The Business Case for the B Corporation Certification: An Empirical Study on the Relationship Between Social and Financial Performance

Lilah Kalfus

Faculty Advisor: Steven Samford
Organizational Studies Program
University of Michigan
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ABSTRACT

Corporate social responsibility (CSR) is a broad term used to describe a company's efforts to improve society through its operations. Despite the growing body of literature on this concept, findings surrounding its financial effects on a corporation are inconclusive. This paper investigates a new, fast-growing type of organization – called a certified B Corporation (B Corp) – to build on the scholarship that assesses the relationship between social and financial performance within organizations. Specifically, the aim of this thesis is to 1) to add to the research on the relationship between social performance and financial performance by examining it within B Corps, 2) to weigh the value of different definitions of CSR, and 3) to discuss the conditions under which the B Corp certification can add value to firms. Empirically, this paper statistically tests the association between the B Corp certification and annual revenue, along with analyzing extensive interviews with B Corp employees. This study finds that certified B Corps have a stronger, more positive correlation with corporate financial performance than regular, matched, non-certified corporations. The interviews further reveal a selection effect among B Corps that suggests the certification itself may not be a cause for heightened financial performance. However, the certification is found to produce advantages of continuous innovation, passionate job applicants, and entrance into a community of like-minded businesses. Finally, skepticism and rejection of the concept of CSR by B Corp employees leads to the conclusion that truly socially responsible companies do not use the term. While CSR is generally understood as a separate department within an organization, for these certified B Corps, socially responsible practices are ingrained into every aspect of the business.

INTRODUCTION

"The social responsibility of business is to increase its profits."

~ Milton Friedman, New York Times Magazine, 1970

"Corporate social responsibility is doing the right thing, even though it costs."

~ Executive from a certified B Corporation, 2018

In the 21st century, the concept of corporate social responsibility (CSR) has become an integral part of many companies' business models. Simply, it is the initiatives that a company takes to provide some sort of environmental or social public good, aside from profit. Since the first attempt at defining CSR came in 1953 after the publication of Howard Bowen's "Social Responsibilities of the Businessman," an aggregation of research on its definition, its prevalence, and arguments on its importance have entered academia and the business world alike (Sarkar and Searcy, 2016). Regardless of opinions on whether or not CSR benefits business, it is evident that socially responsible business practices are entering corporate consciousness, enhancing stakeholder involvement, attracting passionate employees, molding company missions, and bettering communities. In 2007, the first cohort of certified B Corporations emerged which, in essence, are companies with CSR built into their DNA. The rapid growth of these certifiably socially responsible companies have opened a discussion on what CSR means and why or how we should run socially responsible businesses.

Literature Review on The Relationship Between Social and Financial Performance

There have been many studies conducted to assess the business case for CSR. That is, to ultimately disprove Milton Friedman's assertion in 1970 that "the social responsibility of business is to increase its profits" (Friedman, 1970). These studies look at the relationship between corporate social performance (CSP) and corporate financial performance (CFP). The results of these studies are contradictory; some researchers (Baird et al., 2012; Bromiley and Marcus, 1989; Davidson et al., 1987; Eckbo, 1983; Pruitt and Peterson, 1986) have found a negative relationship between CSP and CFP, some a positive relationship (Beurden and Gossling, 2008; Callan and Thomas, 2009; Cho and Lee, 2017; Garcia et al., 2018; Waddock and Graves, 1997; Wang and Choi, 2013), and some have found no relationship (Chen et al., 2015; Soana, 2011; Zhao and Murrell, 2016). This variation in results may stem from the fact that there is no widely accepted definition of CSR.

In his research, "How Corporate Social Responsibility is Defined," Alexander Dahlsrud (2008) finds that through a content analysis of 37 different definitions of CSR, five common dimensions emerge: environmental, social, economic, stakeholder, and voluntariness. Some corporations may define CSR in the environmental dimension, meaning the company focuses on environmental stewardship and creating a cleaner environment. Other companies may chose to focus CSR efforts and initiatives towards interaction with their stakeholders (stakeholder dimension), contributing to a better society (social dimension), or contributing to economic development (economic dimension). Many firms view CSR as simply the business operations that are not prescribed by law or those based on ethical values (voluntariness dimension). The research suggests that the question is not how CSR is defined, but instead confusion arises as to how it is operationalized in specific contexts.

Prior research on the relationship between CSP and CFP has been contradictory because of these varying conceptualizations of CSR. Additionally, the research includes a wide range of different methodologies, including different definitions of CFP as well. Past studies on the relationship between these variables have defined CFP in many different ways, including as annual growth rate, stock price, return on assets. When CSP and CFP are operationalized and quantified differently in many studies, a conclusion on the relationship is hard to draw. Although a thorough review of research on the topic does show contradictory results, the “good” news is that the majority of the research on the relationship between CSP and CFP has found a positive relationship (Griffin and Mahon, 1997). Essentially, it seems promising that we are on our way to concluding that more “socially responsible” companies perform better financially as compared to less socially responsible companies. Therefore, there may be a competitive advantage to be had from CSR.

Many studies have gone one step farther in addressing the relationship between CSP and CFP by trying to explain the mechanisms that link the two. In their study, “Does it pay to be really good,” Barnett and Salomon (2012) theorize that there is a curvilinear relationship between CSP and CFP. They have found that firms with low CSP had higher CFP than firms with moderate CSP, but firms with high CSP had the highest CFP. Moreover, their research supports the claim that, “If a firm has little ability, or desire, to build such a capacity, then social responsibility appears to be a poor financial investment.” Their research attempts to explain this result by building off the theoretical argument for “stakeholder influence capacity” that says CFP is dependent upon the company’s ability to capitalize on their social responsibility efforts by making them publicly known. That is, the more a company markets their CSR efforts, the more financial benefits it will bring.

Moreover, in his research Atle Blomgren (2011) suggests that benefits to CSR only accrue to firms for a short period of time due to mimicry and competitive pressures. Thus, companies that pursue CSR initiatives may only be able to achieve *average* profit margins as opposed to above-average margins. He argues that when more attention is given to CSR, other companies quickly follow suit; what might have been a short-term competitive advantage for the company that initially implemented the new CSR initiative quickly dissipates when other companies in the industry mimic the one. Then, having CSR practices becomes the new norm or industry average. Daniel Franklin (2008), Executive Editor of *The Economist*, agrees saying that CSR's relevance as a competitive advantage is diminishing because it is simply becoming "the way business is done in the 21st century." This perspective implies that CSR may not be a suitable strategy for long-term success in the market, but it does suggest the consolidation of a social norm around values inherent to CSR.

It should, though, be noted that while the bulk of this literature examines CSR as the potential causal factor, several researchers (Orlitzsky, 2008; Preston and O'Bannon, 1997; Waddock and Graves, 1997) draw attention to the fact that the relationship may very well be the reverse, with financial performance being the causal mechanism or permitting condition for companies' ability to implement CSR initiatives. Instead of CSR driving increased profits, it may be that companies with higher profits have the resources to invest in and run marketing campaigns for higher levels of CSR. Researching these studies has continued to fuel my curiosity in seeking to understand what CSR means to companies and consumers and if, how, and what type of companies can benefit from being socially responsible.

Corporate Social Responsibility and Greenwashing

The concept of CSR gained traction in the 1950s and 60s with the expansion of large conglomerate corporations. Now, in the wake of the 2008 financial crisis and corporate crises like the classic case of Enron, American citizens are increasingly demanding higher standards for a corporation to be socially responsible without a clear definition of what that really means. In an attempt to provide a foundation for the intersection between ethics and business, Bowen (1953:6) stated CSR as "… obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society." Since Bowen, many others have tried to define CSR in the hopes of making it more quantifiable, but with so many different definitions out there, confusion surrounding the term has only grown.

To date, there is no scientific, universal definition for CSR because, as discussed, it looks and means something different to every company. To TOMS, an American shoe company, CSR is implemented through their one-for-one model, where for every shoe purchased, a pair is donated to communities in developing countries. Another example of CSR is Apple's sale of (RED) products wherein a portion of the sales goes toward HIV prevention and research. For Patagonia, this means providing transparency on their supply chain processes through their published Footprint Chronicles. On almost every large, public corporation's website you can now find a CSR section that details the company's efforts and initiatives. In 2017, 85 percent of S&P 500 companies published CSR reports. More and more companies are beginning to adopt CSR programs or initiatives to carry out philanthropic projects or just to "stack up" to the competition (Coppola, 2018).

Of course, the widespread growth of CSR reporting may lead a company to "greenwash" or to falsely report high levels of CSR to make themselves simply appear more socially responsible to adhere to consumer expectations. Today, a firm, although unethical, can legally claim anything they like. Labels such as "eco-friendly," "organic," or "natural" require no scientific basis or corroboration and have no established regulatory standard, either third-party or legal (Kewalramani and Sobelsohn, 2012). Consumers, overwhelmed with CSR claims, are left having trouble identifying truly socially responsible companies. A classic example of corporate greenwashing was the case of Volkswagen. The car company promoted their newly designed diesel vehicles as a “low-emissions savior” but knowingly hid the fact that these “environmentally friendly” vehicles used technology to evade emissions tests because they produced far more emissions than legally allowed (Pontefract, 2016). Recurrently, companies use CSR initiatives to hide unpleasant facts about the company’s operations. Given this problem, there has been increasing interest among businesses that truly embrace social responsibility to create standards and certifications based on a stable set of criteria. Thus, the rise of the B Corporation certification came both as a result of consumers looking for companies to trust and businesses wanting a meaningful certification.

B Corporation Certification

My research will attempt to further examine this relatively new and fast growing type of certification that is changing the way we do business. A nonprofit called B Lab, founded in 2006, provides certifications to corporations that are using business as a “force for good.” This certification serves as third-party verification of legitimate socially responsible practices. To become a certified B Corp, the company must achieve the minimum verified score on the B Impact Assessment which assesses the company’s impact in areas including governance, workers, customer, community, and environment. The in-depth Assessment includes probing questions for each area of impact that require metrics and documentation such as, “What proportion of full-time managers have social or environmental mission-related responsibilities or expectations outlined in their job description?” and “What percentage of your facilities on a square foot basis have a facility-wide recycling program that has ongoing collection of at least all standard materials in your area?” The certification pushes the company to meet rigorous standards of social and environment performance, accountability, and transparency. A certified B Corp must take the Assessment every 3 years to maintain the certification. Examples of well-known, certified B Corps are Patagonia, Eileen Fisher, Warby Parker, and Ben & Jerry's.

Across America, firms are facing consumer pressure to shift priorities from maximizing shareholder value to increasing stakeholder value. Although this shift began in the 1970s with the modern financialization of the economy, the idea that stakeholders are an imperative part of successful businesses came to fruition with R. Edward Freeman's development of his "Stakeholder Theory" in 1984 (Kim et al., 2016; Freeman, 2014). He argued that a firm should create value for its stakeholders (its consumers, its employees, its community, its natural environment – in addition to its shareholders) and take them into account when making decisions about the business. Clearly, this goes in stark contrast with the Shareholder Wealth Maximization Theory that claims the only objective of business is to make as much money as possible for its shareholders. It is argued that this theory, while it may have been appropriate in an earlier era, is not justified in today's current state of economic and social welfare (Jones and Felps, 2013).

