

# Certifying Shared Value?

## An Assessment of the Links between Shared Value Creation & The B Corp Certification.

**M.Sc. Sustainable Development**  
**Annotation degree Sustainable Entrepreneurship & Innovation**

**Master Thesis Research Project**  
**Course Code: GEO4-2321**  
**30 ECTS**

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**WordCount:** 20,205

# Acknowledgements

I would like to thank Dr. Walter Vermeulen for guiding me through this research study. His help in the formation and development of this study was very much so appreciated. I would also like to thank my second reader, Giuseppe Feola for providing feedback on the research proposal. I would like to thank Erik Kivimäki for his initial guidance and participation in this research study. Lastly, I would like to thank each of the representatives of the B Corp businesses interviewed for this research.

# Abstract

This research study aimed to assess the links between the B Corp certification and the creation of shared value. The mission of the B Corp certification is to redefine success in business, to include a more triple bottom line approach. This aligns with the creation of shared value, wherein a businesses economic strategy is to create social or environmental value. The study was conducted as an embedded case study, with the B Corp certification serving as the primary unit of analysis and B Corp certified businesses as the secondary unit(s) of analysis. For this secondary unit of analysis, 16 individual case studies were performed. Each case study gave insight towards how the B Corp certification aided the creation of shared value in the businesses it certifies. In the primary unit of analysis, the B Corp certification itself was analysed. This gave context to how the certification functions as well as its origins. This context aided the secondary unit of analysis and provided interesting findings towards the certifications links with shared value creation. The findings of the study were that the certification does in fact have several links to the outlined concept. It was found that the theory of change employed by B Lab (the organisation that which operates the certification) and concept of shared value creation both draw heavily from stakeholder theory. The certification was also found to possess elements that are directly serve the purpose of identifying and evaluating shared value creation in the businesses it certifies. The certification was also found to aid shared value creation in some businesses through an implementation cycle similar to a PDCA model. The B Corp certification was also found to facilitate organisational learning in several different ways, which may also aid the creation of shared value in the certified businesses.

# Table Of Contents

<b>1. Introduction</b>	5
1.1 B Lab & The B Corp Certification	7
1.2 Problem Definition	8
1.3 Research Questions	9
<b>2. Theoretical Background</b>	11
2.1 Literature Review	11
Governance Theories	18
Corporate Sustainability	18
The Creation of Shared Value	14
Voluntary Sustainability Standards	18
Organisational Learning	18
2.2 Theoretical Framework	19
<b>3. Research Activities</b>	21
3.1 Design	21
3.2 Methodology	23
3.2.1 Sample Selection	23
3.2.2 Data Collection	24
3.2.2.1 Literature Review	25
3.2.2.2 Content Analysis	25
3.2.2.3 Interviews	25
3.3 Operationalisation of Key Concept	26
3.4 Data Analysis	28
3.4.1 Analysis of Qualitative Data	28
3.4.2 Analysis of Quantitative Data	29
<b>4. Results</b>	29
4.1 Primary Unit of Analysis	30
4.1.1 B Labs Theory of Change	30
4.1.2 The Certification Process	31
4.1.3 Pertinent Aspects of the B Corp Certification	33
4.2 Secondary Unit of Analysis	34
4.2.1 Overview of Case Studies	35
4.2.2 Quantitative Analysis Results	35
4.2.2.1 Overview of CSV Scoring	36
4.2.2.1 Statistical Analysis	37
4.2.3 Qualitative Analysis Results	39
<b>5. Discussion</b>	43
5.1 Discussion of Qualitative Results	43

5.2 Discussion of Quantitative Results	45
5.3 Research Limitations & Future Research	47
<b>6. Conclusion</b>	<b>49</b>
<b>References</b>	<b>51</b>
<b>Appendix</b>	<b>57</b>
A. B Corp Interview Question Scheme (Including Grading Scheme)	57
B. Correlation Matrices	65

# 1. Introduction

Sustainability is one of the leading challenges our world faces today and therefore should be deemed a core issue for any business. Whether that business deals in the primary, secondary or tertiary sector; some aspect of sustainability invariably impacts the business. This is because sustainability consists of three fundamental elements - an environmental, a social and an economic element. Regardless of whether a business impacts the environment directly, or if social issues are a concern for its value chain and workforce; each and every business should have a stake in the economic aspect of sustainability. While the economic element of sustainability has been noted to cover important aspects such as corruption and embezzlement (Croes & Vermeulen, 2018); part of being a sustainable business is being there the next year. Studies on the linkages between Corporate Social Performance (CSP) and Corporate Financial Performance (CFP) are numerous and while in the past these have failed to collectively come to a definitive conclusion; more recent studies have begun to show a positive connection between the two (Eccles, Ioannou & Serafeim, 2014; Lourenço, Branco, Curto & Eugénio, 2012; Lo & Sheu, 2007). The study with the longest time-scale tracked corporate performance of 180 companies of either a high or low sustainability configuration for 18 years from 1993 to 2009 and found that high sustainability companies outperformed the low sustainability companies in both stock market and accounting performance (Eccles, Ioannou & Serafeim, 2014). In the article by Lourenço et al., the authors found that companies who engage in corporate sustainability are rewarded by investors and are valued more highly in the market (2012). They also found that companies with a high potential to engage in corporate sustainability but choose not to are penalised by the market. Engaging in corporate sustainability also makes for a competitive advantage in that these businesses can often more easily attract and retain a talented workforce (Lo & Sheu, 2007).

The corporate form has undertaken quite a transformation since its beginnings in the 17<sup>th</sup> Century when both the English and Dutch East India Company's began to set sail (Dari-Mattiacci, Gelderblom, Jonker & Perotti, 2013). Though these two companies differed in their capital structure, they were similar in that both states chartered them seeing that exploration and the setting up of global oceanic trade-routes was crucial to their national interests. These companies served crucial functions to the developments of their states. This was the status quo for the corporate form for the next few centuries. In the 18<sup>th</sup> century due to expanding consumer markets in the UK and US, new charters were legislated by the then-governments for the provision of infrastructure in the form of railroads and canal docks. These corporations again served a public benefit and existed for the sole purpose of this specific public benefit. Their charters were not perpetual and once they had served their purpose, these corporations ceased to exist. The corporate charter was deemed a privilege as it had to be legislated for a particular public benefit. At the beginning of the 19<sup>th</sup> century in the US, incorporation changed from a legislative function to an administrative function and with that, general incorporation statutes began to crop up (Seavoy, 1972). Initially this was for the provision of textiles, metals, glass and paints but not long after, general incorporation was permitted for any lawful, specified purpose. While this was in no way an error, the modern economy has much to owe to general incorporation, it did however also pave the way for the conflicting perspectives of shareholder

versus stakeholder. Once general incorporation was introduced, the concept of the corporation having to provide a public benefit was slowly eroded and with that, stakeholders became less central to their existence and shareholder interests took centre stage. This was exemplified nowhere greater than in the following statement by the economist Milton Friedman:

"there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1970).

The world that the corporation was born from differs greatly to the one it exists in today. The shareholder perspective is generally deemed the primary concern for the average corporation currently. This position has been bolstered by quarterly updates on return and corporate directors fear of litigation should they not pursue shareholder wealth maximisation (Munch, 2012). The power of corporations is truly immense and without a stakeholder perspective, their impact on the world can often lead to environmental degradation and cause huge imbalance in societies. This was predicted by the philosopher Adam Smith in his Theory of Moral Sentiments (1759), when he wrote on how a capitalist system must conduct itself with morals and integrity and if it did not it would eventually devour itself (Lo & Sheu, 2007). This prediction is proving accurate as some modern corporations exhaust natural resources, degrading the natural environment they depend on and often constitute major social issues within their supply chains. Though this may be the status quo for some, there is also a changing of the tide evident around the world. Legitimacy is a leading concern for corporations and for it to be attained, a stakeholder perspective is necessary. Both Corporate Social Responsibility (CSR) and the application of Voluntary Sustainability Standards (VSS) are examples of legitimizing initiatives corporations exercise. Both VSS and CSR have been criticised for not going far enough when it comes to addressing institutionalised negative externalities. There is considerable variation in the quality of VSS, with some being accused of merely posing as window dressing, distracting the public from the reality of the problem (Milder et al., 2014; Giovannucci, von Hagen & Wozniak, 2014). CSR treats social and environmental issues as something separate from the company's core business and VSS represent an external driver of a company's actions (Wójcik, 2016). The Creation of Shared Value (CSV) is a concept wherein both the stakeholder and the shareholders interests are aligned. CSV describes the manner in which a business can create economic value through addressing social or environmental issues. CSV therefore internalises the social or environmental issue into their core business model and is driven intrinsically in how and why it addresses it (Wójcik, 2016). Should CSV become a more mainstream strategy, public benefit would once again be tied to the corporate form as it was in the beginning.

# 1.1 B Lab & The B Corp Certification

B Lab is a non-profit organisation which was founded in 2006 in California with the expressed intent of harnessing the power of business as a force for good. Their strategy for achieving this was threefold: **1)** through building a community of certified businesses who all adhere to higher standards of accountability and transparency, **2)** through promoting legislation for a new corporate form for businesses who provide a public benefit and **3)** through providing an impact investing rating system that would accelerate the growth of business with a triple bottom line approach (NBIS, 2012). An overview of B Labs operations can be seen below in figure 1.

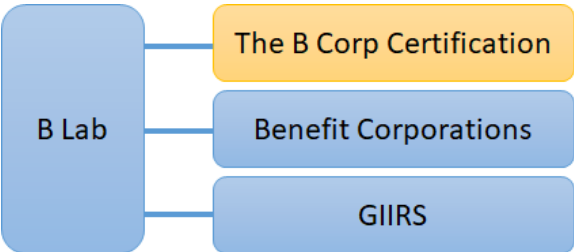


Fig 1: Overview of B Lab’s three-pronged strategy, with the subject matter of this study highlighted in orange. GIIRS is an abbreviation for the Global Impact Investment Rating System that which they have developed.

This research study concerns the B Corp certification, the fee-based, VSS developed and maintained by B Lab. The certification is non-prescriptive in that it does not impose any rules or method, the businesses who use it are allowed free rein in their pursuit of sustainability and value creation strategy. The B stands for Benefit and signifies its mission to create social, environmental and economic benefit for its stakeholders. The B Corp certification can be used by any type of for-profit business. B Lab created the certification at the time of their founding and since then the B Corp movement (the name given to the collective of businesses using the certification) has spread across industries and the world with over 2,600 businesses certified in over 60 countries and 150 different industries (B Lab, 2018). To become a certified B Corp, businesses must take the B Impact Assessment (BIA), and achieve a score above 80 out of a possible 200. The BIA is B Labs native assessment they use for all three branches of their operations. It contains performance categories on Governance, Workers, Customers, Community and the Environment. Having passed the impact assessment with verification by means of submitting supporting documentation, the business must then meet the legal requirements for certification. This entails amending the businesses governing documents to include object clauses stating a commitment to the triple bottom line in that the business will consider its impact on all stakeholders. Governing documents are therefore amended so as to consider a range of stakeholder interests, including shareholders, employees, greater society and the environment. This enables businesses to build their mission into their legal charter and as it grows, can help ensure that their values survive changing management, new investors or even new ownership. Once the legal component is complete, the business must pay a certification fee and may then sign the term sheet. Transparency is important to the B Corp certification and as so, once certified each businesses BIA score (& score history) is made



publicly available. Recertification takes place every three years and 10% of all B Corps are chosen at random for a yearly on-site review (B Lab, 2018).

The B Corp certification includes various capacity building mechanisms, among other added value components. Capacity building mechanisms, by their very nature intend to lead to improvement. Such capacity building mechanisms include the BIA webtool, knowledge sharing tools such as their best practice guides, and some (light) direct engagement from B Lab. However, whether the other added value components lead to improvement is one of the subjects of this research. An added value component can be described as a feature of the certification that which increases its appeal but is not necessarily the main attraction element. The added value components include aspects of the B Corp certification that are unique to the certification and not necessarily found in VSS or guidelines of similar nature. Such added value components could include the BIA score awarded upon completion of their assessment, the 'best for the world' lists they compile for businesses who achieve excellence in their performance categories, challenges they create pertaining to certain sustainability issues, or engagement and collaboration stemming from the wider B Corp community.

## 1.2 Problem Definition

The Creation of Shared Value (CSV) can be viewed as a win-win for businesses and society alike. For businesses, the concept intrinsically links the financial and non-financial elements of sustainability, which are often left separate (Dyllick & Hockerts, 2002). While corporate sustainability and even sustainability more generally is regarded as consisting of three interlinked elements, it is rarely approached in such a manner (Antolín-López, Delgado-Ceballos & Montiel, 2016). The non-financial (social & environmental) elements garner the majority of measurement and indicators and thus attention. While this is indeed justified as it is the social and environmental elements where the impacts are hoped to be seen, by leaving the economic element out, potential resolutions to sustainability issues may be overlooked. It is also important to note the degree of interrelatedness that exists between all three elements, meaning that they cannot be considered in isolation of each other. CSV intrinsically links the financial and non-financial issue areas. As for society, it ensures that responsible goods and services are provided. CSV also highlights how overlooked markets such as the bottom of the pyramid can pose as commercially viable prospects thus helping ensure underserved communities gain access to goods and services (Prahalad, 2010). The creation of shared value maximises stakeholder satisfaction by aligning the interests of shareholders and investors with society and the environment. While certain pathways have been defined, there is sparse and scant studies testing these pathways. The general body of research on CSV varies greatly in analytical rigour, with most studies coming from grey literature. The creation of shared value in practice has not been clearly and comprehensively studied by the academic community. Should a VSS be able to aid the creation of shared value, both businesses and society would have much to gain from it.

This research study aims to assess whether the B Corp certification can help lead to the creation of shared value in the businesses it certifies. Possible reasons the certification may have ties to the creation of shared value include their shared ethos - redefining success in business to include a triple bottom line. This aspect is made clear in the certification's legal component. No other VSS necessitates its users to amend their governing documents to align their by-laws with their mission and to consider a broader range of stakeholders. This sets the B Corp certification apart from all other VSS and corporate sustainability guidelines. The B Corp certification also contains several capacity building mechanisms, which could potentially aid businesses in their pursuit of shared value. The possibility of organisational learning taking place within the B Corp movement might also enhance certified businesses' capacity to create shared value. The B Corp certification therefore poses possible links to the creation of shared value and warrants further assessment, which this study aims to uncover.

### 1.3 Research Questions

To conduct this study, a number of research questions were applied so as to guide the research in a concise manner. The following research questions were used for the purposes of this study:

*How do corporate voluntary sustainability standards that go beyond organisational, procedural or production process requirements encourage societal or environmental performance improvement in the businesses they certify?*

To make use of this research question and apply it to the B Corp certification, a number of elements regarding the certification must first be determined. First the capacity building mechanisms of the certification must be identified and detailed. A number of the supposed mechanisms have been outlined, however these needed to be further confirmed within the analysis. The list of capacity building mechanisms outlined in section 1.2 is preliminary and was to be expanded in the study through a more thorough content analysis and interviewing process. Various added value components which may not neatly fit the capacity building mechanism category were also explored within this research question as they too may encourage impact improvement behavior in the certified businesses.

