SOCIAL, BENEFIT OR PURPOSE-DRIVEN CORPORATIONS: A CONCEPTUAL FRAMEWORK TO NAVIGATE BETWEEN THE NEW CORPORATE FORMS

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Abstract

In a context of grand challenges, states are increasingly using law to modify corporate governance in order to make business corporations more sustainable. They increasingly introduce new forms of corporations – labelled as profit-with-purpose corporations - with incorporated social and environmental goals. But the diversity of new legal forms is likely to create confusion, both for policy makers and for corporate leaders. This article offers a conceptual framework to distinguish between the different types of profit-with-purpose corporations, based on their type of purpose. It then derives several propositions to draw attention to the contingency criteria of the different purposes, and, more importantly, to the need to have governance rules appropriate to the pursued purposes, as a condition to avoid purpose-washing and ensure integrity.

Keywords: corporate purpose, sustainable governance, benefit corporation, *société à mission*, cooperative

Over the past few years, there has been **a proliferation of corporate legal forms,** referred to generically as "profit-with-purpose corporations". These corporations include social and environmental considerations in their bylaws in addition to the traditional corporate purpose of turning a profit. These legal forms – such as the benefit corporation in the USA, the *società benefit* in Italy and the *société à mission* in France – are different from traditional CSR or soft law approaches in that they propose frameworks with more clear-cut legal implications (Levillain and Segrestin 2019; Bandini et al., 2022). They are being added alongside older forms of corporations with specific statutes, such as cooperatives, albeit sometimes with very different logics (Liao 2019).

The increasing variety of these corporate forms with social and/or environmental purposes addresses the concerns of sustainable companies in the face of grand challenges. Along with classic environmental policy instruments, corporate governance and corporate law are increasingly being used to drive "corporate sustainability", particularly at the European level.[1] This raises the question of how **the law can propel change in corporate governance**, not only to prevent corporations from causing social or environmental harm through their activities, but also in order for them to contribute directly to public policy goals (Sjåfjell et al. 2020; Segrestin, Hatchuel, and Levillain 2021; Mayer 2021).

In this context, the number of options is rising fast, and governments are being encouraged to introduce new legislation. For example, the OECD has recently published a guide on introducing new social enterprise standards[2] (OECD 2022). While some authors observe the

[1] The EU has adopted a series of initiatives in this respect. Following the Non-Financial Reporting Directive (2014), Shareholder Rights Directive (2017), and Action Plan on Financing Sustainable Growth (2018), the idea of "sustainable companies" is clearly present on the Commission's agenda. This is evidenced, for example, in the "Sustainable Corporate Governance Initiative" launched in 2020 (and the controversial report published by EY (Roe et al. 2021)), or through the "Corporate Sustainability Due Diligence" project.

[2] In its guide on social enterprises, the OECD defines social enterprises as follows: "Like any social economy organization, social enterprises distinguish themselves in two respects: their *raison d'être*, as they primarily

emergence of a market of social enterprise law (Murray 2016), there are in practice even more options available for corporations, as several models can be combined to create hybrid organizations (Battilana et al. 2012). A recent example of this is Patagonia. Its founder Yvon Chouinard has recently decided to change the legal structure and to create a hybrid form with a charity that owns the company's nonvoting stock and a purpose trust responsible for controlling the corporation.

The growing variety of corporate forms nonetheless comes with the risk of confounding heterogeneous models. While corporate legal forms create diverse commitments and obligations, the same words can sometimes be used to refer to them, resulting in confusion. For example, recent handbooks of social enterprise law (Means and Yockey 2019; Peter, Vasserot, and Silva 2022) refer to very different forms under the single term "social enterprises." The US benefit corporation is included as a typical form of social enterprise because, as Pollman writes, "the new form has provided a legal category with specific rules that give a structure and meaning that was lacking from the vague term social enterprise" (Pollman 2019). This mix of terms not only creates a risk of harmful confusion in practice, it is above all indicative of a lack of clarity at the theoretical level.