The revolutionary Stakeholder Theory led to the growth of the "triple bottom line" business model. A corporation with this model holds people, planet, and profit all at the same level, not sacrificing one for the other. Commonly, businesses take into consideration how their operations affect just their bottom line, or the company's overall profit. Instead, a triple bottom line business model challenges a firm to create diverse forms of value that reach more stakeholders by evaluating its performance through a broader perspective. Often, corporations that want to publicize their commitment to the triple bottom line are certified as B Corporations.

Benefit Corporation

A second but related type of business that is often confused with the B Corp is the Benefit Corporation or BC. A BC, unlike the B Corp, is a legal form of organization that seeks to provide public benefit to its stakeholders, in addition to its fiduciary duties to its shareholders. Deviating from the B Corp, the BC is a legal entity type – rather than a third-party certification – that makes an organization legally obligated to provide a public benefit. Janine Hiller accurately describes it as "legally a for-profit, socially obligated, corporate form of business, with all the traditional corporate characteristics combined with societal responsibilities" (2013:287). While the B Corp certification serves as third-party verification of socially responsible practices, the Benefit Corp adds legal security for entrepreneurs that want the triple bottom line business model to stay intact even if the firm experiences a change in leadership or becomes publicly held. Instead of incorporating as a nonprofit, the Benefit Corp provides a ready-made option to entrepreneurs who want to balance social goals with traditional profit-seeking objectives. Examples of well-known Benefit Corporations are Method, Kickstarter, Plum Organics, and King Arthur Flour.

Two years after the inception of B Corps, B Lab began lobbying state legislatures to pass BC statutes. Maryland became the first state to allow this form of business in 2010 (Dorff, 2017). Now, 34 states have passed some form of the BC statute while B Lab continues to lobby it in every state. Currently, there are 2,717 B Corps in America and 5,389 Benefit Corps. Many B Corps are also Benefit Corporations, but many BCs are not certified B Corps. The legal entity type does not yet exist outside of the United States, although the B Corp certification movement is global and growing.

I have reviewed prior research that has begun to assess the business case for CSR. The majority of this research scientifically concludes that companies can benefit from being socially responsible. However, there is still confusion surrounding how to define CSP in research which has produced contradictory results. This study combines two different methodologies to more accurately access the relationship between CSP, CFP, and its mediating variables. By looking at this relationship between companies with B Corp certifications and companies without, I discover whether a company can also benefit from attaining this certification. I ask: *Is there a competitive advantage to be had from being a certified B Corp versus a regular corporation?* This study, through both quantitative and qualitative methods, will contribute to the field of Organizational Studies by attempting to assess the business case for the B Corp certification.

Hypothesis

Only in the past few years have scholars started to expand research on CSR to look at B Corps. Additionally, few have looked at the relationship between CSP and CFP in B Corps. The sparse literature on B Corps that look at this relationship attempts to explore whether the financial performance of B Corps benefits from their strategic focus on CSR practices and if their financial performance exceeds that of regular corporations, or companies without the B Corp certification. Like the early research on CSR, many studies on B Corps have found inconclusive or contradictory results. One study (Chen and Kelly, 2015) found that the average revenue of B Corps over a 5 year period was not significantly different compared to that of their non-certified competitors. Alternatively, the same study found that revenue *growth rate* was significantly higher in B Corps relative to their publicly held, non-certified, matched firms. My study attempts to add to this scholarship to build clarity on the relationship between B Corps and financial performance. My hypothesis, based on the previous research results about CSR, is:

H: *certified B Corporations will have a stronger, more positive correlation with corporate financial performance than will regular corporations.*

By adopting and combining methodologies from past research on CSR and B Corps, I study the relationship between CSP and CFP for certified B Corps versus non-certified or regular corporations. Through a statistical analysis I answer: Is there a competitive advantage to be had from being a certified B Corp versus a regular corporation? Is there a type of social performance (environment, workers, customer, community, governance) that yields higher financial performance? Can B Corps produce above-average profits? The B Corp certification could be associated with mediating variables such as passionate, thus more efficient, employees and positive brand reputation that contribute to better financial performance. To assess these mediating variables, I interview employees from B Corps and Benefit Corps. These extensive interviews shed light on the reasons why there may or may not be a relationship between company performance and the B Corp certification by addressing the following questions: What is a company's main reasoning for attaining a B Corp certification? What are the meditating or confounding variables that link CSP and CFP? What are the advantages and disadvantages of becoming a B Corp and/or BC? The addition of qualitative findings to the statistical analyses overcomes prior research's shortcomings by identifying the intangible or unquantifiable effects of social responsibility.

In the next section, I describe the methodology used for my research. In doing so, I further detail what it means to be a B Corp and Benefit Corp as well as the advantages and disadvantages of both. My hope is to provide knowledge to the general public on the topic and a framework for entrepreneurs on how to maximize investments in being socially responsible. I would like to believe that business can do more than produce a profit; it can help to improve the world. And if using business "as a force for good" helps to produce a greater profit, then why not?

METHODS

This study utilizes a multi-method approach. In order to test my hypothesis, I use a statistical analysis to examine the relationship between corporate financial performance (CFP) and corporate social performance (CSP) in small, privately held, U.S. corporations in the food and beverage industry. The relationship between CFP and CSP showed whether socially responsible businesses in the sample made more or less money and gave insight into why. A one-way ANOVA is used to discover whether B Corps or regular corps had higher financial performance and the percentage difference in revenue between the two. Furthermore, to explore various aspects of B Corps, I used correlational analyses to look at the financial performance of B Corps in relation to realms of social performance (environment, community, governance, etc.). Additionally, to gain first-hand knowledge about B Corps and BCs, and to understand the advantages and disadvantages of both, I conducted interviews with employees of the companies in the dataset to assess mediating variables. These conversations illuminate fascinating opinions on what it means to be socially responsible and where B Corps and BCs fit into the discussion on CSR.

Quantifying CSR

CSR reporting developed as an effort to quantify and ultimately allow companies to report publicly on their economic, environmental, and social impacts and how they contribute to sustainable development. Early CSR reporting began as environmental reporting. Starting in the late 1980s, companies started producing sustainability reports as they faced negative reputations (Chouinard et al., 2011). The first 30 years of reporting was characterized by "greenwashing" wherein companies used these reports in marketing campaigns with no relevant or comparable data (Tschopp and Huefner, 2015). Later, companies such as the Body Shop, Ben & Jerry's and Shell Canada served as trailblazers using more quantifiable and verifiable methods of reporting. As the U.S. economy turned into the new century, CSR reporting started to emphasize a multiple stakeholder approach. Companies have started to realize that other groups of individuals outside of their shareholders may be important to consider when making business decisions.

Just as there is disputation over the exact definition of CSR, there are several different methodologies for measuring it as well. No one method is agreed upon as the "best" method and not every method encompasses every type of business. Some researchers (Sharfman, 1996; Wolfe and Aupperele, 1991) have asserted that there simply is no one way to measure corporate social performance and that different methods help contribute to the understanding of the concept. Other scholars believe that the aggregation of methods deflates the value of any one and a lack of consistency puts a strain on the development of the Organizational Studies field (Pfeffer, 1993). Nevertheless, a few methodologies for measuring CSP have emerged in the 21st century as the most prominent.

Currently, the most widely accepted method for quantifying CSR is the Global Reporting Initiative's (GRI) Standards. The GRI is a global nonprofit founded in 1997 with the goal of helping businesses, governments and other organizations understand and communicate their impacts on both environmental and social issues. Of the world's largest 250 corporations, 82 percent use the GRI's Standards to report on their CSR performance (Global Reporting Initiative, 2018). The GRI Standards provide guidelines to firms on how to structure and format a CSR report, specifically into three main sections: environmental, social, and economic impacts (the triple bottom line). Successful companies that comply with the GRI Standards and produce a CSR report including the required sections receive a certification and their name listed on the GRI website for 3 years, after which the company must re-certify.

The GRI has specific sections that are required and others that solely serve as recommendations and guidelines. A company can still receive the certification without complying with the recommendations and guidelines. The two required sections are the GRI's "General Disclosures" and "Management Approach." The General Disclosure section includes commonplace information such as the organization's activities, brands, products, services, locations of operation, supply chain, etc. The Management Approach section requires the organization to broadly detail how it identifies, analyzes, and responds to its actual and potential impacts in the triple bottom line. Then, the organization picks and chooses which subtopics it wishes to cover within each section of the triple bottom line. For example, inside the environment section is "energy" and in the social section is "local communities." If the organization were to choose to report on the topic of local communities, the GRI Standards would require that the organization report "operations with significant actual and potential negative impacts on local communities." Then, the GRI gives a set of *guidelines* on how the company should cover the subtopic. Essentially, companies using the GRI Standards are required to report information on their general operations, but then can pick and choose what to present on the triple bottom line and there are no requirements on *how* to report. There is a section entitled "Reliability" that requires the firm to gather, record, analyze, and report "information and processes used in the preparation of the report" in a way that establishes the quality of the material and is subject to examination. But with no consistent requirement or standard for measurement, this inevitably continues to reproduce confusion and inconsistency on what it means to be socially responsible.

B Lab's B Impact Assessment is different. The Assessment is broken down into the impact areas of Governance, Workers, Community, Environment, and Customers. The reporting firm must complete the entire assessment and provide substantial and quantifiable (where applicable) evidence to support every claim. After a vigorous vetting process involving much back and forth between the company and a B Lab Standards Analyst, the company will receive a score in every impact area and a then a total B Impact Score. The firm must reach the threshold of 80 points to receive the B Corp certification. After three years, the company must re-certify and hopefully reach an even higher score the second time around. B Lab also provides a tool for reporting corporations to benchmark themselves against other reporters to see best practices in the social responsibility field in order to help improve each other's scores. Also, the Assessment includes a roadmap of improvements within each area of impact to create a customizable improvement report for the company's future benefit.

The GRI's Standards and B Lab's Impact Assessment share many similarities but deviate substantially. Both take a multi-stakeholder approach and serve as a mechanism for a firm to reflect on the impact they have beyond their shareholders. The two third-party nonprofits, GRI and B Lab, act as verification tools for companies to show consumers their social responsibility practices. Additionally, both encompass every type of organization and are easily accessible to any firm that wishes to report. Where the two largely differ is in the type of firms they attract and in the level of rigor it takes to receive their respective certifications. The GRI Standards are used by most of the largest corporations in the world, whereas the average B Corp is small to medium sized. Any firm that carefully complies with the GRI's format including, at a minimum, all of the required sections, will attain the GRI certification. On the other hand, even if the firm completes B Lab's Assessment carefully, it may not be granted the certification if it does not reach the 80 point threshold or essentially, if it is not socially responsible enough. Also, B Lab requires quantifiable proof to attain points for the certification and the GRI does not. Moreover, while both the Standards and the Assessment produce a physical report that firms can use to market their CSR efforts, only the large corporations using the GRI Standards are posting them on their websites and taking advantage of the marketing. But with lower standards for what constitutes social responsibility, the validity of the GRI's reports has to be questioned.

Variables

Like previous studies on CSR, I use corporate social performance as the independent variable in the study. CSP is operationalized with a bivariate indicator of whether or not the firm was B Corp certified, coding them Y for yes and N for no. Thus, the Y organizations are B Corps and the N organizations are dubbed "Regular Corps." In the study, the B Corp certification serves as a standardized, quantifiable indicator of CSP. I separate B Corps and Regular Corps with the assumption that, while Regular Corps may have some level of CSP, they do less to pursue social performance initiatives as compared to B Corps. Therefore, the difference in CSP levels between the two is large enough to classify the B Corps are the socially responsible businesses and the Regular Corps as normal, small, private businesses. Looking at the differences between the two exhibits interesting findings about investing in CSP.