A second research question applied in this study aims to uncover what effect the B Corp certification has on its certified businesses in terms of shared value creation. The following research question will thus be used:

*What effect does the B Corp certification have on certified businesses' ability to create shared value?*

The creation of shared value is a difficult thing to assess, as it requires a clear link to be made between environmental or social initiatives and improved economic performance. Shared value creation is often a long game in that the payoff in terms of improved economic performance may

come about long after the shared value was created. While it is not impossible to assess shared value creation, whether shared value is perceived to be created by the businesses using the certification is however much more attainable information. This research question will also answer whether the B Corp certification effects businesses of varying maturity and configuration differently (see section 3.2.1, *Sample Selection*). In making this assessment the relationship between BIA score and the Creation of Shared Value will also be addressed.

A final research question applied in this study aims to uncover whether organisational learning is seen to be taking place among the certified businesses. The following research question will be applied:

*Are aspects of Organisational Learning evident among the experiences of B Corp certified businesses?*

Through answering this question, the researcher hopes to uncover additional evidence as to how shared value creation is facilitated by the certification. If organisational learning is seen to be taking place, this could facilitate the creation of shared value among certified businesses through a collective increase in effectivity.

## 2. Theoretical Background

This section will outline the various theories and concepts that were applied in this research study. Section 2.1 will see a brief overview of each theory and concept before they are combined in a theoretical framework in section 2.2.

### 2.1 Literature Review

In order to conduct this study and analyse the B Corp certification in terms of how it may relate to the creation of shared value, a literature review first needed to be conducted. The literature review served to provide the necessary background on the various theories and concepts that were to be applied over the course of this analysis. A review of the governance theories at play provided a base for this review. This focuses on forms of self governance such as private and non-state market driven, as it is through these forms that which the B Corp certification and other voluntary sustainability standards seek to govern. Following this, an analysis of what this means at the corporate level in terms of sustainability issues was conducted in a review of corporate sustainability literature. In this review, a selection of methods applied within corporate sustainability were described and critiqued. Taking that the principle concept to be explored within this study is a form of corporate sustainability, the creation of shared value was then explored. The various pathways and implementation strategies are listed and described as well as some of the theories that which CSV encompasses. With the principle concept of the study described, the literature review then turns to voluntary sustainability standards, the main object of the study. The governance theories behind their application are explored and a description and critique of the two main types is also given. Finally a brief overview of some of the literature pertaining to organisational learning is provided as this concept is used to understand how the VSS may enact change towards the creation of more shared value.

### Governance Theories

Governance can be defined as all public and/or private interactions that which are more or less institutionalised and set out for the realization of collective goals (Lange, Driessen, Sauer, Bornemann & Burger, 2013). The continuum of governance that which has been applied to sustainable development spans from centralised government with a dominant role over markets and civil society to self governing initiatives where markets and civil society have an equivalent role and the state plays a background role (Driessen, Dieperink, Laerhoven, Runhaar & Vermeulen, 2012). Institutionalisation of sustainability in modern society has lead to novel governance mixes which coexist and build upon each other rather than replace or antagonise (Lange et al., 2013; Driessen et al., 2012). Self governance, though just now depicted as a point on a spectrum, contains its own range of governance types. Such examples include so called 'Green Alliances' of businesses and Non-Governmental Organisations (NGOs). These alliances are mutually beneficial in that businesses improve their environmental or social performance, which also enhances their reputation and NGOs gain in their environmental or societal mission

through cooperation with business which may have greater impact potential than cooperation with government (Arts, 2002). These alliances however often lack an embeddedness in the businesses operations or are vacant of public policy which is necessary if institutionalisation is to take place (Arts, 2002). Industry associations account for a second type of self governance and are formed when several interdependent firms, usually of the same industry, form alliances to pool resources and coordinate efforts so as to use collective action (Marques, 2016). These associations have demonstrated capability of mitigating negative social outcomes and creating positive social change through coalitions in certain commodity markets (Marques, 2016). Though under certain conditions business associations have proven beneficial to society and the environment, the criticism of whether they act in self interest has been made. Within the domain of self governance, industry associations can be further classified as a type of private governance. Private governance offers several advantages when compared to traditional government led initiatives. *(i)* It almost always works faster, *(ii)* it offers a second chance for the solving of an issue after government regulation may encounter a block, *(iii)* it is coextensive with markets (allowing regulation to cross borders or even persist worldwide), *(iv)* monitoring and enforcement capabilities exceeds that which governments could attain and *(v)* information and technical expertise to deal with the problem is generally superior, allowing for more concise goal formulation and cost minimisation (Maurer, 2017).

Self governance and private governance can also be described as forms of Non-State Market Driven Governance (NSMDG), due to the lack of state involvement and emphasis on civil society and markets in determining goals. Other key features of NSMDG would be the development of prescriptive rules that which govern societal or environmental issues and that it is driven by producers and consumers along a value chain (Auld, Balboa, Bernstein & Cashore, 2009). NSMDG operates through an incentive based system wherein good businesses are encouraged to pursue sustainable and equitable practices as this will allow them the social license to operate. Businesses that operate with environmental integrity and in a socially equitable way can also enjoy price premiums for their products and services. It also works conversely in that NSMDG also disincentivizes businesses to pursue unsustainable practices as this could lead to public shaming, consumer boycott or loss of social license to serve. For businesses affected by NSMDG forces, a stakeholder perspective is often key, as this strengthens the competitive advantage necessary for a market driven environment (Crittenden, Crittenden, Ferrell, Ferrell & Pinney, 2010). The institutions that which constitute NSMDG governing arenas rely on an inclusion of a broad range of stakeholders wherein both adaptation and learning occur over time (Cashore, Auld, Newsom & Egan, 2007). Sustainability more generally, as mentioned previously, is also a key success factor for a businesses long term strategy and therefore in a market environment, should not be ignored. How businesses deal with sustainability issues will be discussed in the following section.

## Corporate Sustainability

Corporate sustainability can be described as sustainable development applied in the context of the corporation and as so, it covers the three sustainability elements noted previously. These elements, in the context of a successful corporate sustainability strategy see environmental integrity, social equity and economic prosperity aligned for sustainable value creation (Bansal, 2005). This is echoed in the corporate vernacular where 'The Triple Bottom Line' and 'The 3 P's (People, Planet, Profit/Prosperity) approach' broadly describe the same phenomenon (Antolín-López et al., 2016). Corporate sustainability can be approached and managed in both a variety and combination of different ways. One manner in which a business might organise its corporate sustainability strategy is through the use of Sustainability Control Systems (SCS). SCS emerged from Management Control Systems (MCS), which are designed to align aspects of the organisation such as structure and culture with the economic goals of the company so as to maximise profits (Gond, Grubnic, Herzig & Moon, 2012). An MCS is therefore limited as it does not consider any environmental or social aspects in configuring the management system applied, whereas a SCS does. An SCS can be used diagnostically or interactively, depending on whether the particular strategy is known and intended or in need of stimulation and formation, respectively. The three dimensions on which an SCS may be integrated on are technical, organisational and cognitive. Technical integration of an SCS describes the practical aspects of integrating sustainability into company practices such as measuring and reporting. Organisational integration describes how the SCS instills a social practice lens within the business, altering how people approach the system from a 'having' to a 'doing' mindset. Lastly, cognitive integration describes how the SCS changes company culture and behavior, facilitating a more diverse set of perspectives and encouraging collaboration between them (Gond et al., 2012). An effective control system containing all the elements described can be a difficult thing to create for a business just starting to integrate sustainability into their operations. For this reason choosing a SCS with an integrated Plan-Do-Check-Act (PDCA) or *Demming Cycle* can provide an efficient method for ramping up the effectiveness of any effort exerted into corporate sustainability (Moen & Norman, 2006; Witjes, Vermeulen & Cramer, 2017; Pojasek, 2012).

A classical approach to corporate sustainability would be through Corporate Social Responsibility (CSR) activities. CSR has been a feature of the corporate entity for several decades now and its origins can be traced back to Carroll's 1979 statement: "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Carroll, 1979, p. 500). What exactly is included under the domain of CSR has been a contentious issue since it's dawning. For this reason many concepts have been developed to add focus to issue areas CSR dealt with more vaguely. Corporate Citizenship arose to deal with the social role of the corporation while Environmental Management has come about to focus on environmental issues, and Corporate Sustainability, as outlined in the beginning of this section, deals with sustainable development and how the three issue areas are inextricably interrelated (Carroll, 1998; Montiel, 2008). Despite these categorisations, many of the practical aspects of sustainability within a corporation (regardless of issue area) are addressed through initiatives under the guise of CSR. In short, CSR is defined by the stakeholder perspective a business

needs to take on so as to understand what is required of them from society so as to be accepted and granted legitimacy. As society will require different things from different businesses, CSR needs to be a tailor made strategy. The framework with which a CSR strategy is created can also vary. Some authors describe successful CSR as a structural overhaul, requiring integration on three distinct management levels, while others see it as a process with distinct phases (Baumgartner, 2013; Maon, Lindgreen & Swaen, 2008). CSR can be realised in a multitude of different ways which can depend on the businesses management style, organisational structure, capabilities and configuration, among others.

While CSR is an important contributor towards corporate sustainability, it is not without its detractors (Visser, 2010; Wójcik, 2016). The main critique applied to CSR is that it often runs the risk of window dressing with policies that are more focused on increasing positive perception rather than increasing positive impacts. CSR tends to lack an engrainment necessary to overhaul a businesses operations in a way that is truly transformative. With that, efforts made in CSR can feel detached from the main strategy framework of a business. The criticism has also been made that the social (or environmental) value that is created through it is in sum shared or subtracted from the total value created by the business (Wójcik, 2016). The business bares the cost of creating social value in the form of implementing CSR. In this manner, value is created by the business and expended on achieving social value. A more streamlined value creation strategy can be achieved if the economic value is a direct result of the social or environmental value created. In this manner, there is more net positive value created. The following section will detail this further.

## The Creation of Shared Value

The Creation of Shared Value (CSV), as a scientific construct, is a relatively recent development. It was coined in 2011 by economists Michael Porter and Mark Kramer in their seminal Harvard Business Review article “Creating Shared Value” (Porter & Kramer, 2011). In this article they describe this concept as “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (Porter & Kramer, 2011). CSV thus poses itself as a value creation strategy wherein social or environmental issues are approached from an economic value creation perspective. In this manner, the market is more clearly defined by the needs of society. Enhanced competitiveness through CSV can be ascribed to the increased coherence of needs between the business and society. From this we can see that CSV incorporates a stakeholder perspective, as the businesses strategy depends on the needs of society. Traditionally, social or environmental value created by business is achieved through redistributing economic value derived from the core business model into social value through CSR efforts.

Within their 2011 article, the authors list three pathways in which they believe shared value may be created: **1)** Reconciement of products or markets, **2)** Redefinement of value chain productivity and **3)** Enablement of cluster development (Porter & Kramer, 2011). The first pathway denotes how a business might design their product or service so as to create social or environmental value or how they might target certain markets such as the bottom of the pyramid

in an effort to provide social benefits. The second pathway can involve increasing efficiency/effectiveness in the value chain in a way that benefits both the business and society or the environment. An example of this could be the upskilling of workers or savings accrued from eco-effectiveness/-efficiency strategies. The last pathway describes how investing within a community can in turn increase the value of the business. Examples of this could include infrastructure investments which can ease product transportation and increase community access. A second example could be how sponsoring local sports or cultural initiatives in developing countries increases brand awareness and trust thus leading to higher legitimacy and increased sales.

Equally important to the creation of shared value is the ability of a business to monitor it. Only through monitoring can it be evaluated, adapted and improved. Monitoring is also a critical aspect to successful scaling. Shared value creation strategies might start out as pilot schemes, and once proven can emerge and become an increasingly important aspect of the businesses strategy, before finally being considered as core to the business model (Hills, Russell, Borgonovi, Doty & Iyer, 2012). A framework or cycle for the monitoring or implementation of CSV has been put forth by Porter, Hills, Pfitzer, Patscheke and Hawkins (2012). In it the authors detail a four step cycle, wherein CSV can be iteratively improved. **The first step** involves assessing which key areas the business may best create shared value. This can be determined by the sector the business operates in, the specific value chain it utilises or issue areas it has the greatest level of externalities in. By assessing these areas the business may identify unmet needs which may be prioritised into social issues that shared value creation can then target. **The second step** involves creating the business case. The business case highlights how tackling specific social issues can create economic value for the business. In it the specific activities and expected results along with the costs should be drawn up to model the potential business and social results relative to the costs, on which basis a go/no-go decision can be made. **The third step** then involves tracking progress. Using the business case as a guiding tool, all inputs, activities and outputs in terms of both impact and economic elements should be monitored and tracked and compared against projections from the business case. **The fourth step** involves analysing the results and utilising insight to iteratively improve the strategy. In this step the economic and impact results should be linked and the use of business resources for both economic and social gain should be evaluated. In this evaluation the activities may be tweaked so as to improve both the societal and business case for the creation of the shared value. The framework laid out by the authors follows a classical PDCA cycle, wherein the first step requires an assessment (Plan), the second step involves the business case (Do), the third step sees the initiatives progress tracked (Check) and the fourth step involves iterative improvement (Act) before the cycle begins once again.

As alluded to at the beginning of this section, the originality of CSV has come into question (Crane, Palazzo, Spence & Matten, 2014). The foundations upon which the concept is built upon is made up of many long standing theories and concepts. Social or environmental issues have long been seen as gaps in the market for the sustainable entrepreneur and the primacy of the stakeholder perspective required to identify these issues can originate back to the 1980s when Freeman begun advocating his stakeholder engagement theory (Dean, 2014;



Freeman & Reed, 1983). Indeed, the idea of integrating social and financial value creation strategies also directly relates to blended value theory (Emerson, 2003). Even the idea of how social value creating strategies such as corporate philanthropy and CSR can pose as a competitive advantage was written by Porter and Kramer nearly one whole decade before their CSV article (Porter & Kramer, 2002; Porter & Kramer, 2006). Lastly, as was established in the introduction, the notion of a profit-making business serving a public benefit is as old as the corporate form itself.

The creation of shared value is therefore not a new concept, however it has neatly borrowed from old ones and branded itself in a manner more easily understood and accepted by corporate managers, which could explain the concepts proliferation in business practice-oriented magazines (Wójcik, 2016). The popularity of CSV as a concept could also be ascribed to its billing as an evolution of CSR, akin to a CSR 2.0 (Visser, 2010). We have already explored the critique on how CSR fails to truly overhaul or transform a businesses practices due to lack of integration with the core business model. Similarity of the two names aside, CSV can be seen as a step forward from CSR in that it treats social or environmental issues as part of the core business model. The objective of addressing the issue is thus fully engrained in the businesses strategy (Wójcik, 2016). So far the methods of corporate sustainability described have all been internally generated. They all require strategies developed by and for the corporation in question. The following section will explore ways corporations can address sustainability issues through the use of externally derived systems.