We certainly do see the field as being filled with **very open-ended terms that promote conceptual confusion**. This is clearly the case of the concept of a social enterprise, which encompasses both the historical trend of the social and solidarity economy, and the more recent and originally more American "social business" movement (Defourny and Nyssens 2010). But the concept of a *purpose* – "*mission*" in French and some of the English-language literature –

address societal needs and maximize their social impact, and their *way of operating* because they implement specific business models based on collaboration, typically at the local level."

is very generic too. Battilana and Yen define it as "a corporation's core reason (or reasons) for being, guiding what a corporation should be designed to do and whose interests it should serve" (Battilana and Yen, forthcoming). In doing so they pave the way for a very broad continuum extending from simple profit-driven corporations to those with "multiple purposes", some of which are not only for profit. We could say the same for other types of purposes, such as the "*raison d'être*" introduced in France alongside the concept of the *société à mission*.

These different factors motivate an effort of conceptual clarification in order to help corporations and policy makers to find their way in the field of corporate legal forms that add purposes to the profit motive.

Here, we are specifically interested in corporate forms recognized by law, and which combine the possibility of a profit-driven goal with another objective not related to profit. Usually, the literature differentiates between corporations based on their ownership regime: profit-driven corporations are owned by capital investors; cooperatives are owned by the workers; and "nonprofit enterprises are defined by their lack of allocated property rights" (Bandini et al., 2022: 5). We believe, however, that it is important to refine the typology of corporations by focusing exclusively on the "for-profit socially responsible corporation" category in the typology of Bandini et al. (2022). These corporations are held by capital investors and have a "broadened mission" oriented towards the stakeholders. However widely different configurations exist among them. We propose a conceptual framework of these particular purpose-with-profit corporations, that differentiates between the types of purpose, that is, the content of the legal commitments made. This framework questions the rules of governance and therefore the appropriate accountability to ensure the enforceability and credibility of these commitments. Our conceptual framework aims at positioning the different forms of purpose-with-profit corporations in relation to each other, but also at discussing the coherence of the possible combinations. Our conceptual frameworks identifies three different models:

- the model based on shared evaluation standards
- the model based on a particular "socius" of different beneficiaries,
- the model based on the enterprise or entrepreneurial project.

These three models do not claim to be exhaustive, and it will be necessary to discuss their blind spots. Our objective in constructing this framework was to avoid the classic analysis bias of assessing variety through the prism of a single model. For example, if we analyze benefit corporations or French *sociétés à mission* through the lens of social enterprise criteria, we will conclude that they are particularly poor and undemanding social enterprises.. However, in doing so, we would be disregarding the intent and scope of these initiatives. In addition to conceptual clarification, the identification of archetypal configurations makes it possible to formulate several propositions, both for public authorities and for corporations. In particular, it provides an account of the contingency criteria for adopting one model rather than another; and above all, it makes it possible to discuss the coherence between governance and commitments, and the conditions for good integrity.

In this way, we contribute to the growing body of literature on corporate purpose (Jensen 2001; Stout 2013; Gartenberg, Prat, and Serafeim 2019; Davis 2021; Levillain and Segrestin 2019) as we differentiate between multiple categories of profit-with-purpose corporations, based on their type of purpose. We also characterize the contingency parameters in which these categories are relevant. Moreover, we contribute to the literature on sustainable or responsible corporations by describing the governance and accountability rules adapted to each type of purpose. Our analysis thus allows to discuss the coherence of legislative proposals at the state level or the coherence of statutory rules of hybrid organizations at the corporate level. We conclude with the research questions that need to be addressed today if we want to limit the drift and promote the growth of sustainable corporations, or even of corporations that would be contributors to contemporary issues.

