

# Sustainable Transitions for Large Enterprises: A case study of B Corporations

*Master Thesis*

Master in Sustainable Development: International Development

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## **Abstract**

The urgency of the climate crisis and global inequality demands the action of all, including the private sector. While smaller, mission driven companies have initially led the corporate sustainability transition, moving towards a more sustainable economic system and remaining within planetary boundaries requires the participation of large companies as well. Increasing pressure from sustainability-oriented competitors and societal expectations are driving more companies to participate in a voluntary transition to more sustainable business models. This research uses the case study of the B Corporation (“B Corp”) certification facilitated by the nonprofit B Lab to investigate the transition that large European companies must undergo in order to successfully become a certified B Corp, including the driving motivations and the core challenges that they experience in the process. The results will contribute to literature on large enterprise pursuit of corporate sustainability and transitions to a sustainable hybrid business model.

The results of this research find that large companies are motivated from both external sources, including a desire for external recognition and verification and an increased competitive advantage; and internal sources, including an ambition for an internal transformation, interest from senior leadership, or to join a supportive community of businesses working on impact; but tend to evolve over time from an initial interest in external brand recognition and a collective, systems change ambition. In this transformation, large companies undergo several stages of transition, beginning with an Initial B Corp Certification which includes internal mobilization, resource allocation, documentation policies, engaging the entire company, and stakeholder governance changes. Then, companies embark on a long-term Impact Improvement Journey where they improve internal operations, connect impact to their long-term strategy, adopt a continuous improvement mindset, and celebrate successes. Finally, companies engage their value chain and join collective action initiatives Systems Change Ambassador in a mature B Corp phase. In the process, large companies experience challenges related to B Lab timelines, pricing and standards; internal challenges including a culture shift, prioritization, data management, and governance changes; and external challenges due to lack of awareness and supply chain complexities.

Understanding how large companies can transition from conventional business models towards a sustainable hybrid business model, with the example of B Corp certification, highlights the areas of investment that are necessary to make impactful changes in corporate behavior related to social and environmental impacts and ultimately address the Sustainable Development Goals.

*Key Concepts:* certified B Corporation, Sustainable Hybrid Business Model, corporate sustainability, corporate transitions, large enterprises

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## **1. Introduction**

### **1.1 Problem Statement**

With the creation of the Sustainable Development Goals (SDGs), the United Nations set a common global agenda for the most pressing issues in social, environmental, and economic dimensions (United Nations, 2015). The SDGs were a global call to action that emphasized the need for contributions from the governments, civil society, and private companies around the world, beyond just in developing nations (Scheyvens, Banks & Hughes, 2016). The private sector was identified as particularly relevant for the sustainable development agenda due to both negative externalities, including carbon emissions and labor exploitation, and the opportunities for improvement, such as innovation and community development (Voegtlin & Pless, 2014).

Companies are facing a demand from their customers, investors, and the general public to improve their contribution to social and environmental issues and internalizing their negative impacts (Santos et al., 2015). In order to respond to the sustainable development agenda, companies need to shift towards more sustainable and equitable practices by fundamentally changing their business models (Birkin, 2009). Santos et al. (2015) argues that societal impact will be the main challenge for companies in the 21st century and suggests that companies leverage this opportunity to evolve and reevaluate their business model, instead of perceiving these external challenges as a threat or tradeoff to their profitability.

The COVID-19 pandemic has brought even greater urgency for companies to incorporate societal impact into their strategies. Building a more sustainable and resilient system following the COVID-19 pandemic requires large and multinational companies to transition to a model that creates value for all stakeholders, beyond just shareholder profit (Marquis, 2020).

Sustainable transformation in the private sector has been initiated by small and mission-driven entrants into the market (Hockerts & Wüstenhagen, 2010). The rise and success of these small organizations in niche areas of the market has posed a considerable challenge to large incumbent institutions and their operations (Schaltegger et al, 2016). As a result, these smaller pioneers can influence large conventional companies to integrate more sustainable corporate practices in their business model. Often, these small companies are offering services with a higher sustainability quality (i.e., more positive contributions and less negative impacts) and large companies have a larger market share distributing products with a lower sustainability quality (Schaltegger et al, 2016). While the larger companies often have less ambitious performance goals for their social and environmental impact, they have an established presence in the market which allows for a broader scope of reach and greater impact (Hockerts & Wüstenhagen, 2010). The interactions between these two groups of companies have the potential to eventually lead to a long-term sustainable transition of the entire industry (Hockerts & Wüstenhagen, 2010).