## Voluntary Sustainability Standards

Voluntary Sustainability Standards (VSS) are an instrument often applied in NSMDG. Their applicability in NSMDG stems from the fact they are are created and operated by NGOs and the fact that they are often used in market environments. Products or services that were certified for sustainability reasons through VSS started as a niche market, however over the last ten years they have increased their market share considerably (Potts et al., 2014). This is partly due to consumers demanding more from the products and services they use, in that companies who neglect social or environmental issues when they have clear negative impacts are now stigmatised more than ever (Giovannucci et al., 2014). VSS take the idea of sustainable development and create manageable and concrete steps towards its attainment (Schmitz-Hoffmann, Hansmann, & Klose, 2014). Through standardisation of measurement and goal setting, VSS help to make the abstract concept of sustainable development more tangible. By measuring impacts, realistic goals can be set and worked towards which can in turn be revised as progress is made and technologies advance through innovation. VSS serve the dual purpose of increasing the visibility of sustainable products and services and improving the practices put into their provision. The United Nations Forum on Sustainability Standards defines them as:

“standards specifying requirements that producers, traders, manufacturers, retailers or service providers may be asked to meet, relating to a wide range of sustainability metrics, including respect for basic human rights, worker health and

safety, environmental impacts, community relations, land-use planning and others” (Wenban-Smith, 2013, p. 4).

VSS can be split into two broad categories: product oriented standards which are primarily used in commodity markets and organisation oriented standards that more closely mirror management systems. The product oriented standards are responsible for developing the bridge between consumers and producers when it comes to more sustainable products and services. They help consumers who wish to use their purchasing power seek out, identify and support businesses who instill sustainability into their operations. They help producers and suppliers improve their practices through either prescriptive or performance based requirements and capacity building mechanisms. They also offer market incentives to their users in the form of market entry and price premiums (Komives & Jackson, 2014). Some sustainability certifications have become so ubiquitous they are now considered the price of entry to certain markets, especially so for certain commodities (Cashore et al., 2007; Mendes Thame Denny, 2017). They are thus a market mechanism for ramping up sustainability in both production and demand.

Organisation oriented sustainability standards have a focus on management systems rather than the production systems. They are less visible than the product oriented standards and as so, they are not a force of NSMDG. Organisations controlling these standard systems are often large intergovernmental bodies such as the United Nations (UN) and the Organisation for Economic Co-operation and Development (OECD), or affiliated NGOs such as the Global Reporting Initiative (GRI) and the International Organization for Standardization (ISO). The main tenets of these standards tie in with CSR activities and can sometimes act as proxy CSR strategies. Often times the standards put forth by the organisations listed are non-certifiable in that no verification or auditing on them can take place. In these cases they actually act as guidelines, providing direction but not directive. Examples of such guidelines include the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business & Human Rights and ISO 26000 Guidance on Social Responsibility. The coverage of these guidelines is far ranging, including economic aspects such as taxation, anti-bribery and disclosure, to various environmental guidelines, and social aspects such as community involvement and development, human rights and labour practices (Gradert & Engel, 2015). However, observing that these are guidelines and contain no assurance mechanisms, their effectiveness in holding corporations accountable and leading to true transformation can be called into question. Certifiable standards from these organisations would include various GRI standards on all three sustainability elements and ISO 14001 on Environmental Management Systems (EMS). A KPMG report found that the GRI is the most popular framework used for reporting on corporate responsibility in a survey of both the top 100 companies (by revenue) in 49 countries and the world’s largest 250 companies, also by revenue (Blasco, King, McKenzie & Karn, 2017). However the criticism has been made that the GRI can promote unsustainable practices in that some products, processes and even entire industries are inherently unsustainable no matter how efficiently they are run (Milne & Gray, 2012). The GRI helps to legitimize these types of businesses by allowing them to certify. As for ISO 14001 certification, the benefits of instigating an EMS include financial benefits from increased eco-efficiency, greater task visibility, increased

legitimacy and the fulfilment of contractual obligations (Jiang & Bansal, 2003). The legitimacy aspect of certifying with ISO 14001 has increased in importance since the standards launch in 1996 and this combined with the increased frequency of it as a requirement for contractual reasons has led some businesses to pursue it for symbolic rather than substantive reasons (Ferrón Vílchez, 2017).

VSS can also be defined by several pertinent internal mechanisms that are crucial to their success. The system components of a VSS include assurance mechanisms, labels and claims, traceability mechanisms and sometimes capacity building mechanisms (Komives & Jackson, 2014). VSS generally include assurance via an independent, third party review of some sort. This further legitimizes the VSS in question and helps build trust between purchasers and VSS users, which is necessary in a market environment. Many VSS also contain a consumer facing label or claim which certified businesses may use in order to differentiate themselves from lower performing competitors. Traceability mechanisms are another assurance mechanism that which helps ensure the chain of custody of the product throughout its entire supply chain. This is especially important for VSS dealing in commodities, so as to back up a claim such as organic or GMO-Free. Some VSS also contain capacity building mechanisms. In such VSS, a baseline compliance may be necessary for certification but then through using the VSS, incremental improvement is expected. Capacity building mechanisms can come in many different forms but the most widely utilised would be the PDCA cycle. This is a hallmark of the ISO family of certifications and allows a wider group of users access to the certification as it helps build compliance gradually. VSS can either be applied in a transactional manner or indeed in a transformational manner (Giovannucci et al., 2014). Many businesses utilise VSS in a transactional manner, wherein they certify as a 'price of entry' to a certain market or source from certified businesses to fulfil procurement criteria. Conversely, if a business utilises a VSS with capacity building mechanisms, then the motives behind certifying may be transformational. In these cases the business may even integrate the VSS into their own CSR strategy so as to fully meld the ethos of the standard with the businesses mission.

While VSS were in part created as an alternative to governmental regulation, they are both recognised, appreciated and as we have seen, operated by them. Many governments rely on organisational and production VSS for supplementing or enforcing their own policies. For instance, the European Union (EU) rely on various VSS for verification of compliance to their biofuel regulations (Komives & Jackson, 2014). Together with traditional government, VSS are an example of how different governance styles can complement each other rather than antagonise.

## Organisational Learning

For a business to achieve sustainability it must satisfy the three elements set out under corporate sustainability. However, for this to be successful, the practices or values attributed to any of the sustainability elements must first be learnt and embodied by the business. The process through which this takes place is known as organisational learning. Organisational learning has been a feature of management literature since the 1980's and has been applied in

an excessively broad manner to cover nearly all change management. Criticism has come upon it for this and the fact that most of these varying definitions are complementary rather than discrete (Wang & Ahmed, 2003). At its most basic level, organisational learning can be described as the process of improving actions through better knowledge and understanding (Fiol & Lyles, 1985). A change in state of knowledge can occur through acquisition, dissemination, refinement, creation, implementation and reflection (Wang & Ahmed, 2003; Drejer, 2000). Organisational learning is also not just the sum of all individual learning within an organisation; interactions between the individual and the organisation, interactions between separate organisations and interactions between the organisation and its contexts also contribute to organisational learning (Wang & Ahmed, 2003). Knowledge can be seen as a product of organisational learning and is split between being stored in the human capital as experience and skills and stored within the organisation as documents, records, rules, regulations and standards (Wang & Ahmed, 2003).

Organisational learning can be classed as two distinct levels: lower level learning and higher level learning. Lower level learning comprises transactional methods wherein past-behaviours are repeated with minor element adjustments (Fiol & Lyles, 1985). It is a subsisting strategy as it supports the continuation of current practices through stabilisation and does not challenge the established modus operandi or philosophies of the organisation (Edwards, 2009). Lower level learning can also be described as single-loop learning or translational learning. Higher level learning on the other hand incorporates a change in basic assumptions wherein the overall rules and norms in use are challenged. It is a more heuristic approach necessitating skill development and deeper insight than lower level learning (Fiol & Lyles, 1985). Higher level learning can be subdivided into double- and triple-loop learning. In double-loop learning, the values and basic assumptions within an organisation are challenged. This results in organisational transformation wherein the way the organisation approaches sustainability issues is fundamentally altered. However in triple-loop learning, the values and basic assumptions of society are called into question (Fiol & Lyles, 1985). Through triple-loop learning, the organisation considers the processes and systems of society. This is strategic for the organisation as societal rules and norms in turn impact the actions of the organisation but on a greater scale this is also the type of frame-breaking transformational change required for sustainable development. For this reason, higher level learning can also be referred to as sustainability-focused organisational learning (Molnar & Mulvihill, 2003).

## 2.2 Theoretical Framework

The purposes of this study is to uncover whether a VSS, namely the B Corp certification, can act as an efficient facilitator for the creation of shared value. To carry out this study, we first explored several different topics. To begin, the B Corp certification was explored. In this, the B Corp certification was described and the aspects of it that which set it apart were noted. These included the community aspect and the required legal component to certifying. Following this, corporate sustainability strategies were explored, as the creation of shared value falls under its domain. VSS were then also explored, as the B Corp certification is a type of VSS but also is a

form of corporate sustainability. The theoretical framework, seen below in figure 2, outlines how the theories and concepts explored fit into the research.

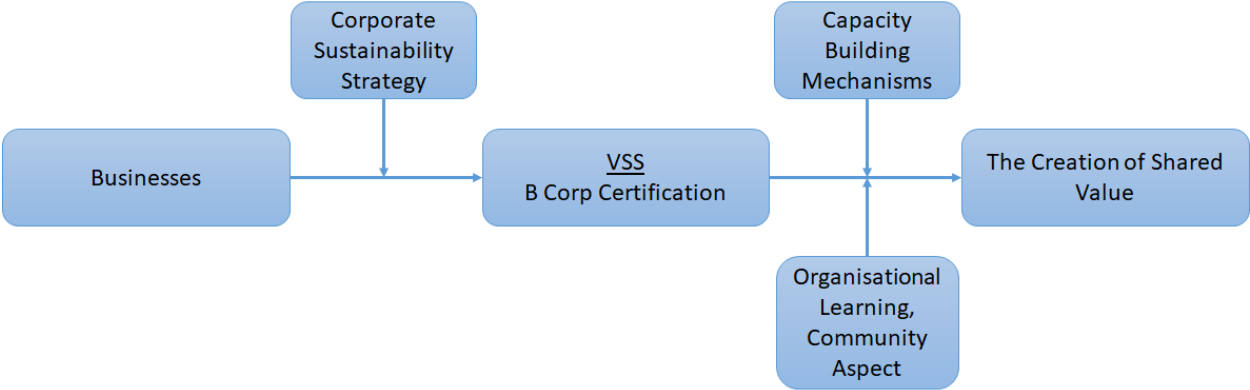


Fig. 2: Theoretical framework of theories and concepts applied in this study.

## 3. Research Activities

This section will see the overall design of the research detailed and justification for this setup. The methods applied in the research will also be provided, this includes sample selection, data collection, operationalisation of key concept and analysis of data, both qualitative and quantitative.

### 3.1 Design

This research project is structured as an embedded case study of the B Corp certification and the businesses who use it. An embedded case study design was chosen for multiple reasons. Firstly, this design allowed the the B Corp certification to be studied through the use of multiple case studies of businesses using the certification. The B Corp certification serves as the primary unit of analysis while the certified businesses serve as the secondary unit(s) of analysis. Secondly, by analysing the experiences of these businesses regarding CSV, each of whom having unique perspectives as individual subunits of the primary unit, the relationship between the certification and the concept of CSV can be inferred. This researches methodological construct was developed in line with Scholtz and Tietje's outlining of Embedded Case Studies (Scholz & Tietje, 2002). The chosen design characteristic allows multiple, salient aspects of the the certification be investigated resulting in an analysis that which furthers our understanding of the certification and how it is used by businesses. The design of this research is also single case, in that the B Corp certification stands as the only certification or standard analysed. The reason for this is that the B Corp certification is sufficiently unique when compared to other VSS. The B Corp certification stands out from other standards due to the legal component involved with certifying, its use of a quantified impact assessment and the network-building quality, as outlined in the section detailing other VSS. Taking that this is an embedded case study, there is no need to involve other cases under the primary unit of analysis also. The case study is descriptive in nature, as it uses several theories (previously outlined) as reference to direct the data collection and describe the case. This design feature outlined in figure 3 allows the B Corp certification to be described from the perspective of shared value creation. The dual nature of this research design acts in a synergetic way as the results of the primary unit of analysis give context to the secondary unit of analysis, which ultimately give insight into the primary unit of analysis.

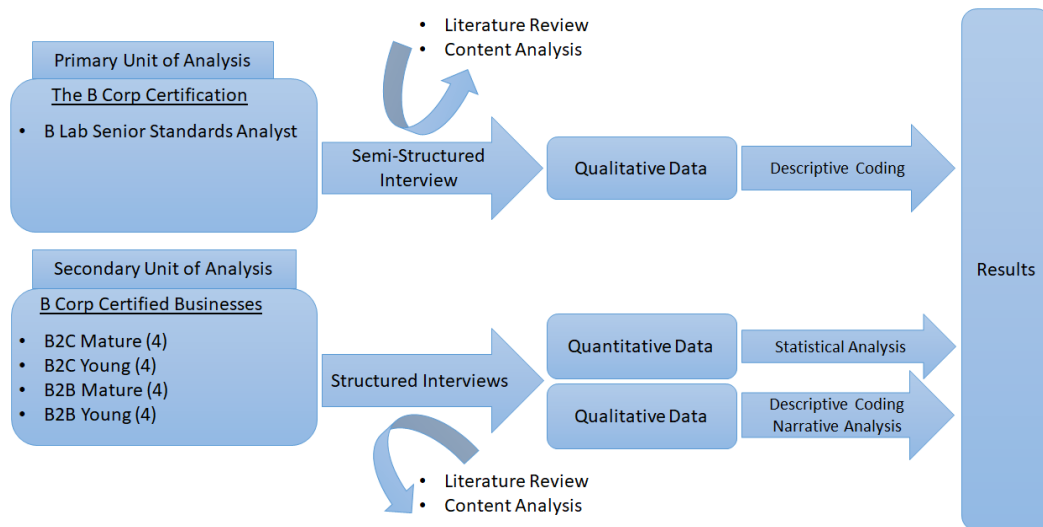


Fig 3: Overview of research activities. Curved arrows indicating influence.

The design of this research can also be outlined in five distinct phases. Each phase will apply different research methods and constitute different goals. The product of each phase in turn being formative to the success of each subsequent phase. An overview of each phase can be seen below, in figure 4.

