

Louvain School of Management

***How is the B Corp Movement
influencing the future of
Capitalism?***

***An analysis of the motivations and the factors
impacting the B Corp certification and
decertification***

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Table of Contents

CHAPTER 1: INTRODUCTION.....	1
PART 1: LITERATURE REVIEW	3
CHAPTER 2: THE EVOLUTION OF THE TRADITIONAL CAPITALISTIC MODEL	3
1. THE TRADITIONAL CAPITALISTIC MODEL.....	3
1.1. <i>The For-Profit Form</i>	4
1.1.1. The Accountability Limit	4
1.1.2. The Acquisition Limit	6
1.1.3. The Tax Legislation Limit	6
1.2. <i>The Nonprofit Form</i>	6
1.2.1. The Tax Legislation Limit	7
1.2.2. The Accountability Limit	7
1.2.3. The Measurement Limit	7
1.3. <i>Conclusion</i>	8
2. THE JOURNEY TOWARDS PROSOCIALITY.....	8
2.1. <i>The Corporate Social Responsibility</i>	9
2.2. <i>The Stakeholder Approach</i>	10
2.3. <i>The Development of a New Sector, the Fourth Sector</i>	11
2.3.1. The Triple Bottom Line Approach	11
2.3.2. The Blended Value Approach	12
2.3.3. The Shared Value Approach	13
2.3.4. Other Initiatives.....	13
2.3.5. The Emergence of Hybrid Organizations.....	14
2.3.5.1. The Social Enterprises	15
3. CONCLUSION	17
CHAPTER 3: THE B CORP CERTIFICATION.....	18
1. THE B LAB.....	18
1.1. <i>The Origins of the B Lab and the B Corp Certification</i>	18
1.1.1. The Background of AND1 and EchoingGreen.....	18
1.1.2. The Fourfold Movement	18
1.1.2.1. The General Binding Standards	19
1.1.2.2. The New Legal Form	19
1.1.2.3. The Global Impact Investing Ratings System	19
1.1.2.4. The Community Building	20
1.2. <i>The Launch of the B Lab</i>	20
2. THE CERTIFIED B CORPORATIONS.....	21
2.1. <i>The Overview of the B Movement</i>	22
2.2. <i>The Certification</i>	22
2.2.1. The Profile of Certifying Companies.....	22
2.2.2. The Certification Process.....	23
2.2.2.1. The Verified Social and Environmental Performance	23
2.2.2.1.1. The B Impact Assessment	24
2.2.2.1.2. The Assessment Review	25

2.2.2.2.	The Legal Accountability	25
2.2.2.3.	The Transparency Requirement	26
2.3.	<i>The Growth of the Movement</i>	26
2.3.1.	The Financial Performance	26
2.3.2.	The Geographic Coverage	27
2.3.3.	The Industrial Coverage.....	28
2.3.4.	The B Economy	28
2.4.	<i>The Assessment of the B Corp Certification</i>	29
2.4.1.	The Strengths	29
2.4.1.1.	The Protection of the Mission	29
2.4.1.2.	The Provision of a Comprehensive Framework	29
2.4.1.3.	The Creation of a Categorizing Community	31
2.4.1.4.	The Attraction of Customers, Employees and Investors.....	31
2.4.1.5.	The Generation of Press and Awareness	32
2.4.2.	The Challenges	33
2.4.2.1.	The Shortcomings of the Certification	33
2.4.2.1.1.	The Accountability	33
2.4.2.1.2.	The Transparency.....	33
2.4.2.1.3.	The Affordability	34
2.4.2.1.4.	The Interpretability	34
2.4.2.2.	The Expansion of the Movement	34
2.4.2.3.	The Future Significance of the Movement.....	35
2.4.2.3.1.	The Recertification Challenge	35
2.4.2.3.2.	The Scalability Challenge	35
2.4.2.3.3.	The Survival Challenge	36
2.4.2.3.4.	The Unsolved Hybrid Challenges	37
2.4.2.4.	The Controversies of the Movement	37
2.4.2.4.1.	The Independence of the B Lab	37
2.4.2.4.2.	The Hypocrisy and the Greenwashing	38
2.4.2.4.3.	The Diffusion of the Shareholder Primacy Norm.....	38
3.	CONCLUSION	38
CHAPTER 4: THE ANALYSIS OF THE FACTORS INFLUENCING THE B CORP CERTIFICATION... 40		
1.	THE FACTORS INFLUENCING THE OBTAINMENT OF THE B CORP CERTIFICATION	40
1.1.	<i>The Organizational Design</i>	40
1.1.1.	The Organizational Culture	40
1.1.1.1.	The Organizational Governance.....	41
1.1.1.2.	The Workforce Composition	42
1.1.2.	The Organizational Structure	42
1.2.	<i>The Age and the Size</i>	43
1.3.	<i>The Type of Activities</i>	44
2.	THE FACTORS INFLUENCING THE CERTIFICATION LAPSE OR DECERTIFICATION	44
2.1.	<i>The Difficulty to Recertify</i>	44
2.2.	<i>The Mission and Value Drift</i>	45
2.3.	<i>The Growth</i>	45
2.3.1.	The Case of Increased Growth	45
2.3.2.	The Case of Slowdown Growth	46

2.4.	<i>The Differentiation and Hypocrisy Motives</i>	46
2.5.	<i>The Timing</i>	47
PART 2: ANALYTICAL RESEARCH		48
CHAPTER 5: SCOPE AND METHODOLOGY		48
1.	THE SCOPE OF THE RESEARCH	48
2.	THE METHODOLOGY OF THE RESEARCH	48
3.	THE TARGETED AUDIENCE OF THE RESEARCH	49
CHAPTER 6: FINDINGS AND DISCUSSION		51
1.	WHAT ARE THE INITIAL MOTIVATIONS OF COMPANIES TO CERTIFY AS B CORPS?	51
1.1.	<i>The Protection of the Mission</i>	51
1.2.	<i>The Alignment of the Values</i>	52
1.3.	<i>The Provision of a Comprehensive Framework</i>	52
1.4.	<i>The Proof of Credibility and Trust</i>	54
1.5.	<i>The Belongingness to a Community</i>	54
1.6.	<i>Conclusion</i>	55
2.	WHAT ARE THE MICRO-FACTORS INFLUENCING THE OBTAINMENT OF THE B CORP CERTIFICATION?	56
2.1.	<i>The Identity</i>	56
2.2.	<i>The Country</i>	58
2.3.	<i>The Community</i>	59
2.4.	<i>The Internal Stakeholders</i>	60
2.5.	<i>The Timing of the B Corp Certification</i>	62
2.6.	<i>The Type of Activities</i>	64
2.7.	<i>Conclusion</i>	65
3.	WHAT ARE THE REASONS BEHIND THE DISCONTINUATION OF THE B CORP CERTIFICATION?	66
3.1.	<i>The Requirements of the B Lab</i>	66
3.2.	<i>The Value Drift inside the CBCs</i>	68
3.3.	<i>The Growth of the CBCs</i>	68
3.4.	<i>The Internal Changes pertaining to the CBCs</i>	69
3.5.	<i>The Cost of the B Corp Certification</i>	70
3.6.	<i>The B Corp Community</i>	70
3.7.	<i>The Survival of CBCs</i>	71
3.8.	<i>Conclusion</i>	72
4.	RECOMMENDATIONS.....	75
CHAPTER 7: CONCLUSION		77
1.	CONCLUSION	77
2.	LIMITATIONS.....	78
3.	IMPLICATIONS FOR FURTHER RESEARCH	79
BIBLIOGRAPHY		81

Abbreviations

BIA = B Impact Assessment

BC = Benefit Corporation

CBC = Certified B Corporation

CIC = Community Interest Company

CSR = Corporate Sustainable Responsibility

DQ = Disclosure Questionnaire

GIIRS = Global Impact Investing Ratings System

GRI = Global Reporting Initiatives

IPO = Initial Public Offering

ISO = International Organization for Standardization

L3C = Low-Profit Limited Liability Company

MNE = Multi-National Enterprise

ROI = Return On Investment

SDG = Sustainable Development Goals

SME = Small and Medium-sized Enterprise

SRI = Socially Responsible Investing

SVM = Shareholder Value Maximization

TBL = Triple Bottom Line

UNGC = United Nations Global Compact

Chapter 1: Introduction

The capitalistic system as we know it is responsible for unparalleled benefits and economic growth. Some companies now have revenues higher than the GDP of an entire country. The life expectancy of the humankind has increased as never seen before and an extended part of the world population has access to water, food and education. Nevertheless, capitalism also creates a lot of negative externalities. Economic growth and increased life expectancy result in overpopulation. This puts heavy pressure on the nature which has been treated as a bottomless sink. Indeed, the resources of the Earth, while not always being renewable, are overexploited. The water, the land and the air are subject to higher pollution levels threatening the quality of humans' life. Moreover, labor and human capital have become commoditized increasing the wealth gap between regions. Because of all these elements and since the 2008 financial crisis, people have been questioning the legitimacy of the capitalistic system as such and their trust in companies has drastically decreased.

It is also increasingly believed by theorists that capitalism is ill-adapted and that our economic system is currently not efficient enough to be sustainable. Trust could be restored if corporations were to challenge the institutional barriers of the system and integrate purpose with profit. Indeed, companies can and should resolve and internalize their negative externalities to become the catalysts of positive impact. This belief has recently been supported by the leaders of the Business Roundtable that agreed to incorporate their commitments to the society, the environment and other stakeholders in their governing documents. In a nutshell, systemic change is necessary and leaders could use business as a force for good to create a more conscious and responsible capitalistic system.

Several approaches have emerged to help companies tackle this new shift and put social and environmental impact right next to financial return on the priority list. Amongst these initiatives, we can identify the Sustainable Development Goals of the United Nations, the ISO 26000, the Global Reporting Initiatives, Conscious Capitalism and the B Corp certification. This latter one is a set of standards that has been developed by a nonprofit, the B Lab, with the aim of helping companies to become the best for the world in addition to be the best in the world.

In 2019, Villela, Bulgacov and Morgan defined the B Corp certification as “*maybe the best available tool*” to measure extra-financial performance. This suggestion is supported by the significant increase in popularity that the B Corp Movement has undergone in the past few years. Nonetheless, it appears that, within 3 years, 1/3 of the certified companies decided to quit this Movement. This raises questions on the significance of the B Corp certification and on its future relevance. Indeed, there is a gap in the literature that fails to determine the reason(s) why the B Corp Movement is losing members while becoming increasingly important in the eyes of its stakeholders. To determine how the B Corp Movement will influence the future of capitalism, we studied the drivers that were motivating companies towards this certification, the factors that were enabling them to certify and the ones that were driving them away from it. In addition to this, we introduced the impact the coronavirus pandemic might have on the B Corps and their Movement.

This paper is divided in 2 parts. First, the literature review allows us to summarize the existing academic knowledge pertaining to our topic. It starts by tackling the evolution of the capitalistic model and its journey towards prosociality. In light of this, we dissect several approaches such as CSR, the Stakeholder Theory and the Fourth Sector. These points will help us to introduce the heart of our topic, the B Corp certification. Part I is, then, complemented with a comprehensive review of the B Corp Movement outlining its origins, its characteristics, its advantages and its challenges. We conclude this first part by scrutinizing the literature about the enablers and inhibitors of the certification and the recertification. Secondly, we conduct an analytical research in order to fill in the gaps of our literature review. This second part consists of 14 interviews that further developed our understanding of the B Corp certification and the B Corp Movement, in general. Indeed, in Part II, we define the motivations of companies to join the Movement, the factors that enable them to do so and the ones that drive them to quit it. We conclude it with information about the coming Covid-19 crisis and some recommendations for companies aspiring to certify B Corp and for the B Lab, as accrediting organization.

Although we were able to gather salient insights, we were limited in our endeavor by several elements. The B Corp Movement being relatively new, we lacked information covering its substance. Furthermore, lapsed B Corps did not participate to this research as we could not get in contact with any of them. In addition to this, our interviewees were mainly European, which is partly due to the recent pandemic. Hence, the scope of our research was narrowed and its diversity challenged.

PART 1: LITERATURE REVIEW

Chapter 2: The Evolution of the Traditional Capitalistic Model

1. *The Traditional Capitalistic Model*

Corporations are created under a statutory construct, “*as a result of an individual state legislative act*”. In order to be granted this status, a business has to follow a standardized process of requirements and files. However, it used to be different. In the 19th century, corporations were awarded their corporate standing based on an individual petition and the fulfillment of an established public function. In this sense, corporate and social purpose were closely linked, as the corporations assumed a ‘quasi-governmental’ role (Hiller, 2012). Indeed, “*business served not only economic purposes, enabling subsistence and/or generating profits and capital, but also as mechanisms for educating and training craftsmen, merchants, and professionals, as guarantors of social and political order*” (Battilana & Lee, 2014).

Following the industrialization, the number of requests for incorporations drastically increased and became too hard to handle for the State. For efficiency reasons, the requirements were liberalized to having ‘any and all legal purpose’. This description was henceforth sufficient to describe the relationship between a young business and society. It is believed that the uniformization of the incorporation process led to the weakening of this relationship (Hiller, 2012), decoupling profit from social benefit which became a philanthropic activity (Battilana & Lee, 2014).

The capitalistic organizational landscape of the 20th century is based on 3 dominant models (Aspen Institute, 2009). The first organizational form is the business model, part of the private sector. The second one is the nonprofit form which is part of the social sector (Gupta, 2011). The third and last one is the public sector which is governed by the State and can undertake several forms such as public or semi-public organizations (Aspen Institute, 2009). Each of these sectors have various options of legal forms (Gupta, 2011), which are legitimate templates defined by society to give structure to organizations (Battilana & Lee, 2014). The (American) corporate law (Hiller, 2012) and the rigidity of the institutions (Bazerman & Hoffman, 2000) are believed to be the main reasons for the strong fracture between these sectors (Gupta, 2011), which tends to exacerbate the current societal and environmental problems (Bazerman &

Hoffman, 2000). The following section will present the for-profit and the nonprofit models and identify their specific limitations.

1.1. The For-Profit Form

The first dominant model of the traditional system is the for-profit one. The private sector is organized in businesses that provide people with employment in return for an income. This income is, then, used to fulfill their basic needs and to consume from the existing markets (Gupta, 2011). It is believed that this traditional model does not present the characteristics to enhance social purpose (Hiller, 2012). Gupta (2011) posits that corporate law limits the for-profit form in 3 different ways: The Accountability one, the Acquisition one and the Tax Legislation one.

1.1.1. The Accountability Limit

Corporate law states that the company's officers have 2 fiduciary duties towards the organization and its shareholders: the duty of loyalty and the duty to care. While the first one tackles the maximization of the shareholder's interests by directors (Shareholder Primacy), the second one requires them to exercise good business judgement, care and prudence in the operations of the company (Haymore, 2011). When a director's decision seems to go against the shareholder's interests, the latter one needs to undergo the 'business judgement rule', which declares that officers cannot be held liable if they acted in the best interest of the corporation and in good faith (Hiller, 2012).

In the 1980ies (Villela et al., 2019), some scholars like Milton Friedman defended the 'ownership model' (Wilson & Post, 2013) arguing that the sole responsibility of a company was to maximize the wealth or the return on investment of its shareholders (Hemphill & Cullari, 2014), equating the Shareholder Primacy to Shareholder Value Maximization (Smith & Rönnegard, 2014). Under this norm, the prevailing model thought in business schools is the principal-agent one, which declares that the managers are the agents of the shareholders who are their principals and are entitled to the financial performance of the company, meaning that a manager's job is to do everything to maximize the financial wealth of its principals (Battilana et al., 2014). According to Smith and Rönnegard (2014), the acceptance of this model emerged from various incentives. The first one is that it provided the agents with a clear purpose in comparison with the vagueness of serving multiple stakeholders. Managers also assimilated shares to voting rights, which suggested that the shareholders dominated the board of directors'

elections, dismissals and remunerations. Since then, many firms have organized themselves around this Shareholder-Oriented Model where officers are held accountable for profit maximization (Battilana et al., 2014) and where the pursuit of other purposes might result in litigation from the shareholders. Hence, this Shareholder Primacy Norm is believed to be the reason why purpose-led business activities are often nipped in the bud (Gupta, 2011).

Other scholars such as Lynn Stout argue that Shareholder Primacy is a misunderstanding of the corporate law and that stockholders' interests have never been defined as economical. She asserts that managers, when acting according to their fiduciary duties, are not prevented from incorporating socially and environmentally conscious initiatives in their objectives. However, they feel like they are. Stout assumes that Shareholder Value Maximization is a non-legally binding managerial choice, enforced by the way law is structured (Smith & Rönnegard, 2014). Contrary to common belief, the 'business judgement rule' of traditional markets does not reject the maximization of the stakeholders' interests. Indeed, the definition grants enough flexibility for managers and directors to integrate social and environmental impact (Cho, 2017).

In the United States of America, one of the ideas envisioned to revoke this norm was to give voting rights to stakeholders. Nevertheless, this raises a lot of difficulties like the corporation's definition of its stakeholders. Another more feasible solution was to extend the duty to care of the managers to non-financial stakeholders (Smith & Rönnegard, 2014). In light of this, some states have incorporated 'constituencies statutes' that encourage directors to consider wider interests and to prioritize the social purpose over the economic one (Hiller, 2012). However, some theorists argue that these statutes are limited in their visibility and are ambiguous. Indeed, they do not specify the extent to which stakeholders have to be considered under the business judgement rule and the latter ones are not allowed to bring legal actions (Hemphill & Cullari, 2014). Similarly, in the United Kingdom, statutes, requiring companies to take the stakeholders' interests into account, were introduced under the 2006 Companies Act (Smith & Rönnegard, 2014).

The limitation of the for-profit model arises from the structure of the corporate law which gives a certain leeway to its interpretation. Indeed, it is not clearly stated what is best for the company nor its stockholders. Nowadays, most businesses match the traditional way of doing business with the Shareholder Primacy Norm (Hemphill & Cullari, 2014). As a whole, directors are

impacted by the shareholder wealth maximization whether or not its primacy is legitimized and this might limit their social and environmental considerations (Hiller, 2012).

1.1.2. The Acquisition Limit

The second limit of the private sector is the acquisition of its businesses. Because of the vague structure of corporate law, a company ought to be sold to the highest bidder under hostile takeover. This can limit the firm's commitment to society and environment as the bidder's interests might not be aligned with the long-term corporate strategy. An example therefore is what happened to Ben & Jerry's, which was acquired, in April 2000, by Unilever for \$326 million. Its mission was to serve quality ice-cream while giving back to the community. Indeed, 7.5% of its pretax profits was allocated to charities and the ice-cream business was locating its shops in low-income neighborhoods to provide them with stable employment. The board had to accept the highest offer to avoid litigation from the shareholders, under corporate law. Some argue that their social mission drifted due to this takeover (Gupta, 2011).

1.1.3. The Tax Legislation Limit

The last business limit identified by Gupta (2011) is the corporate tax legislation. Indeed, corporate law limits the companies' endeavor to contribute to charities, and social purpose in general, as they are taxed on their charitable contributions. Even though the Tax Cuts and Job Act of 2017 increased the stringency of charitable giving, there are incentives for companies to qualify for tax deductibility. For instance, 50% of adjusted gross income can be deducted for several charitable organizations such as public charities or certain private foundations. Companies can also use donor-advised funds to be entitled to deductions. These funds hold the money that they donate and can distribute it over time. However, some donations are not eligible to tax deductions such as political donations and gifts to individuals (Business News Daily, 2019).

1.2. The Nonprofit Form

The second building block of the traditional capitalistic system is the social sector, which plays a role of philanthropy and social advocacy. The typical organizational form of this sector is the nonprofit one. Corporate law also governs nonprofits with a set of rigid processes and procedures that limits them in 3 different ways: The Tax one, the Accountability one and the Measurement one (Gupta, 2011).

1.2.1. The Tax Legislation Limit

Corporate law is organized in a way that exempts nonprofits from most federal and state taxes. The legal requirement to benefit from this is the commitment to an exempted purpose such as pursuing social benefit (Gupta, 2011). Profit generation and asset distribution are activities undertaken by the organizations with the aim of enhancing their income. In this sense, they are not related to a nonprofit's exempted purpose and will, henceforth, be subject to taxes (Battilana et al., 2014). This limits the nonprofits in their endeavor to use business activities to increase the capital needed to fulfill their social objectives.