I- Conceptual framework: differentiating between profit-with purpose corporations based on their purpose

Before presenting our conceptual framework, we wish to emphasize that we are exclusively focusing on the legal corporate forms referred to as profit-with-purpose corporations, which make commitments to goals that cannot simply be reduced to profit (Hemphill and Cullari 2014; Hiller 2013). These forms include, first and foremost, the benefit corporation and its multiple variants, depending on the state in question (Rawhouser, Cummings, and Crane 2015; Murray 2018), and the French *société à mission*. But cooperatives are also within the scope of our study, considering that they are in fact corporations, albeit with additional goals and governance rules. Therefore, even though the legal forms of profit-with-purpose corporations differ from one another, they have several features in common: (1) they define a purpose, which in this article refers to the goals or objectives that the corporation seeks to attain, other than generating profits or furthering shareholders' interests; (2) this purpose is legally binding, which means that the corporation requires managers and shareholders to commit to it; and (3) they establish a governance with a related accountability system.

As these forms are all optional, they are adopted – when applicable – on a voluntary basis. Once adopted, they have legal effects. Specifically, one of their common features is what could be referred to as purpose lock-in, i.e. the stability induced by the statutes which can only be called into question by the partners under certain conditions. Let us also specify from the outset that the different forms we are considering are defined in heterogeneous legislative contexts and that consequently their meaning and scope may vary according to the contexts in which they are placed[3].

Three configurations which cannot be reduced to one another stand out from our analysis. Each of them is seen as the articulation of a particular purpose and specific rules of governance.

a. The model based on shared evaluation standards

The first configuration that we have looked at is the case in which the corporation commits to evaluate its practices according to a shared external reference framework. A typical example of this is the benefit corporation (at least in its first formulation (Clark and Vranka 2013)), although there could be multiple forms of this model.

Purpose: In this case, the purpose is therefore not peculiar to the corporation, but rather determined by existing and legitimate standards. These range from the Universal Declaration of Human Rights and the Fundamental Conventions of the International Labor Organization, to reference frameworks such as the GRI reporting framework or the UN Global Compact. For a corporation, the idea is to give an account of its position with regard to good practices or principles, which could, potentially, be incorporated into hard law.

[3] Note here that we are excluding from the field of our analysis – at least temporarily – what could be called a "vigilance clause" (French: "*clause de vigilance*"), which has now been made obligatory in France for all corporate forms. For example, since 2019, Article 1833 of the French Civil Code has required all corporations to be managed with due regard to the social and environmental effects of their activities. This rule echoes the wording of Article 172 of the UK Companies Act 2006 or a specific rule stated in benefit corporation legislation in the United States, according to which "Directors and officers shall consider effect of decisions on shareholders and employees, suppliers, customers, community, environment, together the 'stakeholders'". This form is however not compulsory everywhere, and both in the United Kingdom and in the case of benefit corporations, company administrators must take these factors into consideration *in the best interest of the corporation*.

Governance: Given that the goal is to benchmark or position the corporation's practices according to standardized reference frameworks, in terms of governance and accountability, the corporation should be expected to: 1) clearly communicate using the chosen standard; 2) publish a report on this evaluation; and 3) ensure that the said report is audited and certified by an independent third party.

Typical example: This appears to be the model of benefit corporations in the United States. The legal framework for benefit corporations, following the legislative template and as initially drafted in Maryland, specifically requires "the measurement of general public benefit against a 'comprehensive, credible, independent and transparent' third-party standard", as well as the publication of an annual report in accordance with the said standard.

One of the benefits of this form is that it makes corporations accountable for their practices in accordance with international standards, beyond the scope of the regional legislation of the territory in which they are incorporated (Lévêque 2022). For example, benefit corporations can be evaluated in accordance with the B Corp Certification reference framework. If we consider the example of a corporation in the construction industry, the B Corp form includes the following questions: 1) if the corporation has adopted "occupational health and safety policies"; 2) if employees have access to a retirement plan; and 3) what percentage of employees are paid, at a minimum, the equivalent of a "living wage for an individual" or what percentage above the minimum legal wage is paid to the employee with the lowest salary. We see that these initial criteria might entail legal obligations in some countries. However, in addition to providing evidence that the corporation is complying with certain minimum standards, evaluation in accordance with shared standards can subsequently be enriched and specify good practices on an industry basis.

