, governance structures and organisational type. In this sense, benefit corporations could develop rare social resources that enhance their resilience, innovation and financial performance over time. Instead, empirical evidence has indeed produced contrasting results, highlighting the complexity of aligning social and financial performance within hybrid organisational forms (Agostino et al. 2024; Asma-Arikan and Tosun 2024; Bringas-Fernández et al. 2024; Patel and Dahlin 2022). While some studies report positive associations between sustainability-oriented practices and financial resilience, others reveal neutral or even negative short-term effects, suggesting that the translation of social commitments into economic performance may depend on multiple contextual factors such as governance design, resource allocation and time horizon (Podrecca et al. 2025). Recent research further underscores the complexity of this relationship. Colamartino et al. (2025) show that while B Corp certification can strengthen consumer trust and brand legitimacy, its translation into superior financial results is not always consistent, depending on market maturity and regional environmental awareness. Similarly, studies on corporate environmental responsibility in Eastern European SMEs reveal that environmental engagement tends to stimulate innovation but may simultaneously constrain short-term profitability, suggesting a mediated link between sustainability efforts and economic outcomes (Bouchmel et al. 2025). Collectively, these findings reinforce the view that sustainability-oriented capabilities may generate long-term competitive advantages only under specific contextual and temporal conditions, aligning with the SRBV assumption that value creation through social and environmental commitments unfolds unevenly across organisational forms.

2.3 | Benefit Corporations and Financial Performance

For benefit corporations, financial performance remains a critical component of the inherent tension between profit generation and the pursuit of a common benefit and therefore warrants careful consideration. To gain a more comprehensive understanding of this dimension, it is instructive to extend the analysis beyond benefit corporations *stricto sensu* and include studies on B Corps. Indeed, although the two forms differ legally—since companies may become benefit corporations without B Corp certification, while certified B Corps are required to adopt the benefit legal status in jurisdictions where it exists—they are conceptually aligned by a shared commitment to a dual purpose (Steingard and Gilbert 2016). Accordingly, insights from the B Corp literature can meaningfully enrich our understanding of the financial dynamics associated with hybrid organisational models.

The financial performance of benefit corporations and B Corps has been the subject of increasing scholarly attention, though the findings remain mixed and often contingent on a firm's capital structure, strategic orientation and time horizon. Reflecting the aforementioned tensions between profit and common benefit, scholars posit that such hybrid models may prioritise long-term resilience over short-term profitability. For instance,

Asma-Arikan and Tosun (2024) show that B Corps with a debt-heavy capital structure experience a decline in profitability, as measured by return on assets (ROA), following certification. Conversely, those primarily financed through equity exhibit financial results comparable to noncertified peers, highlighting the importance of equity funding in mitigating the costs associated with certification.

Stability rather than aggressive expansion also emerges as a recurrent theme. Patel and Dahlin (2022) find that B Corps do not display significant growth in total assets, suggesting that these firms avoid expansive strategies. Instead, they demonstrate greater stability in equity, which becomes less volatile compared to noncertified firms, indicating enhanced financial resilience. This long-term orientation is consistent with the cautious revenue growth strategies documented by Chen and Kelly (2015), who found that while B Corps show slower expansion due to their environmental and social commitments, they nonetheless achieve superior revenue growth compared to some noncertified competitors.

Regarding profitability, Bringas-Fernández et al. (2024) observe that B Corps tend to register a stable or slightly declining ROA in the 2 years following certification. However, the gap with noncertified firms dissipates over time, suggesting that the initial costs of certification and organisational adaptation do not significantly compromise long-term performance. Complementary evidence from sectoral analyses, such as the study by Ferioli et al. (2022) in the fashion industry, indicates that certified B Corps can even outperform their peers in contexts where sustainability and reputation play a central role in consumer choice.

Italian evidence on benefit corporations reinforces this picture of complexity. While some studies suggest that benefit corporations may adopt earnings management practices, potentially undermining their credibility (Prencipe et al. 2025), others highlight their ability to attract legitimacy and reduce information asymmetries, thereby strengthening relationships with capital providers (De Luca et al. 2025). More broadly, B Corp certification has been associated with strategic advantages that extend beyond immediate financial returns, such as enhanced reputation, stakeholder trust and competitive differentiation (Richardson and O'Higgins 2019; Wilburn and Wilburn 2014).

Recent evidence provides additional insights into the performance dynamics of Italian benefit corporations (Osservatorio Nazionale Società Benefit 2025). The study compared benefit corporations with a matched sample of non-benefit firms over the period 2021–2023. The results indicate that benefit corporations generally outperform their counterparts in terms of revenue growth, employment expansion and value added, while also showing a stronger commitment to employee welfare. These positive outcomes are partly offset by slightly compressed profit margins, reflecting a deliberate redistribution of value towards stakeholders. These findings suggest that benefit corporations tend to combine superior growth and inclusiveness with sustainable levels of financial solidity.

A more recent contribution by Podrecca et al. (2025) extends this debate by examining how B Corp certification shapes financial

performance during periods of heightened uncertainty, such as the COVID-19 pandemic. Using a matched sample of Italian firms, their analysis shows that certified companies outperformed noncertified peers in terms of sales during the initial shock of 2020, efficiency in 2021 and profitability across both years. These findings suggest that certification does not provide a uniform financial advantage but rather equips firms with resilience mechanisms that operate differently depending on the nature of the disruption. Consistent with stakeholder theory and the resource-based view, the study highlights how stakeholder trust, supply chain stability and structured governance processes enhance certified firms' capacity to absorb shocks and sustain performance. Moreover, contingent factors further shape these outcomes: 'Born B' firms and those with prior certification experience reap greater benefits, while firm size appears to play no significant role. Collectively, this evidence positions B Corp certification not only as a reputational signal but also as a strategic framework that enhances resilience, allowing firms to balance short-term adaptability with long-term competitiveness in volatile environments.

3 | Hypothesis Development

The transformation into a benefit corporation may correspond with a short-term decline in total assets due to a strategic reorientation of corporate priorities. By legally integrating social and environmental goals, benefit corporations tend to adopt more conservative investment strategies and limit capital-intensive expansion in the initial phases following the transition (Patel and Dahlin 2022). This shift often entails a reduced focus on asset growth and a preference for organisational stability over aggressive financial scaling. Furthermore, the emphasis on long-term stakeholder value may lead to a reallocation of resources toward initiatives that do not immediately translate into asset accumulation, such as community programmes or environmental sustainability projects (Chen and Kelly 2015). A more cautious approach to financial planning may also manifest in a decline in long-term debt, consistent with efforts to avoid rigid capital commitments in favour of flexibility (Asma-Arikan and Tosun 2024). Collectively, these dynamics support the hypothesis that the transformation into a benefit corporation can exert downward pressure on total assets in the short term, as firms rebalance their operations to align with a broader, impact-oriented mission.

This rationale leads to the first hypothesis:

H1. *The transformation into a benefit corporation has a negative effect on the firm's total assets in the short term.*

Similarly, the transformation may negatively affect revenue generation in the short term. The adoption of a dual mission that integrates social and environmental objectives alongside profit may prompt firms to shift away from aggressive commercial strategies, favouring stakeholder value creation and ethical conduct over immediate financial performance (Chen and Kelly 2015). This reorientation can lead to more cautious growth trajectories, reduced pricing flexibility and increased operational costs tied to compliance, reporting and impact measurement standards. As suggested by Bringas-Fernández

et al. (2024), benefit corporations often experience stable or slightly declining profitability metrics in the years following transformation, reflecting the strategic realignment toward long-term impact. Furthermore, the reallocation of managerial focus and resources towards nonfinancial goals may temporarily detract from activities directly linked to revenue growth, such as market expansion or product innovation. According to stakeholder theory, prioritising the needs of multiple constituencies—including employees, communities and the environment—can produce reputational benefits in the long run but may initially dilute shareholder-oriented performance indicators such as revenue.