1.2.2. The Accountability Limit

While the for-profits are presumably held accountable for wealth maximization, the nonprofits are believed to be for their social missions, and more broadly to the public interest. As these entities heavily rely on subsidies and donations, they are considered accountable to the governments, the donors and the foundations providing them with these funds (Battilana et al., 2014). Following Gupta (2011), these latter ones might put comprehensive restrictions on their grants and donations that could shift the missions of nonprofits.

1.2.3. The Measurement Limit

Being accountable for social benefit has limited the nonprofits in their ability of performance measurement. Contrary to the private sector with its accounting and market measures, some scholars assume that the social sector has never developed a common currency, allowing standardization and comparability in the assessment of social performance. Indeed, they consider social performance assessment as context-specific and incomplete, which makes it subjective and incomparable (Battilana et al., 2014). However, some initiatives have been developed since then and have attempted to resolve this issue. In the following sections, the Triple Bottom Line approach, the Global Reporting Initiatives (GRI) and the International Organization of Standardization (ISO) will be tackled, as efforts towards the harmonization of ESG practices (Norman & MacDonald, 2004). ESG stands for Environmental, Social and Governance and is represented by a set of criteria acting as "*standards for a company's operations that socially conscious investors use to screen potential investments*" (Investopedia, 2019).

1.3. Conclusion

The world is clearly defined within sectors, investment and measurement opportunities. So far, this system has served its purpose, creating a thriving economy. Nevertheless, traditional separation, as logic as it sounds, is now considered ill-adapted (Emerson, 2003). Indeed, during the last decades, the social sector has been undergoing some key changes in terms of rationalization and marketization. It has become increasingly common for nonprofits to adopt market methods to reach their social purpose. Many sectors like education, healthcare and the arts have started to adopt business practices like the sales of goods and services under cooperatives or mutual associations (Battilana et al., 2014). In turn, companies are held responsible for the planet's ills and should be provided with a corporate architecture of external accountability, allowing them to pair financial returns with long-term positive impact and to serve multi-stakeholder rights (Kelly & White, 2009). Organizations are faced with the challenge of having to choose one of these forms or, even, creating 2 legal entities under each form (Battilana et al., 2014). Nonetheless, many theorists believe these sectors to be interdependent and not mutually exclusive. There is an increasing pressure on institutions to legalize new organizational structures fertilizing the fields of sectors and promoting the birth of a new sector (Gupta, 2011), the Fourth one.

2. *The Journey towards Prosociality*

One of the main challenges of the 21st century is for leaders to develop new creative cross-sectional ways of doing business, where social and economic gains do not need to happen under trade-offs but can create win-win situations (Santos et al., 2015). This search for dual mission is defined here as the journey towards 'pro-sociality' which is a concept embodying "*organizations which build a social and ethical purpose centrally into their mission, business plan and structure*" (Villela et al., 2019).

This section will analyze the evolution from the traditional capitalistic model to an updated prosocial Sustainable Enterprise Economy (Battilana & Lee, 2014), challenging the conventional business assumptions, starting from the concept of Corporate Social Responsibility and the Stakeholder Approach to the development of the Fourth Sector and the emergence of Hybrid Organizations.

2.1. The Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an organizational and social phenomenon that has become increasingly important. It attempts to determine how corporations can act as “*positive and responsible contributors to society*” (Wang et al., 2016). Over the years, theorists have presented different conceptions of CSR and its dimensions (Brown & Foster, 2012). Its first mentions can be traced back decades ago. However, Carroll sets the 1950ies as the beginning of this concept, since CSR started to shape the managerial world around that time. During the 1970ies, the concept of ‘multiplicity of interests’ was introduced by Harold Johnson, who, then, defined CSR as a way to maximize profit or utility (Carroll, 1999). In turn, Friedman (2007) stated that the only social responsibility of businesses was to maximize the profits of the stockholders under ethical and legal compliance (Friedman, 2007), while Carroll defined CSR according to economical, legal, ethical and discretionary tenets (Jamali, 2008). Hence, defining CSR more precisely, theoretically and empirically, has proven to be a challenge for scholars (Brown & Foster, 2012).

In addition to this, there are different schools of thoughts concerning CSR. Some frame it as a voluntary ‘add-on’ to business activities, taking the shape of standards, guidelines, principles, ..., advertising social responsibility and general welfare (Shamir, 2010). Indeed, Battilana and Lee (2014) allege that CSR stands at the periphery of the organization, protecting its economic core from external pressures. Others like Sahlin-Andersson characterize CSR as a cross-sectional trend evolving in 3 different ways and involving various entities such as corporations, states, international and civil society organizations. The 3 functions that CSR exercises are the following ones: a regulatory framework, a mobilization from corporations to support the states and a management trend, none of which is more accurate than the 2 others. The first trend suggests that an active role is played by the civil society increasing the pressure on corporations to report on their ESG practices. The second one draws on the importance of corporations as powerful agents to align to the standards, but also to support and complement the work undergone by states and international organizations, blurring the cross-sectional limits. The last one grants the CSR responsibility to knowledge carriers responsible for fashionable corporate trends (Sahlin-Andersson, 2006).

Finally, the stakeholder theorists reject the general concept of CSR, arguing that it is amplifying the problems created by the capitalistic system (Brown & Foster, 2012) in 2 different ways.

Firstly, it encourages a split between business and ethics or society, while responsibility should imply that ethical behavior cannot be separated from commercial activities. Secondly, the CSR focus on ‘corporation’ entails that large companies, due to their size and performance, are more socially responsible than smaller businesses. However, all types of businesses should acknowledge that ethics and values are as significant as profit (Freeman & Velamuri, 2006).

2.2. The Stakeholder Approach

The Stakeholder Approach became important around the mid-1980ies when Freeman published its *‘Strategic Management: A Stakeholder Approach’*. Through his book, he came up with a re-conceptualized approach to CSR, in which corporations have a ‘duty to care’ towards all their stakeholders. Here, *“the main goal of CSR is to create value for key stakeholders and fulfill our responsibilities to them”* (Freeman & Velamuri, 2006). This theory extends the responsibility of managers beyond the creation of wealth to the maximization of total value (Chen & Kelly, 2015). The rationale behind this approach is that stakeholders and businesses are closely linked as they both affect and are affected by each other (Jamali, 2008). The purpose of this approach is to design a pragmatic framework or strategic management process, by harnessing the support of all the groups that influence a firm’s ability to reach its goals and objectives. Indeed, a firm can only be sustainable and profitable by balancing all its stakeholders’ interests, as they are the ones it should be creating value for (Freeman & Velamuri, 2006).

Freeman posits that companies are pursuing a Shareholder Theory when they believe that their externalities are mainly economic, that their main goal is prioritizing shareholders’ interests and that their only social issue is economic growth. On the contrary, the Stakeholder Theory advocates for a strategy that maximizes social benefit and focusses on multiple social issues affecting the company directly or indirectly (Daood & Menghwar, 2017), using profit as a key performance indicator for value creation (Freeman & Velamuri, 2006).

Exercising this approach has been more difficult than expected, as companies are limited by their resources and might not be able to extend them to all their stakeholders, resulting in a prioritization (Jamali, 2008). In light of this, the Business Roundtable has recently updated its Statement on the Purpose of a Corporation which *“affirms the essential role corporations can play in improving our society when CEOs are truly committed to meeting the needs of all stakeholders”*. Hence, 181 CEOs of some of the largest multinationals worldwide, by signing

this Statement, have committed to pursue a stakeholder-driven approach (Business Roundtable, 2019).

2.3. The Development of a New Sector, the Fourth Sector

The organizational universe used to be split amongst the public, private and nonprofit sectors (André, 2012). In reaction to the inability of the current capitalistic system to tackle the social and environmental issues, organizations have started to bend their sectional boundaries. Nonprofits are increasingly using business practices to accommodate their needs while businesses have started to integrate social components into their objectives using approaches like CSR or the Stakeholder Theory. “*This change towards [a] sustainable enterprise economy*” is represented by the emergence of new forms of businesses, ‘unusual enterprises’ aligning a purposeful agenda with their economic objectives. This evolution has been challenging the institutional categorization (Hoffman et al., 2012), resulting in the creation of a combined sector, the Fourth Sector, where economic, social and environmental objectives are blended together (Waddock & McIntosh, 2011) and where the sectoral boundaries are blurred (André, 2012).

Broader changes of institutions are required to make this possible. Social and environmental regulations need to be more flexible to leave room to innovative and organization-specific alternatives. Existing models need to be adapted to reflect the current situation and opportunities to bridge gaps between fields need to be seized (Bazerman & Hoffman, 2000). Business models addressing these issues have emerged and are characterized by their Blended Value, their Shared Value and their Triple Bottom Line approaches (Haigh & Hoffman, 2014).

2.3.1. The Triple Bottom Line Approach

The concept of Triple Bottom Line (TBL) appeared in the 1990ies and gained popularity with John Elkington, who states that companies should not only measure their performance according to the traditional financial bottom line, but also consider their social and environmental performance as it affects the entity directly. The TBL concept has 2 main premises. The first one being that there is not just a single bottom line, but that there are 2 additional ones, the society and the environment, and that these components should be measured objectively, using social impact indicators. The second claim being that firms should incorporate the measurement of these 2 additional bottom lines in their reporting because it will improve their social performance and profitability overtime. Because of their responsibility

towards society, firms should be transparent towards their stakeholders and disclose their performance reports, as a matter of principle. Hence, this concept enforces the idea that companies have more responsibilities to society than maximizing their financial returns. Standards like the GRI and the ISO are attempts to define those social performance indicators and to provide companies with procedures of social performance assessment (Norman & MacDonald, 2004).

Norman and MacDonald (2004) claim that the TBL concept promises more than it can actually achieve. They believe that it is impossible to agree on a common social currency of measurement and reporting since it is partly qualitative, unlike the financial one which is purely quantitative. Indeed, its indicators are mainly based on value judgements that make any tool subjective in its core. Furthermore, even though some companies might be effectively committing to more CSR and sustainability practices, others might just use the easiness, vagueness and emptiness of the concept to appear committed in the eyes of society (Norman & MacDonald, 2004).

2.3.2. The Blended Value Approach

The Fourth Sector also revolves around the idea of 'Blended Value'. By blending purposes, a company offers a mixed value proposition incorporating ideas from the 3 sectors (Waddock & McIntosh, 2011). Emerson introduced this concept to challenge the conception of social and economic gains being distinctive. Indeed, he argues that there is no tradeoff between them as they are indivisible. When a company generates value, it will automatically be economical, social and environmental. Moreover, Emerson believes that all organizations generate a Blended ROI, which "*is the tool by which one assesses the returns generated by the application of social capital in this integrated marketplace*" (Daood & Menghwar, 2017). Relying on this ROI can lead to decreased negative consequences and increased positive outcomes because it reduces the dysfunctionalities associated to profit maximization (McMullen & Warnick, 2015).

Scholars have different thoughts on the organizations representing the Blended Value Proposition. On the one hand, McMullen and Warnick (2015) argue that it can take several forms within existing or new organizations, such as Hybrid Organizations and nonprofits with earned income. On the other hand, Emerson does not consider the separation between for-profit, nonprofit and hybrid to be relevant as he believes that all entities naturally create economic,

social and environmental value without having to be incorporated under different organizational forms (Daood & Menghwar, 2017).

2.3.3. The Shared Value Approach

The concept of 'Shared Value' was developed by Porter and Kramer and states that the best CSR commitment materializes when a company focuses its resources on solving societal problems (Chen & Kelly, 2015). Social and environmental problems should be perceived as opportunities for firms to be profitable (Daood & Menghwar, 2017). *“The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates”* (Porter & Kramer, 2011).

Since societal needs are also defining the market, Porter and Kramer (2011) have identified 3 ways businesses could create shared value: *“by reconceiving products and markets, by redefining productivity in the value chain and by enabling local cluster development”*. The first step to create shared value is the identification of the potential harms that could result from the supply of the company's product. It is, then, up to the company to adapt constantly and to take advantage of the opportunities using technology. To conclude, under the Shared Value approach, business and society can be reconciled by integrating social issues into the fabrics of business activities, creating value for society as a whole (Daood & Menghwar, 2017).

2.3.4. Other Initiatives

Several initiatives have been developed in reaction to these 3 approaches. These are furthering the quest for sustainability, which is defined as the ability of *“meeting the needs of the present without compromising the ability of future generations to meet their own needs”*. This sustainable push is represented by standards setting and reporting initiatives. On the one hand, the Carbon Disclosure Project (CDP), the Dow Jones Sustainability Index (DJSI) and the Global Initiative for Sustainability Ratings (GISR) are attempts of environmental impact measurement from standards setting bodies. On the other hand, the GRI (The CPA Journal, 2018) and ISO are monitoring systems. Their goal is to become the economic, environmental and social reporting systems and to be as general as the financial reporting ones (Sahlin-Andersson, 2006). In this sense, these ratings have helped further stimulate sustainable investing, which has seen its popularity drastically increase in the last decades (The CPA Journal, 2018). Sustainable investing does not only require financial returns but aims at having a global positive impact.

One can differentiate ESG investing, SRI and impact investing, which all relate to sustainable investing, but present different characteristics (Investopedia, 2019). Another recent initiative is the 17 Sustainable Development Goals of the United Nations. These goals are aimed to be followed by businesses to realize \$12 trillion in market opportunities while improving the world's health, poverty and inequality by 2030 (B The Change, 2019).

2.3.5. The Emergence of Hybrid Organizations

The Fourth Sector has emerged in response to the problems that required companies to cross usual boundaries (Waddock & McIntosh, 2011). The typical organizations of the Fourth Sector are the ones integrating both social purposes and lawful business activities, respecting the stakeholders of the company (Aspen Institute, 2009). Muhammad Yunus proposed a model adapted to this new sector which would bring together the 2 competing paradigms of capitalism, the Hybrid Organization or 'Boundary Organization' (Tracey et al., 2010). The Fourth Sector encompasses many different types of hybrid organizations (Waddock & McIntosh, 2011) that Santos, Pache and Birkholz (2015) define according to the contingency of value spillovers and the overlap between clients and beneficiaries.

Hybridity consists in the recombination of existing factors. In the organizational field, hybrid organizations are defined as the segregating process of multiple identities, institutional logics or organizational forms. Identities are the permanent key features of the firm which distinguish it from others, an organizational form is an assemblage of specific features shared by organizations and institutional logics are the guiding beliefs in a particular field of activities. These concepts are convergent and co-exist in the definition of hybrid organizations as logics define the features of organizational forms, that, in turn, provide the fabric for identity creation (Battilana & Lee, 2014).

According to Hoffman and Haigh (2012), the 4 conventional business assumptions challenged by the hybrids are: the need for perpetual growth, the assumption that social and environmental problems are external to the organization, the conception of nature as a resource maximizing economic value and the shareholder orientation. Indeed, hybrid organizing is characterized by its positive social change, its mutual beneficial relationships and its progressive interactions with markets, competitors and industry institutions.

The first hybrid characteristic is the integration of positive change in the company's purpose (Haigh & Hoffman, 2012). Hybrids go beyond advocating the creation of blended value and the tridimensional value creation, they incorporate it into their founding principles (McMullen & Warnick, 2015). This allows them to internalize the externalities they have on society, by creating more sustainability instead of less unsustainability. This feature is emphasized by their search for long-term patient capital, autonomous development and positive leadership (Haigh & Hoffman, 2012). The second characteristic of hybrid organizing is the desire to create meaningful relationships with their communities (Haigh & Hoffman, 2012). Hybrid organizations do not face the usual 'principal-agent' problem with the board acting as principal and the managers as agents. As they commit to serve a wider range of stakeholders, hybrids are faced with multiple principals (Battilana et al., 2014). Considering stakeholders is key for hybrids because it reinforces their missions and it ensures the engagement of their communities around it (Haigh & Hoffman, 2012). Lastly, hybrid organizations are characterized by their progressive interactions with markets, competitors and institutions. Firstly, by building markets for more sustainable products, not only for themselves, but also for their competitors. Secondly, the emergence of the hybrid form and its associated sustainability market has pushed dominant traditional competitors to keep up with the trend and develop their own sustainable products. Thirdly, they strive to become positive leaders of change within their sectors, as institutional entrepreneurs changing the rules of the game and encouraging others to join. Indeed, their success as leaders is measured by the entry of new peers to compete with (Hoffman et al., 2012).

Hybrid organizations walk on a fine line between for profit and nonprofits, capitalism and socialism in their attempt to combine the best of both worlds. They take advantage of the market and government failures or limitations to develop sustainable models using business methods to address these societal problems. Despite their many advantages, hybrids are argued to be fragile entities due to the duality of their objectives. They can suffer from mission drifts, tensions and sometimes have a hard time to be financially sustainable. In order to solve these challenges, alignment between purpose and profit is key (Santos et al., 2015).

2.3.5.1. The Social Enterprises

Some theorists posit (pro)social or 'beyond profit' (Muñoz et al., 2018) enterprises as being the epitome of hybrid organizations, as interface between business and charity (Battilana & Lee, 2014). Chen and Kelly define a social enterprise as being an entity contributing to society while striving to make a profit or, at least, preventing any losses for the owner(s) (Chen & Kelly,

2015). An example therefore is the Grameen Bank, which was launched by Muhammad Yunus and grants microcredits in Bangladesh (Battilana & Lee, 2014).

The idea of social enterprise is not new. Entrepreneurs have been creating ventures blending purposes for years under cooperatives or mutual associations (Battilana & Lee, 2014). However, since the 1980ies and the 1990ies (Haymore, 2011), this concept has seen its popularity rise (Battilana & Lee, 2014) in reaction to the blurring of the institutional separation of sectors (Battilana et al., 2014). This is represented by the increasing number of universities having social entrepreneurship on their agenda, such as Columbia University, Duke University, Northwestern University, Oxford University, University of California-Berkeley, and the University of Pennsylvania (Hemphill & Cullari, 2014). Social enterprises usually rise within one sector and happen to cross boundaries as their purposes evolve (Waddock & McIntosh, 2011). Theorists claim that social entrepreneurship is a mechanism that can use market failures as opportunities to preserve nature and help communities and society as a whole, particularly in developing countries where health and education need to be further developed. Its role is to emphasize the importance of developing and sustaining non-economic gains for the environment and society (Shepherd & Patzelt, 2011). Nowadays, social enterprises have 2 particular needs: the development of 'impact investing' which aims at screening investments opportunities based on positive social or environmental impact and the creation of legal forms answering their needs (Battilana & Lee, 2014).

Several forms of social hybrids have been created in response to this like the Community Interest Company (UK), limited low-level profit corporations and the Benefit Corporation (USA) (Villela et al., 2019). They are providing social businesses with several options to further accept the hybridity of organizations (Rawhouser et al., 2015). The Benefit corporation (BC) is a new legal form of hybrid organizing leading the prosocial movement in the United States of America (Cho, 2017). Benefit corporations have been created as an attempt to make up for the businesses' weaknesses. Indeed, this movement has emerged in order to legitimize companies enhancing CSR against the Shareholder Value Maximization principle, by protecting managers for pursuing both the maximization of profit and a social and/or environmental mission (André, 2012). By adopting the Benefit Corporation legal form, a company incorporates general public benefit in its statutes, under a state-specific structure (Cho, 2017), complying with multi-fiduciary considerations, including non-financial stakeholders in their corporate decision-making (Villela et al., 2019). Nevertheless, the stakeholders as beneficiaries of the public

purpose do not have the right to legally bring action (Hiller, 2012). The BCs must certify under an independent third-party standard that provides them with an annual report of credibility and transparency (Hiller, 2012) and bears the responsibility of accountability for these companies (Cho, 2017). There is a list of 100 rating standards, including the GRI, ISO 2600, Green-America and Underwriters Laboratories, that can be used to certify. The idea behind this is to give an objective review of the company's performance no matter the standards chosen (Hiller, 2012). BCs are closer to for-profits and were first incorporated in Maryland and Vermont in 2010 (Marquis et al., 2011).

3. Conclusion

By integrating profit, people and planet at their organizational core, social businesses and hybrid organizations in general are an appealing sustainable solution to the planet's ills (Wilson & Post, 2013). Nevertheless, as long as hybrid organizations will rely on the 3 prevailing governance models, they will face institutional and structural tensions and additional challenges impeding their development. A supportive ecosystem has to be created to meet their particular needs. Among the key elements of a supportive system for the Fourth Sector can be found the need for assessment, reporting standards and certifications. This would provide legitimacy and credibility by measuring the social, environmental and financial value creation and by benchmarking the performance (Aspen Institute, 2009).