#### **1.1.1 The Sustainable Hybrid Business Model**

While small socially driven enterprises companies may be content with their scale and role in the market, Schaltegger et al. (2016) argues that sustainable development and transformation of the economic system is only feasible with the majority of companies improving their sustainability

quality. In order to address climate change and stay within the limits of planetary boundaries, sustainability must be applied on a large scale, rather than just in small sections of the market (Rockstrom et al., 2009). Birkin (2009) also argues that simply adding corporate sustainability practices onto an existing unsustainable business model is not the form of transformational and radical change that is needed to address social and environmental challenges or achieve the SDGs. Companies must completely rethink the way that business is done, and a comprehensive new business model is essential step to do so (Birkin, 2009). The sustainable hybrid business model is an example of a new form of business model that is able to balance value creation for shareholder profit with societal value creation in terms of social and environmental performance (Santos et al., 2015). This research aims to study the motivations that drive interest of large companies to transition to a more sustainable business model in addition to the barriers they face in this transition.

Many interpretations of contemporary corporate sustainability frame it as an opportunity for businesses to develop a new form of competitive advantage and business development opportunity and thus stand out from other companies' more unsustainable behaviors (Laszlo & Zhexembayeva, 2017). However, the sustainable hybrid business model contradicts this assumption as it prioritizes collaboration and encourages other companies to improve their practices over the individual competitive advantage of the niche organization (Haigh & Hoffman, 2012). While many corporate sustainability initiatives are made up of incremental or reactive changes in behavior, shifting to a sustainable hybrid business represents a more radical shift that aligns all business operations with a deep commitment to social and environmental impact.

### **1.1.2 Case Study: B Corporations**

One institution that has recognized the need to include large companies in such a transition is B Lab, the nonprofit organization that runs the B Corp certification. A certified B Corporation ("B Corp") is a company that has undergone an internationally recognized third-party evaluation of a business that indicates high levels of social and environmental performance for the entire scope of a company (B Lab, 2022a). B Corp certification is a valuable tool to support companies to measure and improve their impacts (Diez-Busto et al., 2021). Stubbs (2017) describes the B Corp model as a sustainable hybrid business model that is centered around value creation for all stakeholders.

Many of the first B Corps were small and medium enterprises that began as mission-driven organizations. Supporting more large enterprises in the B Corp certification process would allow the B Corp movement to have a deeper impact on sustainable transformation of the economic system. However, the growth of the B Corp movement also has the potential to threaten its credibility as individual B Corps are seen as less unique or exceptional in their sustainable behavior (Kim & Schifeling, 2022). Therefore, it is valuable to investigate how B Lab can support the expansion of the number of certified B Corps while ensuring the integrity and legitimacy of its standards.

The difference between the transitional factors of large and small companies in transforming towards more sustainable practices has not been sufficiently researched in literature on

sustainable entrepreneurship or corporate sustainability (Hockerts & Wüstenhagen, 2010). Furthermore, research on success factors of large and multinational companies in transitioning towards a sustainable hybrid business model is very limited (Schaltegger et al., 2016). Related to the B Corp certification, there is limited academic research on the motivations and challenges that large companies uniquely face as they pursue certification. In order to better understand the B Corp movement, additional research is needed to determine whether the B Corp model can move beyond niche mission-driven companies to include large companies and challenge conventional business models for systemic change (Stubbs, 2017).

## **1.2 Research Aim**

This research will focus on the case study of B Corp to explore the transformational journey of large European companies pursuing sustainability transitions. In this way, this research will attempt to identify the motivations of large companies, the transitions they need to undergo to do so successfully, and the challenges they experience in the process. The research will also aim to understand how B Lab Europe currently supports the needs of large companies interested in undergoing the transition to a B Corp. This would provide insights into how sustainability certification standards such as B Corp can influence large companies to transform into sustainable hybrid business models.

### *1.2.1 Research Questions*

In order to explore this research aim and fill the knowledge gap, the following research question has been developed:

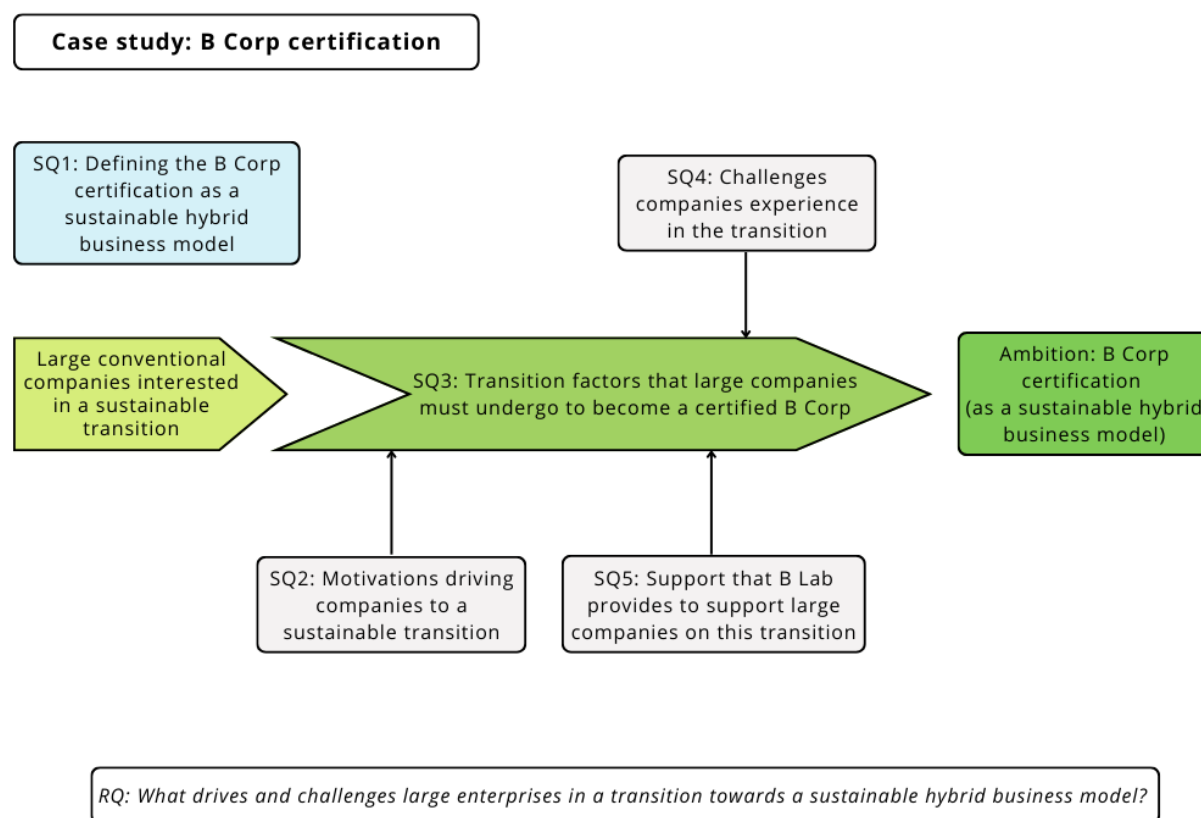
**RQ:** *What drives and challenges large enterprises in a transition towards a sustainable hybrid business model?*

Further, a set of sub-questions has been developed based on the B Corporation case study for the purpose of exploring the overarching research question in greater depth:

- **SQ1:** How do the characteristics of B Corp certification align with the sustainable hybrid business model?
- **SQ2:** What are the current motivations for large companies to pursue B Corp certification?
- **SQ3:** What transition factors must large companies undergo in order to become certified B Corps, as a form of sustainable hybrid business model?
- **SQ4:** What challenges do large companies experience in the B Corp certification process?
- **SQ5:** How does B Lab Europe support the needs of large companies pursuing B Corp certification and where are areas of improvement?

The research framework below has been created to provide an overview of the relationship between the sub-questions that are included in this research (Figure 1).

**Figure 1: Research framework**



### **1.3 Scientific and Societal Relevance**

The scientific relevance of this research paper will be to contribute to existing literature on sustainable hybrid business models and strengthen the understanding of how companies can make a transition to this radical form of business model. By focusing on large enterprises, this research will evaluate how companies who are well-established in a conventional and shareholder-centric model can transition to a new form of business that is able to balance profit with social and environmental impact.

The societal relevance of this research is to provide insight into the positive contributions that companies are able to have on a wider scope of stakeholders, including employees, customers, suppliers, and the environment, beyond just their shareholders. By exploring potential pathways for large enterprises to transition to more sustainable business models, this research can contribute to a more regenerative and inclusive economic system that supports the wellbeing of current and future generations.

### **1.4 Structure of the Report**

In order to answer these research questions, the structure of this paper will continue as follows: Chapter 2 outlines the key concepts that make up conceptual background as the basis for this

research. Then, Chapter 3 explains the methodology, data collection, and data analysis that were used in the research process. Chapter 4 provides a more in-depth explanation of the B Corp certification to provide background context on the case study. The results of each of the sub-questions are included in Chapter 5, divided into their own sub-chapters. The discussion of these results can be found in Chapter 6 followed by a set of recommendations for B Lab Europe in Chapter 7. Finally, Chapter 8 highlights concluding remarks. Additional details or resources can be found in the Appendix 1-7.