Accordingly, the second hypothesis posits:

H2. *The transformation into a benefit corporation has a negative effect on revenues in the short term.*

Furthermore, the transition to benefit corporation status may be associated with changes in the firm's capital structure, particularly through a reconfiguration of the relative use of short- and long-term debt during the initial posttransformation period. As firms integrate social and environmental objectives into their governance and strategic orientation, they may also adjust the composition of their financing sources to support organisational change and evolving managerial priorities. Existing studies suggest that sustainability-oriented practices can influence firms' debt financing decisions by affecting transparency, stakeholder trust and relationships with creditors, although the empirical evidence remains mixed (Chen and Kelly 2015; Oware and Mallikarjunappa 2021; Oware et al. 2023). Accordingly, firms undergoing the transition to benefit corporation status may temporarily modify the maturity structure of their debt, relying relatively more on short-term financing while reducing long-term debt as part of a broader adjustment of their capital structure (Asma-Arikan and Tosun 2024). Such adjustments may also be reflected in the firm's overall financial structure, as organisational transition may be accompanied by changes in the relationship between total assets and equity. However, the direction and magnitude of this effect remain an empirical question rather than a deterministic outcome.

These considerations lead to the following hypotheses:

H3. *The transformation into a benefit corporation has a positive effect on short-term debt in the short term (higher STD).*

H4. *The transformation into a benefit corporation has a negative effect on long-term debt in the short term (lower LTD).*

H5. *The transformation into a benefit corporation has a positive effect on the debt ratio in the short term (higher DR).*

4 | Research Methodology and Strategy

To investigate and test the research hypotheses, a longitudinal event study (Barber and Lyon 1996) is conducted using secondary data. Event study methodologies have gained popularity in business research (Wang and Ngai 2020; Eden et al. 2022) and have also been proposed as a potential tool to analyse the

impact of COVID-19 on a moderately small sample of Italian businesses (Podrecca et al. 2025). Our proposal encompassed four subsequent phases carried out via the R statistical software (R Core Team 2023). Phases 1–3 dealt with data preparation and processing, while the last phase regarded the formal analysis. In the first phase, since Italian Benefit Corporation ('Società Benefit') represents our target, we initially collected available financial and nonfinancial information for all transformed Italian BCs using the 'AIDA' database over a 'large' 10-year time window. As of May 19, 2024, 907 BCs with data from 2014 to 2023 have been identified. Moreover, because 90% of the transformations occurred in the last 5 years (2019–2023), the focus was shifted. The period 2019–2023 refers to the overall calendar observation window of the database, from which firm-specific event windows are constructed. It should not be interpreted as a single uniform pre/post event-study horizon. In accordance with the Italian legal framework established by Law 208/2015, which allows companies adopting the benefit status to include the words 'Società Benefit' or the abbreviation 'S.B.' in their legal name, we identified the transformation date from the change of company name recorded in the AIDA database. In AIDA, information on the most recent change in legal denomination is available, indicating when a firm formally modified its corporate purpose to include the benefit form. Considering that AIDA's search function retrieves only those benefit corporations that have explicitly adopted this designation, the date of the last change in legal name effectively corresponds to the moment of transformation into a benefit corporation. Accordingly, the transformation year used in our analysis coincides with the year of this legal name change. However, this observable legal event should be interpreted as a proxy for the transition rather than as a perfectly precise indicator of substantive organizational change. In practice, governance adjustments, stakeholder alignment and strategic reorientation may begin before the formal legal conversion, while some implementation effects may continue afterward. Therefore, the identified event year is best understood as a relevant institutional milestone within a broader transition process. We then identified a subset of benefit corporations for which financial data were available to construct the three-year firm-specific event window, comprising the year preceding the transformation ($t-1$), the transformation year (t), and the first posttransformation year ($t+1$). In so doing, the initial ('treatment') sample consisted of 374 benefit corporations that completed their transformation between 2019 and 2021. So, the event-study design is centred on the transformation year (t), corresponding to the year in which the firm formally adopts benefit corporation status. The analysis distinguishes three temporal stages: the pre-event year ($t-1$), the transformation year (t), and the first postevent year ($t+1$). Accordingly, the empirical design focuses on immediate short-term posttransformation effects.

The second phase concerned the construction of a (synthetic) 'comparison' sample (prescreening pool) by considering the whole population of Italian firms registered in AIDA. The two-digit NACE.REV2 codes of the BCs have been used to narrow the perimeter of the comparison. Therefore, we collected economic-financial information for a total of 200 thousand Italian firms.¹ To construct a proper comparison sample for the event study, we selected Italian firms according to three

'matching' criteria suggested by previous studies (Podrecca et al. 2022):

- a. $1\text{-NACE.REV2}_j = 1\text{-NACE.REV2}_i$
- b. $\min(0.9 \cdot \text{ROA}_i, 1.1 \cdot \text{ROA}_i) \leq \text{ROA}_j \leq \max(0.9 \cdot \text{ROA}_i, 1.1 \cdot \text{ROA}_i)$; ROA is return on assets
- c. $0.5 \cdot \text{TA}_i \leq \text{TA}_j \leq 2.0 \cdot \text{TA}_i$; TA is Total Assets.

To summarize, a nonbenefit firm j is included in the 'comparison' sample if it matches the first-digit NACE.REV2 (i.e., the 'ATECO' 2007 code in Italy²) with the i -th BC (a.), its ROA lies between the lower and upper bounds given by the minimum and maximum of 90% and 110% of the ROA of the i -th BC, respectively, thus accounting for the possibility of negative ROA values (b.), and its Total Assets (in thousands of euros) take a value between 50% and 200% of the TA in the given i -th BC (c.). The reference year for the comparison was the BCs' transformation year (d.). The number of BCs that guaranteed data availability for the three criteria for the considered transformation years within the considered time window was $n_{BC} = 280$. We also ensured that any BC was excluded from the 'comparison' sample, which finally included $n_{COM,L} = 23,681$ Italian firms.

Since the ratio between sample sizes was excessively large (almost 85 firms on average for each BC) compared to previous published event studies (Orzes et al. 2020; Treacy et al. 2019; Podrecca et al. 2022), the third phase faced the possibility of refining the 'comparison' sample. A further matching was performed through the package *matchIt* in R (see, e.g., Ho et al. 2011), conducting nearest-neighbour-based propensity score matching (see also Liu et al. 2021 for a similar approach). The variables used for the matching are the transformation year and those previously introduced by the three criteria (1-NACE.REV2, ROA and TA) and the reference year. To check the robustness of the results, we considered four different matchings: 1:1, 1:3, 1:5, 1:10, leading to the following sample sizes for the matched firms: $n_{COM,S} = \{n_{BC}; 3n_{BC}; 5n_{BC}; 10n_{BC}\} < n_{COM,L}$. Finally in the fourth phase, we performed the event study by computing Abnormal Performance (AP). Following Barber and Lyon (1996), AP is defined as the difference between the realised accounting performance of transformed firms and the expected performance of matched control firms. Unlike raw financial ratios or growth rates, AP controls for industry effects, firm heterogeneity and the mean reversion commonly observed in accounting measures. This makes AP particularly appropriate for evaluating whether the transformation into a benefit corporation is associated with relative postevent deviations in financial performance, interpreted here as potential adjustment costs or benefits linked to organisational change. AP is computed for each of the $i = 1, \dots, n_{BC}$ BC through the following expression (Orzes et al. 2020; Podrecca et al. 2022, 2025):

$$AP_{i,(t+b)} = PS_{i,(t+b)} - EP_{i,(t+b)}^M$$

where PS is the performance of the i -th BC, $t = \{2019, 2020, 2021\}$ is the transformation year, and $b = 1$ indicates that abnormal performance is measured in the first postevent year ($t+1$), and EP (expected performance) of the matched firms is computed as:

$$EP_{i,(t+b)}^M = PS_{i,(t+a)} + \left[PC_{i,(t+b)}^M - PC_{i,(t+a)}^M \right],$$

where PC is the median performance of matched ('comparison') firms for the i -th BC, and $a = -1$ indicates that the benchmark reference year is the year immediately preceding transformation ($t-1$). Expected Performance therefore projects the pre-event performance of the transformed firm according to the difference of medians observed among matched comparison firms between $t-1$ and $t+1$. We clarify that the $PC_{i,(t)}^M$ is equal to a unique value in the case of 1:1 matching, that is, $n_{COM,S} = n_{BC}$, and it is just the centre of three values in the case of 1:3 matching ($n_{COM,S} = 3 * n_{BC}$). For debt-related variables (STD, LTD and DR), the sign of AP indicates whether transformed firms exhibit relatively higher or lower values of the corresponding debt indicators than the matched control firms.