In response to this, an additional initiative has seen the light of day, the B Corp certification. *"A business that is a B Corp is not a different legal entity, but a member of a voluntary association subject to an assessment and ratings standard that supports corporate responsibility in several key areas of business endeavors"* (Hiller, 2012). The B Corporation Movement is a new market category that is considered by many as the solution to the social entrepreneurs' distinctiveness and legitimacy challenges (Cao et al., 2017).

Chapter 3: The B Corp Certification

1. *The B Lab*

« *B Lab [is] a social movement organization focused on prosocial organizing* » (Sharma et al., 2018).

1.1. The Origins of the B Lab and the B Corp Certification

In June 2006, Jay Coen Gilbert, Bart Houlahan and Andrew Kassoy decided to create the B Lab, an independent nonprofit, with the aim of developing an organizational architecture driving a social and environmental shift in the economy (Marquis et al., 2011).

1.1.1. The Background of AND1 and EchoingGreen

After having met Kassoy at Stanford University, Houlahan and Gilbert founded, in 1993, a \$250 million sportswear company, AND1 (Marquis et al., 2011). The company was manufacturing its products in China, which required them additional efforts to act in a socially responsible way (Cao et al., 2017). In light of this, the co-founders decided that minimum 5% of their profits would be donated to charities. They also offered particular incentives to their staff such as childcare and yoga classes. While they were motivated to remain socially and environmentally responsible, they realized that scaling up would be challenging because of their high number of employees and their external sourcing of capital. Indeed, when AND1 was acquired in 2005, it is argued that it quickly lost its responsible commitment. In parallel, Kassoy entered the board of Echoing Green, a nonprofit equity firm. The main challenge he faced was the capital generation for social entrepreneurs. The 3 co-founders agreed on the fact that businesses had a power that they could harness to resolve these challenges. Nonetheless, the institutions were imposing legal and cultural constraints on such undertakings (Marquis et al., 2011).

1.1.2. The Fourfold Movement

To tackle these challenges, the 3 co-founders, inspired by their brainstorming with entrepreneurs, scholars and investors, developed a four-plunged approach (Winkler et al., 2018). At the firm-level, they aspired to provide certification standards of conduct, transparency, accountability and performance; at the state-level, a new corporate entity form and at the market-level, an impact investing rating system and a community built through branding and storytelling. They believed these initiatives to be intertwined (Cao et al., 2017), reinforcing each other and accelerating the growth of their new concept (Marquis et al., 2011), the B Lab.

1.1.2.1. The General Binding Standards

The first premise encouraging their new concept was that policymakers, investors and consumers could use standards of social, environmental and governance performance to distinguish the ‘good businesses’ from the good marketing (Marquis et al., 2011). There had been several attempts of standards-setting by organizations (Battilana & Lee, 2014). Nevertheless, these were sector- or product-specific and a general set of binding standards had never been achieved for socially responsible companies (Marquis et al., 2011). In response to this, the B Lab decided to offer a new framework, the B Corp certification, for purposeful organizations to validate, contrast or compare their sets of values (Moroz, 2018).

1.1.2.2. The New Legal Form

The second premise of Houlahan, Gilbert and Kasso was inspired by the following perspective “*law is the critical factor that directly shapes how business acts*” (Bauer & Umlas, 2017). The B Corp certification and the Benefit corporation concepts were created as a result of the belief that conventional companies were unlikely to extend their focus to long-term profit without mandatory rules forcing them to respect the society and the environment. According to the founders of B Lab, companies will never be driven to change from a shareholder maximization perspective to a stakeholder one if their governing documents are set up only to focus on financial bottom-line. Gilbert desired to institutionalize a structure, the Benefit Corporation, to remedy to this problem by including public benefit into the fiduciary duties (Marquis et al., 2011).

The difference between a BC and a CBC lies in the fact that a business can be a BC without being a B Corp, as any independent third-party can assume the accrediting role. To become a CBC, a company needs to be certified by the B Lab, while it does not have to incorporate as a Benefit Corporation (Siqueira, 2018).

1.1.2.3. The Global Impact Investing Ratings System

The third premise that motivated the founders to be the drivers of systemic change was the development of impact investing (Stubbs, 2017) thanks to the Global Impact Investing Rating System (GIIRS), which they envisioned to become the next Standard & Poor’s for social and

environmental impact (Marquis et al., 2011). “*GIIRS is a new investor-facing impact rating system, based on the B Ratings System used by B Lab to certify B Corporations*” (André, 2012).

The GIIRS, launched in 2010 under a wholly-owned nonprofit subsidiary form, were developed by the B Lab as general standards for impact and investment funds. Its mission was to provide ratings about the performance of both market- and purpose-driven enterprises and the ones providing them with capital. This rating agency is seen as the answer to the gap between general financial standards and investors, businesses and financial intermediaries (Marquis et al., 2011), allowing them to compare companies of similar sizes and industries (André, 2012). The GIIRS were developed with the Global Impact Investing Network composed of significant institutional investors such as JPMorgan, Deloitte and the Rockefeller Foundation, which invested millions in this initiative. The founders of the GIIRS consider it as the tool enabling better due diligence for impact investment leading to more informed decisions (Marquis et al., 2011).

1.1.2.4. The Community Building

The last state-level premise of the founders was to create a community of ‘good companies’ publicly committing to a wider range of stakeholders under a brand for socially and environmentally responsible businesses (Marquis et al., 2011). The B Lab, by establishing common standards of social and environmental performance, accountability and responsibility, succeeded into creating a common organizational identity (Stubbs, 2016) that would translate into the B Corp Community.

1.2. The Launch of the B Lab

With the aim of bringing these premises to life, the B Lab was founded in Philadelphia on July 5th 2006 with the co-founders \$1 million. Houlahan was elected as president, in charge of the certification and operations while Gilbert was looking for companies to join and Kassoy led the capital initiatives (Cao et al., 2017). The idea behind the creation of the B Lab is that one can harness the power of market-based entities to pursue higher social and environmental purpose (Ballesteros-Sola et al., 2018).

In 2007, B Lab announced the certification of the 19 first B Corps, diverse in terms of industries and impact areas, but similar in their pursuit of prosociality. Scholars define the drivers of CBCs for joining the B Lab as being the service partnerships, the branding and advertising advantages, the access to capital and the possible tax advantages. Service Partnerships are “*opportunities*

for B Corps to get discounts on numerous business services” and motivate companies to join by saving all of them \$750,000 in a year. B Lab partners with over 60 entities such as Salesforce.com. Some of them use their platforms to promote the B Corp branding campaign while others, like universities, grant loan forgiveness to B Corp employees. It is believed that only this advantage would cancel out the amount of the certification fee (Marquis et al., 2011). The second driver is the attraction of like-minded investors willing to provide them with patient capital structure consistent with their business models (Wilson & Post, 2013). This access to capital represents a significant advantage for social entrepreneurs, opening them the door to an impact investment ecosystem. The Movement has its share of certified financial services companies which invest in their peers. The legal framework created for the B Corps even tackles the possibility of going public, helping them resist to the short-term pressure. The last motive is the potential tax exemption. For instance, the City of Philadelphia granted tax credit to 25 B Corps, saving them each \$4,000 between 2012 and 2017 (Marquis et al., 2011).

Others argue that B Corps are motivated by ‘doing the right thing’ while conveying the right values internally and externally (Parker et al., 2018). Furthermore, they identify the main motivations of the Brazilian B Corps as being the market differentiation through B Corp branding, the improved communication of values and identity towards stakeholders, the action plan to monitor their performance and the belongingness to a community of like-minded individuals (Villela et al., 2019). Gheman and Grimes (2018) emphasize that early adopters of the certification were motivated by distinction rather than belongingness, as the stringency of certification could externally validate their identity with a distinctive ‘stamp’.

2. The Certified B Corporations

“B Corps - for-profit, socially obligated, corporate forms of business, with traditional corporate characteristics but also with societal commitments - a new form of sustainable entrepreneurship business model” (Stubbs, 2016). According to Stubbs, the CBCs have emerged in response to the financial crisis and the low level of customers’ trust in corporations. B Corps are a new model for hybrid organizations, attempting to combine the ‘for-purpose’ and ‘for-profit’ philosophies (Stubbs, 2016), with the B standing for ‘benefit’ (Wilburn & Wilburn, 2015).

2.1. The Overview of the B Movement

In 2007, year of the B Lab launch, the initial number of B Corps was 49 (Parker et al., 2018). In 2015, 16,000 companies had used the B Impact Assessment (BIA) and there were more than 1,700 B Corps existing (Gehman & Grimes, 2017). In 2018, there were 2,441 certified B Corps spread in 40 different countries and 130 sectors (Winkler et al., 2018). The aim of the B Corp movement is to create a community of leaders “*using business as a force for good [...] to be the best for the world*” (Stubbs, 2016). Indeed, B Corps believe that profit is a way to achieve greater social benefits rather than an end in itself (Stubbs, 2017). The Movement stimulates companies to expand their fiduciary duties to all the societal stakeholders (Bauer & Umlas, 2017). To ensure that these companies effectively put into action what they advocate, the B Lab came up with a set of standards (Hickman et al., 2014), the B Corp certification, as consensus for social enterprises. The goal of this resource is to be the social currency bringing cohesiveness among the Fourth Sector (Grimes et al., 2018).

2.2. The Certification

The B Corp certification can only be granted by the US B Lab, even though some other B Lab organizations have emerged worldwide (Villela et al., 2019). An important component of this certification is that companies voluntarily choose to self-select into it by complying with an auditive process of their practices (Cao et al., 2017). Furthermore, it was decided that certifying would be a regular event to ensure that companies would always increase their level of engagement and impact as they evolve overtime. Indeed, upon the 3rd year of certification, the CBCs need to undergo an updated assessment. This also allows the companies to update their performance to the latest standards and benchmarks (Honeyman & Jana, 2019).

2.2.1. The Profile of Certifying Companies

Hiller (2012) states that any business, whether or not it is a corporation, can certify B Corp. This implies that the certification is available to the whole private sector. Indeed, nonprofits and government agencies, being part of the social and public sectors, do not qualify (Honeyman & Jana, 2019). B Corps are usually small-medium size businesses which are privately owned and employ less than 100 employees (Stubbs, 2016). Nevertheless, this does not mean that large companies cannot certify (Bauer & Umlas, 2017). For instance, in 2013, Rally Software Development Corp was the first B Corp to go public, followed by Etsy in 2012 (Cao et al., 2017).

So far, most multinationals and publicly traded companies have been in contact with the certification through 3 different ways: acquisition, B Corp suppliers (Bauer & Umlas, 2017) and certified related entities. For instance, Unilever, which is a publicly traded consumer goods corporation, acquired 5 B Corps in a year and Natura, leader in the cosmetic industry, purchased the Body Shop in 2017 (Honeyman & Jana, 2019).

The B Lab website differentiates the companies into several categories. While the MNEs are provided with incentives “*to act like a B Corp*”, startups, SMEs and large companies undergo different certification steps and requirements (B Lab, 2020a). For instance, as the BIA assesses the practices of the past year, young startups are often limited in their certification. This is resolved by the ‘B Corp Pending’ status. The process of this status depends on the location of the company, but generally requires the firm to complete a prospective BIA, meet the legal requirement of accountability, sign a specific agreement and pay an exceptional fee. Once the company is old enough, it is requested to go through the full process to obtain its certification (Honeyman & Jana, 2019). Furthermore, wholly-owned subsidiaries and publicly traded companies have to comply with more stringent transparency standards by making their complete BIA available on their B Lab profiles (Bauer & Umlas, 2017).

2.2.2. The Certification Process

To certify, companies have to meet the 3 following requirements: verified social, environmental and governance performance, legal accountability and public transparency (Honeyman & Jana, 2019). The assessment, the amendment of governing documents and the public disclosure of the company’s score are the main steps involved in these pillars (Marquis et al., 2011).

2.2.2.1. The Verified Social and Environmental Performance

To comply with the social and environmental performance requirement, a company has to be assessed, through the B Impact Assessment, on its overall impact (Stubbs, 2016). Once completed, the company receives a B Impact Report, which is a one-page summary of their BIA (Honeyman & Jana, 2019), and a first score impression. The second step of this pillar is the Assessment Review where some questions are clarified, and answers refined. Companies need to document a set of 8 to 12 questions randomly selected by the B Lab. If a company scores 80, it becomes eligible for certification. The last step is to complete the Disclosure Questionnaire (Woods, 2016).

2.2.2.1.1. The B Impact Assessment

The Standards Advisory Council is composed of 20-22 (B Lab, 2020a) independent members governing the B Impact Rating System, which comprises the BIA and the B Impact Report. The first version was developed with more than 600 constituents such as entrepreneurs, investors and academics (Marquis et al., 2011). In 2019, the B Lab released the 6th version of the BIA, which is more focused on stakeholder's engagement and specific issues like materiality assessments of social and environmental outcomes (Villela et al., 2019).

The BIA is the certification tool of the B Lab measuring the impact of the companies desiring to certify as B Corps (Bauer & Umlas, 2017). The BIA is a self-administered synthesis of CSR best practices concerning various impact areas (Villela et al., 2019) on which a set of questions are incorporated. This set depends on 3 factors: company's size (number of employees and annual sales), sector (type of activities) and geographical location (Moroz, 2018). According to these 3 criteria, the BIA will create a customized 'track' for the respondents of the survey. Each of the questions of this adapted track is weighted by the B Lab and its weight is indicated on the questionnaire. This influences the calculation of the final score for the company's certification (Bauer & Umlas, 2017). More or less 200 questions covering ESG practices will have to be answered by the company taking the BIA (Grimes et al., 2018).

It is estimated that the BIA takes between 2 and 4 hours to be filled (Ballesteros-Sola et al., 2018). However, most of the companies are unable to estimate the time it took them which is determined as random and highly uncertain. Indeed, it consists of a lot of iterative improvements that increase the length uncertainty. On average, it takes the incumbents 8 months to complete the certification (Parker et al., 2018). In 2019, 40,000 companies had used the BIA. Their median score was 95 (Honeyman & Jana, 2019).

The BIA is split into 4 impact areas: Workers, Community, Environment and Governance. The Workers section aims at measuring the company's impact on its workers by using several indicators as wages, compensation, benefits, health and safety measures, etc. ... (Bauer & Umlas, 2017). The B Corp certification promotes practices like employee ownership and involvement that, in turn, enhance external stakeholder engagement (Winkler et al., 2018). The Community part assesses a company's involvement and contribution to society, mainly through its local community (Bauer & Umlas, 2017). It relates to stakeholders such as suppliers,

distributors and the community in general. It tackles the supply chain and the local and civic involvement. The Environment section measures the environmental friendliness of the company's products and services, evaluating their relationship with renewable energy use, recycling, emissions and transportation (Cao et al., 2017). Finally, the Governance area of the BIA evaluates the company's social accountability and transparency (Bauer & Umlas, 2017). For instance, the BIA offers governance practices helping managers to monitor the performance of their employees based on their dual objectives (Battilana et al., 2014).

In the BIA, companies also have to answer a Disclosure Questionnaire (DQ), which basically consists in a background check. B Lab can reject applicants if serious wrongdoings have been reported in this survey. Furthermore, if any company positively answers to one or more questions of the DQ, it will be published by the B Lab on its website (Bauer & Umlas, 2017).

2.2.2.1.2. The Assessment Review

After submitting their BIA, a company also has to commit to a “*data assurance process*”, in which the B Lab reviews its survey through phone calls, and documentation reviews (Bauer & Umlas, 2017). The documentation part, for which companies have to support 20% of the surveyed data (Chen & Roberts, 2013), is self-reported (André, 2012) and aims at providing concrete evidence of the positive impact they claim (Stubbs, 2017). Furthermore, every year, 10% of the B Corps are subject to an on-site review. Following the audit, if a B Corp has voluntarily misrepresented its social and environmental claims, its status will be revoked by the B Lab (Haymore, 2011).

2.2.2.2. The Legal Accountability

The Legal Accountability pillar requires a company to “*bake the sustainability in its DNA*” with the aim of ensuring the survival of their purposeful mission (Woods, 2016). Indeed, once it has passed the BIA, the firm needs to amend its statutes, to agree to the Term Sheet and to pay the Annual Certification Fee (Hiller, 2012).

First of all, the soon-to-be B Corp has to amend its Governing Documents. There are 3 possible scenarios in the USA. If the company is located in a state that allows the incorporation as BC, it has to comply with it within the 4 years following the legislation or the 2 years of certification (whichever occurs the latest). If the company can incorporate under constituency statutes, it needs to amend its documents within a year to reflect environmental, social and stakeholder's

commitment (Woods, 2016). If the company certifies in a state without constituency statutes, the future B Corp is required to incorporate the language of the Term Sheet in its legal documents (Hiller, 2012). The various processes for the different types of corporations can be found in the ‘Legal Roadmap’ on the B Corp website (Marquis et al., 2011). The legal requirements for the non-American B Corps differ according to countries and corporate structures. Each company can find the legal changes it is expected to do on the B Corp website under ‘Find Your Legal Requirement’ (B Lab, 2020b).

Part of the Legal Accountability tackles the administrative requirements. The company needs to sign the B Corp Agreement, which is a term sheet outlining the conditions and expectations of the certification, and the B Corp Declaration of Interdependence, which reflects the B Corp Community values (Honeyman & Jana, 2019). By agreeing to these, the company agrees to enter a private contract requiring the consideration of its stakeholders (Stubbs, 2016). The last step of this pillar is the payment of the Annual Certification Fee (Woods, 2016), which varies according to the size of the company and its region of activities (B Lab, 2020a).

2.2.2.3. The Transparency Requirement

The last pillar of the certification process is the Transparency one. Certified B Corps have to publicly disclose their B Impact Report and their scores along the 5 areas on the B Corp website. Question-level information is considered private by the B Lab (Honeyman & Jana, 2019), even though some exceptions of disclosure have been developed for publicly traded companies, for instance.

2.3. The Growth of the Movement

Since the launch of the B Lab, in 2006, the number of CBCs has grown from 19 to almost 3,000. This growth has been characterized by its financial performance and its geographical and industrial variations. Furthermore, it was symbolized and emphasized by the creation of new related concepts, such as the B Economy, and tools like B Hive and B The Change Media.

2.3.1. The Financial Performance

Some studies suggest that companies lose great value when being associated with poor environmental performance, as it represents higher risks for investors. In terms of performance, it has not been proven that the B Corps outweigh their non-certified peers, but Sargsian (2012) declares that they do in terms of risk-adjusted returns. Furthermore, some heads of corporate

and institutional banking have confessed that the certification helped companies reduce their risk and save money (Honeyman & Jana, 2019). According to Chen and Kelly, B Corps can outperform their non-certified peers whereas B Corps do not outperform one another based on their BIA scores (Stubbs, 2017). Moreover, even though CBCs tend to align with their small private competitors performance-wise, during the crisis, they outpaced them. This happened while B Corporations were keeping on investing in socially and environmentally conscious projects (Chen & Kelly, 2015). Another more recent study conducted by Kalfus (2019) demonstrates that CBCs present a higher positive correlation with financial performance than non-certified companies, although the link with the certification in itself is doubted.

It is also believed that the prosocial inclination of B Corps has a direct influence on the stability of their capital structure in 2 different ways. The first one is the ‘Level Effect’ under which for-profit social enterprises rely less on the debt financing than their commercial peers for 2 reasons; debt financing might lead to a prioritization of their financial purpose over their mission and it is complex to measure the financial performance of hybrids leading to banks being reluctant to lend them money. The second one is the ‘Sensitivity Effect’ where the initial leverage ratios of hybrid organizations are more likely to influence their future leverage because they pay less attention to their financing (Siqueira, 2018).

2.3.2. The Geographic Coverage

In 2019, 2,788 B Corps were registered in 64 countries (Villela et al., 2019). Honeyman and Jana (2019) state that the number of certified B Corps outside the USA now surpasses the number of American ones. This expansion can be attributed to the creation of partnerships worldwide with Sistema B in South America, B Lab Australia and New Zealand, B Lab United Kingdom, B Lab Europe, B Lab East Africa, B Market Builders (Hong Kong and Korea) and B Corp China.

Hickman, Byrd and Hickman (2014) examined the factors defining the location of B Corps in the American states. Their findings indicate that there is a high correlation between the adoption of the B Corp certification and the states having a high rate of education, progressiveness, greenness, health and diversity. On the contrary, rates of commitment are negatively correlated with the income per capita. This relates to the existence of ‘value clusters’, which are assumed to be the den of sustainable businesses or, at least, sustainability. Furthermore, Cao, Gheman and Grimes (2017) demonstrate that there are some variations within and across states, even though CBCs appear to be a coastal and western phenomenon.