## **2. Conceptual Background**

In order to investigate these research questions, theories on organizational transitions, sustainable hybrid business models, motivations, and challenges in transitions will form the conceptual background for this research. The following chapter will explore these concepts in greater detail.

### **2.1 Sustainable Hybrid Business Model**

Hybrid business models are those that are able to integrate multiple institutional logics, including combining social impact logics with commercial profitability (Pache & Santos, 2013; Battilana & Lee, 2014). They challenge the assumption that there must be a tradeoff between economic, ecological, and social priorities when working on sustainability issues (Haigh & Hoffman, 2014; Zebryte & Jorquera, 2017). Instead, the sustainable hybrid business model is one that is able to balance value creation for shareholder profit with societal value creation in terms of social and environmental performance (Santos et al., 2015) Similar to the SDGs and the sustainable development agenda, hybrid organizations face challenges in balancing social, environmental, and economic logics (Hestad et al, 2021).

Some of the main identifying characteristics of sustainable hybrid businesses is that their mission is valued over profit or ambitions of exponential growth (Haigh & Hoffman, 2014). Instead, the business revenue is considered a means to an end of self-sufficiency and societal value creation for stakeholders through their organizational purpose (Tabares, 2021). Additionally, sustainable hybrid businesses consider the inherent value and regeneration of natural and social systems in their decision making rather than an extractive perspective on natural resources (Tabares, 2021).

Sustainable hybrid businesses also challenge conventional competitive practices between companies as there is a greater focus on collaborative learning and collective impact rather than an individual pursuit of exponential profitability (Haigh & Hoffman, 2014). Therefore, prioritizing these companies encourage others to improve their sustainability practices as well:

*“Where other companies seek to create barriers to entry to their markets, hybrids actively invite entrants. In fact, emulation by other companies signals the success of their social and environmental change missions. In this respect, hybrid organizations act as institutional entrepreneurs; changing the rules of the game for all organizations”* (Haigh & Hoffman, 2012; 129).

Connection with other companies and advocacy within industry associations is key to the sustainable hybrid business model, as one of its goals is to encourage others to join their community and align their business practices with social and environmental interests. However, in doing so, sustainable hybrid businesses can also hurt their own competitive advantage as they no longer stand out from the business norms in their industry as they encourage others to adopt more sustainable and inclusive practices, “undermining their own competitive viability through diffusion” (Haigh & Hoffman, 2012; 131).

Hybrid organizations that prioritize both institutional logics of economic viability and social and environmental impact go beyond traditional corporate sustainability initiatives (Haigh & Hoffman, 2012). To meet the characteristics of a hybrid organization, a company must transform its entire identity and operations, rather than simply creating a green line of their products while continuing their business-as-usual behavior in other areas (Haigh & Hoffman, 2012). The sustainable hybrid business model is based on a critical theory of positive organizational scholarship, in terms of how to help companies actually be “more sustainable” and have positive external contributions, rather than “less unsustainable” and merely reducing their negative externalities (Haigh & Hoffman, 2014). Social enterprises are a well-known and well-researched form of sustainable hybrid business model that are able to prioritize both a social impact mission as well as a self-sustaining profitability centered around a commercial business model (Stubbs, 2017).

Currently, small niche organizations founded on mission-driven principles make up the majority of sustainable hybrid business models (Haigh & Hoffman, 2014; Jolink & Niesten, 2015). While existing literature has identified the objectives, characteristics, and contributions of sustainable hybrid businesses (Haigh & Hoffman, 2012; Haigh & Hoffman, 2014; Santos et al., 2015), research on how a conventional company, especially large companies, could make a transition to a hybrid model is limited. As more large companies become interested in adopting more sustainable business practices, it becomes valuable to understand the evolution that a company must undergo in order to transition from a conventional business model to a sustainable hybrid business.

The following section will explore literature on other corporate sustainability transitions, motivation and challenges, which will support the analysis of the sustainable hybrid business model transition in this research.