STD is defined as short-term financial debt divided by total financial debt, whereas LTD is defined as long-term financial debt divided by total financial debt. Thus, STD and LTD capture the maturity composition of financial debt. Given the definition of AP as realised performance minus expected performance, a positive (negative) AP for STD indicates a higher (lower) share of short-term debt than expected, whereas a positive (negative) AP for LTD indicates a higher (lower) share of long-term debt than expected.

Specifically, STD and LTD capture the relative use of short- and long-term financial debt, while DR corresponds to the debt ratio provided by the AIDA database, calculated as Total Assets divided by Equity. Consequently, differences in AP for these variables should be interpreted as changes in the composition of financial debt (STD and LTD) and in the firm's overall financial structure (DR). Although the matching procedure improves comparability between transformed and nonbenefit firms, it does not fully eliminate the possibility of self-selection based on unobservable characteristics, such as managerial orientation, prior strategic changes or latent performance trends. Accordingly, the estimated differences should be interpreted as robust associations rather than definitive causal effects.

To empirically test the hypothesis stated in the previous Section, AP is computed for TA (H1), revenues (H2, REV), short-term debt (H3, STD), long-term debt (H4, LTD) and debt ratio (H5, DR).

The Wilcoxon signed-rank test (WSR) is performed to test the null hypothesis that the distribution of AP is symmetric around 0. Furthermore, the sign test is also used to account for possible severe skewness in the data. At the same time, the conventional one-sample t -test (suited for normally distributed variables) is applied as a benchmark (null hypothesis: $\overline{AP} = 0$). These tests are used as useful tools to understand whether the distribution of AP is close to or far from zero, even if they are based on different assumptions and test slightly different null hypotheses.

Furthermore, conditionally on the selected matched sample, a bootstrap-based (percentile) confidence interval for the AP Median is proposed by resampling 10,000 times the AP_i obtained after the propensity score matching of the third phase.

To enhance the validity of the results by considering robustness checks, we carried out the following strategies. First, 10% winsorization (5% per tail) is applied to mitigate the possible excessive influence of extreme values in the data. Then, we repeated the previously illustrated analyses after excluding firms whose transformation occurred in 2020. This robustness check assesses whether the results are sensitive to the cohort whose formal transformation coincided with the first year of the COVID-19 pandemic; it does not remove all observations from calendar year 2020 from the event windows, resulting in 163 BCs. In addition, we repeat the matching procedures (1:1, 1:3, 1:5, 1:10) by using the $t-1$ values as the pre-event year for the matching (in line with Orzes et al. 2020), taking always into account that the starting point is represented by the (prescreening) 'comparison sample,' which is constructed to include 'similar' firms by applying the three criteria (a., b. and c.). This alternative matching specification assesses the sensitivity of the results to the timing of the matching covariates and should not be interpreted as validating the identification of the transformation year itself.

Finally, we also carried out an alternative strategy, intending to possibly exploit all the information included at the end of phase 2 (prescreening 'comparison' sample). We initially randomly selected (without replacement) $M = 10,000$ Monte Carlo samples from $n_{COM,L}$ of sizes $k * n_{BC}$, where $k = \{3, 5, 10\}$. Within each replication, each BC was matched one-to-one with the nearest non-benefit firm available in the resampled comparison. The final objective is to obtain a simulated distribution of the target statistics of interest (i.e., the median of the AP), even reporting the proportion of Monte Carlo replications in which the median of AP is greater than 0 and the percentage of WSR tests rejecting the null hypothesis. The steps of the procedure are detailed in the Appendix.

5 | Main Results

We initially remark that the missingness in the values before and after the transformation year leads to a complete dataset involving $\tilde{n}_{BC} = 231$ BCs and $\tilde{n}_{COM,L} = 23,178$ non-BCs. The path to obtain the final sample size is described in Table A1 (including all the reported steps of Phase 1 already described in Section 4), while such differences arising between distributions are presented in Table A2, illustrating the median and IQR of the KPIs used for matching and event study analysis. The 'diagnostics' of the 1:1 matching procedure are presented in Table A3 and Figure A1 in the Appendix. To summarize, the distribution of the 1-NACE.REV.2 of matched non-BC firms is very close to the distribution of the considered BCs. The same consideration can be pointed out for the ROA, which appears quite close in the two considered samples: The median is 4.1 for matched non-BCs and 3.9 for BCs (while the mean is 2.90 for the matched non-BCs and 3.13 for the BCs). The average TA is not very far apart in the two distributions (10,276 for the non-BCs vs. 9882 for the BCs), even if a certain distance between medians arises despite the matching procedure.

Table 1 depicts the initial results of the Event Study (1:1 matching) in terms of relative differences (median and interquartile range [IQR]) between BCs and non-BCs. A slight decrease can be observed for TA across the years (i.e., there is a very moderate

TABLE 1 | Relative differences between BCs and non-BCs for the 3 years of analysis (1:1 matching).

Variable time point Indicator	Year $t-1$		Year t		Year $t+1$	
	Median	IQR	Median	IQR	Median	IQR
TA	-0.65	1.74	-0.59	1.99	-0.58	1.76
REV	-0.80	0.98	-0.83	1.43	-0.85	0.98
STD	0.00	0.47	-0.01	0.56	-0.04	0.46
LTD	-0.92	1.25	-0.69	1.95	-0.29	2.12
DR	-0.29	1.54	-0.27	1.42	-0.35	1.17

TABLE 2 | Output of the event study in the case of 1:1 matching ($n_{BC}=231$; in the statistical tests, p stands for p value). p values lower than 0.05 are depicted in italic; the symbol “°” is used if the p value ranges in the interval (0.05, 0.10).

Variable (AP)	Skew.	AP mean	AP median	WSR (p)	t -test (p)	95% CI boot AP median	Sign. test (p)	% median (AP) > 0 [Res. Stra]
TA	3.55	1095.64	-78.88	0.9855	0.1908	-193.79 46.87	0.2362	26.8
REV	-5.70	-556.11	-368.10	<i>0.0108</i>	<i>0.7727</i>	-659.27 -121.94	<i>0.0084</i>	0.0
STD	-0.17	-0.05	-0.01	<i>0.0158</i>	<i>0.0178</i>	-0.04 0.00	0.0525°	0.0
LTD	0.17	0.05	0.01	<i>0.0158</i>	<i>0.0178</i>	0.00 0.04	<i>0.0266</i>	83.3
DR	7.99	1.82	0.21	0.4085	0.8153	-0.19 0.64	0.3570	91.5

Source: Our elaboration.

reduction in the gap), while a moderate decrease is registered for REV.

Considering the main results of variables in their AP version (Table 2), they are substantially nonnormally distributed (this evidence is weaker for STD and LTD) according to conventional normality tests (one-sample Kolmogorov–Smirnov [KS] test and Shapiro–Wilk test), with nonnegligible or severe skewness observed for DR, TA and REV (Table 2). This can also be seen by observing the huge distance between the Median and the Mean in the case of TA, in which an opposite sign can be observed between these two summary measures. Positive (negative) AP indicates that transformed firms performed above (below) the expected trajectory of matched nontransformed firms. Despite the (possibly misleading) results of the WSR test and (above all) t -test for REV and TA (p values of the t -test are greater than the conventional nominal levels of 0.05 and 0.1), techniques more robust to skewness suggest that AP can be lower than 0 in the sample of BCs for REV, confirming their worst performance with respect to the non-BC firms (H2). In addition, the results suggest that transformed firms exhibit negative abnormal performance for STD, indicating a relatively lower share of short-term debt than expected. Conversely, the positive abnormal performance for LTD indicates a relatively higher share of long-term debt than expected. Both differences are statistically significant, indicating a shift in debt maturity toward longer-term financing. However, because these effects are opposite to the directions predicted by H3 and H4, neither H3 nor H4 is supported. Weaker evidence (even if without statistical significance) can be observed for TA (see, e.g., the negative value of AP median) in the investigation of H1. A descriptive signal also emerges for the debt ratio (DR), whose AP median is positive. However, none

of the statistical tests provide sufficient evidence to support H5. The values of bootstrap-based 95% confidence intervals confirm that the stronger evidence is attributable to H2 (REV), while the zero value is clearly contained in the interval for TA and DR.