Contingency criteria: This model, which ensures third-party verification of compliance with shared criteria, is particularly useful in two situations:

- We can see from these examples that the interest of this device is first to ensure a form of proof that the corporation adopts minimum principles of foresight and vigilance, particularly when the legal rules are non-existent. In this context, a responsible corporation is one that undertakes "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams & Siegel 2001: 117).
- In comparison to a classic certification approach (such as that proposed by B Lab), the legal corporate form addresses a need to protect corporate leaders in certain states. This is because corporate law, whether rightly or wrongly, is perceived in some states, particularly in the US, as requiring corporate leaders to pursue the interests of shareholders only (Levillain, Segrestin, and Hatchuel 2020).

b. The model based on a commitment to a community of beneficiaries

The second configuration is based on the idea of building a corporation that is an alternative to the classic capitalist corporation by transforming the "socius" of the corporation: if we make sure that the associates are not (only) shareholders, then the corporation will be able to pursue a goal other than profit. In this sense, the governance has a specific objective, which is to give control to parties other than shareholders (Hiez 2022). The typical example is of course that of cooperatives, where the employees are the majority shareholders.

Purpose: The commitment is to serve a community in a way that is not limited to financial interests only (Defourny and Nyssens 2010; Defourny 2006)[4]. The service to the community must systematically prevail over profit seeking, which is therefore no more than a means to that end (Dacin, Dacin, and Tracey 2011). It is therefore accompanied by a principle of limited profitability, especially when public resources are mobilized..

Governance: In this model, governance is a tool of social commitment and the means for community service[5]. In other words, the social purpose of service to a community is supported by principles of governance:

- Participatory governance, which grants members of the target community voting rights, or even democratic governance;
- Collective management, with the idea that some reserves cannot be distributed as dividends and profitability must remain limited.

In this case, governance thus differs significantly from the governance of a traditional commercial corporation, precisely because it is the corporate governance that ensures that the service will be provided to the community.

Typical example: The typical example of this model is the cooperative. The goal of emancipation through work is rooted in cooperative governance via the requirement that the employees hold the majority of the control and that they have the same control rights (e.g. 1

[4] Defourny Nyssens' definition of a social enterprise (2011) is based on 5 indicators (in addition to the economic criteria characterizing the enterprise):

- An explicit aim to benefit the community
- An initiative launched by a group of citizens
- Decision-making power not based on capital ownership
- A participatory nature, which involves the various parties affected by the activity
- Limited profit distribution.

[5] See, for example, the conditions for a social enterprise in the EU report: https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8274.

person, 1 voice). Governance is therefore the expression and the guarantee of the targeted purpose.

Contingency criteria: We can note that in the sphere of social enterprise, social utility can refer to communities other than that of employees. Moreover, the social utility of an activity is difficult to define. Amblard shows that in fiscal terms, an activity is recognized to have social utility when a corporation "intervenes in a domain in which needs are insufficiently covered by the profit-driven sector, or addresses a public which cannot normally access the services of the competition-driven sector. The search for social utility therefore correlates the product or service provided with the target public" (Amblard 2010). Most often, the primacy of the social factor is based on participatory governance, i.e. targeted publics (e.g. the elderly) must be be represented (either directly or indirectly) in governance bodies.

This configuration is particularly useful in the case of activities requiring the support of public actors. But it has been also particularly mobilized by social movements engaged in the development of alternative project of society.

c. The model protecting an entrepreneurial project

Our last configuration is based not on shared reference frameworks or the identification of a beneficiary stakeholder, but rather on the goals that the corporate activities pursue, and therefore a specific entrepreneurial project.

The typical example of this is the *société à mission* corporate form introduced in France in 2019, as well as social purpose corporations in the United States, initially called flexible purpose corporations (Mac Cormac 2007; Mac Cormac and Haney 2012).

