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INDICE

GREEN INNOVATION AND SUSTAINABLE CERTIFICATIONS FOR A CIRCULAR PATH: THE CASE OF A BCORP WINERY

Alessandra Costa

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Abstract

The approach of a circular business model requires a radical evolution of production techniques as well as different managerial approaches mixed up with new technological and marketing skills and competencies. Sustainable certifications are considered valuable instruments to support small and medium-sized enterprises (SMEs) in boosting their circular pathways. However, there is a lack of evidence on how they could anchor sustainability at the core of SMEs. Within this framework, this study adopts a single case study approach to analyze the BCorp certification process of a SME, operating in the wine industry, to assess the extent to which it helped infusing circularity principles in the company business model. In particular, the findings highlight the mechanisms, practices and initiatives that orient and reinforce the circular pathway of low-tech SME, shedding lights on the potential of BCorp certification, acting as a bottom-up lever for sustainability.

1. *INTRODUCTION*

In recent year, the traditional linear economic model based on "take, make and dispose" has been put in question for different reasons (Esposito et al., 2018). Due to profound imbalances generated by recent events, the current economic and social scenarios have become extremely complex, pushing companies to reappraise their roles in society.

Whether that is becoming aware of all sustainability perspectives according to the Triple Bottom Line (Schaltegger et al., 2016), having to comply with increasingly stringent environmental legislations, or having to adjust to issues regarding the scarcity of resources and the linked adverse externalities (Hamam et al., 2021), a need for a balance between economic and social values (Brennan and Tennant, 2018) is essential, and requires comprehensive changes in business models (Preghenella and Battistella, 2021). As a response to those challenges, the circular economy (CE) paradigm emerged as an alternative approach, aiming at minimizing the negative impacts of the organizations' activities on social, economic and ecological systems, while embedding sustainability at the core of SMEs (Geissdoerfer et al., 2017). This shift led to the rise of new forms of "hybrid organizations" (André, 2012) with multivocal abilities (Alexius and Furusten, 2020), that can address multiple and often conflicting demands.

Such hybrid organizations combine different entrepreneurial form to address current social challenges, by embedding social goals within their entrepreneurial boundaries (Defourny and Nyssens, 2010).

They seek to mitigate social and environmental issues (Santos et al., 2015), while aiming to simultaneously create environmental, social and economic value simultaneously (Hestad et al., 2021).

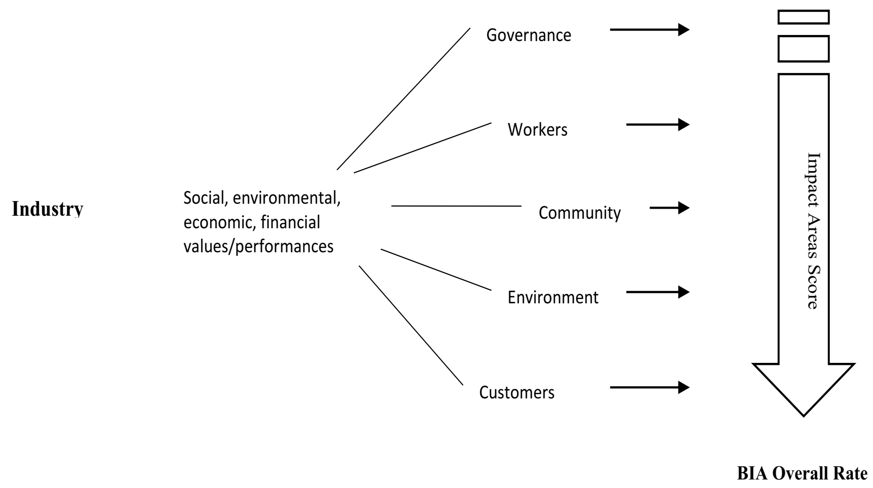
In this regard, BCorp emerged as a new managerial model of such hybrid organizations (Stubbs, 2017) that are actively engaged in generating positive impacts for stakeholders and society (Cooper and Weber, 2021). Further, the BCorps are able to raise the likelihood of sustainable value creation in the entrepreneurial ecosystem in which they operate (Hina et al., 2022; Lüdeke-Freund, 2020). Indeed, BCorps are considered profit-oriented businesses with a double purpose-profits and public common benefit- that fully integrate sustainability (Cantele et al., 2023). Developed as a voluntary certification scheme by B Lab in 2006, the BCorp has become an international standard, with which enterprises commit themselves to "meet high standards of verified performance, accountability, and transparency […] for an inclusive, equitable and regenerative economy" (B Lab, 2023). While BCorp certification is considered as a viable instrument for anchoring sustainability in SMEs (Mac Cormac and Haney, 2012), current studies mainly focus on BCorps' governance models and their performances (Kirst et al., 2021). So, there is a lack of evidence that BCorp certification is an appropriate instrument to boost green innovation and reinforce the circular pathways of SMEs. This study evaluates the role of BCorp certification in promoting circular practices in SMEs, by also shedding lights on how those firms might adapt to serve social and economic goals while pursuing circular economy approaches.