The results of other considered matchings (1:3, 1:5 and 1:10), summarized in Table A4 (see the Appendix), are in line with those previously discussed for the 1:1 matching, even if the two groups appear increasingly less balanced concerning the key (matching) variables (ROA, TA and NACE.REV2). The results of these alternative matching specifications are consistent with the main analysis, providing further evidence for H2 and confirming statistically significant debt-maturity effects for STD and LTD in directions opposite to those predicted by H3 and H4.

Figure 1 shows the main results of the resampling strategy (sub-sampling of prescreening pool) applied to the 1:1 matching sample, considering the case of $k=3$. The 10,000 AP Medians are plotted via histograms for REV, TA and DR, while the percentages of AP Medians greater than 0 for all variables are depicted in the last column of Table 2. Reported AP values capture deviations in first-year posttransformation performance ($t+1$) relative to the expected trajectory derived from matched comparison firms. This analysis helps to highlight the ‘magnitude’ of the AP calculated for the considered BCs: It is rare to find a (matching) sample of (non-BCs) firms leading to an AP of BCs that is not negative with respect to STD (indicating relatively lower short-term debt than matched non-BCs). In most cases, the resampling results indicate lower TA for BCs relative to matched non-BCs (only 27% of AP medians greater than 0), whereas LTD shows a predominantly positive abnormal performance (83% of AP medians greater than 0), highlighting a relatively higher

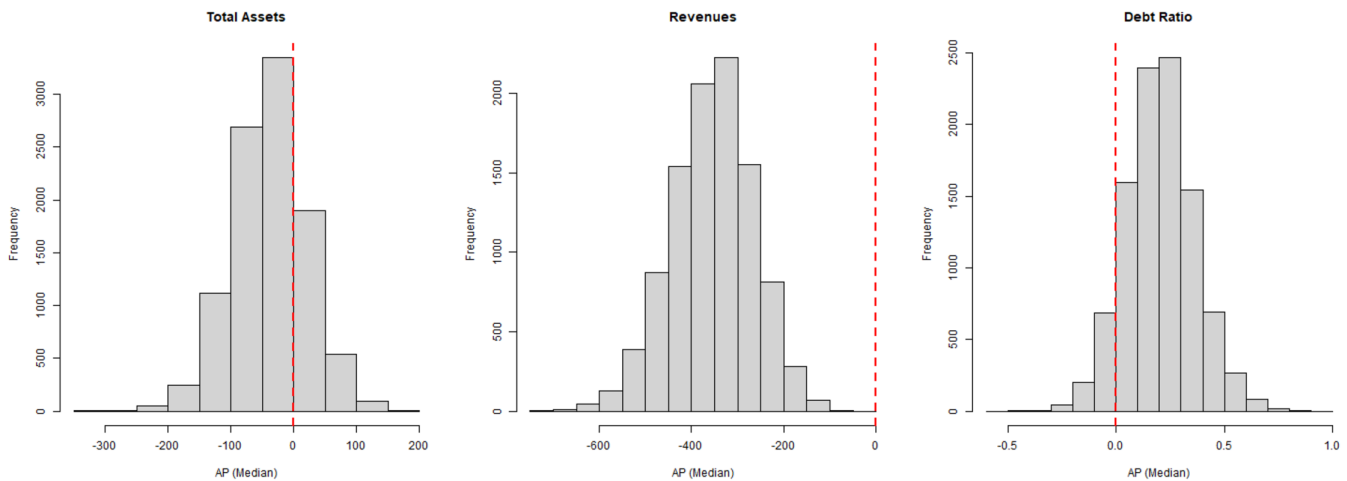


FIGURE 1 | Histograms of AP Medians (TA, REV and DR) obtained after considering $M=10,000$ ‘comparison’ samples of size $3n_{BC}$ before the matching; a red dashed line indicates $AP=0$. *Source:* Our elaboration.

share of long-term debt among transformed firms. Other simulations ($k=5$ and $k=10$) confirm similar results in magnitude, also suggesting, through the combination of AP median >0 and rejection frequencies of the WSR test, that REV is the indicator that certainly exhibits a negative AP, revealing a substantial difference between BCs and non-BCs in terms of revenues (see also the first column of Table A4 in the Appendix).

Regarding the robustness checks presented in Section 4, the main results are reported in Tables A5–A7 and in Figure A2 in the Appendix. First, 10% winsorization (5% per tail) of the variables in their AP form confirms the previously illustrated results (Table A5). Evidence suggests that the results described above are not very sensitive to changes in the matching variables (e.g., using the one-lagged value for TA and ROA) and the exclusion of firms whose transformation occurred in 2020 (leading to a complete dataset of 163 BCs). In addition, some (but weak) evidence to confirm H1 is revealed in the matchings 1:5 and 1:10 after excluding 2020 (see the p values of the sign test and the bootstrap-based confidence intervals that do not contain the zero value, as in the case of matching 1:5).

The results provide empirical support for H2, whereas H3 and H4 are not supported because the statistically significant debt-maturity effects emerge in the opposite direction to that hypothesised. The transformation into a benefit corporation is associated with a statistically significant reduction in revenues (H2). At the same time, the results indicate a relatively lower share of short-term debt and a relatively higher share of long-term debt, contrary to the directions predicted by H3 and H4. By contrast, the evidence for total assets and the overall debt ratio is weaker, as no statistically significant differences emerge between benefit corporations and the matched control firms (see the first and third panels of Figure 1). Accordingly, H5 is not supported. Although the abnormal performance of the debt ratio is positive, the difference is not statistically significant at the 5% nominal level (except for two matching specifications in the robustness check using $t-1$ for the matching) and therefore does not provide sufficient evidence to conclude that the transformation is associated with changes in firms’ overall financial structure, as measured by the debt ratio in the AIDA database.

6 | Discussion

The empirical evidence suggests that the transformation into a benefit corporation entails a complex process of strategic and financial adjustment, consistent with the dual-purpose nature of this organisational form. The results point to different levels of empirical support across the analysed financial indicators. While revenues of BCs exhibit statistically significant lower performance following the transformation (H2), total assets display only a weaker descriptive tendency in the same direction, suggesting that any interpretation regarding asset dynamics should be treated with caution. These patterns may reflect several dynamics associated with the transformation process, including managerial reorientation, temporary adjustment costs or preexisting organisational and financial conditions. Rather than clearly signalling underperformance, these findings suggest a more nuanced situation in which weaker financial indicators may reflect both strategic repositioning and temporary adjustments in financial performance, while alternative explanations cannot be excluded. Although the evidence for total assets is not statistically conclusive, one possible interpretation, consistent with prior studies (Patel and Dahlin 2022; Bringas-Fernández et al. 2024), is that firms adopt more cautious investment strategies and progressively reallocate resources toward projects generating social or environmental value without immediate financial returns, such as governance improvement, impact measurement or stakeholder engagement. However, the present data do not allow this mechanism to be directly observed. These dynamics also resonate with the literature on change management, which emphasises that transitions toward sustainability-oriented business models typically require substantial organisational adaptation (Millar et al. 2012; Brones et al. 2017; Sancak 2023). The process of becoming a benefit corporation is not merely formal, but involves a reconfiguration of routines, priorities and stakeholder relationships—changes that often generate short-term inefficiencies or resource constraints while the organisation develops new social, relational and environmental capabilities.

More generally, these patterns are consistent with the structural trade-off institutionalised by the benefit corporation legal form,

which requires firms to balance shareholder and stakeholder interests (Riolfo 2020). If such organisational adjustments occur, they may contribute to a temporary moderation of conventional financial indicators during the transition.