Purpose: The Notat-Senard Report, submitted to the French government in 2018, motivated the creation of this corporate form. It allows us to characterize the underlying model (Notat and Senard 2018). The idea is that ventures may have ambitious social or environmental goals, such as developing new therapies for chronic illnesses, CO2 capture technologies, etc. Ventures or enterprises must be distinguished from their legal vehicle, which is the corporation (Robé 2011). As in corporation, shareowners have legally the ultimate control rights, the corporate governance enable shareowners to reduce the purpose of business ventures ultimately to that of producing shareholder value. Yet business ventures, when they operate **in the collective interest,** can be "a part of the solution" to large-scale contemporary challenges, instead of being a part of the problem. The idea was thus to allow corporations to include a "*raison d'être*" (or purpose) in their bylaws, in other words, a "guide for determining their strategic orientations and the resulting actions" (Notat and Senard, 2018: 6). This *raison d'être* would thus constitute the mandate for which directors should be directly accountable.

In this configuration, the purpose is thus peculiar to each corporation. It constitutes the mandate of corporate directors. This mandate refers to the purpose of the activities to be carried out in common, a purpose likely to mobilize the different stakeholders and build a desirable future (Notat and Senard 2018; Segrestin, Hatchuel, and Levillain 2021). In that sense, it can require more than the respect for certain established rules or good practices. It can also include some commitments to explore new scenario and to look for social or environmental innovations. The purpose provides also the criteria for evaluating the corporate strategy and activities.

Governance: When the purpose relates to a unique entrepreneurial project, evaluation by external third parties is more complicated. Because evaluation concerns not only compliance with good practices but also potentially the quality of the strategy and innovation efforts, it can only be entrusted to a group of experts.

In the case of the French *société à mission*, the law requires the following:

- The formulation of a *raison d'être* (principle guiding the corporate strategy) as well as social and environmental goals that are written into its bylaws in more specific terms;
- The creation of a "*comité de mission*" (purpose committee) containing at least one employee and which is exclusively responsible for overseeing the strategy with respect to the purpose. This purpose committee has the broadest powers to investigate within the corporation.
- The law also requires an audit by an independent third-party every two years. This audit must control whether the purpose committee is functioning correctly, and whether the purpose is being upheld.

Contingency Criteria

This form becomes particularly useful when an business activity has (or could have) significant repercussions on society or the environment. Alternatively, it is also useful when a corporation is expected to go through a period of profound turbulence, and stakeholders need to be reassured in a credible way that the corporate goals will be maintained, regardless of who its future shareholders will be. Typically, a corporation developing cleantech will continue to pursue its goal of developing new technologies enabling the energy transition, and therefore of investing in R&D and so on, even if its potential could be financially harnessed in another way.

In other words, the *société à mission* is useful when the corporation can no longer be considered legitimate in pursuing only a private interest (the corporation's best interest). Given the deep transformational effects that its activities may have on its surrounding ecosystem, the corporation must instead make explicit the rules of responsibility that it sets for itself in designing and implementing its future strategies.

These three models are interesting in terms of the conceptual framework that they create. In the first case, shared evaluation standards allow a corporation to compare itself with its competitors. In the second case, social enterprises give some control rights to a community of stakeholders, but they leave much leeway with regard to strategy. In the last case, the *société à mission* invites each corporation to define its own purpose, but provides governance rules to ensure that strategies will respect this purpose and remain controllable.

II- Navigating among profit-with-purpose corporations: conditions of validity and integrity

The conceptual framework we have built around three models is probably far too simplified and is unlikely to capture the specific debates that animate each of them [6]. Nonetheless, at this point in time, profit-with-purpose corporations form a relatively heterogeneous and still under-conceptualized set of forms. Types of purposes and commitments vary considerably from one legal form to another, and it is of utmost importance to provide some landmarks in order to avoid hasty confusion. To our knowledge, our conceptual framework is the first to characterize

[6] For example, debates on that which should be included or not within the scope of "social enterprises" or "social utility" are endless. A typical example is the possibility of having "second-generation" cooperatives, in other words, cooperatives with shareholder classes which have ultimately different rights (McDonnell 2019). Similarly, the tax breaks that should (or should not) be granted to some social enterprises are the subject of debates. While some participants expect that recognition as a social enterprise should grant access to a specific tax regime, others believe that there should be a "taxable not-for-profit" status specifically for social enterprises (Tucker 2019). *Société à mission* status is still too recent, but it may well be the subject of similar debates when the time comes to discuss the purpose of the companies concerned.

the nature of the purposes of profit-with-purpose corporations and thus to discuss whether their governance is consistent with their purpose or not.