## ***2.2 Corporate Sustainability Transitions***

There are several key transition factors identified in literature that support effective corporate transitions to more sustainable practices. In the context of large enterprises, successful sustainability transitions include the integration of sustainability ambitions throughout the entire organization, including the supply chain, leadership, and employees (Engert & Baumgartner, 2016). Further, the company culture must be reoriented to center around social and environmental contributions in addition to the core business mission. In doing so, sustainability becomes involved in leadership and management decisions throughout the entire business (Engert & Baumgartner, 2016). Collaboration with external organizations, such as verification or standards agencies, can

also be particularly useful for companies to receive guidance on sustainable transitions (Long et al. 2018). Finally, although profit no longer becomes the sole ambition of the company, effective sustainable transitions should also maintain the financial sustainability of the organization to ensure its viability in the future (Long et al, 2018).

However, much of the existing literature on corporate sustainability remains focused on small incremental changes or green marketing for the purpose of improving their competitive advantage in their industry (Laszlo & Zhexembayeva, 2017). Further, most existing literature on the topic of corporate sustainability centers around small and medium enterprises, as those are also the businesses who are leading these changes in the private sector (Hockerts & Wüstenhagen, 2010; Long et al., 2018). Therefore, research focused on large enterprise transitions towards sustainable practices is a novel area of research that requires increased attention, especially in the area of more radical transitions such as the sustainable hybrid business model (Haigh & Hoffman, 2014).

### ***2.3 Motivations for Sustainable Transitions***

The transition to a sustainable hybrid business model and the pursuit of a B Corp certification are voluntary decisions by companies, rather than mandatory regulations or reporting that is enforced by public sector institutions. These decisions are therefore driven by internal or external motivations within individual companies. Windolph et al. (2014) identifies some primary incentives for corporate management towards sustainability as improving the company's legitimacy, increasing competitive advantage in the market, and enhancing internal operations and resource efficiency. Similarly, Laszlo & Zhexembayeva (2017) describe how integrating business sustainability and environmental stewardship commitments into the corporate strategy can create a new form of competitive advantage for the company and help them stand out from others in their industry due to limited natural resources and external social pressures. According to Windolph et al. (2014), the strategies that companies use to implement their sustainability management, including to what extent this is distributed across the organization, depends on the primary motivations. Therefore, identifying the motivating factors for a sustainable corporate transition is valuable to understanding the process that large companies will undergo in that transition.

Kim & Schiefeling (2022) analyzed official B Corp profiles to understand the motivations that companies report for their decision to pursue B Corp certification. In this research, they found that 57% of B Corp certified to challenge and change the current state of business practices; 56% certified to validate their genuine commitment to social and environmental impact; 21% certified to boost consumer perception; and 14% certified to improve their societal contributions (Kim & Schiefeling, 2022). The two most popular reasons for certification—opposition to business norms and external verification—were negatively and significantly correlated, suggesting that most B Corps had certified either to show their rejection of shareholder-centric governance or to prove their authentic commitment to positive impact. However, this data is based on American B Corps who certified between 2007 and 2011 (Kim & Schiefeling, 2022). As the B Corp community has grown and evolved significantly since 2011 with the addition of larger companies, individual

motivations for certification likely have as well and is therefore an interesting topic to research further.

## **2.4 Challenges in Sustainable Transitions**

### *2.4.1 Challenges in Corporate Sustainability*

In corporate sustainability initiatives, Crews (2010) highlights key challenges that leadership teams experience when working towards an organizational shift. Engaging a wide range of stakeholders in the decision-making process can be complex and nuanced and can result in contradictory perspectives. Further, shifting the company's culture to reflect new organizational priorities can be a challenging and long-term process, especially when the company is well established in the market and its behavior. Finally, corporate sustainability initiatives require an investment in organizational learning to understand the complexities of impact measurement and reporting mechanisms (Crews, 2010).

### *2.4.2 Challenges for B Corps*

Marquis (2020b) conducted interviews with American large enterprises pursuing B Corp certification shortly after this pathway became an option. In these conversations, he identified some initial challenges for the first phase of large companies working towards B Corp certification. Firstly, companies felt a need for clearer instructions on the certification process, how to use the B Impact Assessment, and a general overview for how to begin the certification journey. Secondly, companies felt a desire to connect with other peer organizations working on the certification process to share their experiences and recommendations. Lastly, these large companies experienced struggles to convince their shareholders of the B Corp model and to make the legal transition to update the articles of incorporation to prioritize stakeholder governance (Marquis, 2020b).

