

Bridging profit and purpose: the cases of Fondazione Arché ONLUS, Cauto, and Save the Duck

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Vignoli Lorenzo

10712405

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1 Introduction

In recent decades, hybrid forms of entrepreneurship have emerged, bridging the gap between traditional philanthropic and commercial organizations. These new business models integrate social impact into their core activities by fostering stakeholder participation, promoting the inclusion of disadvantaged individuals, and prioritizing environmental sustainability. Often categorized under the broad concept of social entrepreneurship, these companies seek a balance between economic value capture and social value creation (Doherty et al., 2014). According to André and Pache (2016), social entrepreneurs are defined by an *ethic of care*, conducting business with a strong focus on their beneficiaries' well-being.

Hybrid companies sustain themselves through revenue-generating activities, philanthropic donations, and market-rate capital, operating with both volunteers and paid staff to ensure financial viability. However, a key challenge they face is *mission drift* – the risk of prioritizing economic goals at the expense of social impact (Doherty et al., 2014). Additionally, scaling these models can be difficult, as organizations may become overly responsive to funders' demands or suffer from bureaucratization (André and Pache, 2016).

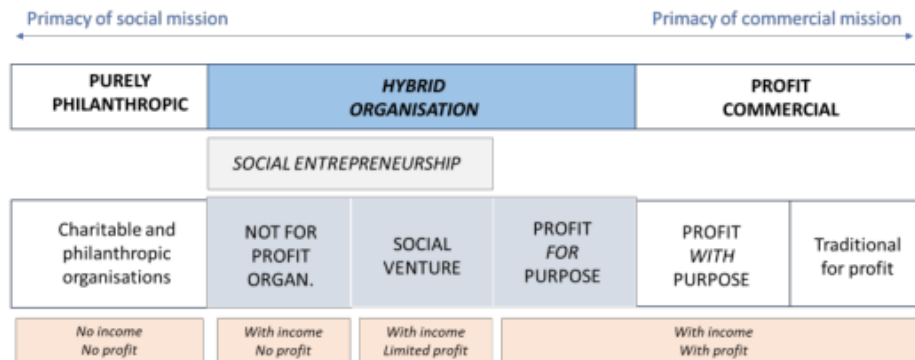


Figure 1: *Hybridity Spectrum*

Figure 1 illustrates the distinct models developed, including not-for-profit organizations, social ventures, and profit-for-purpose enterprises. These companies benefit from two forms of interdependence with society: inside-out leakages, where operations create external social benefits, and outside-in leakages, where social impact influences the company itself. This shift is further driven by evolving consumer expectations, increasingly demanding sustainability as a core business value.

2 Hybridity Spectrum and Case Studies

The hybridity spectrum includes companies that simultaneously pursue social and economic objectives, often categorized under the concept of *social entrepreneurship*. These organizations are characterized by both an entrepreneurial and a social dimension – serving their own members as well as external stakeholders – alongside a governance structure that safeguards their social goals, for instance, by limiting profit distribution.

These organizational hybrids often struggle to balance financial sustainability with their social mission. For example, accessing financial support can be challenging, as investors tend to favor more economically driven organizations (Doherty et al., 2014). Scholars suggest various ways to embed an ethic of care within financial organizations, yet no single strategy guarantees success, as the potential for change is influenced by the structure of the pre-existing network (Battilana and Casciaro, 2012). Pache and Santos (2013) highlight the effectiveness of *selective coupling*, wherein companies strategically integrate distinct elements of both logics to establish stable long-term configurations and avoid internal conflicts. On the other hand, they define the *Trojan horse effect*, whereby social legitimacy derived from social activities inherently drives hybrid organizations to lean more towards social logic. André and Pache (2016) argue instead that small actions can be beneficial, such as training individuals to sustainability, fostering a supportive culture among members, and encouraging diverse perspectives.

Within the hybridity spectrum, organizations differ in their ability to generate income and distribute profit. Hybridity lies between purely philanthropic organizations and traditional for-profit enterprises: the former addressing specific social needs while rejecting any form of economic income, and the latter prioritizing profit, potentially incorporating corporate philanthropy as a response to societal pressures.

Profit-for-purpose ventures leverage income and profit while ensuring that their social purpose remains inseparable from their business objectives. They operate with an entrepreneurial and business-oriented attitude, embedding social impact at their core. In these organizations, there is complete alignment between core business activities and the pursuit of collective benefits, even while distributing dividends to shareholders. A

notable example is B-Corps, a category of impact-driven businesses that measure their achievements through the B Impact Assessment.

Social ventures, in contrast, prioritize their social mission over entrepreneurship, with profit generation playing a secondary role. Profit distribution is either legally restricted or voluntarily limited. Their activities must fall within those designated by law or approved by specific regulatory authorities. Such ventures include social cooperatives, which provide social, health, or educational services and directly employ disadvantaged people.