Similarly, the lower performance in short-term revenue indicates weaker commercial performance in the immediate post-transformation period. Several explanations may account for this pattern, including transitional disruptions, delayed market recognition of sustainability commitments, sector-specific demand conditions or broader macroeconomic shocks during the observation period. However, as documented in the literature, mission-driven firms tend to prioritise ethical conduct, stakeholder satisfaction and transparency over immediate market expansion (Bringas-Fernández et al. 2024). The reallocation of managerial attention and resources toward compliance, impact governance and communication practices may contribute to weaker short-term financial performance. At the same time, such initiatives could potentially strengthen legitimacy and relational capital, although these outcomes are not directly measured in the present study. Moreover, an important contextual factor is that several transformations occurred during or near the COVID-19 period, when many firms experienced temporary revenue contractions unrelated to governance changes. Although the matched design mitigates common shocks, heterogeneous sectoral exposure may still influence observed abnormal revenue outcomes. One possible theoretical interpretation is offered by the Social Resource-Based View (Tate and Bals 2018), which holds that investments in social and relational capabilities may generate economic returns only over longer time horizons. From this perspective, temporary financial moderation may accompany the early stages of a transition toward a hybrid organisational model. Nevertheless, the present study does not directly observe these capabilities or their development, and therefore this explanation should be regarded as theoretically consistent rather than empirically demonstrated. The evidence concerning debt dynamics provides further insight into how the debt maturity structure of benefit corporations evolves during the transition period. The observed decrease in the relative share of short-term debt, together with the increase in the relative share of long-term debt, suggests a reconfiguration of the maturity structure of financial debt rather than a straightforward increase or decrease in overall indebtedness. In relative terms, transformed firms appear to rely less on short-term financial debt and more on long-term financial debt than matched non-benefit firms during the first posttransformation year. These findings are contrary to the predictions of H3 and H4; accordingly, neither hypothesis is supported. Several interpretations may account for this pattern. One possibility is that firms adjust the composition of their financing while reorganising governance structures, managerial priorities and stakeholder relationships. Alternatively, the observed differences may reflect firm-specific financing choices or heterogeneous access to financial resources that are not directly observable in the present study. Consequently, these findings should be interpreted as evidence of a reconfiguration of the debt maturity structure. This shift toward relatively longer debt maturities is broadly consistent with the organisational adaptation described by the SRBV, although the present analysis cannot establish whether such financial changes are directly linked to the development of social and relational capabilities (Hart 1995; Hart and Dowell 2011).

At the same time, it cannot be ruled out that at least part of this financial behaviour may reflect a signalling strategy rather than a genuine structural change. In particular, some firms might exploit the benefit corporation status as a means to enhance their perceived reliability among external stakeholders—especially financial institutions—without a corresponding transformation of managerial practices or sustainability orientation (Agostino et al. 2024), similarly to other ambiguous behaviours in sustainability disclosure practices (Riso et al. 2025).

Although the debt ratio displays a descriptive increase, this result is not statistically robust and should therefore be interpreted with caution. Because the debt ratio provided by the AIDA database is calculated as the ratio of Total Assets to Equity, the observed tendency does not provide sufficient evidence to conclude that the overall financial structure of transformed firms changes following the transition. Accordingly, no robust conclusions can be drawn regarding this dimension of firms' financial profile.

The evidence points to temporary financial adjustment following the transformation. The most robust empirical findings concern the lower performance in revenues and the reconfiguration of the debt maturity structure, whereas the evidence regarding total assets and the overall debt ratio remain more tentative.

This dual movement may reflect the tensions that can arise when firms simultaneously pursue financial and stakeholder-oriented objectives. In the short term, implementing new governance practices, reporting systems or stakeholder commitments may coincide with weaker conventional financial indicators. This interpretation aligns with both change management theory and the SRBV: Hybrid organisations often experience short-term inefficiencies as they reconfigure their resource base, but these adjustments can unlock new forms of resilience and legitimacy over time. Therefore, the empirical pattern is more cautiously interpreted as a temporary adjustment of traditional financial indicators that may accompany organisational transition. Whether such short-term adjustments lead to future benefits remains an open empirical question. In this light, the transformation into a benefit corporation may be viewed as a strategic transition that can involve short-term financial adjustment while potentially laying the foundations for longer-term organisational benefits. Whether these benefits emerge through the development of social and relational capabilities remains an open empirical question that future research should address directly.

7 | Concluding Remarks

This study contributes to the growing literature on hybrid organisational forms by examining the short-term financial implications of transitioning to a benefit corporation. Drawing on the SRBV (Tate and Bals 2018) and the typology of *strong sustainability* (Dyllick and Muff 2016), our findings suggest that the legal and organisational reconfiguration inherent in the benefit model is associated with a distinctive pattern of performance adjustment. Specifically, the findings reveal a statistically significant lower performance in revenues together with a reconfiguration of the debt maturity structure, characterised by a relatively lower share of short-term debt and a relatively higher

share of long-term debt, following the transformation. These debt-related effects run counter to the predictions of H3 and H4; accordingly, neither hypothesis is supported. By contrast, the evidence regarding total assets and the overall debt ratio is more tentative and should therefore be interpreted with caution. Overall, these patterns suggest that benefit corporations may experience a phase of financial adjustment during the early stages of transformation. One possible interpretation is that firms temporarily reorient resources and managerial attention while integrating social and environmental objectives. However, the present study cannot directly observe these underlying organisational processes. The empirical evidence is consistent with the view that integrating sustainability objectives into corporate strategy may be accompanied by temporary financial adjustment, although the mechanisms underlying this association remain to be investigated (Hart 1995).

From a theoretical perspective, the study contributes to the SRBV literature by identifying short-term financial adjustments that are consistent with resource reconfiguration processes that may accompany the pursuit of shared value. The short-term financial moderation observed here may be consistent with an investment phase aimed at developing social and relational capabilities—such as legitimacy, stakeholder trust and collaborative governance—although these mechanisms are not directly measured in the present study (Hart and Dowell 2011; Tate and Bals 2018). However, the coexistence of strategic intent and short-term financial adjustment highlights the tension inherent in hybrid organisations, where the pursuit of *strong sustainability* (Dyllick and Muff 2016) may initially conflict with traditional measures of financial performance. From this perspective, benefit corporation transformation may represent one organisational pathway through which firms attempt to integrate sustainability into their strategic orientation. Whether this process ultimately strengthens long-term adaptability remains an open empirical question.

These insights also carry practical and managerial implications. The transformation into a benefit corporation should be approached as a process of strategic and organisational integration rather than symbolic adaptation. In practice, empirical evidence underscores the need for careful financial and organisational planning in light of the financial adjustments that may accompany the transition. Managers should be aware that temporary adjustments in some conventional financial indicators may accompany the transition and design mechanisms to support an appropriate financing structure and the development of internal competencies aligned with the firm's dual mission. They should also consider that changes in the maturity composition of financial debt and weaker short-term financial performance may arise during the adjustment process, requiring careful financial planning and transparent communication with stakeholders.

In addition to its theoretical and empirical contributions, the study offers a methodological contribution. Unlike most event-study applications, which typically rely on limited matched subsamples, our analysis aims to utilise all the available information to construct the 'comparison' group. By leveraging the full distribution of comparable firms, we provide an additional assessment of the robustness of the estimated short-term

financial associations across alternative comparison samples, while avoiding a full second step of selection for the 'comparison' group, which is typically carried out to reduce the ratio between the two samples. This additional matching strategy does not eliminate self-selection or unobservable heterogeneity, but provides an additional way to assess the variability of abnormal performance estimates.

This study should be interpreted in light of these limitations. Although the matching and event-study design improve comparability, the results do not establish definitive causal effects, as self-selection into benefit corporation status and unobservable firm characteristics may still influence outcomes. Moreover, the transformation year is identified through the legal denomination change recorded in AIDA and should therefore be regarded as an observable proxy for the broader organisational transition. Substantive changes in governance, routines or stakeholder relationships may begin before or continue after this formal event, and the additional matching specifications do not validate the precision of the event-year identification. Then, the analysis focuses on Italian firms operating within a specific legal and institutional context, where the benefit corporation model has distinctive regulatory features. Accordingly, caution is required when generalising these findings to other countries or hybrid organisational regimes. Finally, the use of accounting-based abnormal performance captures observable financial manifestations of transition but does not directly identify the internal managerial mechanisms driving such changes.

This study presents several avenues for future research. First, longitudinal extensions could assess whether the temporary financial adjustments identified here evolve into sustainable competitive advantages over longer horizons. Second, comparative analyses across institutional contexts could reveal how national regulations and market maturity shape the relationship between sustainability integration and financial performance. Third, qualitative research could unpack the organisational mechanisms that enable benefit corporations to transition from compliance-based sustainability to fully integrated strategic sustainability. Moreover, future research should investigate whether the observed financial patterns are partly driven by opportunistic or reputational motivations. It remains possible that some firms adopt the benefit corporation status primarily as a symbolic device to strengthen stakeholder trust—particularly in credit relationships—rather than as evidence of a substantive commitment to social and environmental value creation (Agostino et al. 2024). Finally, future studies should determine whether the observed short-term financial adjustment and the reconfiguration of firms' financing structure represent a temporary adaptation cost associated with organisational transition or a more persistent feature of hybrid organisational models.