2. *BCORP CERTIFICATION AND GREEN INNOVATION FOR CIRCULAR ECONOMY*

In a time of increased awareness of globalization's effects and resource scarcity (Kirst et al., 2021), the BCorp model represents the link between sustainability and circularity, actively promoting cleaner manufacturing practices (Poponi et al., 2019; Mosconi et al., 2020). BCorp status automatically translates into a reliable indicator for greater sustainable and green innovations, essentials for competitiveness (Gazzola et al., 2022). By encompassing all mitigating measures adopted by companies to minimize the negative risks of their activities, green innovation includes products and processes innovations.

In this context, BCorp certification could stimulate those innovation, while enhancing firms' eco-friendly image and reputation (Mann et al., 2021). By prioritizing sustainable principles in their innovation process, firms can reduce their environmental footprints (Homrich et al., 2018) and bolster competitiveness (Luo and Du, 2015). Wu et al. (2018) emphasized the advantages of transparent and environmentally responsible actions. In this sense, the BCorp self-assessment effectively captures companies' efforts to integrate circular pathways in their business models, by evaluating their performance across five different areas: governance, workers, community, environment and customers (Fig. 1).

Fig. 1: B Impact Assessment (BIA) evaluation process



Source: Personal elaboration on BCorp assessment

The Governance area assess the company's mission, ethics, stakeholder engagement, and environmental and social performances.

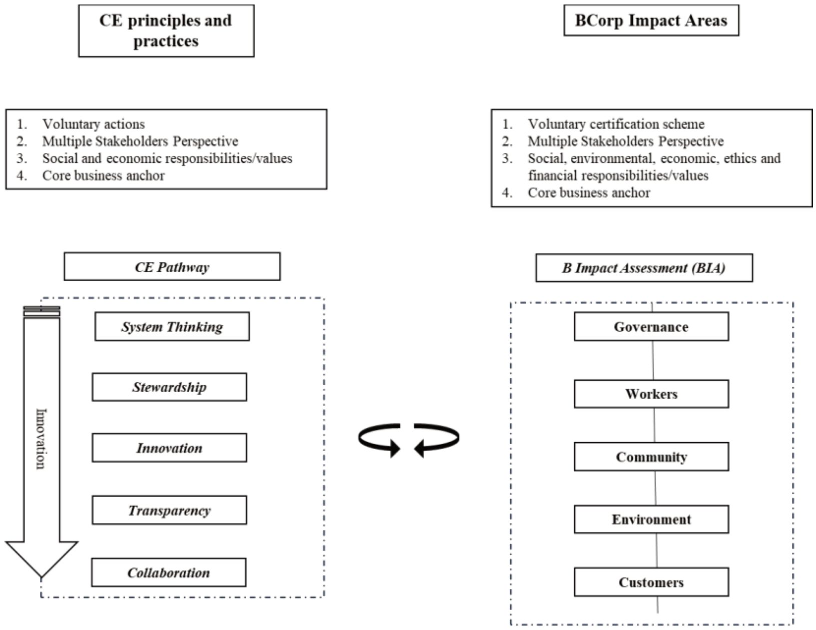
Workers' section considers financial security, health & safety, wellness, career development and satisfaction, as well as overall workplace environment. The Community section measures engagement with local communities, considering civic engagement and supply chain management. The Environment area reviews firms' environmental policies, sustainable practices and green innovations. Finally, the Customer area assesses all the corporate policies encouraging eco-friendly customer behavior.