### *2.4.3 Challenges in Sustainable Hybrid Business Models*

Haigh & Hoffman (2012) also identified some of the core challenges that companies can experience in relation to the sustainable hybrid business model. A significant challenge for sustainable hybrid businesses is managing the multiple logics of economic viability and working towards social and environmental impact, as drifting away from one or the other can hurt their legitimacy (Haigh & Hoffman, 2012). Managing these multiple priorities can also seem contradictory as encouraging others to participate in a sustainable transition can hurt their own competitive advantage (Haigh & Hoffman, 2012). Other challenges include competing with dominant players in the market and becoming targets of acquisition if they pose a threat to large players in the industry (Haigh & Hoffman, 2012). Finally, with few examples of large sustainable hybrid businesses, little is known about how a company can either grow within this business model or transition into it from a more conventional business model (Haigh & Hoffman, 2012). While these challenges are focused on smaller enterprises, as they represent most of the sustainable hybrid businesses that Haigh & Hoffman discuss, identifying the common difficulties for hybrid companies provide insights into similar challenges that can emerge for companies making the transition to this form of organizational structure.



Despite the internal and external motivations that drive companies to pursue a corporate transition to improve their impacts, common challenges can limit the success of these sustainability strategies and are therefore worthy of further investigation.

### **2.5 Knowledge Gap**

The sustainable hybrid business model is a radical form of corporate organizing that centers around social and environmental impact and stakeholder value creation (Haigh & Hoffman, 2014). However, as nearly all sustainable hybrid businesses begin this way in their start up phases and take the form of small-medium enterprises, very little is known about how a company could make a transition to become a sustainable hybrid business, especially when coming from a large, conventional business model.

The transition to a sustainable hybrid business forces a company to think beyond their own short-term interests to prioritize broader impacts on all stakeholders, including their customers, employees, suppliers, and surrounding social and natural environments (Haigh & Hoffman, 2012). Such a transition also challenges the dominant institutional logic that corporations exist to maximize shareholder profit and pursue continuous growth, while externalizing negative impacts (Kim & Schieffling, 2022). If more large companies are able to adopt a sustainable hybrid model, they collectively work to redefine the role of business in society and can have a ripple effect on the global economy to increase the transparency, equity, and regeneration in corporate behavior. Identifying the steps in a transition to a sustainable hybrid business would create a roadmap that other companies could follow in order to more easily participate in a transformation as well. Therefore, this research brings an innovative approach to understanding the sustainable transitions of large enterprises to the radical form of the sustainable hybrid business model.

This research will first define the B Corp certification as an example of the sustainable hybrid business model. Then, this research will make use of a survey and interviews with large European companies pursuing B Corp certification to investigate the motivations that drive an interest in certification; the transition factors a company undergoes in the process; the challenges that they experience in the meantime; and the support that B Lab Europe can provide. As a result, the findings of this research will contribute to an understanding of a pathway through which a large enterprise can adopt the characteristics of the sustainable hybrid business model and necessary areas of evolution to integrate social and environmental impact throughout the core of the business. This will support the future of the sustainable development agenda in providing more alternatives for management practices in the private sector that are better able to contribute to meaningful climate action and stakeholder value creation.

### **3. Methodology**

The following section will explain the methodology that was used in this research process. First, the case study method will be justified. Then, the research methods and data collection will be explained, followed by the data analysis approach. This section will conclude with a presentation of the ethical considerations that were involved in this research.

### **3.1 Case study method**

The case study method has been selected to answer the research questions because of the depth of analysis that it provides, particularly in relation to the “how” and “why” aspects of the sustainable hybrid business model (Yin, 2009). The B Corp case study will form the basis of this exploratory research as an example of a sustainability standard and to investigate corporate sustainability transitions. However, the B Corp certification is only a singular case study, which will limit the generalizability of the findings of this research.

### **3.2 Research Methods and Data Collection**

To investigate the transition that large companies must undergo in order to achieve B Corp certification and its connection to a sustainable hybrid business model, a mixed-method approach was used. Data was collected through a survey, interviews with companies, interviews with B Lab Europe, and document analysis. This research was supported in part by a 6-month internship with B Lab Europe from October 2021 to April 2022. The role of the Impact Management Internship was to support the B Lab Europe impact management team in a market research process to investigate the behavior, motivations, and challenges of large enterprises in impact measurement for B Corp certification, in addition to other internal knowledge management and coordination tasks. The survey and interviews involved in B Lab Europe’s research process were made available as input for this thesis research as well.

This research focuses on large companies at three different stages of the certification process: certified B Corps, companies in the process of certification, and companies who are interested but are not currently pursuing certification. This variation allows for a broader understanding of the motivations, challenges, and transition factors that these large companies experience along the multi-year evolution towards B Corp certification.