Author Contributions

Mouhcine Tallaki: conceptualization, writing – original draft, writing – review and editing. **Riccardo Ievoli:** methodology, formal analysis, data curation. **Vincenzo Riso:** writing – review and editing, methodology, data curation. **Enrico Bracci:** conceptualization, writing – review and editing, supervision.

Endnotes

¹ The maximum number of firms that we were able to download through AIDA.

² <https://www.istat.it/en/classification/ateco-classification-of-economic-activity-2007/>.

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Appendix A

TABLE A1 | Stage of Selection for the BCs Included in the Study.

Stage	Selection criterion	BCs retained	BCs excluded	Retention from previous stage	Cumulative retention
1	Italian BCs identified in AIDA over the 2014–2023 observation period	907	—	—	100.0%
2	Transformation between 2019 and 2021 and sufficient temporal coverage to construct the firm-specific event window	374	533	41.2%	41.2%
3	Availability of complete and finite transformation-year matching covariates: 1-NACE Rev. 2, Total assets, ROA and transformation year	280	94	74.9%	30.9%
4	Availability of the accounting values required to calculate abnormal performance between ($t-1$) and ($t+1$)	231	49	82.5%	25.5%
5	Successfully included in the 1:1 nearest-neighbour matching and final event-study analysis	231	0	100.0%	25.5%

Source: Our elaboration.

TABLE A2 | Differences Between Complete Cases (Step 4 and 5 of Table A1) and Dataset Before Matching (Step 3 of Table A1).

KPI	Time	Complete cases ($N=231$)		Dataset before matching	
		Median	IQR	Median	IQR
ROA	$t-1$	3.40	16.10	2.74	16.44
	t	3.87	14.84	3.12	14.86
	$t+1$	3.59	14.34	3.33	14.17
TA	$t-1$	785.00	2794.50	624.00	2630.50
	t	532.00	2294.00	509.00	1952.00
	$t+1$	1029.00	3747.00	1020.00	3768.50
REV	$t-1$	571.00	1821.50	463.50	1611.75
	t	410.00	1450.50	349.00	1293.50
	$t+1$	836.00	1986.50	747.00	1904.00
STD	$t-1$	0.85	0.41	0.87	0.41
	t	0.92	0.33	0.94	0.33
	$t+1$	0.84	0.40	0.84	0.40
LTD	$t-1$	0.15	0.41	0.13	0.41
	t	0.08	0.33	0.06	0.33
	$t+1$	0.16	0.40	0.16	0.40
DR	$t-1$	3.14	4.14	2.96	4.19
	t	3.08	4.62	3.02	4.40
	$t+1$	2.86	4.58	2.86	4.66

Source: Our elaboration.

TABLE A3 | Relative Frequencies After 1:1 Matching for the 'Matching' Variable 1-NACE.REV.

NACE.REV2 (ATECO 2007)	'Comparison' Firms (%)	BC (%)	Discrepancy
0	0.9%	2.2%	−1.3%
1	7.4%	6.5%	0.9%
2	9.5%	10.0%	−0.5%
3	2.6%	3.5%	−0.9%
4	13.9%	14.3%	−0.4%
5	3.5%	3.5%	−0.0%
6	21.6%	18.2%	3.5%
7	34.6%	34.2%	0.4%
8	6.1%	7.8%	−1.7%
Total	100.0%	100.0%	0.0%

Source: Our elaboration.

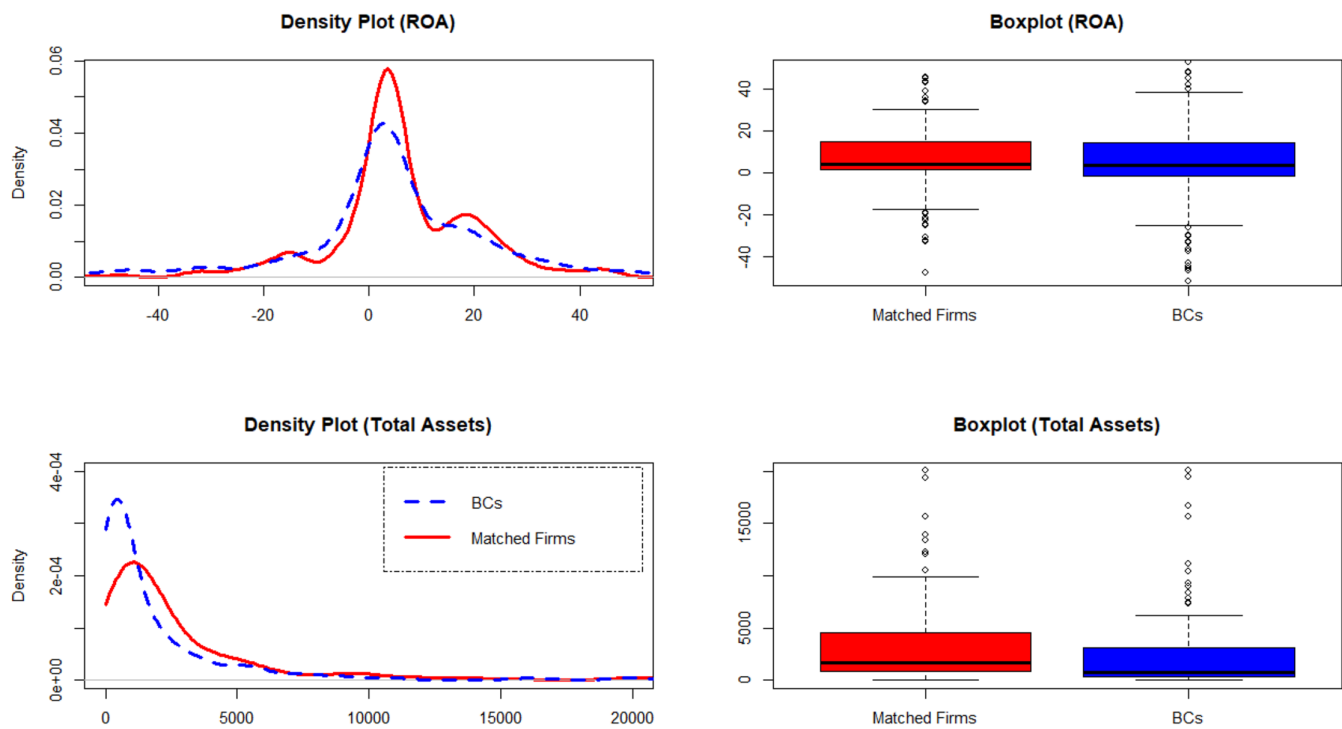


FIGURE A1 | Diagnostic plots ('density' plots and boxplots) for the comparison between BCs and matched firms (matching 1:1). *Source:* Our elaboration.

TABLE A4 | Output of the Event Study in the Case of 1:3, 1:5 and 1:10 Matching ($n_{BC} = 231$; p Stands for p Value in the Statistical tests). p Values Lower Than 0.05 Are Depicted in Italics.

	Variable			WSR	t.test	95% CI boot		Sign. test
Matching	(AP)	AP mean	AP median	(p)	(p)	AP median		(p)
1:3	TA	1464.88	−34.30	0.4587	0.0184	−130.11	55.70	0.5987
	REV	1942.28	−491.78	0.0004	0.0691	−572.81	−325.23	<0.0001
	STD	−0.05	−0.02	0.0018	0.0073	−0.05	0.00	0.0062
	LTD	0.05	0.02	0.0019	0.0073	0.00	0.05	0.0040
	DR	−1.63	−0.02	0.8092	0.1441	−0.19	0.23	0.8954
1:5	TA	1832.95	−5.25	0.1752	0.0016	−122.75	96.41	0.8954
	REV	2051.70	−358.18	0.0002	0.0544	−540.98	−268.21	<0.0001
	STD	−0.04	−0.01	0.0040	0.0100	−0.05	0.00	0.0109
	LTD	0.04	0.01	0.0043	0.0100	0.00	0.05	0.0109
	DR	−1.08	0.19	0.6119	0.3074	−0.10	0.33	0.3226
1:10	TA	2010.71	−50.49	0.1476	0.0006	−131.40	75.88	0.5987
	REV	2262.94	−318.91	0.0006	0.0313	−468.33	−225.60	<0.0001
	STD	−0.04	−0.01	0.0047	0.0136	−0.03	0.00	0.0075
	LTD	0.04	0.01	0.0048	0.0136	0.00	0.03	0.0091
	DR	−1.14	0.15	0.4737	0.2741	−0.10	0.33	0.4299

Source: Our elaboration.