These B Impact Assessment (BIA) areas perfect align with circularity principle of System Thinking, Stewardship, Innovation, Transparency and Collaboration (British Standard Institution, 2017).

System Thinking identifies the capacity of organizations to completely rethinking resource management and green innovations (Yang and Lin, 2020). Stewardship concerns collaborative relationships management (Jensen and Remmen, 2016) for re-framing responsibilities related to product lifecycle (Krikke, 2020). Innovation is instead related to eco-innovations (Suchek et al., 2021; Yousaf, 2021). Transparency is about the company's willingness to clearly communicate its sustainability commitment (British Standards Institution, 2017), to spread a sustainable culture within the corporate environment. Finally, the Collaboration principle prioritizes relationships able to create mutual value among organizations, through eco-friendly business innovations (Niero and Rivera, 2018).

These five guiding principles drive BCorps in their transition from sustainable to circular practices (Fig. 2).

Fig. 2: Circular Economy and BCorp models



Source: Personal elaboration

3. *Data and Methods*

3.1 Research Setting: The Case of Tasca D'Almerita- BCorp Sicilian Winery

Tasca D'Almerita, an eight-generation family-owned winery in Sicily, began its journey in 1830 with the acquisition of the 1200-hectare Regaleali estate. Today, under Alberto Tasca's leadership, the company balances tradition with sustainability and innovation. In 2009, the company joined SOStain, a sustainability program recognized by the Ministry of Ecological Transition.

After eight years of experimentation and studies on sustainability, the winery obtained both the SOStain and VIVA certifications, for its eco-friendly commitment. With its 679 ha, in 2021 the company has experienced a positive trend respect to 2020, with a net income of $512 and more than $22.667 of sales revenues. In March 2023 Tasca D'Almerita further confirmed its sustainable commitment by achieving BCorp certification.

3.2 Research Design

For the purpose of this study, we adopted a qualitative approach based on a single-case study (Eisenhardt and Graebner, 2007; Yin, 2009), useful to deeply analyze a complex phenomenon, while attempting to produce generalizable results. Data was collected through multiple sources: the company and the BCorp websites, the company's sustainable reports and its BIA, in-depth interviews and informal conversations with the company Sustainability manager. In particular, the questions addressed motivations, perceptions and benefit of becoming a BCorp, the values behind corporate sustainability orientation, the journey towards BCorp certification and its impacts. All collected data was analyzed qualitatively and supplemented by sources of secondary information (Patton, 1990).