#### **3.2.1 Survey**

A survey was co-developed with B Lab Europe’s impact management team, with input from a wide variety of stakeholders in the B Lab Europe team that were interested in the perspectives and experiences of large enterprises in the B Corp community. The survey questions were designed to ask companies about their motivations, ambitions, and challenges while pursuing B Corp certification or measuring their impact and additional support that would be helpful during this process (see full list of questions in Appendix 2). The survey was created on the Typeform platform and distributed virtually.

The first survey question filtered companies by their current stage of certification (certified B Corp; in process of certification; not pursuing certification but measuring impact; not pursuing certification or measuring impact). Then, the second question then asked respondents to indicate the range of their company’s annual revenue to categorize them as a large enterprise (\$100 million to \$999 million) or multinational corporation (above \$1 billion) by B Lab’s standards (B Lab, 2019b).

The survey was distributed through B Lab Europe’s networks between October and December 2021 via social media posts, newsletters, European Country Partners and other professional connections. The survey received a total of 44 responses, distributed across four distinct categories, pictured in Table 1. The reach of this survey has been amplified by the researcher’s connection with B Lab Europe. However, all analysis of survey results has been done by the researcher independently without influence of the B Lab team in order to reduce bias of results.

**Table 1: Number of survey responses based on stage of B Corp certification**

Category	Description	Number of responses
1	Certified B Corps	11
2	Companies in the process of certification	18
3	Companies not working towards certification but measuring their impact	8
4	Companies not working towards certification nor measuring their impact	7
	<b>Total responses</b>	<b>44</b>

**3.2.2 Company Interviews**

A series of seven interviews has been conducted to gain a deeper understanding of the experiences of European large enterprises engaging in the B Corp certification process and the transitional factors or challenges they experience. The interviewees represented companies at various stages of certification (interested but not currently pursuing certification; in the process of certification; and certified B Corps) and were sourced from survey respondents who volunteered to participate in a follow-up interview. The survey responses were also used in the creation of the interview guide for the company interviews. The interviews also presented an opportunity for the companies to provide feedback on ways that B Lab Europe could improve its support for large enterprises. These 30-minute semi-structured interviews were conducted virtually on Google Meet between November 2021 and April 2022. Out of the seven interviews, six interviewees requested to remain anonymous besides their industry and stage of certification (Table 2). The interview guide for company interviews can be found in Appendix 3.

The interviews were co-led by the researcher and the B Lab Europe impact management team as a follow up to the survey. However, all transcription, coding, and analysis of the interviews was conducted independently by the researcher. Several of these interviews were recorded with interviewee consent and then transcribed using Otter.ai. The other interviewees who requested to not have their interviews recorded were instead documented through extensive notes during and following the interview. The transcripts or notes from each interview were then coded using Nvivo and the coding guide presented in Appendix 5.

**Table 2: Company interviewees at various stages of B Corp certification**

	Interviewee reference name	Industry	Stage of certification
1	RET-IN	Retail	Interested
2	INS-IN	Insurance	Interested
3	LAN-CP	Landscaping	In certification process
4	TRA-CP	Transport & Logistics	In certification process
5	FOO-CP	Food Products	In certification process
6	COS-BC	Cosmetics	Certified B Corp
7	PHA-BC	Pharmaceutical	Certified B Corp

### 3.2.3 B Lab Interviews

Then, a total of seven additional interviews were conducted with representatives from B Lab Europe and B Lab Global, facilitated by the connections made during the researcher’s internship at B Lab Europe during the research period (Table 3). The B Lab Europe large enterprise certification team, represented by Sarah Garcia and Sadhbh Deegan, provided expert insights into the evolution of large companies in the B Corp process. Other representatives from the B Lab team shared their perspectives on the B Corp Movement, theory of change, and the necessary transition factors for large enterprises to effectively contribute to these.

These 30-minute semi-structured interviews were conducted virtually using Google Meet in April 2022. The interview guide for B Lab Employee interviews can be found in Appendix 4. All B Lab interviewees consented to the recording of their interviews. These recordings were then used to transcribe the interviews using Otter.ai and these transcripts were then coded in Nvivo based on the coding guide in Appendix 4. The development of the interview guide, conduction of the interviews, transcription, coding, and analysis was done by the researcher independently.