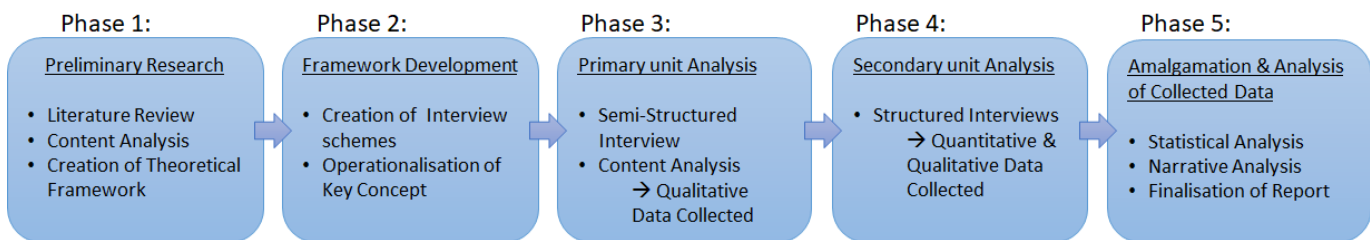


Fig 4: Temporal outline of research design.

Within the first phase, preliminary research was carried out wherein a literature review of relevant theories was conducted as well as a content analysis of B Lab publications regarding the certification. This phase resulted in the necessary background of the certification and the theories which were to be applied for the study to be conducted, leading to the theoretical framework. The research questions were also formed within this phase. Taking the knowledge gained from phase one, phase two saw the creation of the interview schemes which were to be used for both the primary and secondary units of analysis. The key concept, CSV, was also operationalised within this phase of the research. In phase three of the research, a semi-structured interview was conducted with a representative of B Lab as part of the analysis of the primary unit, the B Corp certification. Through this interview, qualitative data was collected and context derived for the secondary unit of analysis, the B Corp certified businesses, in the next phase. Within phase four, a structured interview was conducted with representatives of B Corp certified businesses for each of the 16 individual case studies being analysed as part of the secondary unit of analysis. It is within this phase that the operationalised concept was applied and quantitative data collected in the form of interview data. The structured interviews also

produced qualitative data. Phase five saw the analysis of the data collected in the previous two phases. A statistical analysis was conducted using the quantitative data so as to determine the relationship between the certification and concept of shared value creation. This will be outlined in greater detail in the section 3.4.2, *Analysis of Quantitative Data*. A narrative analysis of the qualitative data was also conducted so as to illustrate the perceptions of the B Corp certification by the businesses who use it. This is important as intangible aspects of the certification unperceivable through the quantitative analysis can be recorded and considered so as to come to a more holistic conclusion regarding the B Corp certification and its tie to the creation of shared value. Finally phase five also included the writing of the report.

## 3.2 Methodology

This section will explore the choices made over the course of the study that lead to the analysis that was conducted. This will include how the concepts were explored through the methods applied. The section on sample selection will detail how the businesses were chosen for this analysis. How the analytical framework was created and applied will be explored in the operationalisation of the key concept and how the interviews were conducted. Then finally how the results were analysed will be explored in the data analysis.

### 3.2.1 Sample Selection

Over the period of when the data collection portion of the research was completed, there were 62 Benefit corporations registered within the Netherlands. These businesses were categorised into having a Business to Business (B2B) or Business to Consumer (B2C) profile (in some cases no set B2B or B2C profile could be definitively applied to the business). This first categorisation was conducted as the research on corporate sustainability indicates that sustainability is more pressing for businesses with a B2C profile, due to their increased exposure to the public. Shared value creation should therefore be of particularly higher relevance to businesses with a consumer orientation and should then be considered a discrete group. These businesses were then further categorised into either being Young (Y) or Mature (M), depending on how long each business was incorporated for before certifying as a B Corp. This last grouping was made to hopefully differentiate businesses which had a long history prior to certification from those that became a B Corp relatively immediately upon incorporation. The motivation behind this last grouping was to hopefully distinguish businesses that may have years of potentially unsustainable practices built up before seeking certification from businesses who were conscious enough to seek external validation on their practices relatively soon after incorporating. While it is difficult to argue when a business can be defined as mature or young, the relatively abstract cut off point of five years was chosen. This meant that businesses who were incorporated for over five years prior to certification were categorised as mature, any less and they were categorised as young. This was chosen for a number of reasons. First, it roughly split the number of Dutch B Corps into two roughly even groups (34 Mature and 28 Young). The B Corp certification has only been active in the Netherlands since 2013 meaning that even the oldest Dutch B Corps who pioneered the certification when it first landed in Europe can only have been certified for five years. Businesses categorised as young therefore have always had



the option of certifying as a B Corp. The Dutch B Corp community was categorised as so for two reasons. First, the Dutch B Corp community is quite heterogeneous in make-up and this helped ensure even and fair representation to be achieved within the sample selection. This also meant that an analysis could be conducted on how the certification affects businesses of differing maturity level and configuration. A breakdown of how the outlined categorisation split the total B Corp population can be found below in table 1.

*Table 1: Overview of categorisation of Dutch B Corp population. B2B/B2C represent businesses without a set B2B or B2C configuration and should thus be subtracted when calculating  $N+N = \text{Total}$  so as to avoid double counting. Percentages represent percentage representation.*

B2B	<i>N=11 n=4 36%</i>	<i>N=28 n=4 14%</i>
B2B /B2C	<i>4</i>	<i>2</i>
B2C	<i>N=21 n=4 19%</i>	<i>N=8 n=4 50%</i>
Total	<i>Young: N=28, n=8, 29%</i>	<i>Mature: N=34, n=8, 24%</i>
	<i>N=62, n=16, 26%</i>	

From this preliminary research, 50 businesses were chosen for outreach, with 16 responding with an agreement to participation in the study. The initial outreach resulted in a response rate of 56% and participation rate of 57%. The response and participation rates were both higher than expected and this could be attributed to the B Corp community being particularly engaging and forthcoming regarding their operations and mission. The small number of businesses who were not chosen for contact was due to either their certification being so recent that they did not have useful data (experiences) built up yet or a sufficient number of interviews were already secured from their particular grouping. While businesses without a set B2B or B2C profile were not deliberately omitted from the analysis, they also do not feature due to either these businesses declining to participate or prior fulfillment of category quota.

### 3.2.2 Data Collection

This research employs a mixed methods approach as both qualitative and quantitative data will be collected and analysed. This approach was chosen so as to provide a more holistic understanding of the B Corp certification and the experiences of the businesses who use it. These methods will now be outlined, below.

### 3.2.2.1 Literature Review

One of the first methods that will be utilised for this research is that of a literature review. The literature review of academic articles and grey literature shall focus on VSS, CSV (including all previously outlined concepts it envelops) Corporate Sustainability and Hybrid Organisations. The inclusion of grey literature in this review was justified on the basis of CSV's relatively recent origins. This literature review helped further refine the theoretical framework outlined in the previous section. Articles were gathered via search engine queries of key words such as "shared value creation" in Scholar.Google.nl, Scopus.com & ScienceDirect.com.

### 3.2.2.2 Content Analysis

A second method to be applied to this research is that of a content analysis. The primary purpose of this research method will be applied to the primary unit of analysis, the B Corp certification. A content analysis of the certification and B Labs online publications shall be conducted so as to illustrate the certification. This will inform the researcher on the certifications workings and provide useful background and preliminary knowledge for the interviews that are to be conducted. The focus of this analysis shall be on the capacity building mechanisms of the certification as well as other added value components previously outlined. This content analysis of the primary unit will be formative to the analysis set out for the secondary unit of the embedded case study, the businesses who use the B Corp certification. A content analysis will also be applied to the online publications of each of these businesses, so as to inform the researcher prior to conducting the interviews.

### 3.2.2.3 Interviews

The last research method that shall be utilised for this research projects data-collection will be that of the interview. Both structured and semi-structured interviews will be conducted for the purposes of this study. The preferred interview medium is in person and where this is not possible, Skype will be chosen and where this is not possible, a phone interview shall suffice. The reason for this line of preference is that a great deal of communication occurs nonverbally and nuances of interviewee answers are easiest detected in person or through visual cue. The possibility of technical difficulties is also an issue when conducting interviews and where possible, should be avoided.

#### Structured Interviews

Structured interviews will take place with a representative of each B Corp certified business for the secondary unit(s) of analysis. To ensure quality of data collected, representatives should have been involved in either the certification or recertification process and have a role overseeing their businesses sustainability performance in some capacity. These interviews are in a structured format as comparability between case studies is important in establishing the relationship between the certification and CSV. The question scheme used for these interviews also contains the concepts operationalised framework (see section 3.3, *Operationalisation of Key Concept*). The concept of CSV is operationalised for the B Corp certified business interviews as it is in part through analysing the secondary unit(s) of analysis that the link between primary unit of analysis and the concept will be established. These

interviews will garner both qualitative and quantitative data. Owing to the nature of the data being collected, both open and closed questions will be applied in the question scheme. The closed questions will be important for collecting quantitative data, important for establishing the degree to which shared value is created and implemented by the certification and certified businesses. Open questions will garner qualitative data, important for establishing the narrative that which surrounds the B Corp certification among its certified businesses. This qualitative data is important as certain aspects of the B Corp certification and each B Corps experiences with it might not be picked up in the quantitative data. While this qualitative data might be difficult to measure, it is formative to the results of this study as the common narrative that which emerges from the case studies should also be given weight. This highlights the effectiveness of a mixed methods approach, as focusing on only one type of data would not result in a complete picture of what is going on between the certification and the certified businesses.

### Semi-Structured Interview

A semi-structured interview will be conducted with a representative of B Lab. The semi-structured nature of this interview means that no particular analytic framework will be applied to the question scheme. The question scheme utilised will guide the interviewer while allowing the interviewee room to discuss what they feel is important to cover as well. This semi-structured interview is important to ascertain a clearer understanding of the certification than what would be achieved through desk research alone. This interview was held with a Senior Standards Analyst will help define the certification in a broader context. This will be important for the primary unit of analysis by giving context to how the certification came to be and why it is structured the way it is. This will also prove important for the secondary unit of analysis as information regarding the certification garnered here can help inform the analysis to be conducted in the 16 case studies.

The type of data collected for this study is a mix of primary data and secondary data. The primary data was sourced from the interviews that were conducted with a number of B Corp certified businesses and representatives of B Lab. The secondary data was sourced from academic and grey literature pertaining to the subject area of the study. The content analysis of the B Corp certification which is also classified as secondary data was sourced from B Labs own output in the form of their reports and online publications. A content analysis was also conducted on all interviewed B Corps online publication output, so as to inform the researcher prior to conducting the interview. The methods outlined were used in succession of each other, with each method leading to developments formative for the subsequent method.

## 3.3 Operationalisation of Key Concept

The key concept that was to be operationalised for this research study is Shared Value Creation, or CSV. This concept was operationalised from key articles on CSV, by the authors Michael Porter and Mark Kramer, who first coined the concept. Due to the relative modernity of the concept, and that it in fact originates from grey literature; the concept operationalisation that

which is applied to this study comes from the said grey literature from which it stemmed from. The key articles used for operationalisation include Porter and Kramers 2011 Harvard Business Review article “Creating Shared Value” and Porter et al.’s 2012 FSG report “Measuring Shared Value” (Porter & Kramer, 2011; Porter et al., 2012). To operationalise the concept for the purposes of this study, the key pathways towards the creation and measurement of shared value were listed and inserted into the researchers B Corp interview scheme. This framework aimed to assess both the businesses and the certifications capacity towards both creating and measuring shared value, according to the authors. The distinction between whether the shared value is created (and measurement facilitated) through the business or the certification is important in analysing the relationship between the certification and CSV. If shared value is found to be created, it is key to the analysis to be able to decipher if it was the result of the certification or if the business would have created this value regardless.

Should the interviewee answer a question in such a way that positively demonstrates CSV and its measurement by either the certification or business directly, then the respective entity receives a point. Concept aspects and subsequent point allocation can be found in table 2, below. It was decided that no weight would be allocated to the various CSV aspects for several reasons. First, both the creation and the monitoring of shared value creation can be deemed of equal importance if the strategy is to be successful in the long run. The four stages of the monitoring cycle are all weighted equally as if any one stage is missing or lacking, then the cycle cannot be utilised fully or successfully. Lastly, any weighting that would be allocated would stand as a bias on the researchers behalf for a particular CSV strategy/pathway. Differential weighting could may be rationalised from the literature however the decision to exclude weighting and recognise all aspects equal CSV components posed as the most objective route.

*Table 2:* Point allocation for the operationalisation of CSV in observed activities. Innate CSV denotes shared value originating from the businesses own strategies. Induced CSV denotes shared value originating from the certifications practices.

Porter & Kramer, 2011 Creating Shared Value	Scores Possible	
	Innate CSV	Induced CSV
Shared Value Creation (General)	5pts	8pts
Reconceivment of Products & Markets	2pts	1pt
Redefinement of Value Chain Productivity	2pts	1pt
Enablement of Cluster Development	2pts	1pt
Porter et al., 2012 Measuring Shared Value	Scores Possible	
	Innate CSV	Induced CSV
The Assessment Process (Plan)	1pt	1pt
The Business Case (Do)	1pt	1pt
Progress Tracking (Check)	1pt	1pt
Analysis – Linking Results (Act)	1pt	1pt
Analysis – Iteratively Improve (Act)	1pt	1pt

General shared value creation points can be assigned for various reasons. Examples include innate CSV points for company mission relating to CSV or induced CSV points for motivation behind certifying relating to CSV. Questions regarding CSV in a general sense such as past CSV initiatives by the business and whether certain certification aspects aided CSV make up the remainder of general CSV points for the business and the certification, respectively. Two points are available for innate CSV in each of the pathways as a point can be earned for the presence of the pathway and also for the level of engrainment. This decision was made as in some cases CSV initiatives begin as small pilot projects exterior to the businesses main business model. Scoring full points for a particular pathway shows that the CSV initiative is both present and highly engrained within the business.

The interview scheme used was also in part shaped from the content analysis of the B Corp certification. Creating the interview scheme in this manner, using information derived from both the literature review and content analysis allowed for a high degree of applicability to be achieved both in terms of relevance to the concept and the primary unit of analysis. This interview scheme can be found in *Appendix A*.

## 3.4 Data Analysis

As this study applied a mixed methods approach, both qualitative and quantitative data was collected and thus require different modes of analysis. Qualitative data was analysed in both the primary and secondary units of analysis, with the secondary unit of analysis also requiring quantitative data analysis.

### 3.4.1 Analysis of Qualitative Data

Qualitative data was collected from the B Corp certification content analysis, literature review, and both B Lab and B Corp interviews. Two separate qualitative analyses were conducted for this study. Both were carried out through descriptive coding using *NVivo Pro 11* software. The first analysis was conducted on the B Corp certification (the primary unit of analysis) and used data from the literature review, the content analysis and the interview with the B Lab senior standards analyst. The results of this analysis serve to give context to the analysis to be conducted with the B Corp certified businesses in the secondary unit of analysis.

The second qualitative analysis was on the B Corp certified businesses in the secondary unit of analysis and focused both on the individual businesses affinity to CSV and how these businesses use the certification. This analysis looked very broadly at how the businesses interact with the certification, so as to ensure no aspect that may impact CSV is omitted from the study. The data used for this analysis came solely from the interviews conducted with representatives of B Corp businesses. This aim of this qualitative analysis was to uncover the underlying discourses surrounding certain aspects of the certification and the certification itself among its users. The type of analysis chosen was thus a narrative analysis. This helps complement the qualitative analysis by highlighting pertinent aspects and notions of the certification that are held by its users but not reflected in the statistical analysis. Using the *NVivo*

*Pro 11* software, discourses surrounding each of the noted added value and capacity building mechanisms of the B Corp certification were identified.