The dependent variable in the study is corporate financial performance. This is defined as a company's annual revenue for the past fiscal year. CFP is generally understood as the "financial viability of an organization" (Price and Mueller, 1986: 128). Other indicators of financial viability like stock prices are not be appropriate because the companies in the dataset are privately held organizations. Additionally, the study did not include time-series data and so annual growth rate data was not available. Hence, annual revenue is chosen to examine a company's profits or its ability to operate successfully and to see how this is affected by CSP.

Data Preparation

Two comparable samples are drawn for the dataset – a sample of B Corps and a sample of Regular Corps. B Lab's B Corp Directory was used to find the sample of B Corps. The B Corp Directory includes every certified B Corp and can be broken down by industry and location. The Dun & Bradstreet (D&B) Hoovers database was used to gather the sample of Regular Corps. The D&B Hoovers database provides access to private financial information and analytics on over 120 million businesses. The annual revenue stated for a company in the D&B Hoovers database, if not published directly from the organization, comes as an estimate from the Bureau of Labor Statistics. Therefore, D&B Hoovers proved to be the most reliable source of financial information with the largest amount of information on private, U.S. corporations.

I chose to examine B Corps in the food and beverage industry to gain the largest sample size possible. This industry has the most certified B Corps than any other industry in the U.S.. At the time the dataset for this study was created, the food and beverage industry contained 151 B Corps. Only half a year later, the industry has grown to include 166 B Corps. Of the 151 B Corps originally found, only U.S.-based B Corps in the food and beverage industry that also appeared on the D&B Hoovers database were included in the dataset. The dataset in this study included a total of 180 companies, 90 B Corps and 90 Regular Corps. The number of employees and the year incorporated were also controlled for. To match the average B Corp in the food and beverage industry, the dataset only included B Corps with 50 or less employees incorporated in

2000 or later. For these B Corps, the dataset also included each company's scores on the B Impact Assessment, including the overall score and each individual impact area score.

To match the sample of B Corps, a list of Regular Corps with the same characteristics was acquired. Using the D&B Hoovers database, 90 randomly selected corporations from an original list of 72,437 companies from the food and beverage industry in the U.S. were chosen. Like all of the B Corps in the dataset, the randomly chosen Regular Corps were privately held with no more than 50 employees and an incorporation date no earlier than the year 2000. I accounted for confounding variables such as industry, size, location, and age to reduce variability in the results and to produce the greatest amount of internal and external validity possible. Thus, the dataset includes samples of two types of organizations – B Corps and Regular Corps – that, through the use of control variables, are generally comparable with one another so that the data can be used to measure the effects of differing levels of social performance in organizations.

ANOVA and Correlational Analyses

For the statistical analysis, I compared the two samples by running a one-way Analysis of Variance (ANOVA). An ANOVA analysis consists of calculations that provide information about levels of variability and form the basis for tests of significance. A one-way ANOVA is used to determine whether there are any statistically significant differences between the means of two or more independent or unrelated groups. Therefore, the one-way ANOVA is used in the study to test whether there is a statistically significant difference between the B Corps and Regular Corps in relation to annual revenue. Then, the log of the distribution was taken to follow a normal distribution and to identify the percentage difference in annual revenue between the two groups. The one-way ANOVA provides the foundation for the empirical evidence supporting the hypothesis.

Interviews

To assess the mediating variables that dictate the relationship between CSP and CFP, I conducted semi-structured interviews with employees from the organizations in my dataset.[1] When available, personal contact information provided on the D&B Hoovers database was used to contact individuals in each company. Otherwise, a message was sent directly through the companies' websites or Facebook pages. Due to the firms in the dataset being small organizations, for some, I was unable to find any contact information. Three out of the 90 B Corps and 47 of the 90 Regular Corps had no contact information and therefore were not contacted. Of the 87 B Corps that were contacted, 34 responded to the initial outreach and 20 completed an interview. This made the B Corp response rate 39 percent and the interview rate 23 percent. For the 47 Regular Corps that were contacted, just 2 responded to an email and only 1 completed an interview, making the Regular Corp response and interview rates less than 1 percent. Exhibit 1 provides a summary of the organizations in the dataset and whether they were contacted and responded and/or interviewed. I hypothesize that the Regular Corps were more hesitant to accept an invitation to interview because they were told the study was about CSR and either do not have very much knowledge on the topic or are simply uninterested. The Regular Corps may have felt they could not contribute to the project or felt uncomfortable admitting low levels of CSP. Contrarily, the B Corp model holds transparency high in regard. Certified B Corps are more likely to talk about CSR because it is a part of their identity as a company. The workers in these companies have substantial knowledge on CSR practices and were eager to spread the word about B Corps.

[1] This research project, including the interviews, was reviewed and approved by the UM IRB, Study HUM00147832. All institutional rules around human subjects were followed. No identifying information about interviewees is provided.

Exhibit 1: Summary of Interviewed Companies in Dataset

	Total Number in Dataset	**Contacted**	**Responded**	**Interviewed**
B Corps	90	87	34	20
Regular Corps	90	43	2	1
B Lab	11	11	3	3

The interviews were designed to uncover the firms' definitions or understandings of CSR, reasoning for attaining the B Corp certification, the advantages and disadvantages associated with it, and about the possible mediating variables in the study. The full list of questions asked to each B Corp employee can be found in Appendix A. At the end of each interview with a B Corp, they were asked to provide contacts for B Lab so I could interview employees from the third-party certifying organization. Eleven B Lab contacts were gathered. Interviews with B Lab employees were conducted similarly, in a semi-structured manner, with the purpose of uncovering insider perspectives on the certification process, as well as the motivations and challenges of the certifying firms. All B Lab contacts were reached out to and the three that responded also completed an interview, making the B Lab response and interview rate 27 percent. These interviews included questions surrounding the role of B Lab in the 21st century, goals for the future, and why an entrepreneur would choose to go through the B Corp certification process. The full list of questions to B Lab are included in Appendix B. Past research on the relationship between CSP and CFP has been criticized for only relying on quantitative information because a plethora of confounding variables could be influencing both tested variables. This study, in attempting to use a more holistic and multi-method approach, used interviews to gather qualitative data to help explain the relationships studied.

Furthermore, I wanted to compare the definitions of CSR between B Corp employees and Regular Corp employees in the hopes of assessing the value of different definitions. Interviews with Regular Corps would also be used to gage opinions on socially responsible business practices from businesses that may not necessarily be socially responsible. It is possible that the one Regular Corp that completed an interview was more willing to do so because that particular organization was a highly mission-oriented organization and had objectively high levels of CSP. Therefore, the company was more willing to answer questions on CSR. The list of questions I used for the one Regular Corp I spoke to can be found in Appendix C. Unfortunately, the lack of contact information for the Regular Corps coupled with the low response rate made the study unable to uncover one of its objectives, which was a perspective on CSR from normal, less socially conscious entrepreneurs. However, the study's main objective was about unravelling the ups and downs of the B Corp business model and these interviews played a vital part in achieving this goal.

RESULTS

The results of the research address three main objectives: 1) to add to the research on the relationship between social performance and financial performance by examining it within B Corps, 2) to weigh the value of different definitions of CSR, and 3) to discuss the conditions under which the B Corp certification can add value to firms. First, the outcome of the one-way ANOVA illustrates if socially responsible businesses make, on average, more or less money than regular businesses. Then, the study illuminates results on the effects of possible mediating variables that dictate the relationship between CSP and CFP. Additionally, asking B Corp employees how they define CSR in the interviews leads to interesting findings on what these socially responsible companies really think about the term. Finally, the advantages and disadvantages of the B Corp certification and Benefit Corporations are addressed to increase public knowledge on the topic.

Corporate Financial Performance

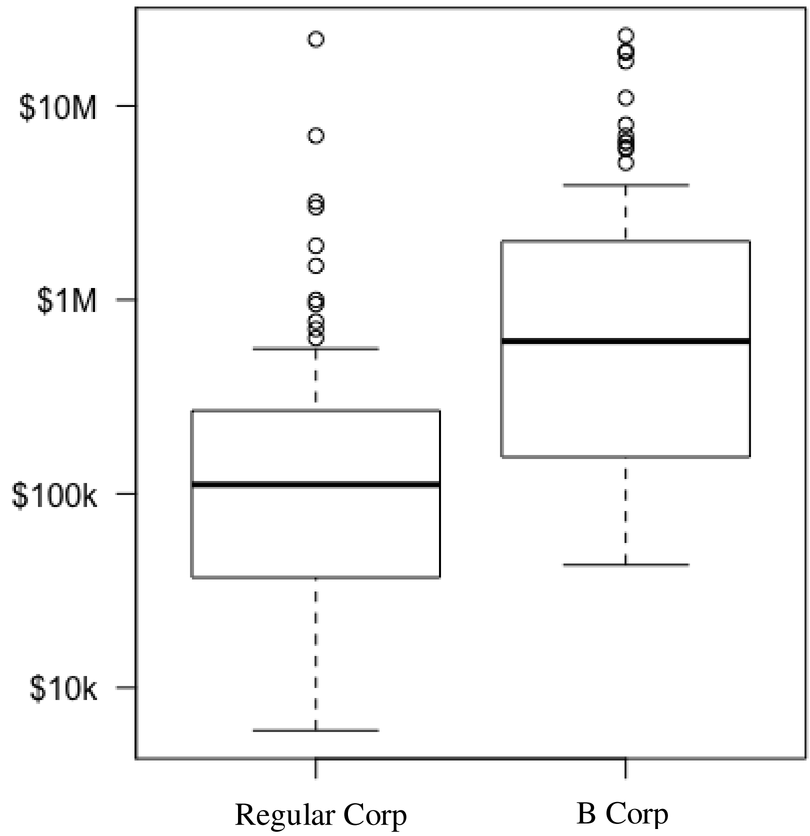
The comparison groups in the dataset of B Corps and Regular Corps strongly support the initial hypothesis that B Corps perform better financially than do Regular Corps. The one-way ANOVA resulted in an extremely low p-value ($p < 0.001$) as shown in Exhibit 2. The coefficient indicates a large difference in the average revenue between B Corps and Regular Corps and the p-value demonstrates a statistically significant difference in CFP between B Corps and Regular Corps.

Exhibit 2: ANOVA Results

```
Coefficients:
            Estimate Std. Error t value Pr(>|t|)
(Intercept)  11.7887     0.1606  73.384  < 2e-16 ***
B.Corp.Y      1.5625     0.2272   6.878 9.94e-11 ***
```

This provides significant evidence to conclude that CSP is associated with higher levels of financial performance in organizations. Furthermore, a logarithmic transformation helped to normalize the data for further analysis. A box plot of the distribution of CFP in Regular Corps and B Corps shows about a 60 percent difference in annual revenue between the two types of organizations (Exhibit 3). That is, B Corps earned, on average, 60 percent more in annual revenue for the past fiscal year as compared to the Regular Corps in the study.