2.3.3. The Industrial Coverage

In terms of industry, Cao, Gheman and Grimes (2017) establish that the services and manufacturing industries are the ones with the highest certification level, respectively 44% and 15% of their study sample. As with the geographical landscape, the certification adoption varies across and within industries. 2 other highly scoring industries are the construction and the financial one, real estate and insurance included. On the contrary, the public administration industry records some of the lowest scores on the BIA.

2.3.4. The B Economy

The B Economy encompasses more entities than just the B Corps. Indeed, it includes the BCs, the investors, the consumers, the employees, the companies having undertaken the BIA and more. It is a very important concept in the eyes of the co-founders as it expresses that anyone can participate in the B Movement, not only the certified entities. For instance, in 2019, there were more than 500 colleges and universities teaching about B Corporations such as the London School of Economics and Yale University. 2 formal networks of academic interactions have emerged with the aim of advancing the academic study about the Movement, Academia B and the Global B Corp Academic Community. If one day, the B Economy does not differ from the global one, then the founders will have succeeded in their mission. (Honeyman & Jana, 2019).

The Growth of the B Economy is attributed to and emphasized by the development of several resources by the B Lab. For instance, GIIRS efforts were connected through the B Analytics Platform (Cao et al., 2017), which aggregates and analyzes data from the various B Impact reports (Honeyman & Jana, 2019), while the B Hive is the CBCs virtual forum. Furthermore, the 'Best for the World' ranking honors the companies ranking above the 90th percentile in one of the impact areas (Cao et al., 2017). The B Lab also organizes annual retreats and B Leadership Conferences during which participants are encouraged to share best practices with one another (Sharma et al., 2018). In 2015, B The Change Media was developed with the aim of storytelling, through a website and a magazine (Cao et al., 2017). One of the most recent resources is the SDG Action Manager, which is aimed at helping companies better measure their social performance by linking the BIA and the Sustainable Development Goals of the United Nations (B The Change, 2019).

2.4. The Assessment of the B Corp Certification

This section outlines the strengths and weaknesses of the B Corp Movement, according to the related literature.

2.4.1. The Strengths

Some strengths of the B Corp certification vary according to companies (industry, lifecycle, objectives). Nevertheless, some common are outlined here like the ability to protect the prosocial mission of businesses, the provision of a comprehensive framework allowing for improved performance and benchmarking while conveying credibility and trust, the belongingness to a categorizing community, the attraction of like-minded individuals and, as last, the generation of press and awareness (Honeyman & Jana, 2019).

2.4.1.1. *The Protection of the Mission*

The dominant objective of the B Corps is to generate enough margin under traditional business processes to ensure significant reinvestment in purpose. Financial returns and positive outcomes are not mutually exclusive, but they reinforce one another (Stubbs, 2017). Scholars have denoted that hybrid organizations often face internal tensions due to their various motivations and identities. Indeed, under some circumstances, hybrids are likely to prioritize their financial objective over their social one. The B Corp certification is one way to mitigate these tensions (Gehman & Grimes, 2017). Thanks to the amendment of the companies' governing documents, social and environmental purpose is formalized and engraved in the DNA of businesses. This avoids the dilution of the mission in times of growth or succession planning (Honeyman & Jana, 2019). Hence, the amendment of the documents is believed to ensure the long-lasting effect of the purposeful values of social enterprises (Haymore, 2011).

2.4.1.2. *The Provision of a Comprehensive Framework*

Another advantage of the certification is that it provides a comprehensive and educational framework allowing for improved performance, benchmarking, credibility and trust. The UNGC, the GRI and the ISO, amongst others, are all voluntary framework that are believed to complement, overlap and compete with each other (Sahlin-Andersson, 2006). According to Villela, Bulgacov and Morgan (2019), the BIA is considered as being "*maybe the best available tool*" compared to similar ones for the following reasons.

First of all, its standards cover a significant range of social and environmental performance aspects, counting financial performance (Chen & Kelly, 2015). The certification is depicted by Parker, Gamble, Moroz and Branzei (2018) as being quite demanding since firms have to assign a lot of time and resources to comply with the stringent requirements of the B Lab, especially in terms of depth and rigor. Secondly, the difference between this certification and others like LEED or Fair Trade is that the B Corp one analyzes the entire company and its practices (Ballesteros-Sola et al., 2018). Indeed, it is not limited to one aspect of a company (Honeyman & Jana, 2019). Thirdly, it is meant to be adaptable to any sector (Ballesteros-Sola et al., 2018) with its generality. Indeed, the latitude of interpretability can lead to differences in practices depending on the context of the company (Sharma et al., 2018).

In addition to this, the BIA is considered as being an action plan (Haigh & Hoffman, 2012) that forces B Corps to continually re-assess their operations (Stubbs, 2017). It helps businesses find blind spots in terms of performance even if they already perform well (Honeyman & Jana, 2019). Indeed, after having fulfilled the survey, companies receive reports detailing which improvements they could pursue to increase their scores. These reports are completed with templates indicating the amount of points that could be gained when particular practices are changed in the short and long-term (Sharma et al., 2018).

Moreover, when they are granted their scores, B Corps also receive their peers scores (same industry and sector) (Sharma et al., 2018), which gives them the opportunity to benchmark their performance with their competitors (Honeyman & Jana, 2019). Indeed, ceding the oversight of accountability, legitimacy and responsibility to a third-party resolves the benchmark problem. By having to comply with the same standards, consumers and other stakeholders will be able to better compare one company's impact to its competitors' (Rawhouser et al., 2015).

Thanks to the B Lab comprehensive framework, stakeholders have access to the companies' scores. This does not only resolve the lack of social standardization and comparability, it also offers a way for stakeholders to differentiate good companies from good marketing (Honeyman & Jana, 2019). To conclude, the standards of the BIA help improve the credibility and trust in CBCs' ESG practices.

2.4.1.3. The Creation of a Categorizing Community

As Jay Coen Gilbert, former CEO of AND 1, states, B Corps are meant to form a network of like-minded entrepreneurs and provide collaboration opportunities and credibility (Stubbs, 2016). Indeed, these and the category membership represent the advantages provided by the B Corp Community (Honeyman & Jana, 2019), even though its significance varies according to its location (Stubbs, 2017).

Firstly, B Corps desire to learn from one another (Sharma et al., 2018) and engage in a sort of ‘co-opetition’ in which companies help their competitors by minimizing barriers to entry. Secondly, the B Corp certification, among others, is an instrument that allows self-categorization for companies that identify with the Movement’s values. This helps them assert their ESG practices (Gehman & Grimes, 2017) and amplify their prosocial opportunities (Conger et al., 2018). The category membership is given by the B Lab when companies uphold to its standards and is defined as “*a socially constructed partitioning of organizations based on a mutual understanding of the material and symbolic resources that serve as a basis to assess membership*” (Gehman & Grimes, 2017). Furthermore, the B Corp certification presents priceless benefits for women as it provides them with the only identity that validates their values and beliefs (Moroz, 2018). Another advantage of this common identity is that it helps businesses validate and explain their particular hybrid approach to their stakeholders (Stubbs, 2016).

2.4.1.4. The Attraction of Customers, Employees and Investors

The B Corp Community also helps to attract other like-minded individuals like customers, employees and investors. Indeed, Goldman Sachs stated that millennials are outlining different needs than the previous generations. They look for work-life integration over work-life balance, which proves their need to align to their company’s values and to be part of something bigger (Honeyman & Jana, 2019). Hence, another advantage of the B Corp certification is the branding strategy associated with it. It has been proven that a segment of the consuming public prefers to purchase from socially and environmentally conscious firms (Chen & Kelly, 2015).

Furthermore, a workforce segment demonstrates a preference for being employed by social enterprises. A Cone study shows that 69% of employees consider a firm’s performance in terms of social and environmental responsibility when having to decide to take on a job offer. The certified companies will also be better at attracting talented individuals whose values are

aligned with theirs (Chen & Kelly, 2015). For instance, the certification can help attract MBA students thanks to loan forgiveness (Honeyman & Jana, 2019).

In 2019, the market for SRI accounted for more than \$30.7 trillion of assets under management (HSBC, 2019) which suggests that blended value is very attractive to investors. Nevertheless, these investors face many challenges in the choice of their responsible funds like the lack of information or harmonization of reporting, which makes the process of choosing funds very time and resources consuming. This limits investors in their endeavor, discouraging them to invest, as the costs of search outweigh the benefits of it. B Lab, by creating a socially responsible framework, provides the information, reliability and standardization that SRI investors were lacking. The rise of the B Corp movement might even lead to B portfolios (Sargsian, 2012). Hence, the certification acts as a TBL label helping to attract SRIs (Gupta, 2011) that express their socially responsible values by investing in sound and ethical businesses (Haymore, 2011). More than 150 venture capitalists have invested more than \$2 billion in B corps and Benefit Corporations (Honeyman & Jana, 2019).

To conclude, the B Corp Movement helps create a virtuous cycle of reinvestment based on 'patient shareholders' which (Stubbs, 2017) helps social enterprises to ensure their long-term survival and autonomy (Siqueira, 2018).

2.4.1.5. The Generation of Press and Awareness

The last advantage of the B Corp Movement is its institutional work which consists in the influence it exerts on markets, institutions and politics. This is characterized by a 'mainstreaming' of the B Corp model through awareness, education and advocacy (Stubbs, 2017). Even though some might argue that the B Corp movement lacks awareness and reach, it is becoming global (Wilburn & Wilburn, 2015). In 11 years, 2,422 companies have certified B Corp, which represents an average of 220 firms a year. Moreover, several media have featured the B Movement such as the Wall Street Journal, the Guardian, the New York Times and the Economist, but also CNN. B The Change Media has also helped with its storytelling. In addition to this, large multinationals have started to join the B Economy. In 2017, the food conglomerate Danone has declared that it was aiming at becoming the first B Corp certified publicly traded multinational. With this aim, it has started to certify its subsidiaries such as Danone North America, and it has, also, acquired several B Corps like Seventh Generation (Honeyman & Jana, 2019). In light of this, Danone called a general meeting in June 2019 to officially become

a mission-driven company (Zonebourse, 2020). This could represent the nudge needed by the Movement to gain the awareness required to expand beyond the niche of small conscious businesses.

2.4.2. The Challenges

While the last section outlined the advantages that the certification presents in itself and for the companies complying with its standards, this part will demonstrate that it faces its lot of shortcomings, challenges and criticisms. Indeed, scholars have questioned the reliability of the certification, the expansion and the survival of the Movement.

2.4.2.1. *The Shortcomings of the Certification*

The first challenge that the B Corp Movement faces is that its certification presents several shortcomings concerning its accountability, transparency, affordability and interpretability.

2.4.2.1.1. The Accountability

It has been noticed that the certification was limited in its practices and allowed for the negligence of impact areas. Bauer and Umlas (2017) argue that, even if present in several sections of the BIA, namely ‘Governance’, ‘Workers’ and ‘Community’, the human rights are not accorded enough weight in the B Lab standards. They found 3 shortcomings: its human rights due diligence is weak; the rating is not based on concrete impacts and the Disclosure Questionnaire does not influence the score of the respondent. Woods (2016) goes even further by saying that the B Corp certification does not do enough to endorse the international human rights principles. Indeed, even though the majority of the policy processes are covered, the due diligence is limited and the remediation is nonexistent.

Since then, a 6th version of the BIA tackling these shortcomings more appropriately has been issued by the B Lab, which recognized its shortcomings in an official statement. ‘Human rights & labor policy’ were amongst the challenges identified in the goal structure of the BIA (B Lab, 2020a).

2.4.2.1.2. The Transparency

While some might think that the information provided by the B Lab on the CBCs is highly transparent, others are questioning this transparency. Firstly, because the answers of the companies’ BIAs remain undisclosed. Secondly, because most of the certified wholly-owned

subsidiaries and publicly traded companies only publish part of their BIA, while they are required to disclose fundamental information on their B Corp status (Bauer & Umlas, 2017).

2.4.2.1.3. The Affordability

Social enterprise like Coding Autism are faced with the dilemma “*to B or not to B certified*” because the certification consumes a lot of time and resources that could be allocated directly to the companies’ missions (Ballesteros-Sola et al., 2018). Some scholars argue that the fee required upon certification is too high for SMEs and startups. Moreover, for the firms that have not succeeded in reaching the 80 points to pass the assessment, the requirements can be quite demanding, money-wise, since the company needs to redesign its internal operations and processes, but also, time-wise, as the company needs to prepare for the assessment review and to incorporate feedback. These requirements result in an additional challenge, diverted managerial focus. Indeed, when the focus lies on adapting the internal operations to comply with the B Lab, some opportunities to increase growth are overlooked (Parker et al., 2018).

2.4.2.1.4. The Interpretability

Another controversial aspect of the BIA is its interpretability. Because of its flexibility, its questions might fail to be adapted to the organization taking the survey. For instance, when a company only deals with nonprofits as clients, having to compute its percentage of contributions to charities does not make any sense. Hence, every practice can be given a different meaning depending on the context of the company. This influences the practices adoption and the scores companies can reach on the BIA (Sharma et al., 2018).

2.4.2.2. The Expansion of the Movement

One of the challenges of the B Corp Movement is that it lacks visibility and awareness to this date, particularly from the general public (Stubbs, 2016). In 2014, John Mackey, CEO of Whole Foods, stated that the B Corp Movement was too insignificant to actually change the current way market is working. Indeed, thousands of companies is an inconsequential number compared to all the businesses in the world. As the movement is considered answering the needs of a small niche, it might not expand to the broader capitalistic universe (Mackey & Sisodia, 2014). Furthermore, as it was discussed earlier, the B Corp certification is merely one initiative amongst many like the L3Cs, the CICs, the UNGC, the ISO and the GRI.

2.4.2.3. The Future Significance of the Movement

However, if the growth of the B Corp movement keeps its trajectory, the certification might become the symbol and definition of CSR (Sargsian, 2012). It might follow 2 scenarios: either it will revolutionize the sustainable leadership by improving the world for the current and future generations or it will fail to scale up for large corporations and remain a niche for SMEs and privately-owned enterprises (Stubbs, 2017). This uncertainty is due to several threats like the ability to recertify, to survive, to scale-up and to solve underlying hybrid issues.

2.4.2.3.1. The Recertification Challenge

The first aspect challenging the future significance of the Movement is the recertification. Academics have documented 2 particular events. On the one hand, there do not seem to be any mechanism in place to promote the performance improvements when recertifying (Woods, 2016). On the other hand, some companies choose not to reiterate their certifications (Cao et al., 2017).

Firstly, some studies argue that most CBCs did not really use the certification and its standards as a road map to further evolve and reshape their processes socially and environmentally speaking. Indeed, their scores often barely change upon re-certification (Villela et al., 2019). Villela, Bulgacov and Morgan (2019) support this assumption by suggesting that some B Corps are not driven to change their internal processes when re-certifying, especially not their governance model. This might lead to think that these B Corps are more interested in the reputational badge than in effective changes. Secondly, between 2014 and 2017, 34% of the B Corps listed on the B Lab website terminated their certifications or did not renew it (Cao et al., 2017).

2.4.2.3.2. The Scalability Challenge

Furthermore, there is skepticism about whether or not the B Corp Movement should include large corporations and whether or not it should desire to further grow. Judy Wicks states that there is a limit to the influential reach of the B Corp Movement on large corporations. For example, by growing and launching an IPO, Etsy reportedly put its authenticity and accountability at stake. Indeed, the business was allowing the outsourcing of products, jeopardizing its social mission of protecting handmade businesses. Hence, when B Corps become larger, they are likely to face additional risks like identity drift. Moreover, scaling up could have significant implications for the companies' stakeholders. For instance, it could

impede several human rights standards included in the BIA, especially the ones promoting sustainable sourcing (Bauer & Umlas, 2017). As stated earlier, Danone has recently expressed its desire to become the first B certified publicly traded company. Academics have argued that, even though the giant was using the B Corp certification to become more socially responsible, it was still governed by environmental and employee malpractices (Le Soir, 2019). This raises additional concerns on the scalability of the certification and whether or not it is adapted to larger entities. To deal with this, B Lab has created a Multinationals and Public Markets Advisory Council (B Lab, 2020a). In addition to this, if the Movement was to scale up, the random on-site review might become too hard to handle resulting in a negligence of the requirements (Stubbs, 2017).

2.4.2.3.3. The Survival Challenge

Another challenge for the CBCs is their survival. Hybrids are risking extinction by mainstreaming their sustainability mission: the niche they created for themselves as first-movers is taken over by dominant players (Hoffman et al., 2012). Indeed, the emergence of such businesses has created pressure for the other incumbents of the market to also incorporate social well-being into their practices (Wilson & Post, 2013). Hybrid organizations follow contradictory goals of capitalizing their market segment while encouraging others to join creating more competition for themselves (Hoffman et al., 2012).

Several scholars also defend that the certification could lead to the fracture of CBCs. Firstly, the constant iterations and questioning of their values could demotivate companies to certify or even lead to their dissolution (Conger et al., 2018). Secondly, Parker, Gamble, Moroz and Branzei (2018) argue that young and small firms might suffer from a post-certification growth slowdown due to attention drift. This could have severe consequences on their survivals.

Furthermore, the emergence of the Covid-19 might further threaten the sustainability of B Corps and the popularity of the B Corp certification. While one might assume that this current global situation will lead to the withdrawal of a lot of companies from the certification, some scholars and media appear to be defending the opposite. Chen & Kelly (2015) concluded that B Corps outpaced their competitors during the last crisis, even though they were investing a lot in ESG practices. B The Change Media reinforces this belief with its publications stating that the B Corp certification “*provides a structure to turn to during changing times and economic challenges*” (B The Change, 2020). The B Lab has even developed a ‘Covid-19 Resource

Center' with the aim of helping B Corps to manage the impact of the critical situation (B Lab, 2020a).

2.4.2.3.4. The Unsolved Hybrid Challenges

Having multiple identities can lead to conflicts inside the organization. There is the risk that the reconciliation of logics happens at the expense of one of them. This could, in turn, lead to 'drift', when one logic gains dominance over the other and the hybridity status is challenged. Goal displacement and drift are 2 significant challenges brought by the hybrid organizational form. Even though some innovative models have emerged providing more legitimacy, some academics state that internal tensions will remain no matter the option adopted to resolve them. The new forms, like the B Corp certification, attenuate the challenges without resolving them fully (Battilana et al., 2014).

2.4.2.4. The Controversies of the Movement

Another main challenge is the criticisms it inspires. Some controversies concerning the B Corp Movement have emerged tackling the independence of the B Lab, its essence and its underlying motive.

2.4.2.4.1. The Independence of the B Lab

Because the B Lab is known to be offering monetary incentives to certified companies through Service Partnerships in addition to the fee required upon certification, the 'independence' claim of the third party is questioned by some scholars. Indeed, André (2012) points out that an interdependence between the nonprofit and its CBCs has emerged creating a 'mutually beneficial financial relationship'. Moreover, the B Lab is a self-elected accrediting organization that is never regulated by the market. By this is meant that the third-party is not appointed by any individuals or governments. Hence, it could be argued that the B Corp certification is a CSR process controlled by the organizations it certifies (André, 2012). The Board of Directors of the B Lab is the ultimate decision-making authority, appointing the representants of the Advisory Councils and supervising the strategy and the operations. When analyzing the governance of the accrediting organization, mainly its Board of Directors and Advisory Councils, it appears that a lot of their members come from venture capital funds, private equity funds and private foundations, which would be the institutions incorporating them in their portfolios (B Lab, 2020a).

2.4.2.4.2. The Hypocrisy and the Greenwashing

“Central to our theory is the notion that concerns about being perceived as hypocritical could lead organizations to be ‘strategically silent’ about their positive achievements” (Carlos & Lewis, 2017). Gheman and Grimes (2017) suggest that some CBCs are not promoting their labels. The rationale behind this is that they are afraid of the retaliation of market incumbents. These might assume that the certification is merely a greenwashing initiative due to the shortcomings outlined here above. Hence, promoting the B Corp label would equate to being hypocrite about ones’ practices. Furthermore, some scholars, such as Anand Giridharadas, have defended that the B Corp Movement is yet another charade created by the elite of the traditional system (Forbes, 2018).