4. Results and Discussions

4.1 Anchoring circularity to business purpose: the trigger agent of a "hidden" Nature Positive model

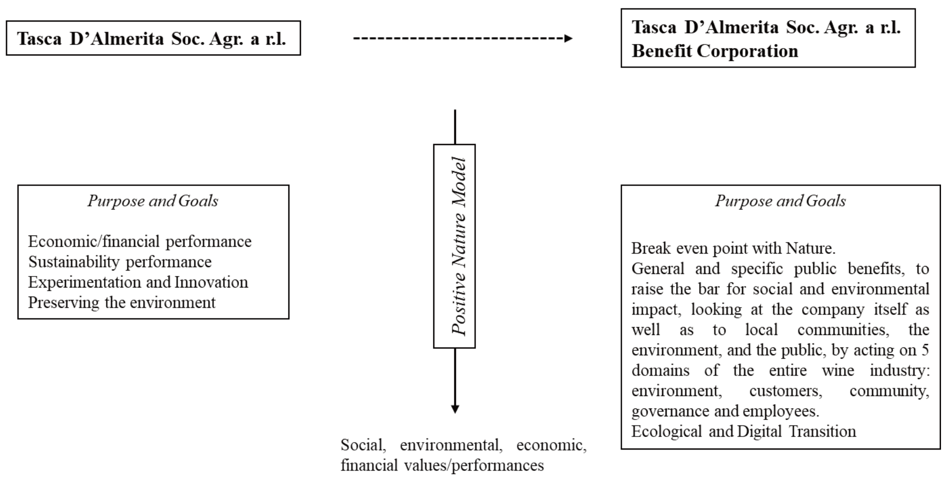
Since its foundation, the company has prioritized sustainability as a regenerative management that valorize both the territory and community (SOStain, 2022- Tasca D'Almerita report, 2022 p. 37), as "it is important

[…] that the territory will still be productive and vital in the generations to come" (Alberto Tasca D'Almerita).

Elevating its commitment to sustainability, Tasca D'Almerita has become expression of a Nature Positive model, integrating economic, environmental and social criteria to return more value to the planet (SOStain, 2022- Tasca D'Almerita report, 2022, p. 38).

The mission of the company- "Cultivating sustainability. We work each day to leave our children with a better environment."- perfectly reflects the balance between profits and the common benefit, focusing on shared and long-term value (Fig. 3).

Fig. 3: Tasca D'Almerita harmonious balance between profits and the common benefit



Source: Personal elaboration

In its report, the company stressed the importance of being a BCorp as a way to generate positive impacts, embodying "qualities one would expect from a friend"(SOStain, 2022- Tasca D'Almerita report, p. 42).

This search for a right balance between profit and responsibility can also be read in the lights of green innovations, as a response to market, stakeholder and organizational pressures (Yousaf, 2021). This mission has oriented the company toward the BCorp certification process, that is "much more than formalizing practices and processes, that demands a true sustainable model permeating every business activity" (Sustainability Manager, July 2023). The certification requires a critical rethinking of industry standards, pushing Tasca D'Almerita to cultivate a critical and agile thinking, spurring flexibility and bottom-up innovations, without necessarily incurring significant costs: "Waking up every morning and asking what can be improved within the company [...] Imagine vending machines without the plastic overload!" (Sustainability Manager, 2023).

This desire to experiment is triggered by the entrepreneurial family that is deeply rooted in a local community and in a local area historically nurtured by a set of values that widespread in several companies of Sicily. Consequently, the BCorp certification was pretty much a natural step for the company, "although almost impossible without the validation of SOStain protocol, officially recognized as a supportive tool for preserving biodiversity of local flora and fauna" (Sustainability Manager, 2023).

Furthermore, from the interviews, clearly emerged that the BCorp certification was considered as an ethical reward for the company, signaling to others that the adherence to these stringent standards, with positive effects on international reputation (Villela et al., 2021):"Every challenge we faced was fueled by the desire to rewrite the rule of our industry. It is much more than profit. We wanted to be able to tell our American importers "Yes, we are a BCorp!". This is just not a title or a logo […] It is a symbol of our transformation, and our commitment to be better in the world and for the planet." (Sustainability Manager, 2023).

4.2 THE FORMAL ASSESSMENT OF THE "SHIFT": TURNING SUSTAINABLE VINES INTO CIRCULAR VALUES

In March 2023, Tasca d'Almerita obtained the BCorp certification from B Lab, earning an overall score of 84.8 greater than the overall median score of 50.9 for those firms that completed the assessment (Table 1).