Finally, non-profit organizations resemble philanthropic entities but engage in commercial activities to fulfill their social mission. While they generate revenue, all income must be allocated to achieving a social purpose, with profit distribution not permitted.

2.1 Not-for-Profit Organization: Fondazione Arché ONLUS

Fondazione Arché ONLUS is a non-profit organization founded in Milan in 1991, with origins in the Catholic Church, initially established to respond to the pediatric HIV emergency. Over time, its mission has expanded to support children, families, and individuals experiencing social, economic, and psychological vulnerability through a diverse range of activities aimed at generating significant social impact (Fondazione Arché ONLUS, 2024). More specifically, its core mission is to assist mothers and their children in overcoming housing, employment, and social challenges by adopting an integrated approach that combines direct aid, social assistance, and educational support. This includes residential communities, social housing services, psychological counseling, and employment assistance.

This model has successfully expanded across Italy, from Milan to Rome. The foundation's social impact is primarily reflected in its direct support to thousands of families each year: in 2023 alone, it assisted 3,860 individuals (Fondazione Arché ONLUS, 2024). One of its most innovative contributions to the non-profit and social assistance sectors lies in its *holistic* approach, which considers every aspect of an individual's well-being. Families are welcomed to residential communities such as *CasArché*, which provides housing support for mothers and children in crisis while fostering bonding opportunities. The foundation

also offers hospital-based services, including postpartum and pediatric care. Additionally, it provides home-based educational interventions to support minors in fragile conditions, promotes citizenship education in schools, supports migrant families, and encourages volunteer participation. Furthermore, it facilitates employment opportunities, allowing individuals to work in charity shops (Fondazione Arché ONLUS, 2024) and engage in the production of goods sold via e-commerce. Finally, psychological support is a key focus, with both individual and group therapy sessions, such as mother-child psychotherapy.



Figure 2: *Fondazione Arché ONLUS*

The foundations' financial report (Fondazione Arché ONLUS, 2023) reveals that, as is typical for non-profit organizations, its resources come from a blend of funding sources, including donations, public contributions, and income from commercial activities, such as workshops. The majority of expenditures are allocated to direct services for families, with a significant portion dedicated to employment and housing initiatives, while administrative costs account for a smaller share.

In 2023 (Fondazione Arché ONLUS, 2024), Fondazione Arché ONLUS engaged 929 volunteers who collaborated with paid staff members, alongside 2,876 active donors. The foundation's impact is reflected in many outcomes, such as women's employment and stable housing for most supported families.

Key factors that position the organization within the hybridity spectrum and contribute to both its financial sustainability and social mission include its strong focus on social impact, diversified economic sustainability, innovative solutions for maximizing impact, and strategic partnerships with public and private institutions.

2.2 Social Venture: Cauto

Cauto is a social cooperative founded in 1995 in Brescia that provides environmental services while integrating ecological sustainability with social inclusion. The cooperative specializes in environmental management, including waste disposal, material recovery, and consulting services for various stakeholders. A key focus is circular economy, exemplified by second-hand shops such as *Spigolandia*, which facilitate the reuse of clothing and furniture. It also promotes energy sustainability through the installation and management of photovoltaic systems, helping to reduce carbon emissions and optimize resource usage (Cauto, 2024).

Beyond its environmental initiatives, Cauto generates social impact through workforce inclusion, employing disadvantaged individuals in sustainable activities. It also focuses on food solidarity by recovering and redistributing surpluses, reducing waste and at the same time supporting people in need. These initiatives also include educational programs that raise awareness of sustainability issues (Cauto, 2024).



Figure 3: *Cauto*

Cauto stands out for its ability to integrate different sustainability initiatives. It functions as a social pantry, recovering unsold food and redistributing it to vulnerable communities. Its energy transition strategy extends beyond photovoltaic by actively involving local authorities in sustainable initiatives. The company also develops customized waste management solutions tailored to urban and industrial needs, emphasizing zero-waste practices (Cauto, 2024). Workforce inclusion is central to its mission, supported by training and internship programs.

This commitment is reinforced by the company's horizontal organizational model (Ministry of Enterprises and Made in Italy, 2024), which encourages worker participation and ensures a fair distribution of responsibilities. By recognizing the contributions of workers,

members, and local stakeholders, Cauto strengthens collective engagement and promotes innovation within the cooperative.

Cauto’s social report (Cauto, 2023) highlights a significant social impact. In 2023, the cooperative employed 171 disadvantaged individuals, saving the public administration over 400,000 euros. Its photovoltaic projects prevented more than 188,000 kilograms of carbon dioxide emissions, while second-hand shops redistributed 7,200 kilograms of clothing. By recovering surplus food, Cauto has provided nearly two million meals, helping to reduce waste and support thousands of families. The cooperative also strengthened territorial networks that promote shared resource and service management.