2.4.2.4.3. The Diffusion of the Shareholder Primacy Norm

Lastly, a doubt remains whether the legal requirements enforced by the B Corp Movement are necessary to protect from retaliation or liability risk. The belief that the amendment of governing documents is needed to protect company’s officers considering social and environmental purpose emphasizes the idea that fiduciary duties are organized in such a way that profit maximization is the only interest of shareholders. This is supported by the principle of Shareholder Wealth Maximization which states that the shareholders have the ultimate control over the company. Scholars like Lynn Stout defend the Shareholder Value Myth under the assumption that it is merely a managerial choice and not an obligation. She advances that managers are entitled to pursue any corporate purpose as long as it is not self-interested. The B Corp Movement is arguably propagating this ‘shareholder wealth maximization norm’ and reinforcing the separation between the Movement and the non-certified corporations. This debate is particularly relevant in the USA where the problem has not been clearly tackled by the law. In the UK and in the Netherlands, on the contrary, laws such as the companies Act of 2006 alleviate the pressure on managers and officers (Woods, 2016).

3. Conclusion

The accrediting organization of the B Lab has developed the B Corp Certification and its Community of social enterprises, the B Corps, with the aim of revolutionizing the limits of the current capitalistic system, of resolving the challenges undergone by hybrid organizations and of institutionalizing a new sector, as solution. While the B Lab is offering a new model driving internal cultural and structural changes for businesses, it is unclear whether this nonprofit will be the one driving the systemic change of the traditional capitalistic system (Stubbs, 2017).

Even though the B Corp certification and the CBCs enjoy several benefits, these are balanced by a lot of challenges and criticisms.

It has been stated throughout this chapter that many firms fail to certify. So far, this had been attributed to the stringency of the standards of the B Corp certification. Furthermore, it has been observed that some B Corps tend to 'lapse', which means that they do not maintain their certification. The 4th Chapter of this Thesis will be dedicated to the analysis of the factors leading to those 2 different events.

Chapter 4: The Analysis of the Factors Influencing the B Corp Certification

In the past chapter, it has been suggested that some companies were more likely to certify, and re-certify, under the B Corp label, based on certain factors. The goal of this section is to further analyze the literature on these enablers and inhibitors.

1. The Factors Influencing the Obtainment of the B Corp Certification

According to Chapter 3, one of the strengths of the B Corp Certification lies in the stringency of its standards. The rigor asked throughout the certification helps filtering out the businesses. It is believed that only the ones deeply committed to socially and environmentally sound practices would make the cut. This part will analyze the factors that enable or impede the companies to certify. The literature has shed light on 4 particular ones: The Organizational Design, the Age, the Size and the Industry of the Company.

1.1. The Organizational Design

The combination of multiple forms provides great opportunities of change and flexibility but also significant challenges, contingent upon the combination of the organizational factors. The Organizational Design is defined as: *“The way by which organization leaders formally translate strategy into action”* (Battilana & Lee, 2014). The following sections will focus on the impact of organizational culture, governance, workforce composition and structure on the certification.

1.1.1. The Organizational Culture

The first element of organizational design influencing the certification status is the culture, which is defined as: *“A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.”* Indeed, organizational culture is key as it shapes the socially approved and purposive behaviors of its individuals (Bazerman & Hoffman, 2000).

According to Conger, McMullen, Bergman and York (2018), the degree to which the B Corps' identities are aligned with their category will influence their shifts of practices. When there is a strong identification, a company will more easily adopt the significant processes of that category (Sharma et al., 2018). For instance, if environmental themes are not integrated in the values and culture of the organization, the culture will emphasize the idea that CSR initiatives

are located outside of the core business concerns. The values translated in the organizational strategies, philosophy and goals will influence the selection, socialization and reward systems in terms of environmental responsibilities (Bazerman & Hoffman, 2000). Furthermore, it is challenging for leaders to create an organizational culture where multiple conceptions of values are sustained (Battilana & Lee, 2014).

1.1.1.1. The Organizational Governance

Organizational governance is defined as: “*The systems and processes concerned with ensuring the overall direction, control and accountability of an organization*” – particularly regarding the internal means through which governing boards and managers ensure that organizations remain focused on their social goals”. It is vital for hybrids as they are likely to experience internal and external tensions sometimes leading to mission drifts (Battilana et al., 2014).

The B Corp founding teams are described as success factors for social performance. Their characteristics range from the numbers of founders to their genders, as well as their education and past entrepreneurial experiences (Chen & Roberts, 2013). Indeed, Villela, Bulgacov and Morgan (2019) defend the importance of the founders in the certification, as leadership is known to emphasize the social entrepreneurship and the engagement in ethical and social values. Moreover, the founders’ values and identities have proven to be key for the imprinting of the social enterprise and to be persistent in the identity of the firm and the decision-making overtime (Muñoz et al., 2018). Features like altruism and progressive values present in an entrepreneur are driving the rise of social businesses.

In addition to this, governing boards and their compositions also play an important role in balancing the economic and social logics of hybrid organizations (Villela et al., 2019). The board is central to the organizational governance as it plays value-generative and oversight roles (Battilana et al., 2014). Furthermore, it is suggested that female owners tend to be better at emphasizing purposeful goals over financial returns than their male counterparts. Having females in founding bodies would enhance the social performance of a venture (Chen & Roberts, 2013).

Another important criterion in the organizational governance is the motivation and the control of the person in charge of the CSR reporting (André, 2012). The B Lab recommends appointing an ‘internal champion’. For instance, Danone has designated a B Corp community director

(Honeyman & Jana, 2019). Indeed, this is supported by the B Impact Report which provides spaces to indicate who would be responsible for implementing the change (Sharma et al., 2018).

Hence, the profiles of top managers and boards are central in organizational governance to define the identity of the organization and blend both accountabilities (Battilana & Lee, 2014).

1.1.1.2. The Workforce Composition

In the organizational governance part, it seems that the presence of female owners is positively correlated with social performance. Grimes, Gheman and Cao (2018) support this assumption by positing that woman-led social enterprises are twice as likely and three times as likely to respectively qualify and obtain the B Corp certification. This is amplified when the woman-owned organizations develop in an environment showing low commitment to sustainability and ESG practices, low propensity to certify and a low number of women-owned businesses. Women are more likely to put social, environmental and governance values as distinctive and inclusive factors in their identities. The certification is a way for them to authenticate these positively deviant values (Grimes et al., 2018). Academics go even further by declaring that a female presence enhances the diversity and information richness among hybrid ventures driving to further organizational innovation (Chen & Roberts, 2013).

Moreover, individuals tend to prefer one organizational form over another and to align with its values. Hybrid individuals are very rare, and employees usually identify to one of the 2 logics, depending on their background. In this sense, hiring and socialization processes influence the culture of a company (Battilana & Lee, 2014).

1.1.2. The Organizational Structure

André (2012) argues that the structure is one of the variables determining the mission-driven organizational design of benefit corporations. Companies need to entail the values they claim in their structural design. *“The structure of the organization defines its boundaries, rules of interaction, and division of responsibilities. It determines the patterns of regulated decision flows, through which information is passed from one organizational unit to another”* (Bazerman & Hoffman, 2000).

The organizational structure influences the organizational outcomes, especially the degree of integration of purpose. Business and charity activities can either be integrated with one another

or separated. Indeed, the degree of integration affects the level of tensions between the dual identities. On the one hand, integrated activities are more likely to find legitimacy as they correspond to multiple external audiences. On the other hand, tensions are more likely to happen when activities are disintegrated. Under a compartmentalization of logics, coordinating structures between the top management and the staff are required (Battilana & Lee, 2014). Moreover, leaders of hybrid organizations usually use a participative or transformational form of leadership to inspire their employees and align their values (Hoffman et al., 2012). André (2012) also asserts that some structures like decentralized ones with participatory designs are better at enhancing CSR initiatives while riskier for the firm's competitiveness.

Hence, organizational structures and cultures are key factors in the adoption of the certification. It seems that disintegrated organizational constructs and beliefs are responsible for destructive behaviors. Organizations would need to integrate the social and environmental concerns at their core and redesign themselves for their objectives to become mutually beneficial and for their practices to become sustainable (Bazerman & Hoffman, 2000).

1.2. The Age and the Size

Another suggestion from Parker, Gamble, Moroz and Branzei (2018) states that younger and smaller firms experience differences in tackling the certification and post-certification. Hiller asserts that B Corps are usually small-medium size businesses which are privately owned and employ less than 100 employees (Stubbs, 2016). This suggests that smaller firms, being more flexible and agile pass the certification more easily. However, older and bigger firms, being more experienced, are better at estimating and forecasting reorganization costs. Furthermore, older firms are also better prepared for changes of mandated practices as they already have a set of established systems that younger or smaller firms might not have (Parker et al., 2018).

Size particularly appears to be an influential factor during certification. Indeed, some shifts in practices are more feasible for SMEs to adopt. For instance, employee ownership is more likely to be found in small enterprises than in large companies. Nevertheless, SMEs do not always have the resources to include a significant number of employees in the certification process, while it appears that the more employees there are, the easier it is to adopt new or improved practices (Sharma et al., 2018).

1.3. The Type of Activities

André also indicates that the sectors of the companies could end up being a constraint in their certification. The nature of their activities may affect their CSR abilities and organizational designs (André, 2012). This is supported by Chen and Roberts (2013) who suggest that some sectors have a higher propensity to generate positive performance. For instance, the accommodation, food and technical, scientific and professional services show low social performances. It seems obvious that an advertising agency will more easily be able to enhance CSR than a battery manufacturing plant. Hence, it can be concluded that a difficult relationship might emerge between a company's type of work and its CSR activities (André, 2012).

2. *The Factors influencing the Certification Lapse or Decertification*

Cao, Gheman and Grimes (2017) documented a particular phenomenon between 2014 and 2017. 34% of the B Corps listed on the B Lab website terminated their certifications or did not renew it. These companies are called the 'lapsed B Corps'. When compared with the remaining B Corps, the lapsed ones did not record a lower score on the BIA, nor have a bigger size. According to scholars, some of the reasons for this attrition appear to be the difficulty to re-certify, the value drift, the suspension of activity (Cao et al., 2017) and the confrontation with institutional barriers (Moroz, 2018).

2.1. The Difficulty to Recertify

Moroz (2018) points out that certifying businesses undergo a set of iterative updates during the lifecycle of their prosocial certifications. Indeed, they face an ongoing opportunity work throughout their lives. Some companies see the certification as a change of imprints, instead of an endurance of it, as their initial prosocial opportunities might not match the B Lab ones. This confrontation can lead to several outcomes of stratification: prosocial repositioning, sense-making of prosocial opportunities and its deficiencies, fencing into self-categorization and disappointment or (re)appraisal of costs and benefits. Constant iterations to adapt their imprints are leading to the broadening or narrowing of the purpose of the company which, in turn, leads to distress, discontent or delay. This might result in a lapse from the organization. Furthermore, de-certification can be attributed to the increased desire to focus on specific goals, which cannot be done with the constant iterations and changes required by the certification. It can also be very challenging for companies to keep up with the rising bar set by the B Lab's constantly improved standards. This can end up being discouraging for some enterprises that do not reach the 80-points threshold even when adapting their practices.

2.2. The Mission and Value Drift

Multi-logic models like the B Corp one, while creating a balance between economic and social purposes, can also create tensions. These tensions can, in turn, drive companies to goal displacement and mission drift which could end up threatening the sole purpose of the hybrid form (Stubbs, 2016). They mainly arise when a B Corp is prioritizing organizational efficiency (Battilana et al., 2014) or experiencing financial difficulties which threatens the social mission of the enterprise and leads to a feeling of betrayal of the B Corp values (Stubbs, 2016).

Tensions can also arise between the values of the certified B Corps and the ones from the certification. Indeed, Conger, McMullen, Bergman and York (2018) argue that companies internalizing the B Corp identity are more likely to adopt a change posture and modify their practices according to the certification, while B Corps considering the certification as external to their identity are more defensive. When the firms perceive the certification as a liability and experience misalignment between the founders and the company's values, they are less inclined to reevaluate their prosocial opportunities relying on the certification. This separation of identities can lead to prosocial demotivation and, even, to the dissolution of the firm.

2.3. The Growth

The size factor has already been discussed as a variable influencing the obtainment of the B Corp certification. It remains salient here for 2 reasons. As a B Corp grows, the chance for tensions between the 2 logics increases. For organizational efficiency reasons, the financial purpose might be prioritized over the prosocial one (Stubbs, 2016). Furthermore, younger and smaller firms have experienced growth slowdowns following their certification (Parker et al., 2018).

2.3.1. The Case of Increased Growth

As a consequence of growth and success, B Corps might also be confronted with institutional barriers. When firms transition to public ownership, undergo a sale or even a merger, their prosocial identity is put in jeopardy, which can lead to decertification (Moroz, 2018). Hiller (2012) and Cho (2017) exemplify this using Ben & Jerry's and Etsy's examples.

Ben & Jerry's acquisition by Unilever happened in 2000 (Gupta, 2011). The social business was presented with a dilemma when it sold its business: whether or not to sell to the highest bidder. Selling to the highest bidder would be in the best interest of their shareholders' wealth but might

threaten the business' social mission as the stockholders might not pledge to preserve its social commitment (Hiller, 2012). Some scholars like Gupta (2011) argue that its mission has drifted since then, as they closed down many shops employing low-income individuals.

Etsy, the online handcrafted goods retailer, became a B Corp in May 2012 with a score of 80.1 that it strived to improve later on. In 2016, its score reached 127. Certifying helped the business become more conscious over the years. In 2015, Etsy was publicly traded through an IPO and decided to remain a B Corp even though scaling up might present itself as a challenge (Cho, 2017). Nonetheless, later on, the e-commerce decided not to comply with the legal requirement of the certification, by refusing to amend its governing documents. This event represented the lapse of the large company as certified B Corp (New York Times, 2017). Etsy is not the only giant that lapsed. Warby Parker and the Honest Company also lost their B Corp status for not making the required legal changes (Honeyman & Jana, 2019).

2.3.2. The Case of Slowdown Growth

As stated earlier, B Corps tend to lapse when growing in size and popularity. However, the lapse phenomenon also occurs due to the contrary. Firms might choose to decertify when the recurrent growth penalties following certification rounds are too salient for them, threatening their survival. Depending on the organization, this slow down growth might embody an investment for future performance or the beginning of the end (Parker et al., 2018).

2.4. The Differentiation and Hypocrisy Motives

It has been proven that companies are often attracted to the B Corp certification as a way to differentiate themselves from their competitors (Gehman & Grimes, 2017). Gheman and Grimes (2017) suggest that some CBCs mitigated their category promotion because they were afraid to be seen as hypocrite or as one more fish in the ocean. It is hard to differentiate from others when the certification attracts a lot of competitors from similar industries. This can result in value drift where certified companies do not see the value in the certification anymore (Cao et al., 2017). One could argue that, with the increase in popularity and awareness of the B Corp Movement, the companies that were motivated to join as a differentiation strategy might be inclined to decertify as they do not see the value in re-certifying anymore. Furthermore, companies afraid to be called out for hypocrisy could be tempted to quit.

2.5. The Timing

Lastly, Moroz (2018) states that the sooner a company identifies to the B Corp opportunities, the smoother its growth trajectory, especially during the re-certification, will be. On the one side, delaying costs and benefits might help firms to better accommodate the consequences of the certification. On the other hand, by embedding the processes and practices in their early years, companies can minimize later adjustment costs arising from adapting their established practices to the requirements of the certification. The timing of assuming the costs and benefits of certifying is a factor that affects the members in the short and long-term and some B Corps have confessed having rushed into it a bit too early. Hence, timing represents an additional trade-off faced by B Corps (Parker et al., 2018). Muñoz, Cacciotti and Cohen (2018) further support this assumption by declaring that early certification prior business validation impedes the success of a venture and that the timing of certification has to be carefully chosen. The authors even challenge the existence of the 'B Corp Pending' initiative, which could be detrimental for early-stages businesses.

PART 2: ANALYTICAL RESEARCH

Chapter 5: Scope and Methodology

1. *The Scope of the Research*

Throughout the Literature Review, 2 particular phenomena pertaining to the CBCs' journeys were observed. Firstly, the CBCs pride themselves for having passed the rigorous standards of the B Corp framework. Indeed, the BIA is believed to be so stringent that it would filter out the applicants that do not deserve the socially and environmentally conscious label of the B Corp (Honeyman & Jana, 2019). This raises questions about the common motivations and factors shared by the firms compliant enough to be eligible for this brand. Secondly, Cao, Gheman and Grimes (2017) reported that in 3 years, approximately one third of the B Corps disappeared from the B Lab directory. This suggests an attrition of the Movement where some CBCs discontinued their certification. Although this case of 'lapsed' B Corps is mentioned in the literature, the drivers of such a behavior have never been clearly outlaid. In a nutshell, it is interesting to research these 2 events together to analyze the relationship between the reasons that drove the companies to certify and the ones that motivated them to discontinue their certifications.

When scrutinizing the literature in search of the inhibitors and enablers of the B Corp certification and recertification, throughout the 4th Chapter of this Thesis (*'The Analysis of the Factors Influencing the B Corp Certification'*), it appeared that these represented a gap in the documentation of the B Corp Movement and were worth further research. The furtherance of this topic will help us answer the following question: **How is the B Corp Movement influencing the future of Capitalism?**

2. *The Methodology of the Research*

Academics often referred to the B Corp Movement as being under-documented. Indeed, the documentation on this matter is limited as it is a relatively recent concept that emerged in 2007 and only freshly gained momentum. In light of this, the best suited approach to research this shortfall in the literature appears to be a qualitative one because it will allow the exploration of the so-far unclear motivations and organizational factors influencing both the certification and the lapse from it. Ultimately, the goal of this study will be to determine whether or not the B Corp model is the solution towards an updated capitalism.

Semi-structured interviews were conducted with the aim of answering to 3 specific research questions. The interview guide (Appendix A) was designed to advance our understanding on the companies' experiences with the B Corp certification and was adapted in function of the profiles of our interviewees. This type of approach was chosen because it enabled us to gradually go deeper into the topic while allowing clarification if an element was worth developing. The data gathered through the semi-structured interviews was analyzed thanks to a thematic analysis. This type was chosen as it provided us with an accurate account of the informants' view on the phenomena. Moreover, it allowed us to make sense of the data and synthesize it into categories. The categorization of the information was performed using color-coding and summarizing table approaches. Following this categorization, the findings were compared to the existing literature.

The 3 research questions are the following:

- What are the initial motivations of companies to certify as B Corps?
- What are the micro-factors influencing the obtainment of the B Corp certification?
- What are the reasons behind the discontinuation of the B Corp certification?

3. The Targeted Audience of the Research

In order to obtain a diversified sample, 14 participants were interviewed coming from companies considering the B Corp certification and CBCs. In addition to this, scholars involved in the B Corp Movement were consulted. Firstly, it was interesting to interview companies that were considering the B Corp certification because these firms already had a first contact with it and could enlighten us about the enablers and inhibitors that they identified before taking the leap. The semi-structure design of the interviews was particularly relevant here since it allowed us to delve further into their motivations and determinants of success. Secondly, certified B Corps were interviewed as they epitomize the 2 events that we were studying, being in the post-certification phase. Indeed, they were aware of the factors that helped them certify and discovered or were discovering the reasons that would enable them to extend their certification. The semi-structured interviews proved to be very helpful to deepen and confirm their claims. Lastly, experts such as consultants and academics were interviewed with the aim of gathering a more external and comprehensive understanding of the pre- and post-certification happenings. For these interviewees, the semi-structure made less sense because the aim was to collect inspiration rather than on-the-field explorations. One could, and should think, that companies that discontinued their certifications should be incorporated in this sample, but this was

complicated for 2 reasons. Firstly, we suspect that some companies might have seized their activities following their certifications. Secondly, the discontinuation being a sensitive topic, some might have been reluctant to testify.

Among the 14 participants, 4 of them were companies considering the certification while 2 of them did not intend to certify for the time being, 4 were CBCs and 4 were identified as experts of the B Corp Movement. Only 1 out of the 10 companies interviewed was originally an American enterprise, though it has been created by 3 Europeans. The rest of the sample consisted in firms located in Switzerland, the Netherlands and mostly Belgium. 6 companies are categorized as startups or SMEs while 4 of them are older, bigger in size and more complex in structure. Among the interviewees, one can find 2 academics, 1 B Leader and 1 sustainability specialist. 2 of the 14 participants are particularly active within the B Corp Movement, having created one of the B Lab's subsidiaries or being a member of the SAC. On average, the interviews lasted 40 minutes.