TABLE A5 | Output of the Event Study in the Case of 1:1, 1:3, 1:5 and 1:10 Matching After 10% Winsorization ($n_{BC} = 231$, p Stands for p Value in the Statistical Tests). p Values Lower Than 0.05 Are Depicted in Italics.

Matching	Variable			WSR	t.test	95% CI boot		Sign. test
	(AP)	AP mean	AP median	(p)	(p)	AP median		(p)
1:1	TA	527.08	-78.88	0.9252	0.0713°	-193.79	46.87	0.2362
	REV	176.34	-368.10	<i>0.0136</i>	0.5935	-659.27	-121.94	<i>0.0084</i>
	STD	-0.05	-0.01	<i>0.0096</i>	<i>0.0034</i>	-0.04	0.00	0.0525°
	LTD	0.05	0.01	<i>0.0095</i>	<i>0.0034</i>	0.00	0.04	<i>0.0266</i>
	DR	0.40	0.21	0.3586	0.5594	-0.19	0.64	0.3570
1:3	TA	1091.40	-34.30	0.3383	<0.0001	-119.57	55.70	0.5987
	REV	705.41	-491.78	<i>0.0005</i>	<i>0.0297</i>	-572.81	-326.48	<0.0001
	STD	-0.06	-0.02	<i>0.0008</i>	<i>0.0001</i>	-0.05	0.00	<i>0.0062</i>
	LTD	0.06	0.02	<i>0.0008</i>	<i>0.0001</i>	0.00	0.05	<i>0.0040</i>
	DR	-0.72	-0.02	0.7533	0.1105	-0.19	0.23	0.8954
1:5	TA	1105.17	-5.25	0.1244	<0.0001	-122.75	96.41	0.8954
	REV	794.86	-358.18	<i>0.0002</i>	<i>0.0122</i>	-540.98	-268.21	<0.0001
	STD	-0.05	-0.01	<i>0.0019</i>	<i>0.0002</i>	-0.05	0.00	<i>0.0109</i>
	LTD	0.05	0.01	<i>0.0020</i>	<i>0.0002</i>	0.00	0.05	<i>0.0109</i>
	DR	-0.37	0.19	0.6513	0.3936	-0.10	0.33	0.3226
1:10	TA	1351.87	-50.49	0.1090	<0.0001	-131.40	75.88	0.5987
	REV	908.09	-318.91	<i>0.0008</i>	<i>0.0038</i>	-468.33	-225.60	<0.0001
	STD	-0.05	-0.01	<i>0.0024</i>	<i>0.0003</i>	-0.03	0.00	<i>0.0075</i>
	LTD	0.05	0.01	<i>0.0023</i>	<i>0.0003</i>	0.00	0.04	<i>0.0091</i>
	DR	-0.66	0.15	0.51594	0.0878°	-0.10	0.33	0.4299

TABLE A6 | Robustness Checks for the Event Study in the Case of 1:1, 1:3, 1:5 and 1:10 Matching (*p* Stands for *p* Value in the Statistical Tests). *p* Values Lower Than 0.05 Are Depicted in Italics; the Symbol “°” Is Used if the *p* Value Ranges in the Interval (0.05, 0.10).

Matching on <i>t</i> −1 TA and ROA (<i>n</i> _{BC} = 231)								
Matching	Variable	AP mean	AP median	WSR	t.test	95% CI Boot		Sign. test
	(AP)			(<i>p</i>)	(<i>p</i>)	AP Median		(<i>p</i>)
1:1	TA	−86.23	−56.13	0.6684	0.9457	−200.06	118.05	0.3570
	REV	−2852.96	−512.02	0.0001	0.2474	−728.32	−239.15	< 0.0001
	STD	−0.06	−0.03	0.0023	0.0059	−0.08	0.00	0.0039
	LTD	0.06	0.03	0.0025	0.0059	0.00	0.08	0.0039
	DR	−1.50	0.21	0.2951	0.4909	−0.03	0.59	0.0869°
1:3	TA	2026.17	−68.33	0.3438	0.0005	−228.75	50.73	0.3570
	REV	1961.42	−321.90	0.0004	0.0618°	−557.68	−208.35	< 0.0001
	STD	−0.04	0.00	0.0055	0.0234	−0.04	0.00	0.0480
	LTD	0.04	0.00	0.0061	0.0234	0.00	0.04	0.0480
	DR	−1.54	0.21	0.1857	0.2892	0.04	0.50	0.0350
1:5	TA	2018.80	−95.03	0.4329	0.0006	−183.83	31.38	0.1881
	REV	2052.75	−455.58	< 0.0001	0.0504°	−590.44	−239.15	< 0.0001
	STD	−0.04	−0.01	0.0063	0.0193	−0.03	0.00	0.0194
	LTD	0.04	0.01	0.0062	0.0193	0.00	0.03	0.0131
	DR	−0.76	0.28	0.0822°	0.4855	0.04	0.58	0.0251
1:10	TA	2071.54	−110.12	0.4051	0.0004	−181.66	28.92	0.2362
	REV	2164.63	−474.01	< 0.0001	0.0382	−550.61	−337.13	< 0.0001
	STD	−0.04	0.00	0.0054	0.0164	−0.02	0.00	0.0623°
	LTD	0.04	0.00	0.0055	0.0164	0.00	0.02	0.0623°
	DR	−0.95	0.23	0.2407	0.3663	−0.05	0.50	0.1476
Matching after excluding transformation year 2020 (<i>n</i> _{BC} = 163)								
Matching	Variable	AP mean	AP median	WSR	t.test	95% CI Boot		Sign. test
	(AP)			(<i>p</i>)	(<i>p</i>)	AP median		(<i>p</i>)
1:1	TA	2249.17	−22.22	0.3652	0.0078	−143.34	130.08	0.7542
	REV	1935.68	−300.13	0.0191	0.2052	−505.00	−111.37	0.0005
	STD	−0.08	−0.03	0.0035	0.0075	−0.09	0.00	0.0131
	LTD	0.08	0.03	0.0035	0.0075	0.00	0.09	0.0131
	DR	−0.32	0.21	0.9077	0.8796	−0.21	0.68	0.27278
1:3	TA	2272.46	−55.98	0.6011	0.0058	−233.59	48.37	0.2100
	REV	2380.64	−491.56	0.0003	0.1174	−663.65	−283.38	< 0.0001
	STD	−0.05	−0.01	0.0126	0.0312	−0.05	0.00	0.0798°
	LTD	0.05	0.01	0.0131	0.0312	0.00	0.05	0.0798°
	DR	−1.56	0.13	0.8333	0.3128	−0.12	0.58	0.5311

(Continues)

TABLE A6 | (Continued)

Matching after excluding transformation year 2020 ($n_{BC} = 163$)								
Matching	Variable			WSR	t.test	95% CI Boot		Sign. test
	(AP)	AP mean	AP median	(p)	(p)	AP median		(p)
1:5	TA	2322.73	-143.34	0.6516	0.0034	-267.66	-29.31	0.0120
	REV	2985.29	-444.02	0.0015	0.0440	-713.29	-268.18	< 0.0001
	STD	-0.05	-0.02	0.0102	0.0245	-0.04	0.00	0.0131
	LTD	0.05	0.02	0.0098	0.0245	0.00	0.04	0.0131
	DR	-1.49	0.13	0.9300	0.3015	-0.14	0.47	0.5311
1:10	TA	2435.66	-117.14	0.3714	0.0021	-224.31	1.91	0.0845°
	REV	3005.71	-496.54	0.0019	0.0416	-635.07	-340.90	< 0.0001
	STD	-0.04	-0.01	0.0207	0.0421	-0.03	0.00	0.0251
	LTD	0.04	0.01	0.0202	0.0421	0.00	0.03	0.0251
	DR	-1.33	0.19	0.5885	0.3526	-0.19	0.42	0.5311

Source: Our elaboration.