Tab. 1: Tasca D'Almerita B Impact Report (2023)

Overall B Score	*Company Score*
Governance	***13.3***
Mission & Engagement	1.6
Ethics &Transparency	4.2
+ Mission Locked	7.5
Workers	***21.2***
Financial Security	3.4
Health, Wellness & Safety	7.7
Career Development	3.3
Engagement & Satisfaction	3.8
Community	***18.5***
Diversity, Equity, & Inclusion	3.1
Economic Impact	5
Civic Engagement & Giving	2.1
Supply Chain Management	4.3
Environment	***27.3***
Environmental Management	2
Air & Climate	4.3
Water	4.4
Land & Life	9.1
Customers	***4.2***
Customer Stewardship	3.5
Overall	**84.8**

Source: Personal elaboration, on the basis of the company BIA.

The first reflection directly comes from the BIA report, which delineates how BCorp standards activate the principle of circular economy. The BIA indicates strong environmental performance driven by SOStain protocol and VIVA certification. It highlights a highest score for Land & Life area, emphasizing company's commitment in managing its waste production, thereby minimizing the negative impacts of business activities and promoting a sustainable agricultural ecosystem (Tasca D'Almerita BIA, pp. 60-67). The BIA results also corroborate the company's efforts in improving the working conditions of its employees, though compensation policies, health and wellness initiatives, while acting on workers' empowerment to encourage a favorable corporate climate. The president of the company, in 2023, stated "The well-being of our employees is essential and goes beyond the link between happiness and performance. Here we want to cultivate a sense of belonging and mutual respect that encourage employees to be responsible for their work, and to promote teamwork". This approach aligns with the Stewardship principle, favoring a shared corporate ownership, without alteringthe familial essence of the business leadership (Giang and Dung, 2021).

Moreover, Tasca D'Almerita, aims to refine its governance system, "making sustainability a method of study and of business management", promoting circularity mechanisms: "[We] need to formalize our practices. [...]It is a golden ticket to gain efficiency and streamline the decision-making processes, that will become more objective and rational." (Sustainability Manager, 2023). The governance area encompasses both System Thinking and Transparency principles. Furthermore, the BIA underscores the importance of community engagement- through external collaboration, promotion of gender equality and social responsibility- as "being a BCorp means increase social commitment, strengthen the brand and communicate your identity" (Sustainability Manager, 2023). Within the aforementioned improvement areas, the company has prioritized social sustainability, by enhancing educational programs like EduSOStain, that provides sustainable agriculture training programs to vulnerable subjects of two no-profit local associations.

Finally, Tasca D'Almerita performed well in the Customer area, demonstrating a strong commitment in this area, even though "[at this time] it is too early to make evaluations relative to our customers [...] as they do not know what being BCorp means and what they should expect from us" (Sustainability Manager, 2023).

Overall, the evaluation results indicate that the BCorp certification for Tasca D'Almerita has clearly advanced its commitment to sustainability and reinforced its management, providing a concrete stimulus to realize a full switch to the CE paradigm.

5. *CONCLUSIONS*

This study investigated BCorp certification's influence on SMEs of low-tech industries, focusing on its role in fostering a circular approach. Specifically, sustainable certifications, like BIA, provide structured benchmarks for companies to evaluate their sustainable-related policies and practices, particularly by strengthening the social dimension of a company.

Tasca D'Almerita successfully applied all circularity principle in its business, thus confirming the viability of BCorp's guidelines in aligning with social values.

From a theoretical point of view, this study emphasizes the potential of BCorp management model as a useful tool for integrating circular principles into their existing business model while helping SMEs in their transition to a circular economy.

From a managerial perspective, our findings support SMEs moving toward sustainability and circularity, by categorizing business practices, policies and behaviors that require attention. Moreover, this study suggests that businesses intending to embrace circularity should consider sustainable certifications as a supportive tool for implementing sustainable-oriented corporate adaptations within their boundaries.

However, the exploratory nature of this work does not allow for generalization of results, opening up additional avenues of research.

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