We carried out the 14 interviews with the following participants:

- **Magali Mathieu**, co-founder and CPO of atlasGO (Appendix B).
- **Delia Agneessens**, CSR Officer at Befimmo (Appendix C).
- **Cintia Procaci**, consultant at A Beautiful Green (Appendix D).
- **Cédric Nève**, CEO of Digiteal (Appendix E).
- **Eglantine Eeckhout**, Change Facilitator at The Shift (Appendix F).
- **Benoît Greindl**, co-founder and CEO at Montagne Alternative (Appendix G).
- **Géraldine Deleuse**, Office and Happiness Manager at N Group (Appendix H).
- **Etienne de Callataÿ**, Economic Advisor and Chairman of the Board at Orcadia Asset Management (Appendix I).
- **Sabrina Courtois**, Teaching and Research Assistant at the Louvain School of Management (Appendix J).
- **Ingrid Nolet**, Communication and Marketing Manager at Shayp (Appendix K).
- **Antoine de Menten**, Managing Partner and Hydrolade Maker at Simone a Soif! (Appendix L).
- **Pavithra Ram**, Impact Navigator at Tony's Chocolonely (Appendix M).
- **Thomas Van Craen**, Managing Director at Triodos Bank (Appendix N).
- **Vincent Truyens**, CSR Guest Lecturer at Louvain School of Management (Appendix O).

Chapter 6: Findings and Discussion

While the benefits of the B Corp certification are uncomplicated to identify in the literature, the motivations to certify remain vague. Moreover, our findings are more oriented towards the United States and South of America. In light of this, we will start by analyzing the reasons why companies are so interested in the B Corp certification. In addition to the motivations of CBCs, the factors enabling them to certify are unclear and under-documented in the literature. Therefore, our interviewees will help us compile a ‘list of criteria’ that companies can identify with in order to better tackle their certifications. Furthermore, it appears that few information recounts the motivations of CBCs to discontinue their certifications. The participants will raise several reasons for this event that will be outlined here. Lastly, a paragraph will be dedicated to the impact the Covid-19 crisis might have on the B Corp Movement as this phenomenon peaked when we were conducting our interviews. Each of these 4 avenues of research will be concluded by a comparison with the existing literature.

1. *What are the initial motivations of companies to certify as B Corps?*

1.1. The Protection of the Mission

The first reason why CBCs decided to join the B Corp Movement is that they identified it as a way to protect their mission. Both atlasGO and Tony’s Chocolonely are mission-driven companies as they were created to respectively help fundraise good causes and resolve the issues of the cocoa industry. For Tony’s Chocolonely: *“Membership is more than just a certificate, it protects our values from farmer to Choco fan, from Team Tony’s to the environment in a more holistic way”*. To also ensure the protection of its mission and values, atlasGO decided to incorporate as a Benefit Corporation from the get-go. Magali states about her and her co-founders: *“When we sat down with Oli and Thom to build the company, we knew that we wanted to be a for-profit company. We wanted to be able to grow in that way, but that mission needed to be at the core and impact at the center of everything too. We felt that the B Corp certification really meant that, not just because the mission of what we do as a company, but also how we treat our employees, the kind of suppliers that you’re looking into and all of that. [...] When you’re building a company, it’s really easy to just focus on profit and sales because that’s what investors are looking at and that is what is really driving [...] the success in terms of how the old world maybe sees it, making sure you have profit. To be honest, without good sales, we are not able to have the impact”*. This aspect is not consistent with our literature

review, as it was listed as a benefit and not as motivation. Nevertheless, as stated earlier, our findings mainly represented the business case of South America.

1.2. The Alignment of the Values

The following motivation which is shared by half of the companies interviewed is that the B Corp Movement embodies values that a majority of socially and environmentally conscious businesses can identify with. Indeed, for a lot of companies, like N Group, Montagne Alternative and Simone a Soif!, joining the B Corp Movement is natural because the essence of their organizations aligns with this new way of doing business. In a nutshell, by existing, they promote the B Corp philosophy. At first, Triodos Bank was not convinced of this alignment. They found that the B Corp certification, being normative, did not really fit their mission and their values. *“This changed when our CEO Peter Blom met one of the founders and realized that actually the mission of B Corp was very much aligned with the mission of the bank. This is why we decided to engage very actively with B Corp because we trusted the leadership and the mission of B Corp and this is where we said that we couldn’t stay at a distance and that we really needed to engage to help B Corp remain true to its mission as well. [...] I think it would have felt very awkward not to be in that Movement and not being part of what B Corp calls the Champions”*. Tony’s Chocolonely’s point of view echoes the previous one, although their relationship with B Corp started more peacefully. The cocoa manufacturer directly identified with the values of the B Corp Movement and of its members, even though the missions of the various CBCs might differ. Pavithra explains that the B Corp certification is important to them because: *“Money is always the means, not a goal and that very much resonates with the B Corp values as well. All businesses have a responsibility to be an ethical, sustainable business. That’s how all businesses should be. I think it very much aligns with that”*. This lines up with the assumptions posited in the literature review, where Parker, Gamble, Moroz and Branzei (2018) define the motivation of CBCs as being the right thing to do. Moreover, Villela, Bulgacov and Morgan (2019) support the idea of the certification being an internal conveyor of values.

1.3. The Provision of a Comprehensive Framework

Another motivation of CBCs is the B Corp certification. Most of them consider this label as the most complete and rigorous one. In addition to this, they appreciate the fact that it does not only provide them with a sustainable snapshot of their companies, but also with a structure to further build it and with an action plan to further improve it. One of the companies, Digiteal, was also

interested in the comparability the tool offered, allowing them to benchmark their performance with their peers. Through the B Corp certification, companies desire to see what they have, what they tackle and how they can improve, as they regard this as a very important exercise.

First of all, the B Corp certification is a way for Digiteal, Befimmo and Tony's Chocolonely to measure their extra-financial performance. They consider that the B Corp certification integrates the most holistic and rigorous standards, which is what attracted them to this tool in particular. Delia from Befimmo declares: *"We are in the process of being certified and the motivation for me, at least, as I am pretty much the driver of this project, is that it's such a large assessment that covers so many topics that are each as interesting as another one. I think that it's one of the assessments that is the most complete"*. According to Pavithra from Tony's Chocolonely, the motivation to certify does not only reside in the fact that it is a holistic approach, but also in the rigor and the strictness of its requirements. *"We were quite encouraged by the fact that there was such a strict certification criterion because it means that not everyone can do a little bit and become a B Corp. You do need to do quite a lot to become a B Corp. We understand that it's a quite strict assessment and, for us, it was actually a good thing because it meant that we needed to meet certain standards, which we were, but that other needed to meet other standards to become a B Corp. It's not some certification that everyone can just get. Having said that, of course, it's great if more and more companies become B Corps, but only if they are all following the same king of protocol in their supply chain"*.

Secondly, the B Corp certification also embodies an action plan helping organizations to structure and improve impactful businesses. The N Group and atlasGO are particularly interested in the guidance the label provides. The American social business even states: *"We wanted to have a company that had a little bit a plan to follow. B Corp has strong criteria. The first reason we chose it is that, when you're building a company [...] You don't know governance-wise what you're supposed to be doing. For example, our first employee is having a baby and he asked us: 'What is the paternity/maternity leave?'. We were like we had to put all this for him. You have resources where you can look in the B Corp network. [...] There is just all of these rules and helpful tools that really helped us made sure that we were building a good company"*. Shayp and Tony's Chocolonely agree with Befimmo on the fact that: *"The motivation behind it is really that the B Corp becomes a motor to improve all kinds of small or bigger aspects within the company"*. This idea of the B Corp certification being an action plan for improvement is shared by the academics mentioned in our literature review. Villela,

Bulgacov and Morgan (2019) integrate this motivation in the list they built for Brazilian B Corps.

1.4. The Proof of Credibility and Trust

Furthermore, companies like Shayp, Simone a Soif! and the N Group want to certify to defend their credibility as sustainable businesses. For Shayp, the B Corp certification represents a guarantee of credibility, both economically and technically. It is a way to prove to the world that they are profitable while doing good by saving water. Furthermore, Antoine de Menten's motivation to certify is: *"To make our engagement real because we already do most of the stuff. We are already more B Corp than plenty of companies, but there is nothing written. Just to show the world what we do, who we are and that the ecosystem we live in is the right one. It's not only a good speech and advertising, it's also what we do. To show that's what we are. There is plenty of good food startups in Belgium like Kazidomi and other ones. We feel part of this community, but there is nothing to prove that we do the right thing"*. Just like Simone a Soif!, the N Group desires to certify to communicate its sustainable commitment in a way that rules out greenwashing. Once again, this resonates with the academics' claims as they identify one of the global motivations of CBCs as being able to externally convey their values and identities (Parker et al., 2018).

1.5. The Belongingness to a Community

The last but not least motivation to certify is to be part of the B Corp Community. As it was stated in the advantages of the B Corp certification, the B Corp Movement is great to attract investors, employees and consumers. Attracting impact investors that are very sensitive to the B Corp label was a significant driver for Shayp. Indeed, Ingrid Nolet is convinced that the certification will give them the credibility to raise additional funds for their mission. Nevertheless, the B Corp Movement is more than its external stakeholders. Tony's Chocolonely, Shayp and Triodos Bank characterize it as a network of impactful companies, whom one can partner with and learn a lot from. Triodos Bank's motivation was: *"To join a movement which was very worthwhile, to contribute to the network and also to be among companies who share a mission that aims at making the world a better place. These are the 3 reasons to join the B Corp Movement. [...] I think if you achieve the certification, you enter a club of very beautiful and fun companies. It's a privilege to be amongst these companies, they are fun, and they are great. They have a very different vibe and it's very positive"*. Nonetheless, Digiteal says that B Corp is still unknown to most their customers and stakeholders. According

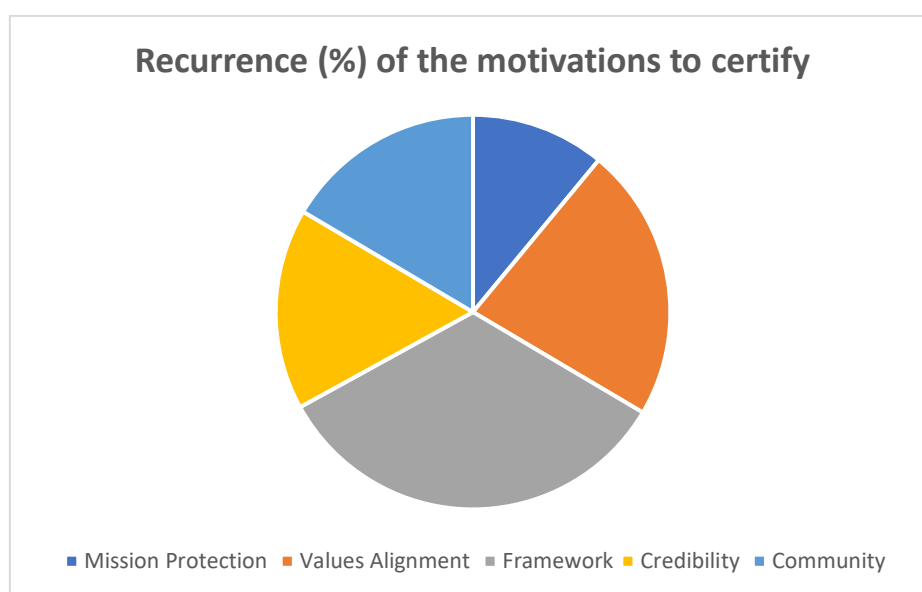
to Vincent Truyens, this comes from the fact that the B Corp Community does not have strong credentials yet, at least in Belgium, and is rather piloted from the Netherlands. However, several participants have argued that the Belgian B Corp Community is coming together.

This motivation is the one that comes up the most in the literature. Indeed, it seems that CBCs all over the world are motivated by this sense of belongingness and by the relationships with like-minded individuals. Academics identify the branding to customers, the access to investment and the partnerships as being the main drivers of this incentive (Marquis et al., 2011; Villela et al., 2019).

1.6. Conclusion

To conclude, most of the motivations given by our interviewees resonate with the literature. Our participants are motivated to join the B Corp Movement for its values, for its holistic and strict action plan, for its guarantee of credibility and for its network. However, one motivation, namely ‘the protection of the mission’, is not supported by the academics as a motivation, even though it is identified as a benefit. The underlying table summarizes the insights of the participants concerning their motivations to certify. The most recurrent one is the B Corp certification as comprehensive framework (Table 1). This suggests that most organizations are driven to join the B Corp as a way to assess their performance and to be guided to improve it.

Table 1: What is the recurrence of the motivations of the companies in the process of becoming B Corps or already certified?



2. *What are the micro-factors influencing the obtainment of the B Corp certification?*

2.1. The Identity

The first factor that all the participants agreed upon is the identity of the company which translates itself in its values and its structure. Vincent Truyens argues that when sustainability is engrained in the motivations and the DNA of a company, certification is like a natural recognition. Because of this DNA, they will already have implemented practices such as environmental management systems or participatory management, that will make it easier for them to certify. If it is in their DNA, it is who they are, even though there might be room for improvement. We will regroup our interviewees' companies in 3 types of profiles to explore this: mission-driven companies, companies having CSR at the core and firms having it at the periphery.

Some participants express that, by being purpose-driven companies, their certifications are natural extensions, as they all integrate the B Corp philosophy at their core consciously or not. atlasGO and Montagne Alternative are 2 CBCs that were created in line with the B Corp principles. Firstly, atlasGO, as already mentioned, decided to put impact at the center of everything it does as a company. This motivated the startup to pursue the Benefit Corporation status and the certification, as 'Pending B Corp', from the beginning. By using the certification as a structure, it included it in its DNA, which made a failure to certify practically impossible. Montagne Alternative went through a similar journey when Benoît Greindl decided to apply the B Corp philosophy, under the regenerative principles, to develop its real estate business. Hence, the B Corp is in the blood of both companies. Furthermore, Shayp, Tony's Chocolonely and Triodos Bank also posit their mission-driven identity as the main factor influencing their certification. According to Pavithra, Tony's Chocolonely is an impact company that makes chocolate and not a chocolate company that makes impact. In light of this, they have one strategy linked to this impact objective. They were already ethical and sustainable before getting the B Corp certification. They did not have to change to get it and that is what helped them to successfully certify. This is emphasized by Thomas Van Craen that states: *"I think if you look at Triodos Bank, our mission is not to be a bank. Our mission is to help transform society through a conscious use of money. The fact that we had a very strong mission with a clear societal perspective helped Triodos Bank to become what it is and definitely ensured that all the issues and more that are raised during this certification are issues that, somewhere down the line during the history of the bank, we have thought about, found a solution for or already*

being looked at right. So, being a mission-driven company, having a purpose-driven company absolutely helped the certification. This is the most important”.

Companies can also be very engaged in sustainability without being mission-driven and still have a facilitated journey throughout the certification. This is exemplified by the experience of Befimmo, Digital, N Group, Orcadia Asset Management and Simone a Soif! These companies are the ones that have considered certifying this year. All of them have CSR at the core and this good is translated into their practices and their structural architectures. For instance, N Group has been using participatory management for years and is CO2 neutral since 2015. Orcadia Asset Management focuses on both CSR and SRI while using a collective approach. For them, CSR is not a commercial gimmick, but the direction they aspire to follow. In this sense, certifying will be easier for them.

Lastly, we present the case of traditional businesses that might have CSR at the periphery and desire to certify. According to atlasGO, Tony’s Chocolonely and Triodos Bank, these are the companies that are going to have the toughest certification. Indeed, as they have not integrated purpose yet, they will have to restructure to do so which can be very discouraging. According to Tony’s Chocolonely, this inward look on their DNA is what complicates it for them. The Managing Director of Triodos Bank presents it as: *“While if you are a more traditional company and you’re using the B Corp certification as a way to guide you towards being more sustainable and have a more positive impact on society, you drag all that legacy with you and it makes it more complex because you will have to review your relationships with your employees, with your suppliers, with your clients. You will have to review your manufacturing processes maybe or you will have to review your contracts. You really go through a soul-searching exercise and you will have to review the entire operations. I don’t think it’s only scale, but where you come from, your background as a company that will make it easier or more complicated to certify”.*

This threefold aspect is supported by our literature review, where we dedicated one section to the Organizational Design, which incorporates the culture and the structure of aspiring CBCs. Battilana and Lee (2014), for instance, posit the level of integration of purpose as a key element in the organizational structure of a company.

2.2. The Country

The second factor that stood out from our research of the enablers and inhibitors of the B Corp certification is the country a company is located in. As it was mentioned in the literature review, the B Corp Movement has started in the USA in response to the Shareholder Primacy Norm. 3 instruments came out from the creation of the B Lab: a set of standards, a new legal form and an impact rating system. We will focus on the 2 first ones here. The creation of a new legal form, the Benefit Corporation, is something very American. atlasGO, our only American interviewee, shares the following about its journey becoming part of the B Corp Movement. *“In terms of how we are built, we incorporated in June 2016, originally as a C Corporation to then be able to transfer to a ‘Benefit Corporation’, which is a legal entity here in the US that is different from the certification of B Corp, but is basically, as a physical entity, a way to have a lot of bylaws and insure you’re protecting your mission, etc. ... For the certification of B Corp, this is a really big bonus in the US, in terms of how you fit in the criteria to get like higher assessment points”*. Hence, it is suggested by Magali Mathieu that companies incorporating as Benefit Corporation benefit from it during the certification as they already score higher on the criteria. However, Eglantine Eeckhout explains that: *“There is a question about the statutes, it has to be mentioned in your statutes that you’re a company for purpose, but it’s not organized like this in Europe. Sometimes, it’s not fully made for the European companies”*.

This assumption is supported by Befimmo, N Group, Tony’s Chocolonely and Triodos Bank that argue that the B Corp certification is a very Anglo-Saxon tool. In light of this, European companies are very confused when taking the BIA as there are questions that they do not really understand, examples that they are not familiar with or even options that do not fit their businesses. Pavithra exemplifies this by saying: *“It’s like fitting a square peg in a round hole”*. These discrepancies come from the fact that the Northern American system is very different from the European one. The European governments are usually more actively involved in business practices than the USA, for example in terms of insurance or parental leave. Hence, the BIA often requires companies to put policies and practices in place on their own to fill that gap. Nevertheless, the European organizations having this set up by their governments are unable to get these points. Thomas Van Craen provides a specific example: *“You get more points if your employees own your companies and that’s a very Anglo-Saxon view of a structure that seeks a better balance between the different stakeholders. We view it very differently where we see that there is a role for employees and they work in the company and they realize the*

mission of the company, but we see a different role for the shareholders who give the capital and enable that the company is actually fulfilling its mission". In addition to this, Digiteal declares having felt this cultural mismatch during its Documentation Review, as the reviewer was American and did not really grasp the European specificities. The N Group goes even further by expressing its concerns relating to B Lab Benelux. Indeed, so far, there has been one B Lab in charge of Belgium, the Netherlands and the Grand Duchy of Luxembourg, located in Amsterdam. This also limits the certification of certain companies as Dutch and Belgian laws differ. Ingrid Nolet also declares that B Lab Benelux is not familiar enough with the Belgian Market.

To conclude, the location of a company will have an impact on its certification as the BIA is very US-oriented. Firstly, it favors companies amending their statutes, which is something very American. Secondly, it does not catch the specificities of the various countries it claims to represent. This might result in a lack of understanding from the companies striving to certify and might lead to their failure to comply. This is a very important element that organizations have to be aware of when starting to tackle their B Assessment. Nevertheless, Cintia Procaci reacts to this claim by explaining that B Lab is actively working on this matter and that the 6th version, that they have recently launched, is much more international. Vincent Truyens also adds that this is not just inherent to the B Corp certification, but to the ISO 26000 as well. This factor is not supported by academics in our literature review nor is it documented as a challenge that the B Corp Movement is undergoing. This probably comes from the fact most studies used in the first part of this paper are American and, henceforth, do not tackle European business cases.