### 3.4.2 Analysis of Quantitative Data

Quantitative data collected using the analytical framework applied in the structured interviews conducted with representatives of B Corp certified businesses was analysed through statistical analysis. Before the statistical analysis was carried out, a simple coverage analysis was conducted to determine each businesses affinity towards CSV in all three pathways and the four stages of the implementation cycle. Within this analysis it was noted where the B Corp certification had a positive impact on CSV. The statistical analysis was conducted in two parts. Firstly, differences in the contribution to global CSV from the values of innate CSV and induced CSV were assessed by performing a two-tailed, paired t-Test within groups. The same analysis was performed with the pooled data regarding these variables from the 16 companies. Secondly, Pearson's multiple correlation tests were performed for several relevant variables. Correlations were assessed first within the companies of a given group by treating the data of each company as repeated measurements. Subsequently, a correlation test was performed for the pooled data of all companies.

## 4. Results

This section will detail the results garnered for both the primary unit of analysis, the B Corp certification and the secondary unit of analysis, the B Corp certified businesses. The results pertaining to the primary unit of analysis are qualitative in nature, describing the B Corp certification using data derived from the content analysis and a semi-structured interview with a Senior Standards Analyst of B Lab. The results pertaining to the secondary unit of analysis contain both quantitative and qualitative data sets which were derived from 16 structured interviews with representatives from various B Corp certified businesses. This data details the experiences of these businesses using the certification as well as their businesses affinity towards CSV.

### 4.1 Primary Unit of Analysis

This section will detail the B Corp certification and the theory of change it applies, drawing on data derived from the content analysis, and the semi-structured interview conducted with the B Lab Senior Standards Analyst and at times will be interjected using data found through the literature review. This section will also detail how key aspects of the certification tie in with CSV, as outlined in the literature review. These results will outline key features of the B Corp certification that will be further explored through the secondary unit of analysis.

#### 4.1.1 B Labs Theory of Change

B Labs theory of change relies on three core tenets to be fulfilled. These tenets are improved information, self-determination and inclusivity. The motivation behind these three tenets largely come from the stakeholder perspective B Lab enlisted for the creation of their certification.

B Labs theory of change firstly rests on their belief that better information regarding impacts will result in better impacts. If a business is more aware of the impacts it makes and the impacts it is able to make, then this will lead to an improvement in the businesses impacts. This stems from increased scrutiny on behalf of stakeholders such as consumers, suppliers, investors, community members and government wherein pressure is being applied on businesses to behave in a better way. B Lab aims to help businesses be better for all their stakeholders through information first. This is one of the objectives of the B Corp certification. The certification can be regarded as the tool B Lab created to help enact their theory of change and it works in three interlinked ways. Firstly, the certification helps businesses measure their impact through the B Impact Assessment (BIA). Secondly, it helps businesses improve upon their impact. It does this through providing better information on their current impacts but also through several capacity building mechanisms. Lastly, the certification helps protect the mission of the business over time. This entails an amendment of the corporate governing documents to require a consideration of all stakeholders instead of just shareholder primacy. This last aspect

helps signal to investors what the company stands for and also safeguards the mission in the events of a takeover or merger.

B Labs theory of change also relies on self-determination. B Lab believe that businesses should be able to pursue whatever business path they like. B Corp certified businesses are free in all their choices made, it is only asked of them that they give due consideration to all stakeholders. The B Corp certification is thus non-prescriptive in sustainability strategy and does not limit the businesses choices with regard to profit maximisation. The development process a business applies is up to them to define as this is going to be very singular considering their products, customers, supply-chain, governance structure, their workers and the country their in. This allows the certified businesses to prioritise what is most feasible and important for themselves. They have found that once the impact on all stakeholders is considered, then behavior does tend to change. This also bleeds into their third tenet of inclusivity, by making the certification as participatory as possible.

B Labs theory of change lastly relies on complete inclusivity. They believe to achieve their mission of a redefined and restructured form of capitalism that is equitable and creates durable and shared prosperity that they have to engage all types of players. This includes not just social enterprises and high performers but also regular consumer goods companies, big businesses, startups and government (Governments play a role in the passing of Benefit Corporation legislation, which is one other of three objectives of B Labs alongside their work on the B Corp certification and their impact investing platform, GIIRS). B Lab also extend this concept of inclusivity beyond the types of businesses it wants to certify and the actors they want to drive the movement to a more internal manner in that they want their certified businesses to drive inclusivity within their own workforce. The main way they try to achieve this is through their Inclusive Economy Challenge. In this, B Lab embolden their users to make at least three measurable improvements within a specific Inclusive Economy metric set found within the BIA. This can include hiring people with a distance to the labor market, providing a living wage for all workers or having a diverse group of people on the board. By creating a more inclusive economy, the hope is that businesses will also take on a more stakeholder oriented perspective.

#### 4.1.2 The Certification Process

The certification process entails five broad steps: an assessment process, a disclosure questionnaire, verification of provided data, meeting a legal component and signing the term sheet. The assessment process involves completion of the B Impact Assessment (BIA) with a score of at least 80 points out of a possible 200 points. The BIA covers five key impact areas, namely governance, workers, community, environment and customers. There are over 40 different versions of the assessment, depending on several gating factors. These are: geography (developed markets, emerging markets), sector (service, wholesale & retail, manufacturing, agriculture) and number of employees, FTE (0, 1-9, 10-49, 50-249, 250-1000, 1000+, 10000+). The assessment can also be broadly subdivided in two, depending on area of impact, namely Operational Impact and Impact Business Models (IBMs). Operational impacts covers the day to day impacts of the business through items such as procurement policies,



community involvement, diversity, benefits, environmental management and adherence to other sustainability certifications, etc. IBMs cover the impact created by the business through the products and services it provides or through a fundamental and intentional structuring of the business for the creation of shared value. This will be outlined further in the following section, 4.1.3. The assessment process is where the BIA score is calculated, with BIA score stemming from both operational impacts and IBMs across all five key impact areas.

In tandem to the BIA, businesses must also fill out a disclosure questionnaire. This is a confidential questionnaire where businesses are asked to disclose sensitive information. This does not affect the businesses overall score however it does determine whether businesses are allowed to certify or not. In this questionnaire businesses are asked sensitive questions regarding past accidents, legal troubles, product recalls, etc. The BIA is framed in a positive manner meaning it does not contain any negative marking and as so it is in the disclosure questionnaire that B Lab are able to identify and exclude bad actors. The disclosure questionnaire contains ~60 items and B Lab addresses materiality of disclosures across scope, size and frequency.

Within the step of data verification, supporting documentation regarding answers provided within the BIA is verified. Firstly, questions pertaining to operational impacts will be randomly selected and documentation will be requested for a review call. After this review call documentation regarding the businesses IBMs will then be requested.

Unlike other VSS, the B Corp certification requires its users to align their governing statutes with their mission, this includes a commitment to consider all stakeholders going forward. This ensures the values the business hold are baked in to their legal DNA. As noted this aspect is unique among VSS and was described by Bart Houlihan, one of B Labs founders as the “single largest barrier” but also “the magic sauce of the certification” (Marquis, Klaber, Thomason, 2011). The legal component differs depending on the businesses corporate structure and where it is incorporated. For instance, in countries and states where Benefit Corporation legislation has been passed, businesses looking to certify must adopt this corporate structure. For corporations in places Benefit Corporation status is not possible, the amended articles need to be approved by the board of directors and shareholders and sent to a notary. If you are a sole proprietor or are in a general partnership, no corporate form is present and thus requires no additional legal component to certifying.

Once all prior steps are fulfilled, the business may then sign the term sheet and pay the certification fees. The certification is for three years, at which point recertification with an updated BIA is necessary, along with all other steps outlined above. Businesses also agree to participating in an on site review of 10% of all B Corps on a yearly basis. The term sheet also includes an agreement to the values that define the B Corp community. The annual certification fees are calculated based on the annual revenue of the company.

### 4.1.3 Pertinent Aspects of the B Corp Certification

In this section, pertinent aspects of the certification identified over the course of the analysis of the primary unit will be expanded upon. This will cover the IBMs and several capacity building mechanisms.

#### Impact Business Models

The IBMs or *impact business models* included in the BIA pose particular relevance to this research study. They are a unique aspect the certification when comparing it against other VSS (B Lab, 2018). They were identified by the Senior Standards Analyst as the aspect of the certification that exactly tries to capture the CSV in the businesses they certify. They were included in the BIA to cover the impacts of businesses that don't quite fit with the standard assessment. There are roughly 40 IBMs in the various versions of the BIA and they allow for sets of industry specific questions to be covered. This allowed new types of businesses engage with the certification that previously would have been discouraged due to lack of applicability. Examples of these IBMs include a credit provider IBM, a higher education IBM, a real-estate development IBM, a renewable energy IBM, a worker ownership IBM or a customers, products and service IBM. As noted, it is through these IBMs that the certification tries to evaluate the impact of the products and services of the business or the structural and intentional aspects of the businesses makeup that create shared value.

The five key impact areas outlined previously are still relevant for these IBMs. So for example, a business might qualify for the customers, products and services IBM and within this IBM, in the key impact area of customers, they can score points on human health impact, education impact, economic empowerment impact, business consulting impact and infrastructure impact, for example. Any type of product or service that impacts customers on these levels is where the points are made. The amount of points received are calculated based on the percentage of revenue that originates from these impactful sources. A maximum of 30 points can be received for a single IBM however a business can qualify for several IBMs, depending on the areas they are involved in. For instance, a business might be involved in leasing solar panels to households and business and they also give 40% or more of its shares to employees, then this business can score up to 30 points in both the renewable energy IBM and the employee ownership IBM.

#### Capacity Building Mechanisms of the B Corp Certification

The B Corp certification contains several capacity building mechanisms (highlighted in bold), some of which were outlined in the introductory section on the B Corp certification and some of which were as then unknown to the researcher.

**The B Impact Assessment** itself contains capacity building mechanisms in that it generates an impact improvement report for each of the businesses it certifies. This report identifies all the questions that are applicable or active in their assessment, for which they are not scoring 100% of the available points. This helps businesses identify the areas of their business they may be able to improve themselves upon. In an upcoming version of the BIA

there will also be the option of goal setting within the assessment, so businesses will be able to set goals, map them out and work towards them.

In the past it was noted that B Lab also held **improvement calls** with certified businesses. In this, B Lab took on a sort of light touch consultancy role, guiding businesses on how they might be able to improve their impacts and score more in certain areas. Similar to this B Lab and their global partners also host '**hackathons**', where certified businesses can field questions about the certification and impact improvements with representatives of B Lab, in person.

**The best practices guides**, outlined in the introductory section was indeed listed as a capacity building mechanism of the certification in the interview with the senior standards analyst. The size and scope of these documents may grow in the future but B Lab intends to make the certification as self serving as possible.

**The 'Best For' lists** B Lab publish annually cannot be strictly be defined as a capacity building mechanism as such but it was found that they can contribute towards capacity building (see section 4.2.3, *Qualitative Analysis Results*) . These lists honor the top performing 10% of all B Corps in categories such as overall but also in the five key impact areas, previously noted.

Lastly an aspect of the certification that in some ways works as a capacity building mechanism would be the **community aspect** of the certification. It was noted in the interview that it was always the intention of the founders to create a movement around their certification as they believed if it was to be successful, it needed to be able to build its own momentum. The legal component of certifying and the commitment to the values of the community upon signing the term sheet both help to instill a sense of community among the businesses using the certification. Most recently, the B Hive platform is the latest addition to the certification for the purposes of further cultivating the community aspect. It was noted that again the community aspect was designed to be as hands off as possible, in that B Lab provided the tools, empowering the community to engage with each other in learning, collaborating, creating and building.

## 4.2 Secondary Unit of Analysis

This section will see the results pertaining to the secondary unit of analysis, the businesses certified with the B Corp certification. Firstly, a very brief overview of the case studies conducted will be given. This will help provide context to the results that follow. This section will then be broadly divided into quantitative results and qualitative results. All data was derived from structured interviews conducted with representatives of each B Corp certified business.

## 4.2.1 Overview of Case Studies

This section will briefly outline the businesses that were included in this analysis. As outlined in section 3.2.1 on Sample Selection, the businesses chosen for this analysis were split into four groups depending on their age prior to certification and their customer profile, be it B2B or B2C. A brief description of these businesses will now be given so as to provide additional context to the results to follow. The businesses names and key distinguishing factors are withheld for purposes of anonymity. The choice to categorise wholesalers as B2C was based on their high public exposure.

### Business to Consumer, Mature (B2CM)

B2CM1 - An energy systems manufacturer focusing on developing markets.

B2CM2 - A Food delivery service focusing on seasonal, local, sustainable products.

B2CM3 - Wholesaler focusing on equitable supply chain management.

B2CM4 - Agricultural wholesaler and care program.

### Business to Consumer, Young (B2CY)

B2CY1 - Wholesaler with a focus on circularity.

B2CY2 - Wholesaler with a focus on sustainable lighting solutions.

B2CY3 - Wholesaler with a focus on reducing natural resource use.

B2CY4 - Wholesaler with a focus on circularity and equitable supply chain management.

### Business to Business, Mature (B2BM)

B2BM1 - Co-operative focusing on business consultancy and investment.

B2BM2 - Accountancy firm.

B2BM3 - Impact investing co-operative.

B2BM4 - Branding consultancy firm.

### Business to Business, Young (B2BY)

B2BY1 - Consultancy firm with a focus on circularity.

B2BY2 - Business training & coaching with a focus on employee empowerment.

B2BY3 - Social enterprise focusing on bottom-up initiatives.

B2BY4 - Consultancy focusing on innovation acceleration.

## 4.2.2 Quantitative Analysis Results

This section will run through the results garnered from the quantitative analysis conducted. Numerical data will be presented here in two ways. Firstly, a simple overview of how the businesses scored in terms of CSV value in both the three pathways noted and then the four stages of the implementation cycle. In this, it will be shown where the B Corp certification was noted to have had an impact. The second set of quantitative results came from the statistical analysis conducted. This analysis mainly focused on testing for correlation between assigned

CSV value, both innate (stemming from the businesses own strategy) and induced (stemming from certification practices) and BIA score.

#### 4.2.2.1 Overview of CSV Scoring

Firstly, it was found that 100% of businesses interviewed had at least one CSV pathway incorporated into their business, albeit in some cases this was not highly ingrained. Table three, below, shows that group B2CM was found to have the highest affinity towards CSV, scoring 11.5 when adding up all points while group B2BM was found to have the lowest, scoring 4.5. The B Corp certification was found to have very little influence on CSV in terms of aiding whichever pathway the businesses utilised. Interestingly, the majority of businesses who reported that the certification does positively impact a CSV pathway were from the B2BM group, which had the lowest affinity towards CSV. The certification did not impact any of the B2C businesses, in any of the pathways. The certification was also found to have no influence on the redefinition of value chain productivity CSV pathway.