TABLE A7 | Results of resampling strategy (percentages of AP medians > 0: AP; and rejection frequencies in percentage of WSR test: WSR) both under the 'standard' procedure described in Section 4 and two robustness checks.

k	Variable	'Standard' procedure		Matching under $t-1$ TA and ROA		Matching after excluding 2020	
	(AP)	AP	WSR	AP	WSR	AP	WSR
3	TA	26.8	1.5	23.7	2.0	23.6	1.1
	REV	0.0	91.0	0.0	91.3	0.0	91.4
	STD	0.0	53.0	0.0	49.8	0.0	66.9
	LTD	83.3	52.2	80.6	49.1	93.8	66.6
	DR	91.5	6.2	92.3	6.9	72.9	0.9
5	TA	45.1	5.2	32.4	3.5	29.9	2.9
	REV	0.0	83.9	0.0	90.4	0.0	87.4
	STD	0.0	45.5	0.0	54.7	0.0	57.0
	LTD	76.3	44.7	78.2	54.1	86.3	56.6
	DR	90.9	6.1	94.2	8.2	81.5	1.4
10	TA	50.6	6.1	31.2	3.1	29.0	2.5
	REV	0.0	82.5	0.0	94.6	0.0	90.3
	STD	0.0	45.9	0.0	60.6	0.0	57.9
	LTD	75.1	45.2	80.4	59.7	87.4	57.6
	DR	87.3	4.5	92.1	5.5	80.7	1.0

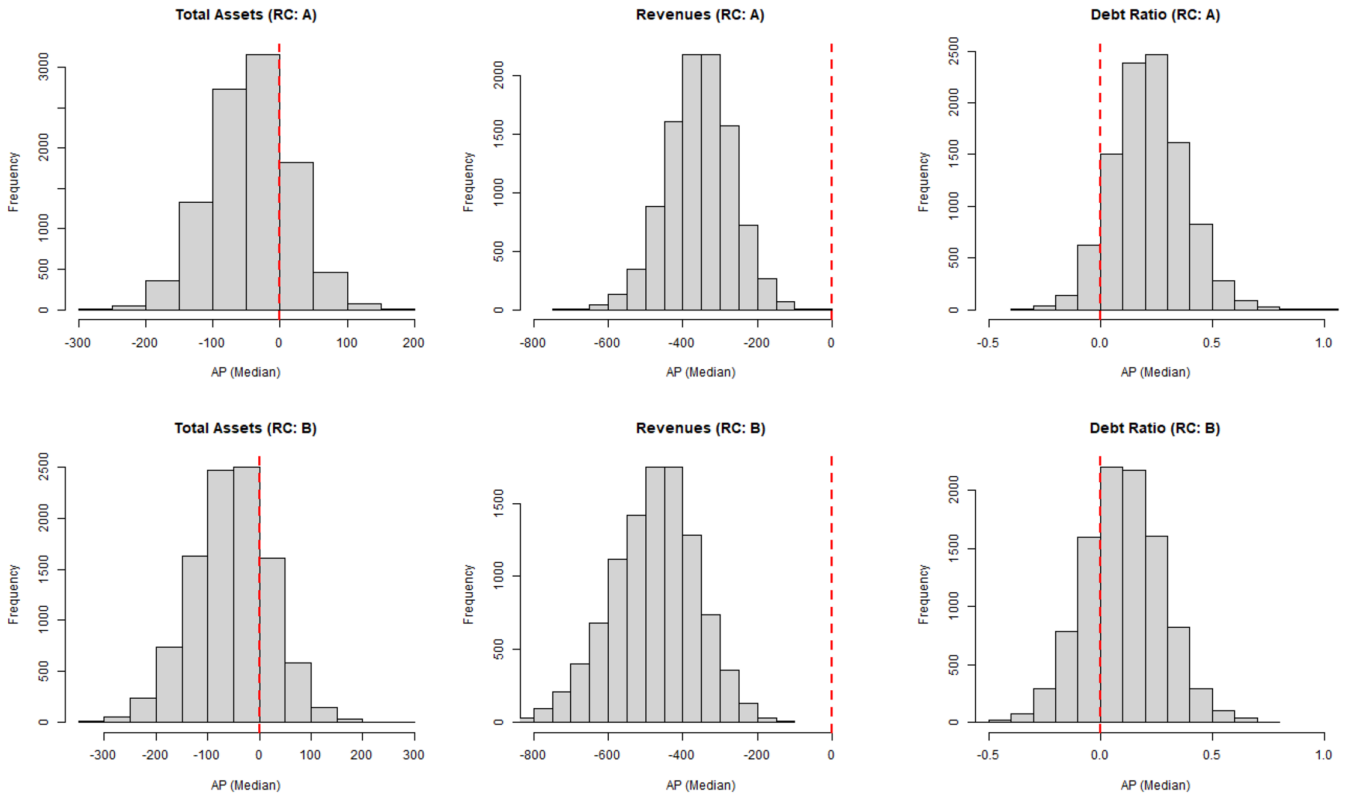


FIGURE A2 | Histograms of AP medians (TA, REV and DR) obtained after considering $M=10,000$ ‘comparison’ samples of size $3n_{BC}$ before the matching, considering the two robustness checks (RC) (A: matching using $t-1$ TA and ROA, B: matching after excluding 2020); a red dashed line indicates $AP=0$.

A.1 | Alternative Resampling Strategy

The alternative resampling strategy was implemented through the following steps:

1. The analysis started from the prescreened pool of non-BCs obtained after applying the eligibility criteria described in Section 4. Only observations with nonmissing and finite values for the matching covariates and for the accounting variables required to calculate AP were retained.
2. For each value of $k \in \{3, 5, 10\}$, we performed $M = 10,000$ Monte Carlo replications. In each replication m , a subsample of $k \times n_{BC}$ non-BCs firms is randomly drawn from the prescreened comparison pool without replacement. All treated BCs were then combined with the sampled controls.
3. Within each replication, a new 1:1 nearest-neighbour propensity-score matching was estimated (without replacement). The propensity score was obtained through a logistic model including the 1-NACE Rev.2, Total assets, ROA and the firm-specific transformation/reference year. Each BC was therefore paired with the nearest available nonbenefit firm in the randomly selected control subsample.
4. For each KPI $\{TA, REV, STD, LTD \text{ and } DR\}$, the change observed for the matched control firm was calculated as:

$$\Delta Y_{C_i,m} = Y_{C_i,t+1} - Y_{C_i,t-1}.$$

The expected performance of BCs i in replication m was then defined as:

$$EP_{i,m}^Y = Y_{i,t-1} + \Delta Y_{C_i,m},$$

while its abnormal performance was:

$$AP_{i,m}^Y = Y_{i,t+1} - EP_{i,m}^Y.$$

Because the matching performed within each Monte Carlo replication was one-to-one, the control benchmark for each treated firm was based on the change of a single matched control. This differs from the fixed 1:3, 1:5 and 1:10 matching specifications, in which the Expected Performance is based on the difference of medians observed among the multiple controls assigned to each Benefit Corporation.

5. The median of the firm-level abnormal performances was calculated for each outcome and replication:

$$\widetilde{AP}_m^Y = \text{median}_i(AP_{i,m}^Y) \cdot 100.$$

The resulting 10,000 values form the simulated distribution of the median AP are reported in the histograms. For each variable, we report the percentage of valid replications in which $\widetilde{AP}_m^Y > 0$.

Finally, within each replication, a two-sided one-sample Wilcoxon signed-rank test was applied to the firm-level $AP_{i,m}^Y$ values to test the null hypothesis that their distribution was symmetric around zero. For each KPI, we report the percentage of valid Monte Carlo replications in which the null hypothesis was rejected at the 5% significance level:

$$R^Y = \frac{1}{M_Y} \sum_{m=1}^{M_Y} I(p_m^Y < 0.05),$$

where M_Y is the number of completed replications with a computable statistic for outcome Y . This Monte Carlo procedure is distinct from the separate 10,000-replication percentile bootstrap used to construct confidence intervals for the AP median conditional on a given matched sample.