2.3. The Community

During the last section, we introduced another factor that our participants deemed influential, the Community. In the USA, the sense of belongingness to the B Corp Community has proven to be a motivation to certify, but also a benefit once certified. In Belgium, according to Eglantine Eeckhout, the fact that there is no B Lab's point of contact could be preventing companies to certify. A specialized Belgian subsidiary does not exist yet. This means that most companies have no clues of what they are doing when they are jumping in the B Corp certification. Despite this, the Belgian B Corp Community is still growing and helping companies certify. Befimmo, Danone and Simone a Soif! defend that having contact with CBCs from the same industry really helps to understand the specificities and the requirements of the certification. Eglantine

Eeckhout states: *“What I would advise to a company who would like to certify easily is to ask another one what they suggest in terms of processes. [...] I think that’s a great advantage for an organization to have advice from other B Corps”*. In addition to this, Vincent Truyens advocates that what could facilitate one’s certification is the arrival of a growing number of B Leaders, when companies can afford it. Indeed, what drove Shapp to really go on with its certification is the support of experts in the field.

Hence, one can assume that the B Corp Community is an asset for companies desiring to certify as it strongly influences their certifications. However, Vincent Truyens defines it as both a facilitator and a hindrance for Belgian companies due to the current situation of B Corp in Belgium. This enabler or inhibitor of certification is not documented by academics as such. In our literature review, the Community aspect is developed as a benefit of the B Corp Movement by Honeyman and Jana (2019), Stubbs (2016), and others. It is also brought forth in the challenges, as Mackey and Sisodia (2014) question the future significance and the expansion of the Movement.

2.4. The Internal Stakeholders

Another factor that came forth very often during our interviews is the importance of internal stakeholders in 3 different ways. First of all, according to 1/3 of the respondents, getting the leadership on board is key. A company might have someone interested and willing to take on the B Corp project, but if leadership is not behind it, the probability that this company will certify is low. Benoît Greindl emphasizes the importance of the top management in the B Corp certification through this testimony: *“I do believe that the first step maybe is to work with the leaders and the shareholders in order to really change their mindset and make evolve the way and the why they do business. I do believe that if you don’t have another intention than just maximizing the profit, it doesn’t make sense and this is what the business schools are still teaching recently, that the purpose of a company, an organization is to maximize profit, only that. The first thing they need to have is the posture, the culture, the intention, the desire of the leader and the shareholders is that deep intention to use business as a force for good. I think it’s key and it doesn’t fall from the sky. It’s something that is coming. It’s the reason of a personal journey. When you have that, it’s the starting point for a real cultural transformation and, then, an organizational transformation and, then, maybe a real shift or a real switch or change of operating systems where you start to do business differently. [...] I had to adapt the statutes of the company. It means that you need to explain to your board what you do and*

sometimes again, especially at the beginning people were just considering that it is something crazy, that has no link with business". Indeed, the N Group reports that what really helped them is that their CEO was the one initiating their sustainable transformation and that their Executive Committee was strongly supporting this.

Apart from the support and motivation of the top management, 1/3 of the interviewees also insist on the importance of having someone internally dedicated to the B Corp certification. Cintia Procaci complements this by saying: *"It's very important to have someone internally in the company, we call it 'internal champion'. [...] It's very important to have someone that is convinced the B Corp certification is right for the company"*. Indeed, the B Corp certification being so rigorous and lengthy, it is key to have someone overseeing the whole project. That person will be responsible for engaging the leadership and the team but will also be the point of contact with B Lab and inside the company. For instance, Pavithra Ram is the 'B Keeper' of Tony's Chocolonely. Even if a company might not have the resources to hire someone to play the role of internal champion, someone needs to be appointed to centralize everything.

Lastly, 1/3 of our participants defend that it was key for companies to involve their teams from the beginning of the certification. As the internal champion will need a lot of data, he or she will eventually need the help of the departments or the employees specialized in one of the B impact areas. In order to get access to this documentation, it is central for that person to engage the rest of the staff to be able to rely on their collaboration. The co-founder of Montagne Alternative develops this further by expressing the following: *"The other challenge is to explain that to and to involve your staff in the transformation and explaining why and how you will do it and how they can participate and how they will benefit from it. It's really a new culture, a new way of doing things. I think that the cultural shift, I see that in other organizations, is very important and something not easy to implement. You need to walk the talk. You need a bit of consistency and, then, explaining that to more traditional people that are related to your organization, either at the board level or the business partners. It's not always so clear"*.

The importance of internal stakeholders such as the founders, the governing board, the staff and the person in charge of the CSR reporting is strongly supported by our literature review. Villela, Bulgacov and Morgan (2019) emphasize the importance of leaders and their characteristics in the B Corp certification. They also confirm the key role played by the governing boards and

their compositions. Furthermore, André (2012) and Honeyman and Jana (2019) strongly recommend the appointment of an ‘internal champion’.

2.5. The Timing of the B Corp Certification

Throughout our interviews, one aspect that was oftentimes repeated is the need for time and resources. According to most of the participants, the B Corp certification requires a lot of data. Startups and SMEs define this as being a factor determining the obtainment of their certification in the following sense: Small and young structures are often doing a lot in terms of social and environmental responsibility, but lack the time and the resources to formalize these, which results in a lack of formal documents to certify. They expect bigger companies not to undergo such a difficulty. According to other respondents, this is not the case. Older and bigger companies that we interviewed are also lacking time. Although they are expected to have the resources to invest in such an assessment, they often have established procedures and policies that need to be amended to fit the BIA requirements. Hence, we conclude that, even though time and resources influence greatly a company’s B Corp certification, they are not factors helping or impeding a company in this endeavor because it is a difficulty shared by all the companies and because it is characterizing the B Corp certification. We even posit that companies are motivated to adopt the B Corp label because of its completeness and strictness. Like Cintia Procaci explains, the beauty of the certification resides in the fact that one has to prove everything.

When we were talking to our participants and, after that, analyzing their answers, we realized that it was not the formalization that influenced the success or the failure to certify, but rather the timing at which companies are certifying in relation with their profiles. In light of this, we define 4 different events: the creation of a company, the existence of a company as SME, the growth of an SME and the existence of a company as bigger and older.

atlasGO’s journey embodies the first event in our timeline. Magali shares: *“As soon as we started, we knew that we wanted to become a certified B Corp. So, we became a ‘Pending B Corp’ which is what you can be for the first year when your company has only been there for a year and it’s something we really recommend to startups because it’s making you think about all the things you need to adapt and how to become B Corp from the get-go. [...] We did the pre-assessment and it helped us build things throughout the assessment. Because we were so early and because we became the ‘Pending B Corp’ for a year, we had a year to really set*

everything in place to really become aligned with the assessment. [...] I think we did it the right way because we did it from the get-go. I have so many friends entrepreneurs that are looking at it now, 3 years later and are like: 'This is such a pain. There is so much that we didn't think about''. Hence, when a company is created, it has to deploy a lot of resources and spend a lot of time on building its business. Doing it aligned with the B Corp requirements helps companies invest prematurely in resources and actions that will not only allow them to pursue their goals, but also put in place every aspect required to certify.

Secondly, when a SME decides to certify B Corp, the B Corp certification is going to be challenging in terms of time and resources, monetarily and humanly. It is often believed that smaller companies can more easily certify because of their agility. However, this often prevents them from documenting and formalizing everything in line with the certification. For example, Orcadia Asset Management decided not to go through with the B Corp certification as it wants to remain flexible and has an adverse attitude towards administrative work. Furthermore, SMEs often rent their offices or join workspaces, this prevents them from being able to document some details required to obtain the B Corp label.

We identify the third step in the life of a company as being its growth from SME to a bigger entity. Again, this phase is characterized by its need of structure and guidance, whether or not the company is striving towards the B Corp brand. Companies doing it aligned with the label will be saving part of the investments they would eventually have to dedicate to the certification. For instance, Shayp is lacking the documentation required to certify. They are aware of it and they are using this requirement of formalization as a support to further grow.

Lastly, companies can choose to certify when they are defined as 'old and big'. While some think that this phase might be a better one for companies to certify than when they are younger and smaller, bigger companies also lack time. It is not only a characteristic representative of SMEs. Mature organizations do have an advantage resource-wise. They have more means to hire someone in charge of the certification, to be more flexible in their hiring opportunities in terms of diversity and inclusion and to have their own offices to document. However, they often have very complex structures and backgrounds and are already detailed in terms of procedures and practices. This inflexibility makes the certification more complex to comply with.

To conclude, every type of organization needs more time and resources in order to certify. The factor that will influence positively or negatively the B Corp certification is the moment at which a company will chose to pursue it. Magali Mathieu from atlasGO resumes this very well by recommending: *“If we are talking about startups and like early companies, I would say do it as soon as possible, even if you’re starting [to think] about building a company. Becoming a ‘Pending B Corp’ is not a whole lot of work and it’s very worth it. If it’s a company that is older and that has been around for longer, I think they need to start looking into [it] ASAP and ensure that they have the resources to allocate to people really taking care of this certification”*. This aspect is not documented as such by scholars. Nevertheless, it is supported by our literature review, when the age and the size of a company are defined as influential factors for the B Corp certification (Parker et al., 2018; Sharma et al., 2018).

2.6. The Type of Activities

The type of activities companies engage in also appears to be of importance for the B Corp certification. However, this factor is very nuanced. Firstly, 1/3 of the interviewees mention that the BIA is not considered as adapted to all the industries. Befimmo, Digiteal and the N Group are 3 companies that face this limitation. Cédric Nève reports the following: *“The questions or the answers were not really satisfactory to really explain what we were doing in some aspects, but those were very few. In other cases, we found that this wouldn’t apply to us”*. Hence, it appears that, because the BIA fails to grasp the specificities of an industry, companies that could be certifying easily are not. They might be losing points on aspects that actually make them responsible in terms of governance, society or the environment.

A lot of companies describe the type of activities to be relevant, but they also contradict each other. For instance, atlasGO explains that product brands might have a harder time certifying due to the complexity of their supply chains. However, when compared to the tech industry, Magali Mathieu says that they have more options to be sustainable as they are active in an older and more consciously developed market. Vincent Truyens also argues that an organization providing services would certify more easily than those having long value chains. On the one hand, the BIA does not seem to be adapted to service companies which would make their certification harder. On the other hand, other types of organizations often face a more challenging certification, according to Thomas Van Craen. Firstly, because there are obviously organizations active in some industries that will never be allowed to certify, as arm producers. Secondly, because some companies are located in a grey area. For example, a brewery can have

a negative societal impact as it is producing alcohol and ‘encouraging’ its consumption. However, it can also generate positive impact in the way it is producing its alcoholic beverages. Industries located in this grey area will be required more in terms of disclosure and transparency in their BIA. In addition to this, they will be considered based on how they minimize the negative influence they might have. Hence, it appears that companies active in more traditional industries have a less complex time certifying, while they might be subject to more rigorous requirements. In this sense, the type of activities does matter and will help or limit a company’s B Corp certification.

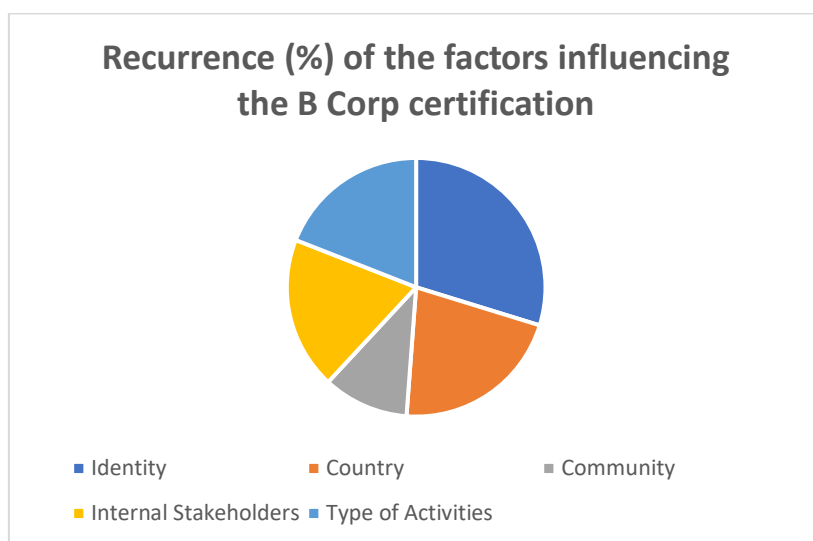
Nevertheless, Thomas Van Craen explains that it goes further than that. Indeed, the background of a company also influences its probability to certify. Organizations like Tony’s Chocolonely and Shayp do not define the industry as being an enabling criterion. Tony’s Chocolonely’s case might be particularly surprising as one might expect the cocoa industry to be in the grey area. Despite this, the chocolate producer did not have a hard time certifying and this comes from its background as a mission-driven company. As they were created to resolve their industry’s issues, their type of activities has never been one.

A company’s industry seems to facilitate the success or failure of the B Corp certification, since it influences the stringency of the BIA and the DQ. However, companies that started their business sustainably do not think of the type of activities as an influential factor in their certifications. This suggests that the industry is contingent upon the background and the complexity of a company. This is documented by André (2012) and Chen and Roberts (2013) who points out that some sectors might be affected by their CSR abilities. This implies that companies can have a better extra-financial performance and chance to obtain the B Corp label depending on their types of activities. Our research complements this assumption by going further into details.

2.7. Conclusion

As a conclusion, the factors that we identified as influencing, either positively or negatively, the B Corp certification of companies are the identity of the company, its location, its B Corp Community, its internal stakeholders, its timing of certification and its industry. The one that was repeated the most by our interviewees is the identity of the organization, namely whether or not it was integrating a mission or CSR at its core (Table 2). The timing as a determinant is not integrated in the following table, as it was not mentioned as such in the interviews.

Table 2: What is the recurrence of the factors identified as influential for the obtainment of the B Corp certification?



3. What are the reasons behind the discontinuation of the B Corp certification?

Before we go on developing the reasons why companies discontinued their certification, we think it is salient to remind that no B Corps having lapsed from the Movement agreed to testify. In light of this, this part is a sample of testimonies from experts that might have had to deal with those companies and from organizations, aspiring to be or being part of the Movement, that might have come across peers experiencing this.

3.1. The Requirements of the B Lab

The first motivation that was identified thanks to our participants is that CBCs might have had a hard time upholding to the standards set to them. It has been explained earlier that the B Lab and the Standards Advisory Council have just launched the 6th version of the BIA. This update is responsible for changes in the future re-assessment of certified companies and might increase the stringency of the standards they have to meet. Furthermore, an important characteristic of the recertification is that companies have to go over an updated BIA, which, once more, increases the rigor required to certify. Hence, companies recertifying should expect to encounter similar questions, but also updated or, even, new ones compared to their initial certifications. According to Cintia Procaci: *“The certification gets more and more difficult. I can tell you. I’m going through an evaluation now with B Lab, with a company. It’s a lot of work, for real. If the company doesn’t do it for real, I don’t think it will last for a long time. [...] I think the day you get certified, do not relax and say: ‘Oh, now I am certified’ and that’s it. This is a very important factor. Don’t just relax, forget about it and remember about in 2 years’ time because it’s going*

to be too late. It also depends on the score that you had when you got certified obviously because, if you're a company that had 120-130, that means that you have already a lot of things in place. If you're a company that got 80-82, that shows that you need to be on your toes during the next 3 years because otherwise you're going to have a bad surprise when you prepare yourself for the certification because you need to fill in the BIA again obviously. [...] This is an important factor for the recertification". This B Leader's point of view is backed by what atlasGO is experiencing in the wait of its first recertification. *"I guess what I was talking about earlier is that like you know you don't have reminders of anything in between the time you certify to 3 years later. It's not top priority and maybe you forget about the policies you need to put in place and how to continue that. You kind of get to the certification and you're like: 'We didn't take care of this well enough and it's going to be so much work recertifying, it's not worth it'"*. Indeed, as the N Group posits, the certification is a very heavy process, which takes time and energy. If considered too demanding by a company and if no one takes care of it internally, it might happen that CBCs get discouraged and do not succeed in certifying or decide to jump off the boat.

Thomas Van Craen from Triodos Bank goes further positing that the upholding to such standards might help reveal the authentic sustainable and ethical organizations from the other ones. He declares: *"I think sustainability or a positive impact as a company is not a state, it's a state of mind. It's work that you have to do every day. So, if you [...] certify and you don't look at your products and processes or employee engagement or any of these supply chains [...], you're standing still in terms of sustainability and you will probably have a more difficult task recertifying after 3 years. [...] Entrepreneurs and leaders who are genuine about increasing the positive impact of the company and decreasing the negative impact of their company. This is something they work on every single day. So, the gradual strengthening of the standards will benefit and reward entrepreneurs that are really committed to increasing their positive impact"*. Cintia Procaci supports this view by exemplifying that companies certifying only for marketing reasons will not last very long. In light of this, atlasGO comes up with a proposal: *"One thing that could be better about B Corp in general is like maybe having bi-annual checks so that you could remember. It's not like we certify and, then, we forget about it and, then, we recertify, but it's hard when [...] things are changing to be like [...] it has to be on this or every time you do this, it has to do that, especially when you're a startup, it's such a changing environment"*.

Moreover, as discussed in the literature review, there are different processes of certification according to the profiles of the applicants. The Managing Director of Triodos Bank explains that special requirements have been set up in these processes and might prevent specific organizations to reiterate their certification. *“For example, if you’re a subsidiary of another company and you share the same name, you can certify, but you can only recertify if your parent company has also certified. The fact that the parent company cannot certify might impede a subsidiary to recertify. These are inherent to the rules and I think this is just fair because you don’t want a group to carve out sustainable activities in a subsidiary that carries the same name and have the subsidiary get a certification and the group using that certification to profile itself as a sustainable group and blurring actually the lines between the group and the subsidiary. You want to avoid that”*. This reason confirms our literature review, where it is explained by Moroz (2018) that companies can be discouraged when the B Lab raises the bar of its standards or can be forced to quit due to institutional barriers.

3.2. The Value Drift inside the CBCs

Sabrina Courtois states the following: *“I think the Movement is evolving a lot, it’s getting bigger and bigger. Sometimes, you may lose track of it. The reason why you engage at first may be different in the next years. [...] Maybe companies may not see the value in the certification in the end. This would lead to decertification”*. Indeed, one of the reasons driving CBCs to give up on their certification might be the fact that they do not see the added value in it anymore. This assumption is supported by Triodos Bank, Shayp and atlasGO, which justify it as follows: *“A lot of companies that are not part of the Community or don’t see the benefit of being a B Corp, then, don’t see putting in the work as effective”*. This factor is also supported in the literature by Conger, McMullen, Bergman and York (2018) which states that companies might lose the motivation to certify when they are not internalizing the values of the B Corp Movement. Moreover, Cao, Gheman and Grimes (2017) argue that CBCs are often certifying to differentiate from their peers. Should their competitors certify in between their certification phases or should their stakeholders see it as greenwashing, some companies could lose their initial motivations.

3.3. The Growth of the CBCs

As it has been discussed in the section *‘The Difficulty to Uphold to the Requirements’*, standards change. However, they are not the only ones evolving. CBCs are too. The fact that companies are growing in their post-certification phases creates an additional challenge for their

recertifications. This adds up to the difficulty to uphold to the original set of requirements. atlasGO will probably experience this soon as the startup has grown and evolved a lot. In this sense, it is expecting to be surprised when the time to recertify comes about. However, its growth might not only have negatives consequences. *“Some new things that will help us to certify is the growth of our team because, as we have grown, we have become a lot more diverse and that’s something that we have made a priority because we know the importance of that and I think that’s an assessment part that we will be able to score much higher than we did than when we were 3 white co-founders, as we are now a much more diverse and inclusive team”*. Like atlasGO soon, Tony’s Chocolonely faced its recertification in times of growth. *“Tony’s grew very big, very quickly. It kind of went from 50 to 150 [employees] in 2 years. There was a large growth. You have a lot of positive impact from a large growth, but then you do have negative impact when you grow so much as a company. It would be an impediment if we didn’t learn from that, but because it’s so core to what we do, we do learn from it”*.

Furthermore, there are other factors linked to the growth of a company. For instance, when organizations experience a slowdown in growth, which will probably be the case due to the coming crisis. Sabrina Courtois assumes that: *“We could expect a lot of companies not being able to engage as many workforces as they could have done in the beginning of the certification because they have to put the workforce elsewhere. This could lead to a strong decertification within B Corp”*. This is further developed in the literature where it is stated that companies are prioritizing their financial performance over their extra-financial one for efficiency reasons or due to institutional barriers such as mergers (Stubbs, 2016; Moroz, 2018).