Cauto aligns with the social venture model as it integrates both non-profit and business elements (Ministry of Enterprises and Made in Italy, 2024). Its non-profit dimension is reflected in its primary social mission, the reinvestment of profits into sustainable activities, and its collaboration with public institutions and NGOs. At the same time, its business approach lies in the sale of services and products, financial independence from donations, and an entrepreneurial vision for sustainable growth, with the possibility of partially redistributing profits, unlike Fondazione Arché, for example (2.1).

2.3 Profit-for-Purpose Organization: Save The Duck

Save The Duck is a profit-for-purpose company founded in 2012 with the mission of creating cruelty-free outerwear that respects animals, the environment, and people. The company’s logo – a whistling duck (Figure 4) – symbolizes the ducks saved from traditional down production (Elite Network, 2023), while its slogan, *Be Free*, emphasizes the core commitment to sustainability and ethical fashion (Save The Duck, 2024).

The firm generates value through a diverse range of products, from jackets and gilets to accessories, offering collections that integrate technical fabrics, high-performance design, and recycled materials (Save The Duck, 2024), securing its place in the sustainable fashion industry.

Innovation is a defining trait of the brand, evident both in material choices and technological advancements. For instance, Save The Duck replaces traditional down feathers with

Plumtech[®], an advanced synthetic padding that is entirely animal-free while ensuring the same warmth and breathability as conventional down products (Save The Duck, 2024). Beyond feathers, the company has eliminated the use of all animal-derived materials, including fur and leather (Elite Network, 2023).



Figure 4: *Save The Duck*

A strong focus is placed on recycled materials, particularly polyester sourced from plastic bottles. Moreover, Save The Duck has eliminated the use of perfluorinated chemicals (PFCs) in waterproofing, proven harmful for both human health and the environment. By launching a fully recycled collection made entirely from post-consumer waste, the company has reaffirmed its dedication to a circular economy (Save The Duck, 2024).

To ensure transparency in its sustainability commitments, Save The Duck publishes an Integrated Report, a comprehensive document that outlines both financial performance and social-environmental impact. The 2022 edition details how, since 2021, the company has been carbon neutral, offsetting all emissions, with the goal of achieving Net Zero climate impact by 2030 (Save The Duck, 2022).

Save The Duck was also the first Italian fashion brand to receive the B-Corp certification in 2019. The company's hybrid nature is reflected in its ability to balance a core commitment to social and environmental impact with financial viability, maintaining a profitable business model while promoting an ethic of sustainable and responsible consumption.

The company's social impact is reinforced through several strategic choices, including donating 1% of its revenue to charities aligned with its core mission, such as animal protection, environmental conservation, and human rights (Elite Network, 2023). It also collaborates with NGOs such as WWF and Emergency (Save The Duck, 2022).

Ethical labor practices are a cornerstone of Save The Duck’s supply chain management. The company ensures fair wages and enforces strict sustainability guidelines for all its suppliers. Moreover, it promotes gender equality and inclusion, with 60% of its workforce consisting of women (Save The Duck, 2022).

Save The Duck’s business model has demonstrated scalability through sustainability, expanding its presence to 42 countries by 2023 (Elite Network, 2023). The company also recorded a 30% increase in revenue in 2022. Its capacity to successfully balance profit with purpose as a B-Corp earned it a place in *Elite Growth*, a network recognizing highly innovative and sustainable companies.

3 Conclusion

To conclude, hybrid companies offer an innovative response to modern challenges by integrating social and economic goals within a sustainable model. These organizations position themselves along the hybridity spectrum, ranging from non-profits to profit-for-purpose businesses, each with a different approach to balancing social impact and financial viability.

The analysis of Fondazione Arché ONLUS, Cauto, and Save The Duck illustrates three distinct approaches. Fondazione Arché ONLUS operates as a non-profit organization, sustaining itself through a mix of donations and revenue-generating activities while providing support to families. Cauto embodies the social venture model, integrating commercial activities with core environmental and social commitments. Save The Duck demonstrates how a profit-for-purpose company can successfully pursue ethical and environmental goals while maintaining a profitable business model.

However, despite the potential of these organizations, significant challenges remain. Access to financial support is often difficult, as investors tend to favor profit-driven businesses. Scaling operations can be complex, although Save The Duck has proven it feasible. Mission drift is another risk, as organizations may shift their focus toward economic goals at the expense of their social impact.

Looking ahead, the success and diffusion of these models will depend on the development of a globally supportive regulatory and financial environment. Such an ecosystem would enable hybrid companies to scale, innovate, and enhance their social impact, generating broader positive externalities for society.

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