Exhibit 3: Annual Revenue (Natural Log) by Corporation Type



Culture, Reputation, and Efficiency as Mediating Variables

The qualitative data from the interviews are used to assess the possible mediating variables that are the driving mechanisms behind why socially responsible businesses make more money. I hypothesized changes in a company's culture, reputation, and efficiency from receiving the B Corp certification would help to increase revenue. However, the majority of the B Corps interviewed reported seeing no changes in culture. One common theme was that there was little cultural change because the firm already maintained that culture before becoming certified. For example, B Corp executives stated:

> *"It was something we embodied before we became a B Corp. It is kind of who we were. You're already attracting a certain type of clientele and employees."*

> *"I think because it was already engrained within our culture… I don't think it became very different."*

Their reasoning for this lack of change in culture was because the culture of being socially responsible was always part of the business model, even prior to the B Corp certification. This would indicate that the B Corp certification may attract a certain profile of businesses with already high levels of CSP.

Those who did report seeing a change in culture after the B Corp certification cited that their companies became more intentional and mindful about continuously improving their methods, thanks to the B Impact Assessment that revealed areas for improvement. One B Corp employee strongly details how the company's culture and operations have changed as a result of the certification:

> *"Every month, we have an all-company meeting. We talk about the B Corp certification, what it's all about, what we're working on. We've broken it up into committees that are focused on governance or community or environmental sustainability. You know, all these areas that B Corp has certified us on. The attention is higher than it's ever been."*

This attention to detail and metrics was consistent with many of the B Corps that cited differences in culture. It is plausible that the B Corp certification attracts a certain profile of businesses, and therefore the culture of being socially responsible does not change. Yet, an increased emphasis on continuous innovation leads these socially responsible companies to become even more socially responsible as a result of the certification.

The majority of B Corps interviewed also cited no difference in the organization's efficiency as a result of the B Corp certification. Many also mentioned that they either did not have enough information or there were too many other factors to claim improved efficiency as a result of the certification. The organizations interviewed contended that efficiency is difficult to measure, and therefore they could not give a definitive response. Also, some of the B Corps received the certification only within the last few years and claimed it was too soon to tell if changes in efficiency resulted from the certification.

On the other hand, the majority of the B Corps interviewed noticed significant, positive changes in their organizations' reputations. The most referred to reasons for changes in reputation were that, after receiving the B Corp certification, companies noticed an influx of more passionate job applicants, new opportunities for business partnerships, and an increase in community support and consumer interest. One B Corp noted that one-third of its new job applicants recognized the B Corp certification. "Workers" is one of the B Corp impact areas, and therefore job applicants are increasingly becoming interested in supporting and working for B Corps because they know these organizations treat their employees well.

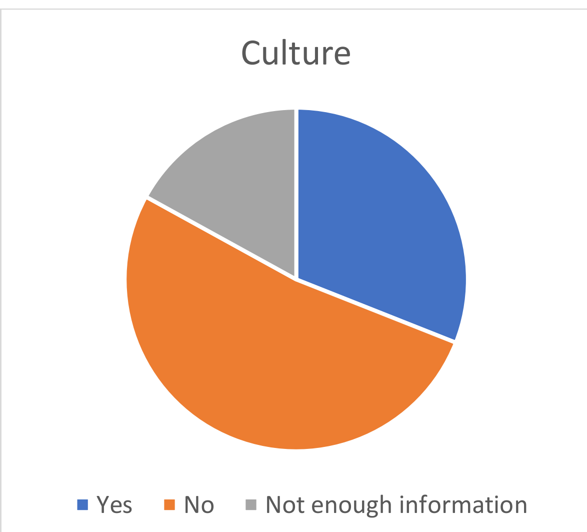
Another B Corp explained that the certification made the company stand out in the community and helped in forming new business partnerships. For example, this B Corp was trying to rent space for its business and the certification was recognized by a property manager. They felt the property manager was more inclined to rent space to the B Corp. Moreover, many B Corps in the study referenced an outpouring of support from their communities. They also detailed the increase in partnerships with other B Corps as a result of the certification and differing changes in relations with consumers saying:

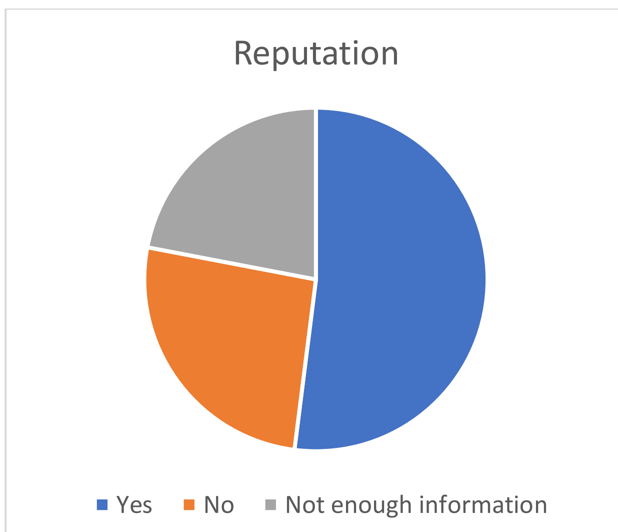
"It allows us to openly have conversations with people like Ben & Jerry's. And some of our largest customers really appreciate the fact that we're a B Corp."

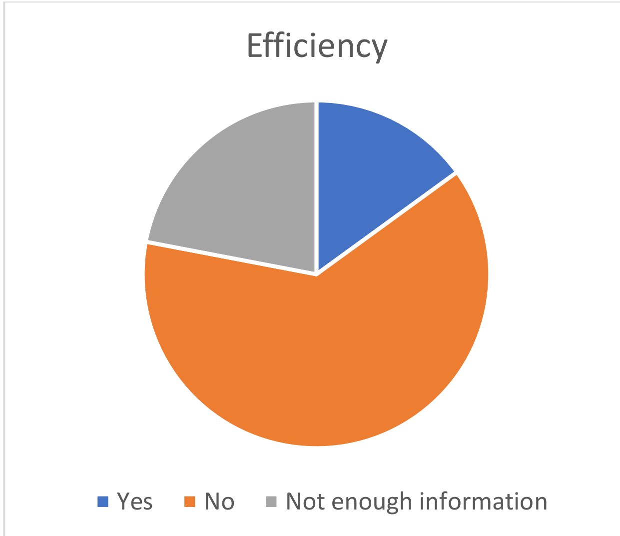
"[Reputation has changed] within the business community more than anything else… because there's not this general public awareness around B Corp, I don't think that's really extended to the public. I think the public still thinks we're a good company if they take the time to look into what we're doing. But I think the in the business community yes, it helps more there."

Although the majority of B Corps cited differences in the organization's reputation, most mentioned it in relation to other companies as opposed to consumers. Many said that other companies in the area reached out to congratulate them on receiving the certification. Also, companies currently in the process of applying for the certification reached out for advice. Exhibit 4 summarizes the responses to changes in culture, reputation, and efficiency after receiving the B Corp certification.

Exhibit 4:
Changes in Culture, Reputation, and Efficiency as a Result of the Certification?





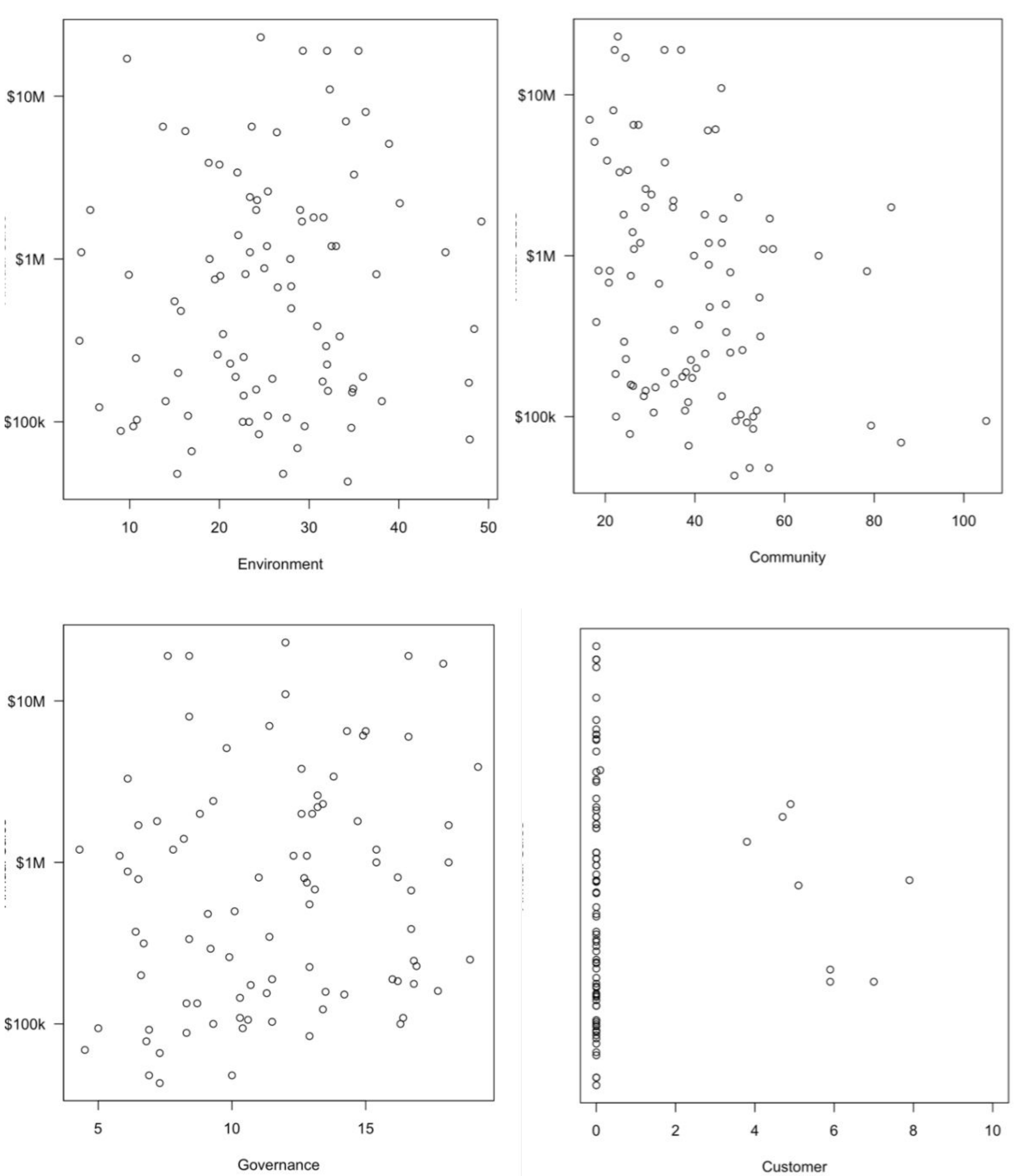


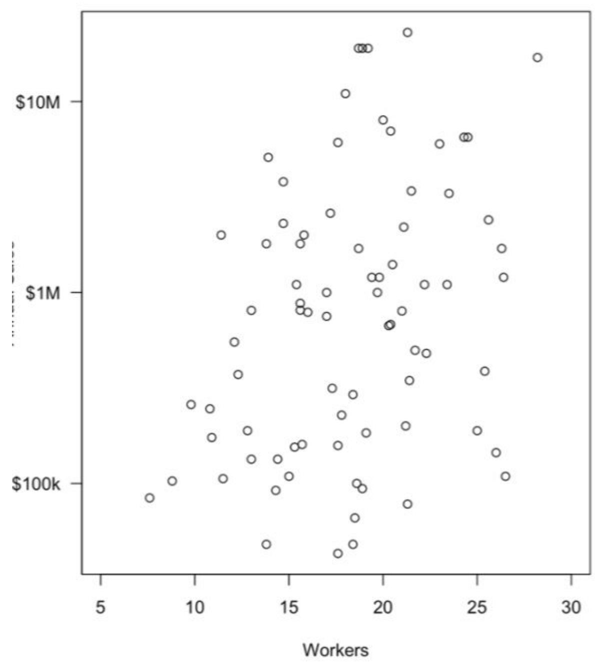
The certification made the majority of B Corps in this study feel that job applicants, business partners, and consumers were holding them in higher regard and that other companies looked to them as leaders in business innovation.