*Table 3:* CSV value for each of the businesses in the three pathways. 1 represents pathway present and highly ingrained while 0.5 represents pathway present though not highly ingrained. Highlighted cells represent areas the B Corp certification positively impacted the businesses CSV strategy.

B2CM	Products & Market	Value Chain	Cluster Development
B2CM1	1	1	1
B2CM2	1	1	0.5
B2CM3	1	1	1
B2CM4	1	1	1
B2CY	Products & Market	Value Chain	Cluster Development
B2CY1	1	0	0
B2CY2	0	0.5	0.5
B2CY3	1	0.5	0.5
B2CY4	1	1	1
B2BM	Products & Market	Value Chain	Cluster Development
B2BM1	1	0	0
B2BM2	1	0	0.5
B2BM3	1	0	0
B2BM4	0	0.5	0.5
B2BY	Products & Market	Value Chain	Cluster Development
B2BY1	1	1	1
B2BY2	1	1	0.5
B2BY3	1	0	0.5
B2BY4	1	0	0

As for the four stages of CSV implementation cycle, the B Corp certification was found to have a larger impact on the businesses interviewed here than when compared with the pathways. In table 4, we can see that in general, the certification proved most useful for the progress tracking stage of the implementation cycle. The certification was found to be useful for the linking of impact and economic results and to a lesser extent, useful in both creating a

business case and for iteratively improving initiatives. Interestingly it was found that the certification never proved useful for the assessment process of the implementation cycle, wherein the business would identify which areas of their operations are best suited towards the creation of shared value. The B2CM and B2BY groups were found to have the highest affinity to using the implementation cycle in their own strategies, both scoring an 18 when counting all points up and interestingly, for the pathways, both these groups also scored the highest. The certification was found to have the largest impact on B2BY businesses, followed by B2BM businesses. As for B2C businesses, it was found to impact both young and mature businesses more equally.

Table 4: CSV for each of the businesses in the four stages of the implementation cycle. 1 represents businesses that carry out or have initiatives in place for the particular stage, while 0 represents businesses without active involvement in that stage. Highlighted cells represent the areas the B Corp certification has an active positive impact.

B2CM	Assessment Process	Business Case	Progress Tracking	Analysis – Linking	Analysis – Improving
B2CM1	1	1	1	1	1
B2CM2	1	0	0	1	1
B2CM3	1	1	1	1	1
B2CM4	1	1	1	1	1
B2CY	Assessment Process	Business Case	Progress Tracking	Analysis - Linking	Analysis - Improving
B2CY1	1	0	1	1	0
B2CY2	0	0	1	0	1
B2CY3	1	1	1	1	1
B2CY4	1	1	1	1	0
B2BM	Assessment Process	Business Case	Progress Tracking	Analysis - Linking	Analysis - Improving
B2BM1	1	0	0	0	1
B2BM2	1	1	1	1	1
B2BM3	1	1	1	0	1
B2BM4	1	0	1	1	0
B2BY	Assessment Process	Business Case	Progress Tracking	Analysis - Linking	Analysis - Improving
B2BY1	1	0	1	1	1
B2BY2	1	1	1	1	1
B2BY3	1	1	0	1	1
B2BY4	1	1	1	1	1

#### 4.2.2.1 Statistical Analysis

The first statistical analysis conducted assessed the differences in contribution towards total CSV from the businesses own strategies (innate) and the certifications practices (induced) across all groups. This was done via performing a two-tailed, paired t-Test within groups. It was found across all groups that innate CSV has a significantly higher contribution to total CSV than

induced CSV has, as visualised in figure 5, below. Moreover, when pooling the data of all companies, the level of significance increased considerably ( $p\text{-value}=2,87E-07$ ), suggesting that in general, CSV originates from the business own strategy rather than from the certifications practices.

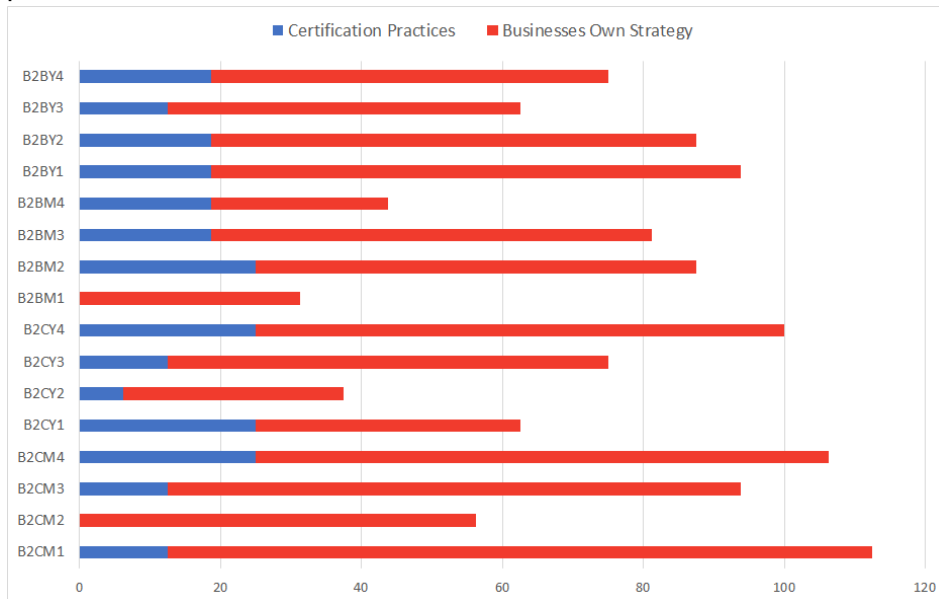


Fig. 5: Percentage of the contribution to CSV from Certification practices (blue, induced CSV) and Business own strategy (red, innate CSV).

The statistical analysis then turned to test for correlations between several elements of the certification and the businesses who use it. These included correlation tests between BIA score and CSV value (total, innate and induced) for all groups and pooling all data into one dataset (global). Correlation was also tested for CSV value (total, innate and induced) and number of years established, number of years certified and size of workforce for all groups and globally (see: *Appendix B*). For the correlation tests performed on BIA score and CSV values, a significant positive correlation was found between BIA score and innate CSV when all datasets are pooled together (Fig.6A). It was also found that there was a positive correlation between BIA score and innate CSV for groups B2BY and B2C (Fig.6B). For the remainder of correlation tests, a significant positive correlation was also found to occur between number of years certified and innate CSV for group B2BM (Fig.6C). No other significant results came from the other correlation tests.

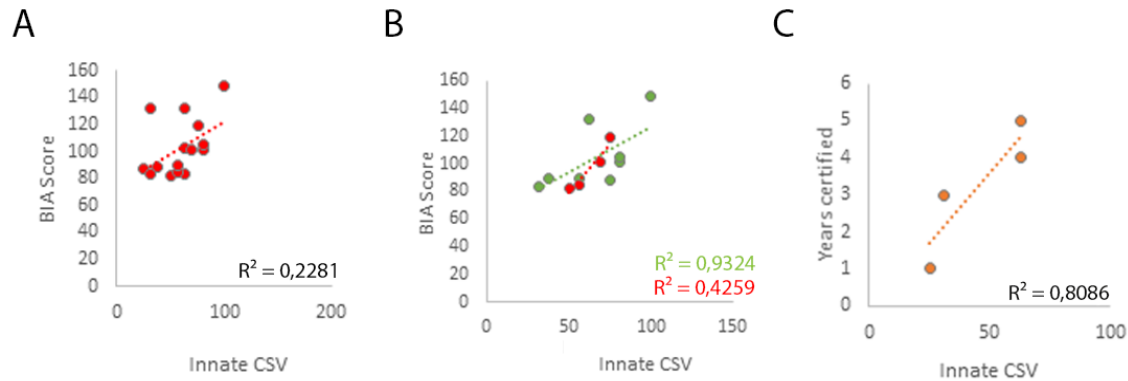


Fig. 6: Correlation plots of the significant results and their correlation coefficients. A. Global correlation between BIA score and Innate CSV (n=16). B. B2BY (red) and B2C (green) correlations between BIA score and Innate CSV (B2BY n=4, B2C n=8). C. B2BM correlation between Years certified and Innate CSV (n=8).

### 4.2.3 Qualitative Analysis Results

In this section the results garnered from the qualitative analysis of the B Corp certification from the perspective of the businesses who use it are presented. These results are organised under sections of the various added value and capacity building mechanisms noted previously. Percentages are used to convey agreeance to a certain discourse, as in some occasions interviewees did not comment on certain aspects due to lack of insight or opinion.

#### The Legal Component of B Corp Certification

The legal component of the B Corp certification is one of the most unique aspects of it. However, despite the issues it may pose, in terms of board and shareholder agreement, 100% of interviewees capable of commenting on this stated that it was a non-issue. 19% of interviewees were unable to comment as they were not party to the original certification process. Having a particular corporate structure such as a co-operative or general partnership, or having a commitment to all stakeholders already in their governing documents was the most common reason for the legal component posing no issue, however even the businesses with a traditional corporate structure did not report any issue. 50% of interviewees stated that they saw the benefit of this aspect in reinforcing mission, commitment to the community and protecting the mission in relation to a takeover or merger. It was also noted that this aspect sends a strong message to potential investors and helps attune shareholders to what it means to hold this certification. 7% of interviewees held the opinion that this protection was in vain as in any case of a takeover or merger, new management could always and easily change these B Corp by-laws. There was no noticeable difference of discourses held between different groups.

#### The BIA Score

The BIA score awarded to each company upon certifying and recertifying was largely perceived positively with 81% of interviewees responding as such. A large majority of interviewees cited that this aspect actively encouraged impact improvement in their operations with some referencing it as a competitive element or likened it to gamification. 13% of interviewees suggested that this is a sort of continuous improvement mechanism as they wish



to increase their score upon every recertification cycle. It was also noted that this aspect is indicative of the B Corp certification when compared to other VSS in that the B Corp certification, more so than others, discourages complacency. For other certifications it was said that a business may reach a certain level of sustainability and then content with this level, maintain it. The BIA score highlights that there is always something more that can be done. In this way, it also helps make impact improvement more tangible, noted one interviewee. It was also noted that the scoring element can function as an effective guide to newly sustainably oriented businesses by showing them which elements carry more heavily weighted points, signalling to them areas of greater potential impact. This aspect however was not without its detractors, as 13% of interviewees expressed negative views. It was either seen that the score allocation was questionable or unfair or that it was not indicative of the businesses' impacts and operations. It was noted that the scoring system was overly bureaucratic in that it required a lot of time and money to improve score through formalising policies and purchasing programs that are already informally in place. It was argued that the certification thus requires a tremendous amount of effort resulting in no real change or improvement in impact. This it was stated acted as a disincentive towards score improvement. Negative complaints were distributed evenly between B2C and B2B businesses. One B2B interviewee however held a neutral view on the scoring aspect, stating that it means more to a business in production rather than service as their resource use is low. Their impact was made through their customers and thus was not overly concerned with the scoring aspect.

### The B Corp Community / Movement

The discourse surrounding the B Corp Movement and the network quality of the certification was such that 87% of the interviewees described it in very positive terms. Reasons for the positive outlook on the movement included the strong shared belief system among B Corp certified companies, leading to a high degree of trust. The ability of the movement to create more impact was also a leading cause for positivity. Interestingly, this response was only shared by B2C businesses with just over 70% claiming the movement either causes them to increase their impact directly or state that the communities' impacts are "more than the sum of its parts" due to combined impacts or through changing consumer lifestyles. 40% of interviewees also stated that they believed the community aspect was a vector of shared value creation either through enabling cluster development or increasing sales. The B Corp community provides an important avenue for knowledge sharing also. Businesses of both B2B and B2C profiles citing that the community is very useful for sharing knowledge and aligning goals. The diversity of the B Corp community was cited as a positive feature, allowing businesses to learn from other businesses that are very different to their own. It was said that business networks can sometimes be very homogeneous, and the diversity of the B Corp network allows for a greater deal of knowledge shared amongst members. The mix of "inspirational frontrunners... bigger businesses for which certifying is really challenging... and disruptive companies makes for a very interesting network". The community aspect was also a very important driver for certifying for many of the businesses with 33% of interviewees responding as such. The community aspect of the B Corp certification was however not immune to criticism, with 12% of interviewees stating they were either skeptical of some businesses

commitment to the certifications ethos or critical of their inclusion. The businesses who held these opinions were of the B2B category.

### Best Practice Guides

The best practice guides provided by B Lab were in large unused or found unhelpful towards the B Corp businesses included in this research study with 73% of interviewees responding in this manner. The main reasons provided for this was that they did not fit they were created for American businesses and thus were non-compatible to the Dutch or European context. However 26% of interviews either used them and found them helpful or plan on using them in the future for areas they wish to improve upon.

### Best For Lists

For the “Best For” lists compiled by B Lab, it was found that B Corp businesses generally regarded these as a quality aspect of the certification with 88% describing them positively. 13% of interviewees were apathetic to them and 6% skeptical of their merit. It should also be noted here that 68% of these businesses held accolades in at least one of the “Best for” lists. There was no difference in response between B Corps who held accolades and those who did not. There was also no noticeable change in discourse between groups also. 21% of interviewees viewed them as important knowledge sharing opportunities. By highlighting the businesses who excel in certain areas, they are given a platform to share best practices with one B Corp having experience in giving a workshop showcasing their operations in a certain field.

### B Hive

Consensus regarding the B Hive networking platform was mainly that they either do not use it or that they find engagement on it too low for it to be useful. Three businesses expressed interest in using it and two businesses were unsure what can be achieved through it. There was no noticeable difference in response between groups.

### B Corp Inclusive Economy Challenge

0% of the interviewees had taken part in the B Corp Inclusive Economy Challenge with a large portion of these having never heard of it. 25% of the interviewees did however have initiatives in place where they purposefully included someone with a distance to the labor market to their business operations, however these had no connections to the B Corp certification.

### The B Corp Certification (in general)

The B Corp certification, in a general sense was widely regarded very positively by the interviewees for this study, as it may have been predicted given the communities enthusiasm and engagement regarding the certification. 87% of interviewees stated that the certification was particularly useful for operational improvements. 44% of interviewees stated that the certification could not impact their mission, as this was an intrinsic quality of their business. 56% of interviewees stated the certification is a source of competitive advantage for their business. Reasons being for this include increased exposure through the B Corp community, increased

business from within the movement and increases in eco-efficiencies. It was also stated by a number of interviewees that the certification proves as a competitive advantage for talent acquisition. Several of the interviewees noted how interest in open positions increased after certifying and that many of their candidates cited their B Corp certification as a reason for interest in the position.