In this section, we will use this conceptual framework to formulate three propositions that may subsequently provide avenues for empirical research.

1. Guidelines for policymakers and contingency criteria

Faced with the risk of conceptual confusion, our framework differentiate among several models which it would be fallacious to reduce to a single category – whether that of the social enterprise, benefit corporation, engaged corporation or purpose-driven corporation. The table below provides a summary of the different models of profit-with-purpose corporations.

Model	Purpose	Governance	Typical Example
Evaluation in accordance with shared standards	Corporate practices are rated against shared standard established by third parties	Third-party auditing of the activity in accordance with standards	Benefit corporation
Commitment to a community of beneficiaries	Serving a stakeholder of the corporation	Participatory governance: control rights are given to the beneficiary party + limited profitability	Cooperative

Protecting an entrepreneurial project	Specific social and environmental goals to guide and assess the corporate strategy	The strategy is controlled by a purpose committee that is distinct from the board of directors + Audit by an independent third party	*Société à mission*

This conceptual framework provides markers for introducing new legal statuses. In particular, it highlights the contingency parameters to guide policymakers according to context. For example, we can see that the US legislative context has been more favorable to the adoption of benefit corporations, since mandatory social and environmental standards are *a priori* stricter in Europe. The public authorities can however also encourage a diversified ecology of legal frameworks in order to offer more options to corporations. In this case, it appears necessary for legislation to clearly state the circumstances under which a given form of profit-with-purpose corporation is suitable and relevant.

The first proposition could therefore be the following:

Proposition 1: The introduction in law of a form of profit-with-purpose corporation is especially useful if: 1) this form is adapted to the local economic and legislative context; and 2) the underlying model and contingency criteria are made explicit to help corporations to make an informed choice based on their situation.

2. Guidelines for corporations and articulation between models

Our conceptual framework is also useful not only for describing certain hybrid empirical configurations, but also for analyzing new hybrid forms adapted to the specific situation of each corporation. In particular, corporations can combine several models when faced with specific concerns.

For example:

- In some US states, benefit corporations combine the requirement of evaluation in accordance with a third-party standard, and the possibility of stating a specific purpose.
- Certain activities involving sensitive or vulnerable publics can also experience ecosystem transformations that require them to carry out an in-depth overhaul of their activity. For instance, cooperatives and mutual insurance companies in France have chosen to adopt *société à mission* status in addition to their status as cooperatives or mutual insurance companies. The MAIF, for example, is a mutual insurance company which historically has been deeply committed to its members, who are also the group's shareholders. However, the insurance sphere is currently undergoing change, with the arrival of big data transforming individual risk assessment and encouraging the emergence of digital competitors. Likewise, climate change is also turning traditional actuarial calculation methods upside down, and the question has arisen of what this mutual insurance company can currently promise to its stakeholders. In this context, the MAIF adopted *société à mission* status in 2020, thus committing to several objectives: in addition to providing services to its members (objective 1), it promotes the self-fulfillment of its employees (objective 2), as well as the objective of building a society with more solidarity (objective 3: the fight against demutualization), and that of contributing to the ecological transition through its activities (objective 4).

- Another interesting case is that of corporations performing a public service. In the case of La Poste in France, the corporation did not have a distinct legal status, with the exception of two specific characteristics: the French government is the main shareholder of La Poste, thus ensuring that it works in the interests of the public; and the French government also has a plan implementation contract with La Poste defining the public services that La Poste must perform, even if they are not profitable, at the request and on behalf of the government (delivery of mail 6 days per week across the national territory). In 2021, La Poste also became a *société à mission*. The work of S. Ragot (2021) shows that the purpose defined in its bylaws is not a reiteration of the public services that it must perform, but instead focuses on the efforts that La Poste must make to support transformations in society, detect risks of decohesion, and develop, when applicable, new public services. The purpose adopted by La Poste therefore mainly focuses on the dynamics of public service renewal (Ragot 2021; Ragot and Segrestin 2021).