Differences among Areas of Impact

For each area of impact in the Impact Assessment (environment, community, governance, customer, and workers), I constructed a scatter plot to view the relationship between areas of impact and CFP to see if any area in particular was associated with higher revenue. Correlation coefficients and p-values were calculated to further assess the strength and significance of the relationship between CFP and each area of impact. The impact areas of Customer and Workers produced outliers that were removed in order to better view the distributions. Each point represents a B Corp. The x-axis shows the score in the impact area the company received as indicated on their Impact Assessment while the y-axis shows the company's annual revenue. By looking for the association, strength, and statistical significance among the points in each plot, the study concludes whether by focusing on one impact area in particular if a company could make more money. The scatter plots for environment, community, governance, customer, and workers as well as the correlation coefficients can be found below in Exhibit 5.

Exhibit 5: Annual Revenue by Impact Score





	Environment	Community	Governance	Customer	Workers
Correlation Coefficient *p<0.01	0.05	-0.25*	0.09	-0.07	0.24*

After assessing the scatter plots' orientations as well as the coefficients produced, conclusions are drawn about the relationships between financial performance and the various impact areas. There is no apparent relationship between CFP and Environment, Governance, or Customer. That is, investing in environmentally responsible business practices, governance structures, or relations with consumers did not seem to be associated with the company's annual revenue. The vast majority of B Corps had practically no impact in the area of Customer. Therefore, it is possible that if a larger sample of B Corps with scores in the impact area of

Customer were included in the study, a more direct relationship could be found. The impact areas of Community and Workers show significant results. This indicates that annual revenue and investments in an organization's community and employees may be related. The correlation coefficient of Community demonstrates a relatively weak yet negative relationship with annual revenue while the coefficient of Workers demonstrates a relatively weak but positive relationship. Furthermore, the low p-values indicate a strong, statistically significant difference between the two areas of impact and revenue. A negative association between Community and revenue could be due to large amounts of money donated to the community or hours spent volunteering that take away from work time. The Workers scatterplot shows the most linear, strong, positive relationship with revenue. In congruence with the qualitative results from my interviews, I predict that B Corps attract more passionate employees that will, in turn, work harder for their organizations with increased employee satisfaction. An increase in both productivity and satisfaction may be the underlying mechanisms that create this positive, statistically significant relationship between Workers and CFP.

Definitions of Corporate Social Responsibility

This study asks a set of socially responsible corporations how they define CSR in the hopes of weighing the values of different definitions. Like past researchers who have attempted this, many different definitions emerged, but a few commonalities proved interesting findings. After asking each B Corp how they defined CSR, a handful of the companies quickly refuted, saying that the term "CSR" does not apply to them. One B Corp employee explained a disassociation between the term and the work of B Corps saying:

> *"It's not a term we use around here very much… I think, in part, because it's really baked into everything we do and it's not a separate report or a separate thing, it's just part of our DNA."*

Another B Corp explained how their operations are different by saying a socially responsible business is a "company that holds high in regard its social values and mission from the very beginning versus trying to use CSR to cover up a mess." An additional representative from a B Corp in the dataset called CSR "a term of art" used by large, public companies to offset the negative realities of their operations. I found this view of CSR as a reactive method (versus proactive) consistent with many of the B Corps I spoke to. Even employees from the certifying organization B Lab agreed saying:

> *"We actually don't refer to corporate social responsibility very often at our organization. I would consider being a B Corp as a much larger commitment towards the role of business, beyond corporate social responsibility. I consider CSR particularly being implemented by much larger, publicly traded companies in order to just respond to the market. And that tends to be a CSR department, something very separate from the other departments and not as well integrated."*

Among B Corps that did not refute the term, the most common attribute linked to the definition of CSR was a sense of accountability for all stakeholders in the business. 20 percent of the B Corps interviewed mentioned taking stakeholders into account directly, but another half of the companies implied it by defining CSR as a company with a triple bottom line business model. For B Corps, this means taking stakeholders (not just shareholders) into account when making decisions. Another aspect of the triple bottom line that some companies highlighted is the fact that, under a triple bottom line business model, socially responsible practices are embedded into the entire company and built into every operation, meaning CSR exists throughout the company, not just in one department. Other ways CSR was defined include "doing the right thing, even if it costs you," "going beyond the expectations of business," and B Lab's catchphrase, "using business as a force for good." Associating CSR with an accountability for stakeholders goes directly back to Freeman's Stakeholder Theory which served as the catalyst for the triple bottom line business model. Although some B Corps completely refuted the term, the majority of B Corps agreed that a corporation has a social responsibility to serve a diverse set of stakeholders.

Advantages and Disadvantages of B Corps and Benefit Corporations

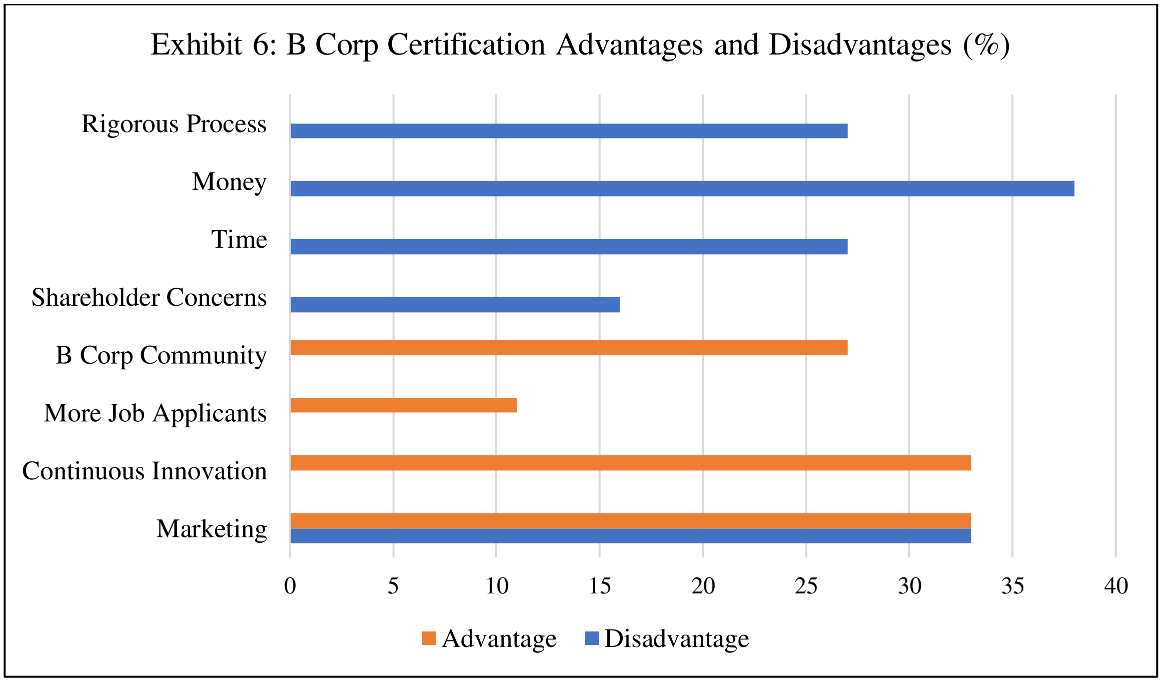
The interviews further revealed answers surrounding companies' main reasonings for attaining a B Corp certification and its main advantages and disadvantages. When asked "what is the main reasoning your company applied to become a certified B Corp," the vast majority mentioned the desire to get recognition for the socially responsible work being done and to use the certification as validation of this work. These B Corp employees expanded on this saying:

> *"We felt like it was part of our values and we wanted to see if we could use our values as they are and share that with customers and respective hires as well. It's basically a way of sharing who we already are with other people."*

> *"I like report cards and I like having proof that we're not just talking-the-talk, that we're actually walking-the-walk. I like that it's an independent, nonprofit, third-party that can verify the claims that we're making."*

This alludes to the previous findings that the majority of these B Corps have high levels of CSP even before applying for the certification. Therefore, they use the certification as a means of accountability to continue their CSR practices. Interestingly, 35 percent of the companies interviewed explicitly used the phrase "walking-the-walk" instead of talking-the-talk. My findings have revealed a perception that many B Corps hold towards CSR and that is a gap between companies that use CSR as a means to possibly "greenwash" their activities and companies that are really using CSR as a "force for good" at the triple bottom line.

Every B Corp was asked about the advantages and potential disadvantages of the certification to help illustrate the positive (and negative) effects this type of business can produce. The bar chart below summarizes the percentage of companies that gave these reoccurring answers (Exhibit 6).



Possibly the most compelling finding through this analysis was that the same percentage of companies saw marketing outcomes from the B Corp certification as an advantage and also a disadvantage. Companies who saw that the B Corp certification provided marketing benefits described an increase in consumer awareness towards the company as a byproduct of the certification making the business stand out. One B Corp explains how marketing is an advantage of the certification claiming:

> *"From a marketing standpoint, it's an advantage. The essence of our company is already responsible, so for us, getting the certification is really to show customers and respective employees. It's for marketing and corporate branding."*

Another B Corp said that the certification allowed them to create an emotional connection with consumers, possibly through a shared cause. Another B Corp said the certification made them "a part of something people recognize." In fact, when asked what factor the company considered most when deciding to become a B Corp, 61 percent of companies said public opinion or future marketing benefits. However, the same number of B Corps described one of the disadvantages of the certification, or more accurately downfalls, as a current lack of consumer awareness. They described marketing as a current disadvantage of the certification but hope for a potential future advantage by saying:

> *"We had hoped that there would be a greater external marketing benefit than we have seen so far. As you may have heard, the awareness level is very low of the B Corp symbol. But I am hopeful because I think it would be a really amazing, strong benefit to the whole community if there was a broader recognition of what that 'B' means."*

> *"It is a costly process to go through. If we're not seeing a marketing advantage to having the certification and we don't continue to see that over a number of years, I think it'll be harder for [B Lab] to hold onto B Corps because you're paying for a mark that isn't recognizable."*

Many of the representatives from B Corps said they had hoped for a marketing positive externality from the certification, but have not seen one. These B Corps acknowledged that the majority of people in the U.S. have never heard of the B Corp certification. This begs the question: Does the B Corp certification really help market a company? If not, how can consumer awareness surrounding the certification be raised?