## 5. Discussion

The results garnered from both the qualitative and quantitative analyses as well as both the primary and secondary research units all help towards a more holistic understanding of what ties the B Corp certification has to the creation of shared value. To guide this discussion and come to a clearer conclusion, first the results pertaining to the qualitative analysis will be discussed. In this, both the results of the primary and secondary units of analyses will be considered in unison. Discussing qualitative aspects first aids in giving context to the quantitative aspects to follow. Following on from this, the results of the quantitative analysis will then be discussed. In this part of the discussion, aspects of the qualitative analysis will be tied in where relevant. Following on from this, several research limitations will be discussed and also future research directions will be proposed.

### 5.1 Discussion of Qualitative Results

The qualitative analysis results of the primary and secondary units are complimentary, in that the results concerning the primary unit laid out how the certification aims to achieve an improvement in impacts through the certified businesses and the secondary unit of analysis showed how these businesses actually used the certification. In the primary unit of analysis it was found that the legal component of the certification is indeed regarded as a unique aspect, however it was also noted that this was deemed a major barrier to entry for many businesses looking to certify. From the secondary unit of analysis it was found that this was not the case, with a near unanimous stance among the interviewees that this aspect was a non-issue. It was however found that this aspect helps build cohesiveness of the community and instill a high degree of trust between its users. The aspect included on the term sheet on the businesses commitment to uphold the values of the community also likely helps foster the sense of community from the onset of certifying.

The community aspect was found to function as described in the primary unit of analysis and as the founders had originally hoped, with the certified businesses taking on the mantle of ambassadoring the certification and pushing it further. The B Corp community was also found to increase impacts through collective action, inspiration and capacity building. This is marked by the community aspect being regarded as a real added value of the certification among its users. Improved impacts were found to occur through collective action in that the activities of one B Corp was found to increase awareness around the subject of conscious consumerism, which ultimately benefited other B Corps in their mission, increasing or improve their own impacts. For inspiration, it was found that the community aspect of the certification emboldened its users against complacency in improving impacts. It was noted that several of the interviewees stated that they feel obliged to continuously improve their impacts due to the values upheld by the community. Many younger B Corps also stated that they look to the more established B Corps for guidance and vision.

In terms of capacity building, it was found that the community aspect facilitated organisational learning. The secondary unit of analysis showed that organisational learning was taking place among the certified businesses within the community. Some of these businesses were found to be engaging in single loop learning, through interacting, sharing knowledge and best practices with each other. The 'Best For' lists that B Lab publishes were noted as a nice aspect of the certification, as recognition of impact is appreciated and they prove useful for communicating impact in PR strategies for the businesses awarded. However, this aspect was also found to facilitate capacity building in the form of organisational learning between the businesses within the community. These lists help spotlight businesses who excel in certain areas, which then help businesses lagging in these areas identify and connect with them for the purposes of improving their impacts. This was reported on three occasions, in two businesses that which were spotlighted and one looking to learn. The heterogeneous nature of the B Corp community was also noted as a feature that which improved organisational learning, as the observed diversity was said to allow for greater amounts and kind of knowledge to be shared. Organisational learning was also seen to be occurring through the businesses interactions with the certification itself. As noted in the literature review, organisational learning can take place between an organisation interacting with its context. In this manner, the certified businesses using the certification, taking the BIA leading to an increase in awareness of impacts and a change in activities constitute organisational learning. The B Corp certification can be seen to engage in triple loop learning, as it calls into question the basic assumption of stakeholder primacy in society. As for the businesses using the certification, again higher level learning is taking place as the certification causes its certified businesses to challenge their own organisations values through the legal component of certifying. While it was noted in the primary unit of analysis that the B Hive online networking platform was devised to increase capacity building within the community, it was found to not have any effect on the businesses within this study. There is evidence of an engagement threshold being present, as many businesses reported they do not use it due to low engagement and some reporting they would use it if engagement was higher.

The theory of change pursued by B Lab outlined in the primary unit of analysis shows evidence of elements of CSV being engrained within the B Corp certification. It was noted how the three core tenets (better information, self determination and inclusivity) employed by B Lab were all in some way tied to stakeholder theory, which is regarded as a concept the creation of shared value heavily draws from (Crane et al., 2014). In terms of better information, it was stated in the interview with the senior standards analyst that the drive for better information is an effort to help businesses be better for all their stakeholders. They believe that if a business knows its impacts, it knows how to improve those impacts and this will be to their stakeholders benefit. Stakeholder theory argues that a business that is more attuned to its stakeholders is a business that will do better in the long run (Freeman & Reed, 1983). For the tenet of self determination, B Lab see's fit that the businesses they certify are allowed helm their own course in terms of profit maximisation, sustainability and development, but in doing so that they consider the impact on all stakeholders. Taking that the only condition they impose on self determination is stakeholder consideration, the connection here to the theory is clear. While the third tenet of B Labs theory of change, inclusivity, does not seem to directly apply to stakeholder

theory when you apply it to how they believe they need participation of all business types to succeed, when considering how B Lab apply this within the certification the alignment is much clearer. It was noted in the interview of the primary unit of analysis that creating a more inclusive economy was B Labs latest goal for their certification and this can be seen in their 'Inclusive Economy Challenge'. In this push, B Lab are trying to make the boards of B Corp businesses more representative of their employee workforce as well as getting their businesses to involve groups of people who are traditionally excluded from participating in the economy. These are just two examples of this new initiative, however they both directly relate to the type of stakeholder engagement laid out by Maak in his article on responsible leadership and social capital: "What matters, though, is that leaders make sure that their organizations adopt a truly inclusive and ethically sound way of creating value for all legitimate stakeholders, including previously excluded ones and future generations" (Maak, 2007, p. 331).

While this last initiative was not found to have the effect hoped in the secondary unit of analysis in so that none of the businesses interviewed had taken part in the challenge, several did however have their own policies in place regarding an inclusive economy. More generally, the value of inclusivity within the B Corp community appeared to be contested. As mentioned previously, it was regarded by some as a value as it created for an interesting mix of businesses which aided capacity building. However it was also stated that this inclusivity lead to skepticism regarding the commitment of some businesses to the values of the community and criticism of whether some swaths of businesses should be allowed in. It was stated that this inclusivity can therefore detract from the overall value of the certification, which might undermine the trust within the community that helps foster capacity building and organisational learning.

Lastly an important finding within the qualitative analysis of the primary unit was the Impact Business Models (IBMs) of the BIA. As noted, these are a second unique aspect (after the legal component) of the certification and appear to be in place for the very purpose of evaluating shared value creation within the certified businesses. While the purposes of these IBMs is not to establish a link between social or environmental value and economic value, they do use economic value created from impactful sources as a gauge for part of the assigned score. This means in essence the BIA score given to certified businesses is somewhat reflective of the shared value these businesses create. This aspect will be further explored in the discussion of quantitative results to follow.

## 5.2 Discussion of Quantitative Results

The quantitative results of the secondary unit of analysis in part, back up or compliment the results of the qualitative analyses conducted. Firstly it was found that 100% of the businesses included in this study had at least one of the CSV pathways described by Porter & Kramer (2011) incorporated into their strategies. This finding showed that the proposed research had merit in that there does seem to be some concurrence between the B Corp certification or certified businesses of the certification and the creation of shared value. Within the same analysis it was found that the B2CM group had the highest affinity towards CSV in

terms of the three pathways. A reason for the heightened CSV observed may be due to the increased resource use of B2C businesses. B2C businesses generally have a higher material use with longer value chains when compared with B2B businesses, as was the case in the businesses included in this study. Due to higher material use and longer supply chains, there is a greater applicability of CSV to their operations. Two of the CSV pathways can be seen to deal directly with material use (pathway one on *products and markets* and pathway two on *value chain productivity*). It was also found within the literature review that B2C businesses have a higher public exposure when compared with B2B businesses and are thus held to a higher standard due to the effects of non-state market driven governance. For the B2CM group, it was also found that the certification did not impact any of the businesses in terms of CSV pathway. For these businesses, the creation of shared value was very much so part of their mission and it was stated that the mission is and should be an intrinsic quality of a business and cannot be aided or affected by an external certification. This was supported in the fact that for the CSV implementation cycle, the certification was found to have no effect on any of the businesses for the first step, the assessment process. The assessment process of the implementation cycle is where the businesses look to their operations and decide which aspect of their business is best suited for the creation of shared value.

Within the overview of CSV scoring, the B2BM group was found to have the lowest affinity towards CSV. An interesting finding coinciding with this is that the B Corp certification was found to have the highest impact within this group in terms of the three CSV pathways. This could suggest that the B Corp certification can have a greater impact on a businesses strategy if they do not have a such a strong social or environmental mission guiding them. Further adding to this, the statistical analysis found there was a significant correlation between number of years certified and innate CSV value for the B2BM group. Interestingly, this correlation was also observed in the B2BY group although not significant (see Appendix, Fig. B1). This suggests that were the sample sizes larger, a significant correlation may have again been observed. It was also found that the certification positively impacted B2BM and B2BY businesses to high a regard in terms of the CSV implementation cycle. This could suggest that for these businesses, the B Corp certification has proved useful in the businesses implementation of CSV strategy, leading to an increase in innate CSV over time. While this result may be spurious, it is promising that it is made up of several different analyses and can be backed up by theory in that impacts improve through the use of a continuous improvement cycle such as the one used by these businesses and laid out by Porter et al. (2012).

The overview of CSV scoring also found that the certification was most useful for businesses within the progress tracking stage of the CSV implementation cycle. This result aligns with the first tenet of B Labs theory of change, better information. This shows that the certification is proving useful to the businesses who use it in terms of measuring their impact. However this only covers one aspect of the progress tracking stage, as in the implementation cycle laid out by Porter et al. (2012), tracking of economic elements was also key. When looking at the overviews in CSV scoring of both the pathways and implementation cycle together, we see that the same two groups score the highest, namely B2CM and B2BY. This suggests that to

successfully implement a CSV pathway, the implementation cycle outlined by Porter et al. (2012) is beneficial.

Lastly, the statistical analysis found that there was a significant correlation between BIA score and innate CSV value when all data is pooled together globally (n=16). This shows that the BIA score given to the certified businesses is indicative of the shared value they create. An explanation for this correlation was seen in the qualitative analysis, wherein it was found that part of a businesses BIA score is generated from their IBM. Taking that B Lab have included the IBM aspect in their assessment so as to capture and evaluate a businesses CSV, it is compatible that this BIA score correlates with innate CSV. One can extrapolate then that the B Corp certification is a suitable VSS for a business with CSV integrated into their main business model, as the score they receive will likely be indicative of the shared value they create.

### 5.3 Research Limitations & Future Research

There are several limitations to this research study, both in terms of capacity and choices made throughout the study. To start, the subject matter of this study was concerned with the creation of shared value. While aspects of social and environmental value were explored, the secondary unit of analysis did not focus on the economic aspect of shared value creation. This was primarily due to feasibility. The creation of shared value is often a long game, wherein it can take a very long to see the economic benefits of the social or environmental value created, and even once economic value is seen to be made, it can be difficult proving causation. It was therefore far easier to assess whether shared value was perceived to be created. This can sometimes then run the risk of CSV being conflated with sustainability more generally. It is easier to see how an initiative is supposed to create social or environmental value but whether this eventually leads to economic value can be trickier. A second limitation to this research would be time. While this study did achieve the objectives laid out, time is always a limiting factor and only so much can be achieved in a 21 week research study. Should the researches time allowed have been greater, additional aspects could may have been explored or a greater number of interviews could have been conducted.

Following on from this, a third limitation to this research would be the sample size. While the sample size represented just over a quarter of businesses from the total population (n=16, N=62) and included an even distribution of different business types (young, mature, B2B & B2C), a larger sample size would have resulted in higher resolution data. This is especially so when trying to compare and contrast groups as each business makes up 25% of their group. The population the sample was drawn from can also be seen to have had an impact on the results obtained. The certification has been active in the Netherlands for five years now however over in the US, the certification goes back 12 years. It is likely that the B Corp community may look very different in the US when compared to the Dutch B Corp community. The reason being is that due to the certifications relatively recent introduction here, the types of businesses certifying will more likely be the 'first-movers'. These businesses will have a higher likelihood of exhibiting high sustainability or shared value creation when compared with an average



business. In the US, as the certification has had more time to develop and permeate the market, a higher number of more traditional businesses are likely to be certified.

It could therefore be interesting to conduct this same study in an area where the certification has a longer history. Taking the fact that many of the businesses reported that the certification did not impact CSV so much in their company, but that it could do so in a more traditional business, it would be interesting to conduct this study in the US and include a greater number of businesses that do not have a strong social or environmental mission guiding them. Other future research could explore in greater detail the IBM aspect to the certification. This was largely left unexplored in the secondary unit of analysis due to scheduling difficulties of the interviews.

## 6. Conclusion

This research study served the purpose of analysing the links between the B Corp certification and the concept of shared value creation. This research was conducted using a sample of 16 Dutch B Corp certified businesses. The study was setup in an embedded case study design, wherein the the B Corp certification served as the primary unit of analysis and 16 case studies of B Corp certified businesses served as the secondary unit(s) of analysis. Over the course of this research the following research questions were answered.

*How do corporate voluntary sustainability standards that go beyond organisational, procedural or production process requirements encourage societal or environmental performance improvement in the businesses they certify?*

Applying this research question directly to the B Corp certification, it was found that the VSS in question encourages societal and environmental performance improvements through a theory of change based on stakeholder theory. It was also found the the VSS utilises various capacity building mechanisms such as knowledge sharing outlets and assessment software to facilitate impact improvement. The community aspect of the certification was also found to positively impact performance improvements of businesses within the community.

*What effect does the B Corp certification have on certified businesses ability to create shared value?*

The B Corp certification was found to positively impact the creation of shared value in some some businesses of this study. It was found that the certification proves most useful for certain stages of the CSV implementation cycle, namely the progress tracking stage. For B2BM businesses, a positive correlation was observed between number of years certified and innate CSV value. Impact of the certification was observed to be highest within this group for the CSV pathways and usage of the certification for the implementation cycle was observed to be high here also. For businesses with CSV more highly incorporated into their main business model, the certification was seen to have a lower impact in these cases.

*Are aspects of Organisational Learning evident among the experiences of B Corp certified businesses?*

Organisational learning was observed to be taking place among the B Corp certified businesses included in this study. This was found to be occurring both between and within the businesses. The community aspect of the B Corp certification was found to foster organisational learning between businesses, as trust within the community was on average high, leading to collaboration and knowledge sharing. The best for lists compiled by B Lab were also found to positively contribute towards organisational learning as these facilitated engagement between businesses looking to learn and businesses with knowledge to share. Lastly organisational learning was observed to be occurring between the certified businesses and the certification itself. It was found that the capacity building mechanisms of the certification increased the

knowledge of the businesses using it, leading to a change in behavior in some instances. While no direct link between organisational learning and an increase in shared value creation was observed, the presence of organisational learning taking place within a community wherein the creation of shared value is taking place shows that it may be possible.