The second proposition could therefore be the following:

Proposition 2: Depending on their activity, the sustainability issues they face and the legislative context in which they operate, corporations will tend to hybridize several profit-with-purpose corporation models.

3. Preventing greenwashing or social washing and conditions of purpose integrity

Our conceptual framework highlights the importance of alignment between governance principles and the corporate orientation or ultimate goals. On the other hand, it also highlights the conditions in which integrity can be met.[7] The literature has thoroughly studied the risks of "mission drift" (Ebrahim, Battilana, and Mair 2014; Grimes, Williams, and Zhao 2019; Lévêque, Levillain, and Segrestin 2019), that is, cases in which the corporate practices do not follow its purpose or its social or environmental mission.

Our conceptual framework allows to warn against the risks of drift, or greenwashing, in cases where governance does not correspond to the nature of the purposes. Typically, vigilance is required as the evaluation standards, as well as the notion of "mission" are highly generic and can cover very broad fields.

In the case of benefit corporations, the B Corp Certification form includes for instance some provision to the community of employees. The chapter on governance contains questions on both participatory and democratic governance ("Is your company democratically governed or do employees have ESOP pass-through voting rights?") and employee ownership (Lévêque 2022). However, as points are cumulative, it is not necessary to answer "yes" to all cooperative prerequisites. A corporation could indicate that it has largely developed employee shareholding, while answering "no" to the principle of "1 person 1 voice", or without having a particular aim for its activities. As a result, it may present only a few elements of a cooperative, without being a cooperative. Likewise, it is possible to have extensive employee ownership without the associated voting rights. The method for calculating the number of points is such that on can get the higher rate only by "picking and choosing" from among the evaluation criteria.

The same applies to specific purposes. For instance, benefit corporations in Delaware can write a "special purpose" into their bylaws, which *a priori* categorizes them in our third model

[7] Here, we use the term "integrity" as proposed by Selznick, when, like P. Nonet, he seeks to describe how the law can reconcile openness on one hand and integrity on the other hand (Nonet, Selznick, and Kagan 1978).

(protecting the entrepreneurial project). Yet these corporations are *not* required to have a specific governance body to oversee their strategy. This lack of appropriate governance body to control the strategy casts doubt on the credibility of this form (Murray 2016)[8].

Therefore, to prevent greenwashing, or what is called "mission drift" in the literature, it is necessary to ensure that the governance framework is consistent with the type of purpose, i.e. with the contents of commitments.

The thrid proposition could therefore be:

Proposition 3: Washing risks are higher when governance is not aligned with the type of purpose the corporation claims to have.

4. Discussion and further research

Our article contributes to the literature on the purpose of the corporation, differentiating between types of purposes. So far the literature has grouped together all companies owned by capital investors pursuing profits but which were also subject to the restrictions of a broader purpose, under the single umbrella category of "profit-with-purpose corporations". As a result, this category simultaneously contained German codetermined corporations and American benefit corporations, both under the banner of "social enterprises" (Means and Yockey 2019;

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[8] As states have created more options around the proposed legislative model, the general framework can be summarized in relatively open terms. Pollman (year??) argues that, "[t]he common features of the benefit corporation form include the requirement that the corporate charter must contain a clearly articulated public or social purpose, the directors must consider stakeholder interests beyond shareholder profit, and the company must report on its efforts to promote its purpose." Murray pointed out that "[b]enefit corporations must be measured against a 'third-party standard,' but the standard does not have to be B Lab's B Impact Assessment.93 B Lab conducts on-site reviews of randomly selected Certified B Corporations, whereas no such review is mandatory for merely being a benefit corporation" (Murray 2012). Furthermore, in the case of Delaware, the law no longer requires compliance with an independent third-party standard, and offers benefit corporations the option of pursuing a "general public benefit" or a specific purpose: "In short, Delaware's PBC law mostly pushes the Model's benefit corporation framework toward increased private ordering" (Murray 2016). In the initial scheme from Maryland, evaluation based on a third-party reference framework and an annual public report are nevertheless compulsory.