Aside from marketing, many companies mentioned continuous innovation, attracting new job applicants, and joining a like-minded community of companies as advantages to the B Corp certification. Per the Impact Assessment and the rigorousness of the vetting process, B Corps felt that the application process made them more aware of ways to improve the business. They explained that the process pushed them to do continuously work better and smarter. One B Corp executive detailed specific sections from the Assessment that helped the firm innovate by disclosing:

> *"We've seen great advantages through using their audits to see where our gaps were. For example, the gap between the CEO salary and the lowest paid employee; recycling programs, all the things that we could work toward to minimize waste; employee benefit programs; how decisions are made at the board level. Things like that that we often don't think about, but because they're on the audit we can make changes and set goals for those."*

Additionally, B Corps saw an influx of more passionate job applicants who recognized the certification. These companies felt that not only did the certification create an emotional connection with its consumers, but also with its own employees. A B Corp employee talks about the culture of today's job seekers and how B Corps intervene saying:

> *"It's not good enough just to have a job that pays the bills. You need to have a job that resonates with you, that stands for the mission that you stand for, that stands for something that treats employees well, that operates its business ethically and responsibly. Those are all things that I think we're seeing more and more in the marketplace, from an employment perspective. By becoming a B Corp, you're getting to people on an emotional level… and that really is, I think, the benefit of becoming a B Corp."*

Many B Corps mentioned the certification helping them to connect with other B Corps. They described this "global corporate community" in which they can share best practices and ways to improve scores to help and push each other to continuously innovate by claiming:

> *"Another benefit is there's a huge community… We really do get together to share ideas and thoughts and act as great resources for each other and that is a really significant benefit."*

A multitude of B Corps at first cited no disadvantages to the B Corp certification, later saying “hurdles” was a more appropriate word. For some, getting shareholders on board with investing time and energy into the certification process was a hurdle. In fact, a B Lab employee said the shareholder vote might be the greatest obstacle to a company wishing to get the certification. However, since many B Corps are socially responsible even before receiving the certification, many companies found that shareholders quickly recognized the certification as consistent with their brand.

Additionally, as demonstrated in Exhibit 6, an abundance of B Corps cited cost as a disadvantage. These companies were referring to the annual certification fees that B Lab requires. The fees range depending upon the company’s annual sales, the lowest fee being $500 for companies with less than $500,000 in annual sales and can go all the way up to over $50,000 for companies with more than $1 billion in sales. Per Exhibit 2, the average B Corp in the food and beverage industry makes around $800,000 annually, making its annual fee $1,000. The B Corps interviewed did agree that usually, their fees were minimal but for small, start-up companies, every cost adds up. The B Corps said similar things about time. The certification process can consist of months of back and forth with a B Lab Standards Analyst and for small organizations (which B Corps usually are), this investment in time can also be costly. Although many B Corps quoted that a disadvantage of the certification is an intense and rigorous vetting process, the majority quickly followed by saying the certification would be less valuable if it were easy to get.

Although the main objective of this study is to explore B Corporations, the interview questions also attempted to dive into the advantages and disadvantages of Benefit Corporations. 21 percent of the B Corps I spoke with were also legal Benefit Corps and were able to shed some light on what the implications are for this entity type. So while these corporations receive the third-party verification and certification through B Lab, they have also made themselves legally obligated to provide some sort of public benefit. The legal Benefit Corps explained their status as granting them legal permission to value stakeholders in addition to shareholders. This means that the management team is legally protected from its shareholders when making decisions that may only provide value to its stakeholders, and not to its shareholders. They cited that the legal status is also helpful for publicly held companies so that if the company is sold or if there is a change in leadership, the socially responsible legal structure of the business will remain intact and untouchable. When asked about what value the legal structure adds on top of the certification, Benefit Corps replied saying that it maximizes their impact by ensuring security of the business model and it adds points to their Impact Assessment score. A disadvantage of the Benefit Corp structure includes cost, as it requires going through a lawyer. Also, a hurdle that these corporations mentioned was that the Benefit Corp entity is not yet allowed in every state in the U.S., making it unavailable to some entrepreneurs. The results of this study have helped to illuminate the financial and cultural effects associated with the B Corp and Benefit Corp business models. From these results, we can begin the conversation on what is means to be a socially responsible business.

DISCUSSION

Beyond statistical analyses and qualitative findings, this section discusses what the results of this study suggest for the future of business. What do businesspeople gain from running socially responsible businesses? What does CSR look like? What *should* it look like? Why should we care? In addressing these questions, I attempt to shed light on the evolving business world of the 21st century. With more attention and care being put on the triple bottom line, the growing trend of socially responsible business practices, I believe, is just beginning.

Selection versus Treatment Effects

This study has sought out to discover how the B Corp certification affects an organization, financially and culturally. Although there is a statistically significant difference in the financial performance between the B Corps and the randomly selected Regular Corps in the study, the interviews showed that the certification itself may not be playing a large role in affecting an organization's financial performance. One hypothesis was that the certification could produce a *treatment effect*, wherein companies that opted to get the certification would become more profitable as a result. However, extensive interviews with B Corp leaders revealed that B Corps exemplified a *selection effect*, wherein already socially responsible companies that were financially stable and successful selected to pursue this type of certification. It came to be understood that becoming financially successful and socially responsible are not byproducts of the certification, but precursors. This means that the B Corp certification does not create lucrative, socially responsible businesses; it attracts them.

Conversations with B Corp employees produced examples of a selection effect among B Corps. For example, the main reason that companies saw no change in culture as a result of the certification was because the culture of being socially responsible already existed in the company long before the certification. Then, the majority of companies described their main reasoning for applying to become a certified B Corp as wanting to get recognition for the work already being done. Employees from certified B Corps expanded on this saying:

> *"When we read about it, it seemed to all fit and describe who we were. It's like joining the club and trying to find companies that were similar, hoping that we would find solutions to similar struggles, maybe find a bit of a community."*

> *"We can talk until we're blue in the face with all these different initiatives but to go and achieve this third-party certification with B Corp was something that was really important to us to kind of prove to our customers that we really did stand for the things that we were saying and that we stand for having them evaluated on that scale."*

> *"When I first did the Assessment, we didn't meet the cut-off for becoming a B Corp and then I thought, 'We can do better, we can make the adjustments so that we do qualify'... but the other piece of that is these things were things that we were practicing anyway and if you can get a certification and say, 'Look, we're not just saying it, but we actually have a third-party audit that we are doing the things that we claim to be doing,' then it's a mark of authenticity that is consistent with our company as a whole."*

It is clear that socially responsible business practices are embedded in these companies even before attaining the certification. Thus, the benefit of getting the certification, according to many of the B Corps I spoke with, was third-party validation or proof that the company is "walking-the-walk." Of course, another advantage cited to the certification was a push to continuously innovate, constantly improving the level of social responsibility in a company. When companies have to re-certify every three years, the hope is that their impact score improves but they may lose the certification if the score goes down. Therefore, the B Corp certification makes already socially responsible and financially stable companies more socially responsible and more fruitful.

Potential for B Corp Marketing

The data in the study reveal considerable evidence to support the claims that there may be an association between socially responsible business practices and greater profits. In the process, these socially responsible business practices can also produce positive externalities such as passionate employees, positive brand reputation, and continuous innovation. However, the B Corp certification also brings along some negative consequences such as a rigorous process that requires an investment in time and money that may be difficult for some small companies to achieve. Yet, one of the most interesting finding is the contradiction between whether or not attaining the B Corp certification produces marketing benefits.

B Corps in the study discerned between marketing benefits with other companies and marketing benefits among consumers. The certification helped some companies network and open doors to new business opportunities and partnerships. Businesspeople are aware of the B Corp certification, as a network of more than 830 academics in business schools are now teaching about B Corps all over the country (Sistema, 2017). Therefore, when another business owner sees the B Corp certification, it may help to signal a company worth doing business with. This would make sense – companies want to do business with other ethical companies.

Where the discrepancy lies is within the many companies that mentioned the certification is helping to increase consumer awareness around their brand because consumers recognize the B Corp certification. When questioned about whether the average consumer is aware of the certification, I argued that while there are over 2,600 B Corps in 60 different countries, the average consumer still has no idea what a B Corp is. This new type of certification is inspiring but confusing and complicated to the public. In a supermarket, while some consumers may be checking products for Free Trade or Organic labels, they may even see a B Corp certification, but just not recognize it or what it means. When bringing these points up with B Corps that had originally claimed a marketing benefit, no B Corp could disagree with the validity of the assertion that consumer awareness of B Corps is, in reality, near nonexistent.

Many of the B Corps and B Lab employees interviewed identified a "marketing disadvantage," which I define as a lack of consumer awareness around B Corps. It is true that in the 13 years since B Lab's incorporation thousands of businesses have become certified B Corps.

Nonetheless, that number is microscopic in comparison to the 30.2 million small businesses there were in 2018 (SBA Office of Advocacy, 2018). Furthermore, of these few thousand B Corps, not all of them are consumer-facing. That is, only a subset of these B Corps have products on shelves where consumers can even come in contact with the certification. What is unique about the B Corp certification is that any type of business can attain it, including law firms, consulting firms, PR firms. However, firms like these without consumer-facing products have less places to brand the certification for consumers to see. Additionally, even B Corps that sell products do not always brand the certification on them. B Lab does not require them to do so. For example, Ben & Jerry's, one of the most well-known ice cream brands in the United States, does not have the B Corp certification on any of their cartons of ice cream in supermarkets. Ironically, every carton is branded with the Fair Trade symbol instead. The B Corp certification arguably involves much more of a rigorous process to attain than Fair Trade and also encompasses more aspects of the business. However, it is possible that B Corps like Ben & Jerry's recognize this lack of consumer awareness around or lack of caring about B Corps and therefore do not bother to put it on their products. When asked why they think there is low consumer awareness around B Corps, employees from B Corps responded:

> *"There are a lot of consumer-facing labels and certifications these days, and it's understandably difficult for consumers to keep up. We're USDA Certified Organic, Certified Humane Free Range, and B Corp Certified, and frequently address consumer confusion surrounding just those labels - and they're just on their eggs! When you look around in the grocery store, there are certifications all over every package. It's overwhelming."*

> *"It's not a consumer facing certification. It's not marketed to the consumer, it's not explained to the consumer… It's not yet become as relevant to most consumers. Organic is relevant because it indicates something about the quality of the product, or at least the quality of the product's ingredients. It means something to them personally. 'This is healthier for me.' That's what people*

> *associate with Organic. The majority of it is not about helping the planet, it's selfishly 'this is healthy for me.' And B Corp, as a certification, is going to have a large chasm to cross to internalize that selfish benefit, which is how most consumers, ultimately, are oriented."*

It is evident that in order for the B Corp certification to produce a marketing benefit, B Lab and B Corps will have to 1) effectively explain the certification and 2) persuade consumers to care. That being said, I believe B Corps that fail to effectively market themselves as B Corps are only missing out on the potential marketing benefits of the certification that could arise with a more unified message and approach to B Corp marketing. With a collective action approach, B Corps working together to market the certification will produce marketing advantages for all.

Interestingly, B Lab does not require B Corps to market the certification. When asked why not, an employee from B Lab reported that B Lab's focus is not on whether or not B Corps decide to market themselves as B Corps or brand their products with the certification. B Lab explained its mission is to provide the tools for socially responsible companies to get the certification. Their focus is to get more and more companies certified, not to focus on the marketing efforts of already certified companies. The B Lab employee continued saying:

> *"I don't care if someone doesn't even use the B Corp logo. If they're using our Assessment to monitor their impact internally and externally, but they never market it, I still think that's valuable and really impactful… I think that it's up to the company. Obviously, when someone uses our B Corp logo it contributes to that brand awareness so we want that as well, but if a company doesn't use a B Corp logo but they still are increasing their impact, that's what we want."*

I would argue that by focusing efforts towards helping raise consumer awareness around the certification itself, more companies will, in turn, become attracted to it because of the consumers it may help bring to the brand. I believe that by putting more emphasis and efforts towards raising consumer awareness, the number of certified B Corps will grow and already existing B

Corps will gain true marketing advantages, attracting new consumers to the brand and increasing market share.