3.4. The Internal Changes pertaining to the CBCs

Changes inside the company can also be responsible for the abandonment of the certification or the failure to recertify, especially the ones relating to the turnover of the internal stakeholders. Sabrina Courtois identifies 2 possibilities, each of them respectively backed by Cintia Procaci and atlasGO. First of all, the top management might change which would trigger the reconsideration of the company’s vision and, hence, their B Corp certification. Secondly, if the ‘internal champion’ or ‘B Keeper’ of the company and/or even more employees participating in the B Corp certification leave, this latter one might not be taken up by their covers. Data might also get lost during the transition resulting in lapse. These particular assumptions are not supported by our literature review, at least not explicitly. Indeed, no section relates to the turnover of the internal stakeholders as a reason for discontinuing the certification. However,

Moroz (2018) posits that institutional changes, such as acquisitions, are responsible for decertification. Indeed, these often imply the turnover of governing boards and employees. Furthermore, this section reinforces the idea that the internal stakeholders of a company are influential factors in the B Corp certification.

3.5. The Cost of the B Corp Certification

In order to get a certification, one has to pay. There is no exception for the B Corp certification. Indeed, companies have to pay a certification fee that varies according to the organization's annual sales and region of activity. According to our participants, especially Sabrina Courtois, Eglantine Eeckhout and Vincent Truyens, the cost of the certification is a factor that might prevent companies from renewing their memberships. Tony's Chocolonely assumes that: *"If you're a small company starting off and you look at it from a return on investment point of view, maybe that makes you rethink. You can do all of the things that B Corp requires you to do without being certified as well"*. The cost of the B Corp certification is not explicitly defined as a reason to decertify in the first part of our paper. However, academics often refer to the important amount of resources required to certify. This requirement incorporates the certification fee as well as the adjustments needed to match the 80-points threshold (Parker et al., 2018).

3.6. The B Corp Community

The B Corp Community can also affect the companies' status of certification in 2 different ways. Firstly, CBCs might not value their certification anymore if their consumers do not value it. Indeed, we already explained in the literature review that the value of the B Corp Community is contingent upon its region. It might not be as strong in Europe as it is in the United States of America. Eglantine Eeckhout even posits: *"I know that some B Corps in Belgium are a bit concerned by the fact that nobody knows the certification so they cannot build on the reputation. [...] That was an issue for B Lab Europe because nobody knew the certification"*. This is backed by Thomas Van Craen's insights on the B Corp Community in Europe. *"I know that this is an expectation of many of the members to also make of the B Corp certification a retail brand so that retail customers could actually pay a premium or at least value this B Corp certification when making a purchase choice. We are not there yet, in certain areas for example in South-America, they have tried to create that awareness in consumers, and I think they have succeeded somewhat. Here in Europe it's definitely not there yet"*. Even though the weakness of the B Corp Community in Europe, especially in Belgium, is raised by many of our participants, they

all confess that this will evolve in the coming years. Sabrina Courtois even defends that: *“Maybe also seeing more competitors and seeing more people from the same industry coming in can have a virtuous circle movement”*.

Secondly, Eglantine Eeckhout and Vincent Truyens argue that some CBCs left the B Corp Movement because of the arrival of big companies, such as Danone and Alpro. As they considered them less sustainable, they did not want to be associated with them under a shared label. Indeed, according to atlasGO, the certification of multinationals appears to inspire apprehension instead of accomplishment. Magali Mathieu says: *“One of the things that was a really big conversation at the last B Corp Summit [...] was the subject of multinationals becoming B Corps. When Danone US first started to become a B Corp, the big issue that people had is that, because B Corp as an entity is really small, [...] if really big companies come on board and there are only 4 B Corp employees, then, obviously the attention is going to be towards that. So, what is driving the new B Corp certification and how do they make sure that this doesn't harm the B Corp name? A lot of little B Corps are against big companies being part of the B Corp Movement because of this”*.

Because of its stakeholders' awareness and because of the influence of multinationals on its reputation, the B Corp Community represents an important lapsing factor. This finding is not supported by our review of the decertification determinants. Indeed, it is rather incorporated as a challenge that the B Corp Movement is currently facing. Academics have not yet been able to document the future reach the Movement nor the impact of multinationals and big companies on it.

3.7. The Survival of CBCs

Our last reason was identified thanks to Benoît Greindl from Montagne Alternative. Earlier, it was expressed that companies could discontinue their certifications because of a growth slowdown. Indeed, the requirements of the B Corp certification combined with a low performance might end up being detrimental for some organizations, especially for startups facing a high mortality rate. *“By getting the certification, somehow you put more constraints on your business so it's creating more management complexities in one way. It's not a guarantee. It's not because you do things right that your business model is good. You still need to be competitive and have attractive products, a value proposition that makes sense, it's not enough to be a B Corp. You need to have a good business model, a good value proposition, a good way*

to operate, a good segmentation, a good channel of distribution. On top, you need to be compatible and be aligned with the requirements of the certification. It's not a guarantee, an insurance that it's going to be okay. But, I believe that if you had that, do something that is positive, if you had the right business, the right business model, the right culture based on those values, somehow you are enhancing the probability to survive, to be more resilient and to adapt better when your industry is evolving or when you're going through a crisis. It's not a guarantee, but it's a nice thing to have to reinforce your strengths". Furthermore, Sabrina Courtois remarks that companies might have to reallocate their workforces elsewhere, especially during the coming crisis. This last assumption is even more detailed in the literature. It is explained that young and small businesses, having a lot of processes and practices to invest in, might suffer more from the certification than their bigger and older counterparts. Their focus on adjustments might even lead to attentional deficits which negatively influence their performance (Parker et al., 2018). Of course, this might not always be the case and any company might collapse for personal reasons.

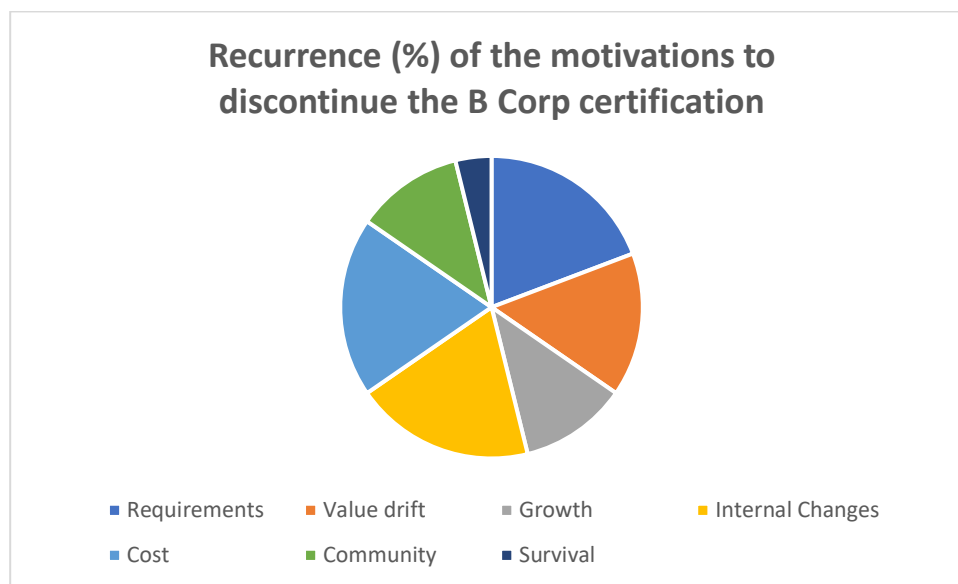
3.8. Conclusion

To conclude, we identified 7 reasons for the discontinuation of the B Corp certification. Companies might abandon their certification or decide not to renew it:

- If the standards are too difficult to uphold to;
- if they do not see any added value in it anymore;
- if their growth is too challenging;
- if internal changes drive them in another direction;
- if the certification is considered too costly;
- if the B Corp Community fails to play its part;
- or if the companies simply cease to exist.

The increase of the requirements' stringency, the internal changes and the cost-cutting factor are the most relevant ones following our respondents (Table 3). In general, this matches the assumptions of our literature review, even though some are completed by deeper insights into the topic. The 2 motivations that are not mentioned in our interviews are the mission drift of companies and the timing of the certification. Nonetheless, these 2 elements are salient in the first parts of our analytical research.

Table 3: What is the recurrence of the various motivations of the companies discontinuing their certifications?



Generally, the participants we interviewed were quite surprised to hear that some B Corps were not going through with their recertifications. Few of them had heard of this phenomenon. According to Thomas Van Craen, member of the Developed Markets SAC: “*Often, companies are extremely proud to certify because it’s an extremely huge achievement and, as long as B Corp keeps its integrity in terms of certification, I think that most companies will seek a recertification*”. Even though the decertification and the abandonment of the certification exist, we assume them to be very rare, especially in Europe, where the B Corp Movement has just started.

The last motivation analyzed in this section was ‘*The Survival of CBCs*’. This aspect appears to have become all the more salient with the recent emergence of the coronavirus. Because CBCs will obviously be impacted by this event, because the literature states that B Corps performed better than their peers during the last crisis (Chen & Kelly, 2015) and because we had access to an important network, we decided that it was important to cover the impact of Covid-19 in our research and we discovered the following. Firstly, Magali remarks that the Covid crisis highly impacts the B Corps in the United States of America, especially in the Bay Area. She assumes it to be especially hard for small companies as the USA do not have the support of loans and funds that the European B Corps might have. Furthermore, the USA have appeared to be particularly negatively influenced as so many key events of the B Corp Community have been cancelled and as they have struggled to adapt virtually, having other priorities. On the contrary,

Pavithra from Tony's Chocolonely declares the following: *"I have been really appreciative of how the B Corp Community has come together. Not just the company, but how B Corp at least B Corp Benelux how they have brought companies together during the Covid crisis. They have made this playbook where companies can share their ideas, information, how they have been handling the Covid crisis. Most recently with the 'Black Lives Matter' Movement, I was in a Community call earlier this week. Several B Corps raised the BLM Movement and how we are doing. B Corp has initiated a small working group with the companies that are interested to see how we, as a Community, could work on anti-racism more. In terms of a positive way, I think B Corps really kind of makes sure that the Community is learning from each other during this crisis as well"*.

Secondly, most participants assert that the B Corp certification will not be on the companies' priority list in the short-term. Indeed, businesses first need to restructure and figure out a way to survive. Moreover, our B Leader participant supports this by claiming that her clients are postponing their meetings, hence, dealing with the certification. Nevertheless, out of the 5 organizations striving to certify that we interviewed, all of them confess going forward with the certification no matter what. Befimmo and Shayp even posit that the Covid gave their departments more time to dedicate to the BIA.

Thirdly, Etienne de Callatay explains that the market share of SRIs have been rising since the beginning of the crisis. In this sense, he states that: *"The environmental, and the readiness of people to go for that, is bigger now than 6 months ago. That's good and I think this should be a boost for B Corp. [...] I'm pretty sure that more companies and corporations, 6 to 12 months from now, will end up to the process of being certified."* Vincent Truyens also sees it having a positive impact on the willingness of companies to integrate sustainability in the medium- to long-term. He sees B Corp as an ally, providing the structure and the guidance that the companies need to face the crisis. The situation we are currently experiencing can be summarized so: *"I hope that people will realize that the current health crisis that we have is actually very much linked to the way we live and behave as society and that they will come to the conclusion that we fundamentally need a new relationship with nature and a new relationship with each other. We cannot continue on the path of extraction and individualism that we were on for the last decade in that respect I hope that movements like B Corp and many others will be recognized for their true added value to us as mankind and not only as a label that you put on a jar of mayonnaise. It actually has a value which is something that we should*

pay much more attention to. In a way, I hope that this crisis will renew the efforts of governments, industries and citizens to do more efforts towards living in a greener and more inclusive society. In that respect, I hope that it will have a positive impact on B Corp, but I don't know for sure. Time will tell” (Thomas Van Craen).

4. Recommendations

What mainly came out of our interviews is that companies attempting to certify are surprised by the amount of time and resources needed by the B Corp certification, despite the fact that this is an element that drove them towards this label. In light of this, we think it is important to recommend to companies to inform themselves better before starting the process. This thesis listed a number of criteria on which they can base themselves to determine their strengths and their weaknesses and to be better prepared to take on the B Corp certification. Organizations need to understand that in function of their profiles, their backgrounds and their complexities as entities, the B Corp certification will be different. No matter these characteristics, it will require a lot of effort in terms of time and formalization of human resources.

In order to improve their readiness, companies can, and should, rely on the resources made available for them by the B Lab or other entities. B Leaders, experts or other companies can advise them and give them the necessary support in their information and preparation phase. Furthermore, companies need to be aware of the fact that the B Corp Movement is becoming very popular in the academic field, at least in the Belgian universities. Students are free assets that soon-to-be B Corps should leverage.

We also came up with several recommendations for the B Lab, even though it is aware of its shortcomings and is actively working on it. So far, there are more than 70 versions of the BIA that attempt to fit every type of businesses. Nevertheless, by striving to be so general and inclusive, B Lab is failing to grasp key differences and aspects that characterize the local impact business models of some conscious companies. Furthermore, by attempting this generalization in Europe, B Lab is making it impossible for companies to benchmark themselves to other territories. Hence, as the B Corp Community is growing and gaining more momentum, B Lab is facing a dilemma. It needs to decide whether or not it wants to be a general tool driving the sustainability quest of traditional businesses or if it aspires to be better adapted to the territories and particularities of mission-driven organizations.

Furthermore, the arrival of multinational companies in the B Corp Movement being a source of concerns, B Lab should be careful with its plan of action. It is important to take into account the opinions and worries of the existing CBCs to shape the best solution possible and to determine how this incorporation in the Movement will be tackled. For instance, by setting a minimum score in each impact area, B Lab could show that the B Corp certification will not let giants enter its Movement that easily. Nonetheless, this would increase the rigor of the standards and might also make it harder for the SMEs.

We also believe that if the accrediting organization wants to minimize the lapse of its CBCs, it should work on improving its communication about the recertification. On the one hand, CBCs claim being impactful companies which means that they should deal with their recertifications on their own. On the other hand, most of them are SMEs and lack time and resources to devote to the certification. Nevertheless, boosting the communication and actions around the recertification of companies would be a motor for them and motivate them to stay active in the B Corp Community.

Lastly, even though opening a Belgian subsidiary of the B Lab might not present itself as a necessity so far, B Lab needs to start thinking about creating a point of contact that could help companies to get more familiar with the certification and put them in contact with their peers. Indeed, this would further the reach of the Movement in Europe, and especially in Belgium, and help companies better understand the B Corp certification.

While these are our recommendations for B Lab, we are aware that this nonprofit is still a small entity and that its rising popularity makes it hard to finetune every decision, communication or idea. However, it needs to keep in mind that the involvement of its network is key and it should take the time to organize everything and communicate about it before rushing into decisions increasing their reach.

Chapter 7: Conclusion

1. Conclusion

It has been established that capitalism is responsible for an important part of the planet's ills. However, there is a school of thought believing that the capitalistic system could harness its power to become its own long-term solution. One of the initiatives developed in response to this is the B Corp certification. B Lab, a nonprofit organization, came up with a set of standards that companies can apply with the aim of integrating profit with purpose. Throughout this thesis, we conducted an analysis of the evolution of a more conscious capitalism and we emphasized the importance of the B Corp Movement in this journey. Our main findings are the following ones.

First of all, we determined that socially and environmentally conscious companies are motivated to join this Movement for 5 different reasons: the protection of their mission, the alignment of their values with the Movement, the use of a comprehensive framework, the guarantee of credibility and the provision of a network of like-minded individuals. It appears that the most influential motivation is the access to a set of standards of accountability, transparency and governance. Indeed, the participants consider the B Impact Assessment as an important motor of sustainability within the company.

After having described the reasons motivating businesses to certify B Corp, we decided to analyze the factors that could help such organizations to pass the certification. We identified 6 of them: the identity of a company, its B Corp Community, its internal stakeholders, the timing of its certification, its country and its type of activities. According to our interviewees, the most relevant one is the identity of a company. It appears that being a mission-driven company or an organization integrating purpose at its core is easing companies into the B Corp certification. The timing of the certification was not determined as being a significant determinant as such by our respondents. However, our research pointed out that it has a certain influential significance.

The logical follow-up was to define the reasons why a company would suddenly decide to quit such a Movement. It appeared that a certified B Corp would lapse for the 7 following reasons: the stringency of the standards, the perceived added value of the certification, its cost, the importance of the local B Corp Community, the growth of the company, its internal changes and the continuity of its existence. The first one being the main motivation for companies to lapse from the B Corp Movement.

Overall, the B Corp Movement is presented as a great way to use business as a force for good, guiding organizations towards a more conscious and responsible existence. Indeed, the B Corp certification has been depicted as an impressive tool, very often referred to as the best one developed so far, and the B Corp Community is established as being a platform of fruitful collaboration, even between competitors. As it was demonstrated, this label offers a lot of advantages to its members and its stakeholders. Nevertheless, the fact that companies decide to leave this Movement confirms that there is still room for improvement. First of all, the BIA presents several shortcomings in terms of territories, industries and impact modelling. Secondly, it appears that the B Corp Community, though very strong in the United States of America, still has to prove itself in Europe. Moreover, the fact that multinationals and big companies decide to join in on this adventure has raised concern and criticism in the Community and amongst academics.

As answer to our research question, we will conclude that the B Corp certification is a promising tool to be used by companies to reshape the capitalistic system. Even if some companies decided to discontinue their certifications, it does not mean that they will stop using it and learn from it. By being accessible to everyone and being so rigorous, this resource definitely participates in the transformation of Capitalism. However, in order to become the ultimate solution succeeding into radically changing ‘business as usual’, B Lab has to refine its scope. Because of the growth of the B Corp Movement, B Lab will soon face an important decision: whether or not it aspires to be general or stay marginal. On the one hand, by integrating everyone in the B Corp Movement, B Lab risks overlooking important organizational specificities, being considered as a greenwasher and losing the support of certified companies. On the other hand, by refining its reach, it might never succeed into getting everyone on board towards Capitalism 2.0. Despite this important dilemma, it appears that the B Corp Movement is destined to acquire a certain significance in its area of expertise, especially since it is seen as a helpful restructuring tool for the post-Covid phase. In a nutshell, only time will tell if the accrediting organization will succeed into finding the right balance and become the greatest action plan for regenerative leadership.

2. Limitations

Although this paper contributes to the literature by exploring the motivations of the companies to certify, the factors helping them to do so and the reasons why they chose to discontinue this process, the latter conclusion is an attempt at exploring these aspects. Further analysis will be

required to develop the avenues of research that were introduced in this paper for the following reasons.

Firstly, we assembled a detailed literature review, but we could only find few scientific articles tackling the B Corp certification. Indeed, as explained in this paper, the B Corp Movement is still relatively new and is, therefore, under-documented. Moreover, the information found was mainly focused on the Americas, where the Movement was born.

Secondly, even though we had the chance to interview a lot of participants, most of them were Europeans. Reaching out to American companies presented itself as a challenge, especially due to the recent pandemic.

In addition to this, while we attempted to diversify our sample with entities having quit the B Corp Movement, none of them was willing to participate to our enquiry, probably due to the sensitivity of the topic. The B Corp Movement being still young, this phenomenon also relates to very few entities. To resolve this, we tried to reach out to the B Lab which could not share any details pertaining the lapse of its certified companies.

3. Implications for Further Research

Throughout this paper, we raised the need for academics to further analyze and document some elements concerning the B Corp certification. First of all, we found few scientific articles documenting the motivations and the factors that drove companies to certify B Corp. The literature was even scarcer about the discontinuation of the B Corp certification. Hence, we would recommend scholars to further analyze the drivers and the inhibitors of this label with the aim of helping companies better prepare and helping B Lab better engage with them.

Secondly, in our analytical research, we forecasted the impact that the Covid crisis would eventually have on the B Corp Movement. This documentation was an introduction to the topic and further research will have to be performed in the coming years to effectively analyze the pandemic's influence.

Thirdly, in our literature review, we tackled the creation of B Corp entities named 'Academia B' and 'the Global B Corp Academic Community'. These embody the importance of academic participation in the B Corp Movement. Indeed, a lot of our interviewees have been in contact

with universities and students helping them with their certification. It could be interesting to further develop this relationship.

Furthermore, it came to our attention that some scholars criticized the independence of the B Lab. Hence, we believe that deeper research and analysis should be made to document its governance and its functioning to demonstrate its level of dependence.

Lastly, it was explained that the Sustainable Development Goals of the United Nations is another tool that could be used by companies to improve their impact on their stakeholders. B Lab has recently decided to partner with them and launch an updated certification, the SDG Action Manager. This is worth further exploration, especially to determine whether or not this collaboration will be the one affirming the success of the B Corp Movement as capitalistic reformer.

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