Murray 2016; Peter, Vasserot, and Silva 2022). Other authors however do not see cooperatives as for-profit socially responsible corporations, since the latter are defined by a social or environmental purpose, whereas cooperatives have a particular ownership structure but no specific purpose (Bandini et al., 2022). Yet cooperatives are for-profit corporations whose majority shareholders can only be employees (who therefore have dual status) and whose goal is to serve the economic or social needs of a community[9] (Defourny 2006). Thus, our article brings to light not only the variety of purposes pursued by companies, but also the combinations and hybridizations between archetypal models.

Our analysis furthermore contributes to the literature on mission drifts in hybrid organizations (Ebrahim, Battilana, and Mair 2014) and to current debates around the conditions that ensure responsible or sustainable governance. It draws attention to the contingency conditions under which various purposes are relevant for a corporation and for society as a whole. Above all, it enables a discussion around the governance principles that are appropriate for a stated purpose. This analysis therefore provides markers for policymakers and for Europe in particular. However, it should also help corporations to design structures that promote their long-term integrity.

Our work does however have limitations. The phenomenon of legal forms of corporations with a purpose is still recent and developing. The typology presented here must therefore be considered exploratory for the time being. It will require further empirical research to test the validity of the propositions that we have made, and for monitoring the effects of a purpose on

[9] In the law of 1947, in France, a cooperative ("*société coopérative*") is defined as follows: "A cooperative is a company composed of several persons who have come together voluntarily in order to address their economic or social needs by means of their common efforts and the necessary means." The law of 1978 adds: "Cooperative production companies are formed by workers in all categories or with any professional qualifications, who have come together to jointly practice their professions at an enterprise that they manage directly or via the intermediary of authorized representatives appointed by them and from among themselves."

the management or strategy of corporations, as well as cases of mission drift. In particular, there is still much work to be done around the content of purposes specific to a given corporation. Questions to be explored include: how can they be formulated in such a way as to be effectively binding? What are the criteria for defining a purpose that is sufficiently precise to be verifiable, yet without forcing the corporation in a specific strategic direction? Clearly, this is essential if the *société à mission* model is to be robust, and current legislation, both in Europe and in the United States, provides no precise criteria for formulating a specific purpose or a *mission*.

From a more theoretical standpoint, the differences that we propose between corporate purposes also relate to different theories of the enterprise. If we distinguish between the enterprise (as an economic organization) and the corporation (as the legal vehicle of the enterprise) {Robé, 2011 #2259} {Deakin, 2017 #3514}, the different models of our framework refer to different conceptualization of the enterprise. Authors in the field of social enterprise define the enterprise in terms of economic criteria (in contrast with non-profit associations). For them, the enterprise involves: a) a continuous activity, producing and selling goods and/or services, b) a high degree of autonomy, c) a significant level of economic risk and d) a minimum amount of paid work (Defourny 2006).

By contrast, *sociétés à mission* are grounded in the idea that an enterprise is not only an economic organization for producing goods and services; it is also an organization of “collective creation” that invents new technologies and develops new knowledge and expertise. It consequently has a much more radical impact, negative or positive, on society and the environment. This innovation capacity induces radical uncertainty for the future and can potentially cause harm. Seeing the enterprise as an organization of collective creation

(Segrestin and Hatchuel 2012) leads thus to reconsider its responsibilities, as it can no longer pursue the private interests of its members, be they are capital investors or employees. It becomes necessary to require not only vigilance with respect to the observable impacts of its activities, but also responsibility with respect to the future that these activities contribute towards or aim to create. Introducing new legal forms of corporations is consequently also a critical subject for researchers since, depending on the models adopted, the very conception of the enterprise and its responsibilities are at play.

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