Perhaps one of the hardest parts about creating consumer awareness around B Corps will be to develop a unified message on what a B Corp is. B Lab employees and B Corps acknowledged that the certification is complicated and broad. Compared to other certifications like Free Trade or Organic, the B Corp certification is much more ambiguous. The five impact areas are addressed differently by every company and the certification can mean something different to every B Corp. A correlation can be drawn here between the difficulty of defining CSR and the difficulty of defining the B Corp certification. The confusion arises not around how it is defined, but how its practices are operationalized, which varies among every corporation.

In an attempt to create a unified message, B Lab ran its first large marketing campaign this past November during the Midterm elections. With the slogan, “Vote Every Day. Vote B Corp,” B Lab asserted that consumers should not just vote during the elections, but should “vote” every day with the products we buy, with the places we work, and with the people we do business with. The exhibit below is a sample of B Lab’s marketing efforts.

Exhibit 7: B Lab Marketing Campaign

The concept of the campaign is clever and can speak to many young people who are just discovering the importance of voting. On their website, B Lab even has a short quiz to provide consumers with a list of B Corps that they can “vote” for and start to incorporate into their daily routines. The quiz asks consumers how they start their day, what makes them happy at work, and what they like to do after work. Then, the quiz generates multiple suggested B Corps for each question based on the consumers’ answers. For example, if a consumer selects that they start their day with a cup of coffee, the quiz generates a list of coffee companies that are B Corps. And if the consumer likes to spend their time after work planning their next vacation, the quiz generates travel companies that are B Corps. This quiz helps consumers identify companies that are B Corps, but the campaign still does not make clear what B Corps are and why they should be “voted” for.

While B Lab brings the certification into relevance in terms of the Midterm election, I believe it still fails to create a unified message about B Corps. I would recommend that B Lab work to create a purely informational marketing campaign, supported by all of its existing B Corps. B Lab could dedicate more of its staff to designing informational packaging for B Corps with consumer-facing products. The packaging should catch the eye, but still be simple, not cluttered, and easy to read. Studies show that consumers read on average only seven words in an entire shopping trip (Preece, 2014). Therefore, making packaging that stands out with a simple design is most effective. Most importantly, the new packaging should be informational and concisely explain what a B Corp is. B Lab should heavily encourage, or perhaps require, its existing certified companies to incorporate this packaging on its products or on any documents associated with service sector B Corps. Also, B Lab should utilize relations with its most well-known B Corps that have more resources than the average, small B Corp to lead the campaign by running ads and creating posters for their stores or locations. If B Lab dedicated more time and resources to creating a unified, informative marketing campaign for B Corps, consumers and companies alike would benefit greatly.

Implications for the Future of Business

Milton Friedman's oft-repeated paraphrase, "the business of business is business" is an outdated ideal losing its dominance in today's business world (Dowling, 2018). The rapid growth and popularity of CSR departments, B Corps, Benefits Corps, and other types of social entrepreneurship shows that the business world sees value in socially responsible practices, whether for purely altruistic reasons or not. The continual expansion of these practices in business can be explained by Organizational Studies' neo-institutional theory (NIT) and institutional isomorphism.

NIT says that efficiency is achieved when organizations do what they think they "should" do (Meyer and Rowan, 1977). To survive in an evolving business environment, an organization needs resources that it will gain from proving its legitimacy to its constituents. The theory explains that organizations strive to gain legitimacy within these environments by convincing their constituents they are behaving according to the appropriate script. John Meyer and Brian Rowan, pioneers of NIT, comment saying "Many formal organizational structures arise as reflections of rationalized institutional rules" (1997:340). In this sense, CSR departments, sustainability reporting, and GRI Reports are structures that have become rationalized and thus, institutional "rules." At least among Fortune 500 companies, it has become a given that the corporation must have a CSR department in order to remain legitimate. With increasing consumer awareness around social responsibility standards, NIT says that companies incorporating socially responsible business practices are gaining legitimacy by following suit.

In terms of the B Corp certification, we can think of CSR as the current business trend or "rule." However, NIT helps to predict that as more large, well-known firms take on the certification, B Corp may become the new norm followed in order to remain legitimate. Danone North America, the yogurt giant behind brands like Silk, Horizon Organic, and Earthbound Farm, just became the largest B Corp in the world (Mainwaring, 2018). The certification becomes rationalized when large, established companies like Danone adopt it and this will lead to it becoming the norm. Thus, NIT helps to predict that eliminating the term CSR and incorporating social responsibility throughout an entire organization – through methods such as gaining a B Corp certification or becoming a Benefit Corp – will soon become the new, rationalized institutional rule that replaces CSR.

Institutional isomorphism, or the tendency of organizations to resemble one another, continues to help us understand the growing trend of responsible businesses. When a new set of organizations emerges as legitimate, other rational organizations make themselves increasingly similar as they try to change to keep up with new innovations. Paul DiMaggio and Walter Powell (1983) describe mimetic isomorphism as a process that leads to this outcome. Mimetic isomorphism results both from when goals are ambiguous or when the environment creates symbolic uncertainty. When a company wants to get ahead in the market, they face unclear solutions. Thus, organizations begin to model themselves on other organizations that are leaders in the market, whether they realize it or not. Armen Alchian, an American economist, observes "while there certainly are those who consciously innovate, there are those who, in their imperfect attempts to imitate others, unconsciously innovate by unwittingly acquiring some unexpected or unsought unique attributes which under the prevailing circumstances prove partly responsible for the success. Others, in turn, will attempt to copy the uniqueness, and the innovation-imitation process continues” (1950:218). B Corps and socially responsible business practices are fast-growing trends that are at the forefront of business innovations. Mimetic institutional isomorphism suggests that moving forward, organizations will continue to mimic these practices to get ahead or to not fall behind.

Eliminating Corporate Social Responsibility

The qualitative findings of the study suggest that the future of socially responsible business practices may involve the degradation of the term “CSR.” I concur with previous scholars who have claimed that adding new definitions of CSR creates more confusion around the term. The truth is, CSR, while generally speaking means a firm that provides a public benefit aside from profit, really means something different to every company. Just like each B Corp may focus more on any particular impact area, every company may chose to focus on different groups of stakeholders as part of their CSR practices. No method is necessarily right or wrong but I believe there are better and worse ways to be a socially responsible business. To begin on the path to running better, socially responsible businesses, I propose that, like B Corps, we should work to eliminate the term “CSR” from our vocabulary entirely.

The findings of the study suggest that no matter how it is phrased, CSR is a term clouded with judgement and skepticism. One compelling finding is that some B Corp leaders completely refute the term “CSR.” One B Corp leader expressed particular distain for the term’s current implications asserting:

> *“I hate the term. I think it’s a lazy term. I don’t like it and I’m so tired of it and I don’t want people to talk about it… I have a particular distain for the term and the practice that has resulted around it… because a lot of it was about esoteric thinking and less about practical action or it was about reporting… versus actual doing shit. Or it was a separate discipline within an organization as opposed to integrated across the entire infrastructure of the organization.”*

B Corps that refuted the term explain that CSR, in the way most businesspeople think about it, is a department within a company that organizes volunteering, donations, or other forms of community involvement. In this sense, B Corps do not practice CSR. Instead, socially responsible practices and initiatives are embedding within every part of the company. To B Corps, CSR is not a side project or a reactionary method to increase public perception of the company. To B Corp leaders, it is just the way they run their companies. To them, there is no other way of doing business. And this, I believe, is the best way to run a truly socially responsible company. By eliminating the term "CSR," we can begin to focus on incorporating social responsibility into every aspect of a company and using verifiable and concrete measures to certify companies. We should look to B Corps as exemplars of this because, eventually, it is just the way we will do business.

Business Ethics

The disassociation between B Corps and CSR welcomes a discussion on why, ethically, we should care about running truly socially responsible companies. First, as my quantitative analysis has shown, socially responsible companies are associated with making more money than non-socially responsible companies. Mediating variables such as an influx of more passionate employees, positive brand reputation, continuous innovation, and new business partnerships become competitive advantages in the market. While this study shows that companies that invest in high levels of social responsibility can also produce above-average profits, this most likely will not suddenly entice companies to hop on the band wagon.

In reality, only the true desire to be socially responsible will be the driving force in the creation of socially responsible companies. In his article, "Do Good Ethics Ensure Good Profits," Peter Barnes (1989) asserts that "To be ethical as a business because it may increase your profits is to do so for entirely the wrong reason. The ethical business must be ethical because it wants to be ethical." Many B Corps cited no clear advantages to the certification in terms of producing higher profits. Instead, their motives in wanting the certification lie elsewhere and in most cases, *they simply*, *truly care*. And while the research has shown that social responsibility in business can bring substantial value to all stakeholders, an entrepreneur must really desire to create a fully socially responsible company from the ground up.

The second reason we should care about running truly responsible companies is that incorporating social responsibility throughout the entire organization prevents against claims of greenwashing. As discussed previously, some companies use CSR departments and GRI Reports to mislead consumers regarding their CSR practices. Without third-party verification, consumers are left feeling confused and overwhelmed trying to identify which companies are truly socially responsible. GRI Reports may even be amplifying this confusion because these reports have no standards for backing up their claims. Some researchers (Parguel et al., 2011) argue that in today's circumstances, the potential benefits for CSR marketing may be questionable, even for truly responsible companies, due to this skepticism. This is where, I believe, the role of B Lab, the B Corp certification, and the legal structures underpinning Benefit Corporations can play a crucial role. If consumer awareness and knowledge surrounding these types of businesses can be increased, then marketing B Corp and Benefit Corp brands will become valuable. B Lab serves as the trusted verification consumers need to discern between which companies are truly socially responsible and which companies may just be greenwashing.

Limitations

While this research overcomes previous problems with studying the relationship between CFP and CSP by adding a multi-method approach, the available data was limited. Getting access to private, financial data proved difficult. The D&B Hoovers database was chosen because it included the most organizations in the desired dataset and provided the most data. CFP was defined by annual revenue because it was the only financial measure that the D&B Hoovers database had. If private companies did not self-report their annual revenue, then the number was formed by the Bureau of Labor Statistics. Therefore, the true accuracy of the financial information gathered is unknown, although it was a best estimate.

Additionally, the study is limited by the lack of time-series data. The study included the Impact scores and annual revenue only for the past fiscal year. When trying to establish what kind of effects the B Corp certification had on an organization, the time constraint limited the discussion on the true, long-term effects of the certification. Data from the years directly prior to and directly after gaining the certification would help in establishing a more causal relationship between the variables studied.

Another limitation to the study was the scarce contact with Regular Corps for interviews. Most of the Regular Corps in the study were very small Mom-and-Pop-like stores, often without available telephone numbers or official email addresses. Because visiting each Regular Corp individually was impossible, the lack of available contact information hindered the study from attaining thoughts about socially responsible business practices from these companies. The Regular Corps may have been dissuaded to participate in interviews because of the nature of the topic of interest. They may have had limited time, due to being small-sized organizations, or they may have had no interest in social responsibility. This study hoped to gain this interesting perspective regardless, but fell short in attempting to do so. It is likely that future researchers will continue to encounter issues with interviewing businesses on a topic they likely know or care little about. This study did due diligence in reaching out to the sampled Regular Corps anyway.