The B Corp certification was found to have several links to the creation of shared value. Both the theory of change employed by B Lab and the concept of shared value creation draw heavily from stakeholder theory. This observation was made within the literature review and the primary unit of analysis. The primary unit of analysis also showed that the B Corp certification contains elements that serve the purpose of identifying and evaluating shared value creation with the businesses it certifies, the impact business models. Within the secondary unit of analysis, it was found that B Corp certified businesses included in this research on average display a high level of shared value creation. The B Corp certification proved most useful for businesses with a lower affinity to CSV in the implementation cycle, most notably the progress tracking stage. This aligns with the first core tenet of B Labs theory of change, on better information.

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# Appendix

## A. B Corp Interview Question Scheme (Including Grading Scheme)

The following interview will cover the areas of

- B Corp Certification Motivation,
- BIA score improvement behavior,
- Shared Value Creation.

16 total points to be awarded for CSV by business (Innate).

16 total points to be awarded for CSV by the Certification (Induced).

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Request permission to record.

### Q0.0

- Can you please briefly outline what your organisation does?

### Q0.1

- What is your position within \_\_\_\_\_?

### Q0.2

- In what ways have you been involved with either Sustainability, Strategic business planning and the B Corp Certification within your company?
- Were you a part of the company prior to certification?

### Q0.3

- How large is your company's workforce?

## Motivation

### Q01

- What is your businesses mission?
  - 1pt if mission covers a social/environmental issue and economic prosperity.

### Q02

- What was your businesses motivations behind certifying as a B Corp?

- 1pt if motivation interviewee gives relates to the Creation of Shared Value or similar concepts.

**Q03**

- Did your business consider any other sustainability certifications?

**Q04**

- Is your business compliant/certified against any other standards?
  - *i.e.* ISO 26000, ISO 19001, OECD guidelines for MNE, UN Global Compact, UN Guiding Principles on Business & Human Rights?

**Q05**

- Did your business have to make any significant changes so as to pass the certification process?

**Q06**

- Did the Legal Component of the B Corp certification pose difficulties upon initial certification?
- Was this something you specifically looked for in a certification?
- Was this something you particularly admired of the certification?
  
- Did this aspect of the certification pose as an added value of the certification?

**Q07**

- How did your business fair the first time it took the BIA?
- Did you obtain the necessary 80 points in the BIA on first try?

## BIA Score Improvement Behavior

**Q08**

- Does your business take the BIA on a basis more frequent than the mandatory biennial cycle?

**Q09**

- Have you improved your BIA score since initial certification?
  - If so was this due to new initiative on your businesses part or reshuffling/weighting of the certification by B Lab?
  - What was the motivation behind such new initiatives?
    - 1pt if motivation relates to SVC.

**Q10**

- Do you feel incentivised to improve your score?

**Q11**

- What aspects of the B Corp certification have proved most influential in increasing your BIA score?

**Q12**

- Did you refer to B Labs 'Best Practices Guides' for initial certification or recertification?

**Q13**

- Does the significance of existing in a wider community of businesses with the same mission (B Corp mission) impact your business in any way?
  - If so, in what ways has this impacted your business?

**Q14**

- Do you engage with other B Corp businesses on the B Hive online community or elsewhere?
  - If so, how often would you engage?

**Q15**

- What forms of engagement does your business carry out within the B Hive (if they do)?
  - Seek knowledge or advice from other B Corps?
  - Offer knowledge or advice to other B Corps?
  - Other?

**Q16**

- Does your business pay heed to B Labs 'Best For' lists?
  - Does your business have aspiration to be included on them?

**Q17**

- Did you take part in the B Corp Inclusive Economy Challenge?
  - What did you gather from the challenge?
  - Did this lead to an improvement in your BIA score?
  - Did this lead to the Creation of Shared Value, in your opinion?
    - 1pt if answered yes with sufficient explanation as to why.

**Q18**

- Does your business implement a Plan-Do-Check-Act cycle with regard to improving impacts / strategies?

**Q19**

- Does the B Corp Certification facilitate a Plan-Do-Check-Act cycle in improving your businesses impacts / strategies?

## Shared Value Creation

*Include an overall description and definition for the creation of shared value. Just so the interviewee and interviewer are on the same page (highlight this). Include several examples.*

**Q20**

- Does CSV tie in with your businesses strategy?
  - 1pt if answered yes with sufficient explanation as to why.

**Q21**

- If so, was CSV a strategy of your business prior to certification?
  - 1pt if answered yes with sufficient explanation as to why.
  - 1pt if answered no with SVC strategy after certification.

**Q22**

- Does/has the B Corp Certification lead to the Creation of Shared Value for your business?
  - 1pt if answered yes.
  - Is this something you monitor?
  - Does the B Corp certification aid the monitoring process? *ie*, through B-Analytics.
    - 1pt if answered yes.

## Reconceivment of Products & Markets:

*Give definition of what reconceiving products & markets means. Give at least two very different examples of what it is.*

**Q23**

- Has your business developed its product/service with the Creation of Shared Value in mind or does your business target a certain market as part of a CSV strategy?
  - 1pt if answered yes with sufficient explanation as to how.
  - If so, was this always your businesses strategy?

**Q23**

- How ingrained is this within your business?
  - 1pt if level of ingrainment is high.

**Q24**

- Has the B Corp Certification helped to reconceive your product/service or market?
  - 1pt if answered yes with sufficient explanation as to how.

**Redefinement of Value Chain Productivity:**

*Give definition of what redefining value chain productivity means. Give at least two very different examples of what it is.*

**Q25**

- Has your business created/redefined its value chain for the creation of shared value?
  - 1pt if answered yes with sufficient explanation as to how.
  - If so, was this always your businesses strategy?

**Q26**

- How ingrained is this within your business?
  - 1pt if level of ingrainment is high.

**Q27**

- Has the B Corp Certification helped to redefine productivity within your businesses value chain?
  - 1pt if answered yes with sufficient explanation as to how.

**Enablement of Cluster Development:**

*Give definition as to what enabling cluster development means. Give at least two very different examples of what it is.*

**Q28**

- Has your business been involved in cluster development?
  - 1pt if answered yes with sufficient explanation as to how.
  - If so, has this always been part of your businesses strategy?

**Q29**

- How ingrained is this within your business?
  - 1pt if level of ingrainment is high.

**Q30**

- Has the B Corp Certification helped enable cluster development in the areas/communities it operates within?
  - 1pt if answered yes with sufficient explanation as to how.

**Q31**

- How do you choose which areas of the certification that your business improves itself upon?
- When choosing areas of the certification that your business focuses on, do you make your decision based on:
  - areas for greatest impact,
  - greatest BIA score improvement,
  - Financial aspects,
  - Easiest implemented
  - Most relevant to current business model

**Q32A**

- Do you create a business case for implementing initiatives, in general?
  - 1pt if answered yes.

**Q32B**

- Does the B Corp certification aid this? How?
  - 1pt if answered yes.

**Q33A**

- Do you track progress of such initiatives, in terms of both economic and social/environmental indicators?
  - 1pt if answered yes.

**Q33B**

- Does the B Corp certification aid this? How?
  - 1pt if answered yes.

**Q34A**

- Do you link societal/environmental results with economic results?
  - 1pt if answered yes.

**Q34B**

- Does the B Corp certification aid this? How?
  - 1pt if answered yes.

**Q35A**

- Do you iteratively improve/adapt initiatives?
  - 1pt if answered yes.

**Q35B**

- Does the B Corp certification aid this? How?
  - 1pt if answered yes.

**Q36**

- Is there any initiative undertaken by your business which has been ushered by the B Corp certification that could be classified as the Creation of Shared Value that has hitherto not been mentioned in this interview?
  - 1pt if the interviewee can relate an initiative undertaken that has not been covered yet.

**Q37**

- Has certifying as a B Corp changed your company's business strategy in a material way?
  - 1pt if yes and interviewees answer demonstrates the Creation of Shared Value.

**Q38**

- Do you think the B Corp certification is a suitable vector for the Creation of Shared Value?

**Q39**

- Do you think the B Corp Certification could do more in terms of Shared Value Creation?
  - For example, in terms of Co-Creation.

**Q40**

- Do you think the B Corp certification is a source of competitive advantage?

**Q41**

On a continuum wherein Corporate Philanthropy is at one end and the Creation of Shared Value is at the other, with Corporate Social Responsibility laying exactly in between, where would you place the activities encouraged by the B Corp certification?

- *Include explanation and definition for terms.*

**Q42**

Has your business attempted to create shared value in the past that has not been touched upon yet in this interview?

- 1pt if other SVC initiative was attempted in the past.
- Were these initiatives successful?
  - 1pt if SVC was successful.
- Were these initiatives iteratively improved upon after review?
  - 1pt if initiatives were iteratively improved and extended.

**Q43**

- Do you have any closing remarks on the B Corp certification, The B Corp Movement, B Lab, or the Creation of Shared Value?



**Q44**

- Would it be possible to contact you with follow up questions?

**END OF INTERVIEW**

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## B. Correlation Matrices

A

	<i>Certification Practices</i>	<i>Businesses Own Strategy</i>	<i>BIA Score</i>	<i>Size of workforce</i>	<i>Years Est.</i>	<i>Years Certified</i>
Certification Practices	1					
Businesses Own Strategy	0,568535244	1				
BIA Score	0,235949992	0,886480732	1			
Size of workforce	-0,012104107	0,811169966	0,941040145	1		
Years Est.	-0,359856086	-0,093770814	-0,265101772	0,041379498	1	
Years Certified	-0,426401433	-0,393939394	-0,560059076	-0,270963456	0,946232763	1
Total CSV	0,816786026	0,929434314	0,671845622	0,540165885	-0,111388404	-0,35035

B

	<i>Certification Practices</i>	<i>Businesses Own Strategy</i>	<i>BIA Score</i>	<i>Size of workforce</i>	<i>Years Est.</i>	<i>Years Certified</i>
Certification Practices	1					
Businesses Own Strategy	0,568535244	1				
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Years Certified	-0,426401433	-0,393939394	-0,560059076	-0,270963456	0,946232763	1
Total CSV	0,816786026	0,929434314	0,671845622	0,540165885	-0,111388404	-0,35035

C

	<i>Certification Practices</i>	<i>Businesses Own Strategy</i>	<i>BIA Score</i>	<i>Size of workforce</i>	<i>Years Est.</i>	<i>Years Certified</i>
Certification Practices	1					
Businesses Own Strategy	0,571057435	1				
BIA Score	-0,796603978	-0,332591914	1			
Size of workforce	0,559631425	0,569329182	0,051146262	1		
Years Est.	0,663999891	0,715967124	-0,101581595	0,978311994	1	
Years Certified	0,169030851	0,899218915	-0,061470948	0,296661731	0,436015	1
Total CSV	0,804537957	0,946976909	-0,552407501	0,630928753	0,777866	0,7167132

D

	<i>Certification Practices</i>	<i>Businesses Own Strategy</i>	<i>BIA Score</i>	<i>Size of workforce</i>	<i>Years Est.</i>	<i>Years Certified</i>
Certification Practices	1					
Businesses Own Strategy	0,730296743	1				
BIA Score	0,577848486	0,965595205	1			
Size of workforce	-0,107211253	-0,29361011	-0,141754257	1		
Years Est.	-0,878310066	-0,427617987	-0,324016418	-0,345270651	1	
Years Certified	-0,555555556	-0,121716124	-0,120793186	-0,750478774	0,878310066	1
Total CSV	0,826810631	0,988064364	0,925359766	-0,265930212	-0,55014856	-0,225493808

Fig. B1: Pearson's correlation matrices for A. B2CM (n=4), B. B2CY (n=4), C. B2BM (n=4), D. B2BY (n=4). Purple: Significant correlations. Red: p-value=0.060 (Almost Significant).

A

	<i>Certification Practices</i>	<i>Businesses Own Strategy</i>	<i>BIA Score</i>	<i>Size of workforce</i>	<i>Years Est.</i>	<i>Years Certified</i>
Certification Practices	1					
Businesses Own Strategy	0,279969816	1				
BIA Score	-0,243606809	0,426458164	1			
Size of workforce	0,259775694	0,154072915	0,152151745	1		
Years Est.	0,270433732	0,048770267	-0,026676021	0,941396791	1	
Years Certified	-0,170697185	0,137687037	-0,088557156	0,191610363	0,382927078	1
Total CSV	0,522159119	0,957795161	0,271119583	0,2170514	0,139203132	0,09703781

B

	<i>Certification Practices</i>	<i>Businesses Own Strategy</i>	<i>BIA Score</i>	<i>Size of workforce</i>	<i>Years Est.</i>	<i>Years Certified</i>
Certification Practices	1					
Businesses Own Strategy	0,190147823	1				
BIA Score	-0,057332315	0,652579596	1			
Size of workforce	-0,152022921	0,666664344	0,818257563	1		
Years Est.	-0,317558434	0,546501261	0,283955338	0,308696002	1	
Years Certified	-0,345100693	0,075761441	-0,068128749	-0,139779616	0,799878375	1
Total CSV	0,429728495	0,95792973	0,542210769	0,52756652	0,476704059	0,017135757

C

	<i>Certification Practices</i>	<i>Businesses Own Strategy</i>	<i>BIA Score</i>	<i>Size of workforce</i>	<i>Years Est.</i>	<i>Years Certified</i>
Certification Practices	1					
Businesses Own Strategy	0,548112766	1				
BIA Score	-0,517011673	-0,011979935	1			
Size of workforce	0,448680577	0,186889737	0,084345567	1		
Years Est.	0,466841296	0,167106265	-0,011867737	0,969258896	1	
Years Certified	0	0,367895034	-0,061405379	0,26792016	0,393022887	1
Total CSV	0,756836906	0,961509075	-0,179208841	0,293443235	0,283949654	0,287489605

D

	<i>Certification Practices</i>	<i>Businesses Own Strategy</i>	<i>BIA Score</i>	<i>Size of workforce</i>	<i>Years Est.</i>	<i>Years Certified</i>
Certification Practices	1					
Businesses Own Strategy	0,266338057	1				
BIA Score	-0,283441647	0,365701787	1			
Size of workforce	0,423628402	0,138265768	0,095245576	1		
Years Est.	0,473072293	-0,034081892	-0,189630528	0,938511989	1	
Years Certified	-0,09156	0	-0,380298854	0,209331777	0,422665676	1
Total CSV	0,512495776	0,957465223	0,165934456	0,235189113	0,110805773	0,022779556

	<i>Certification Practices</i>	<i>Businesses Own Strategy</i>	<i>BIA Score</i>	<i>Size of workforce</i>	<i>Years Est.</i>	<i>Years Certified</i>
Certification Practices	1					
Businesses Own Strategy	0,266338057	1				
BIA Score	-0,283441647	0,365701787	1			
Size of workforce	0,423628402	0,138265768	0,095245576	1		
Years Est.	0,473072293	-0,034081892	-0,189630528	0,938511989	1	
Years Certified	-0,09156	0	-0,380298854	0,209331777	0,422665676	1
Total CSV	0,512495776	0,957465223	0,165934456	0,235189113	0,110805773	0,022779556

Fig. B2: Pearson's correlation matrices for; A: All companies (Global correlation matrix, n=16), B: B2C (n=8), C: B2B (n=8), D: Young companies (above, n=8); Mature companies (below, n=8). Purple: Significant correlations.