Finally, the results of the study may not be representative of the entire population of small-sized companies. Because the sample only included firms in the food and beverage industry, the external validity of the study is low as the results do not pertain to other industries. It is possible that using a sample of B Corps and Regular Corps in another industry would yield different results. Also, looking at the whole population of existing B Corps versus a random sample of all existing Regular Corps might paint a new picture entirely. The hope was that confining the characteristics of the organizations into a specific industry, size, and age would reduce variability within the study's results.

Future Research

As previous studies on the relationship between CFP and CSP have addressed, there are a plethora of mediating variables that could dictate this relationship. Future research should continue to try to understand what truly drives the success of socially responsible businesses. Some other possible confounding variables that were not addresses in this study – that could be concentrated on in future studies – are time and stakeholder influence. This study only examined the relationship between CFP and CSP in a single time period. It is possible that the correlation between the two variables changes as an organization gets older. Additionally, to further explore how the B Corp certification might affect CSP, a future study could look at this correlation during the years directly before and after a company attained the certification. A multi-year study on CFP and CSP will reveal if and how time plays a role in the relationship.

The stakeholder influence capacity theory says that levels of marketing dictate the relationship between CFP and CSP. The more a firm markets their social responsibility efforts, the more they will profit. Future research should delve into this theory by assessing the relationship between differing levels of CSR marketing with CFP. With growing consumer awareness around B Corps, it will be important to the fields of Organizational Studies and Marketing alike to conduct research that addresses if marketing socially responsible businesses actually changes consumer behaviors.

Several researchers (Öberseder et al., 2011) have identified a considerable gap between consumers' apparent interest in social responsibility and their purchasing behavior. That is, a consumer may *say* they would be more likely to buy or request a service from a socially responsible company, but would they actually be willing to pay a premium for social responsibility? So far, there is no data on how the B Corp certification influences what consumers buy. There is, however, research on eco-labels, or sustainability descriptive labels, that can give us insight on how environmental labeling changes buying habits. This information can then suggest how consumers would react to B Corp labeling once they understand it.

A research study (Liem et al, 2018) on the sustainability descriptive labels on farmed salmon provides an interesting observation as to how young, informed consumers react. A random sample of 119 young consumers of fish were randomly presented with salmon that were labelled with either a description of sustainable farming practices, flavor benefits, nutrition/health benefits, socially responsible farming practices, or no descriptions. Descriptive labelling about sustainable farming practices, flavor, and health/nutrition significantly increased consumers' liking and price ceiling of the salmon as compared to salmon with no descriptive labelling. On the other hand, labels about socially responsible farming practices did not influence how much consumers were willing to pay for the salmon. Also, it was found that the sustainability descriptive label had no added benefit above other descriptive labels. In conclusion, sustainability labelling is promising, but not any more promising than other positively framed messages. Additionally, in this study it seems that social responsibility labelling does not have promise in changing consumer behaviors.

I suggest that future research should use similar methodology for testing consumer purchasing habits in relation to descriptive labelling for B Corp certification marketing. It would be helpful to the literature on B Corps to see whether highlighting different impact areas (environment, community, governance, customer, workers) in B Corp marketing efforts changes consumers' liking of the product or service. This research should be conducted with the idea of closing the gap between social responsibility label awareness and actual purchasing behavior. Moving forward, B Corps and social entrepreneurs should consider ways to simultaneously educate on and persuade consumers to support socially responsible companies.

Additionally, one of the confounding features of the study on the B Corp certification and Benefit Corporations is the lack of a clear sense of the relative benefits of competing certifications and legal entities. I suggest that future research work to clarify this comparison through providing social entrepreneurs with a framework or guide on which certification(s) and/or entity type may be right for them. The goal here would be to compare the B Corp certification with other, similar certifications. Likewise, to compare the Benefit Corp entity type against other, similar entity types. Thus, entrepreneurs can decide which option best fits the vision for their businesses. A question I have been asked several times is, "If you want to run a socially responsible business, why not just be a nonprofit?" While nonprofit might be the right route for entrepreneurs hoping to focus solely on making a difference, there are many other options for entrepreneurs that also want to make money. By creating a framework to compare and contrast existing certifications and entities, future research can show entrepreneurs what options exist and what each has to offer.

Conclusion

This study has demonstrated the positive effects of socially responsible business practices. A quantitative analysis resulted in a statistically significant difference between the financial performance and social performance of small U.S. companies in the food and beverage industry. A firm's focus on its workers may be associated with even higher financial performance. Further qualitative analyses uncovered mediating variables such as passionate job applicants, positive brand reputation, inspired innovation, and the support of like-minded companies that may dictate this relationship. Unexpected, negative feelings towards the term "CSR" led to the conclusion that truly responsible businesses do not use the term. Also, a discrepancy arose between whether or not socially responsible companies receive marketing advantages. Future research should determine if the B Corp certification and social responsibility marketing change consumer behaviors.

Regardless, as both businesspeople and consumers, we should acknowledge that the trend of social responsibility in corporations is not stopping any time soon. Consequently, I contend that we must continue to assess the business case for B Corps and other socially responsible businesses. I predict that moving away from CSR departments and moving towards socially responsible business practices infused throughout an entire company will become the regular way we do business in the future.

When we think about why we should create, care about, and support *certifiably* socially responsible businesses, we should have an altruistic approach; doing good because it is simply the right thing to do, not because we expect to benefit in return (that is just a perk). When we support B Corps and Benefit Corps, we signal a shift in the market from a shareholder focus to a stakeholder focus which encourages large corporations to follow suit. When we care and take the time to seek out socially responsible businesses to incorporate into our everyday lives, we live better, more meaningful lives, knowing our money goes towards investing in companies that treat their workers, communities, and the environment well. We should create these businesses because, as demonstrated, it is more than possible to run a highly successful, socially responsible company. Doing so, we will be the leaders in the movement of using business as a force for good.

Appendix A

B Corporation Interview Questions

1. From my research, I've gathered that there is a difference between a Benefit Corporation and a certified B Corporation. So is your company a *certified* B Corporation? In your own opinion, what do you see as the advantages and disadvantages of becoming a Benefit Corporation (legal structure)? If you are not certified and/or not a Benefit Corporation, is there any particular reason why not?
2. The main focus of this study revolves around the concept of corporate social responsibility and what that means. I have found that there is actually no concrete definition of "corporate social responsibility" which makes it difficult to accurately measure because everyone defines it a little bit differently. So in your own words, how would you define corporate social responsibility?
3. What type of corporate social performance does your company focus on (i.e. environmental concerns, employee volunteerism, giving back to the community)? Why does your company focus on those particular concerns?
4. What is the main reason your company applied to become a certified B Corp?
5. What do you see as the specific advantages of becoming a B Corp? What disadvantages are there?
6. What factor did your company consider most when deciding to become a B Corporation (profit, shareholders, public opinion, stakeholders, public benefit)? Why?
7. How long did the company plan to become a B Corp (was it always part of the business model or did the idea come later)? What was the process like of preparing the organization, culture, financial books, etc.?
8. Can you provide an example of a question on the B Impact Assessment that maybe surprised you?
9. Another main focus of my study is looking at the effects that the B Corp business model might have on a company. Since becoming a B Corporation, have you seen changes in your corporate culture? Changes in reputation? Or changes in efficiency? If yes, please explain. Have you seen changes in revenue generation that you would attribute to the certification?
10. How did you hear about B Corps and/or B Lab?
11. B Lab was incorporated in 2006 and since then, over 2,600 companies in 60 different countries have adopted this certification. Yet, the average consumer still has no idea what a B Corp is. Why do you think that is?
12. I am trying to interview B Lab as a part of my research as well, but I am having trouble getting in contact with anyone there. Do you have a contact from B Lab that you feel comfortable giving me their contact information so I can reach out?

Appendix B

B Lab Interview Questions

1. In your own words, what is the role of B Lab and why was it created?
2. In your opinion, why is B Lab important?
3. Why do you think it is important for a company to incorporate socially responsible practices into its business model?
4. Through my research, I've learned that there is a B Corp, which involves the certification through B Lab, and there is a Benefit Corporation, which is a legal structure. In your opinion, what do you see as the main advantages of becoming a certified B Corp, not legal? What are the main disadvantages? In comparison, what are the main advantages of becoming a legal Benefit Corporation? And the disadvantages?
5. Compared to other certifications (free trade, organic, etc.), why should a company chose a B Corp certification? Compared to other legal entity types (nonprofit, LLC, etc.), why should a company become a Benefit Corporation?
6. What role and what impact do you see B Lab having in the next 10 years? What, if anything, are you currently doing to reach these goals?
7. The main focus of this study revolves around the concept of corporate social responsibility and what that means. I have found that there is actually no concrete definition of "corporate social responsibility" which makes it difficult to accurately measure because everyone defines it a little bit differently. So in your own words, how would you define corporate social responsibility?
8. What do you believe is the main reason(s) a company would NOT become a certified B Corp? What is the greatest obstacle of becoming a certified Benefit Corporation? How could a company get over that obstacle?
9. What do you believe is the greatest obstacle to a company that wishes to become a legal Benefit Corporation? How do you propose to get rid of that obstacle? Are there other obstacles?
10. How would you describe the average B Corp? Is it big or small? Public or private sector? Is there a more common industry? What type of social performance (environmental, employee volunteerism, community, etc.) does the average B Corp engage in? Does the average B Corp have this business model from the beginning of its inception or does it become interested in the B Corp business model later in its life? What are the average B Corp's motives for becoming a B Corp?
11. Do you think B Corp is a consumer facing certification or a company facing certification? Why?
12. How do you promote the B Corp "brand"? How do you get the word out there about this type of business? What do you say?

Appendix C

Regular Corporation Interview Questions

1. The main focus of this study revolves around the concept of corporate social responsibility and what that means. I have found that there is actually no concrete definition of "corporate social responsibility" which makes it difficult to accurately measure because everyone defines it a little bit differently and often, people are not very familiar with the terminology. Is "corporate social responsibility" a term you're familiar with? If so, in your own words, how would you define corporate social responsibility? If not, what would you guess it would mean?
2. Does your company have any level of corporate social responsibility (i.e. protecting the environment, employee volunteerism, giving back to the community)? If so, what kind?
3. On a scale of 1 to 10, how important is corporate social responsibility to your company?
4. What do you see as the specific advantages of socially responsible business practices? And the disadvantages?
5. When hiring, what is the most important requirement or factor that you look for in a future employee? On a scale of 1-10, how important is it that the candidate cares about the company's mission?
6. Another main focus of my research is on a type of business called a Benefit Corporation or B Corp. I'm finding that a lot of people don't know what these are. Are you familiar with this term? (If no, provide a brief explanation: Benefit Corporations are organizations committed to the triple bottom line business model, which means that they hold social responsibility, sustainability, and profit all at the same level, not valuing one over the other. These organizations have chosen to become legally obligated to provide some sort of public benefit. There is a non-profit called B-Lab that provides certifications to these companies that are using business as a force for good. The certification pushes the company to meet rigorous standards of social and environmental performance, accountability, and transparency.)
7. Do you think your company would consider becoming a certified B Corp? Why or why not?
8. What do you see as the specific advantages of becoming a B Corp? What are the disadvantages?

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