**Table 3: B Lab interviewees**

	Reference name	Interviewee	Position	Organization
1	BLAB1	B Lab Global Employee	B Lab Global Employee	B Lab Global
2	BLAB2	Neila Benamara	Impact Programme Manager	B Lab Europe
3	BLAB3	Joey van den Brink	Business Development Lead	B Lab Europe
4	BLAB4	Sadhbh Deegan	MNC Account & Certification Coordinator	B Lab Europe
5	BLAB5	Sarah Garcia	MNC Manager	B Lab Europe
6	BLAB6	Katie Hill	Executive Director	B Lab Europe
7	BLAB7	Faryaal Zaman	EU Evaluation Analyst	B Lab Europe

### *3.2.4 Document Analysis*

To complement the data collected in the interviews, document analysis was conducted on B Lab materials in order to validate and expand on the information shared by interviewees. B Lab website pages, Medium articles, and program materials were useful to gain more insight into the B Lab tools, programs, and theory of change perspectives.

## **3.3 Data Analysis**

### *3.3.1 Survey Analysis*

The survey results were downloaded from Typeform in an Excel file and then analyzed independently. These results were divided into the four categories previously mentioned (certified B Corp; in process of certification; not pursuing certification but measuring impact; not pursuing certification or measuring impact). Based on the design of the survey, respondents in the fourth category had very few follow up questions beyond current factors limiting their initiative for impact measurement. Due to their lack of involvement in impact measurement or certification, they were not asked the same questions about motivations, transformation, or challenges in the process as companies in the other three categories. Therefore, their answers have not been included in the analysis of this research, resulting in 37 usable survey responses from the first three for analysis.

Many of the survey questions (Appendix 2) were multiple choice questions and gave respondents the possibility to choose one or more responses from the list of options. Therefore, the percentage of responses does not add up to 100% but instead allowed respondents to indicate multiple priorities or perspectives in their responses. The survey responses were evaluated by the percentage of respondents who indicated one of the multiple-choice options in their submission.

### *3.3.1 Interview Analysis*

All interviews that consented to recording were transcribed using Otter.ai. Then, all interview transcripts or notes were coded in Nvivo using the same coding strategy. The full coding guide has been included in Appendix 5. First, closed coding based on each research question to group the interview data to group the data by concept based on a thematic analysis approach (Bryman, 2015). All relevant information was placed into each of these categories based on the topic that was mentioned by the interviewee. Then, open, inductive coding was done within each of those grouped sections to identify categories within each of the main codes (Bryman, 2015). In this process, all quotes placed into the closed code groupings by research question were relocated into a more specific subcode. Based on further analysis of these results, the subcodes were reevaluated to form the categorization pictured in the results section.

## **3.5 Ethical Considerations**

The introduction to the survey disclosed that the responses would be used both by B Lab Europe and for academic research purposes. The survey responses were submitted anonymously to encourage respondents to express genuine perspectives, experiences, and challenges. The only exception to anonymity was the final question where respondents were able to volunteer to participate in a follow-up interview. However, this question was isolated from the rest of the survey

responses during analysis and the survey has been analyzed separately from the interviews to ensure anonymity.

In the interviews, all participants were encouraged to speak openly and honestly and were reassured that there would be no negative consequences for the feedback shared in the interviews. However, because the interviews were conducted together with a B Lab Europe representative, there is a possibility that companies still felt limited in their ability to speak genuinely about their challenges in the process. The option of anonymity was offered to all participating interviewees. Several company interviewees preferred to only be referred to by their industry and stage of certification, rather than by name. For the purpose of consistency, all interviewees have been given a coded reference name that will be used for quotes and citations throughout this paper. A full list of interviewees, including names of those who consented to use, is included in the references.

#### **4. Case Description**

The following section will describe the case study in further detail in order to provide an overview of the history, characteristics, and requirements of the B Corp certification. The B Lab Theory of Change, the B Corp social movement, and the role of large companies will also be presented. The characteristics of the B Corp model will be compared with the sustainable hybrid business model later in Chapter 5.1. Then, the motivation, transition factors, and challenges that large B Corps experience will be explored later in Chapter 5.

##### **4.1 B Corp Certification**

The B Corp certification is an example of a normative framework that serves as an ambition for companies to improve their practices and organizational culture based on external sustainability standards. The certification process is managed by the organization the B Lab and involves the completion of the B Impact Assessment (BIA) to evaluate a company's social and environmental performance (B Lab, 2022a). Founded in the United States in 2006, B Lab is a nonprofit organization initially acting as an independent verification body to assess companies' commitments to the American benefit legislation (Marquis, 2020b). The B Corp certification eventually became a separate process from benefit legislation and are no longer mutually exclusive. B Lab expanded into other regional contexts with B Lab Europe beginning in Amsterdam in 2013, in addition to other regional entities in Asia, South America, and Africa (B Lab Europe, 2022a). B Lab Europe organizes the European community of B Corp certifications together with a network of locally organized Country Partners (B Lab Europe, 2022b).

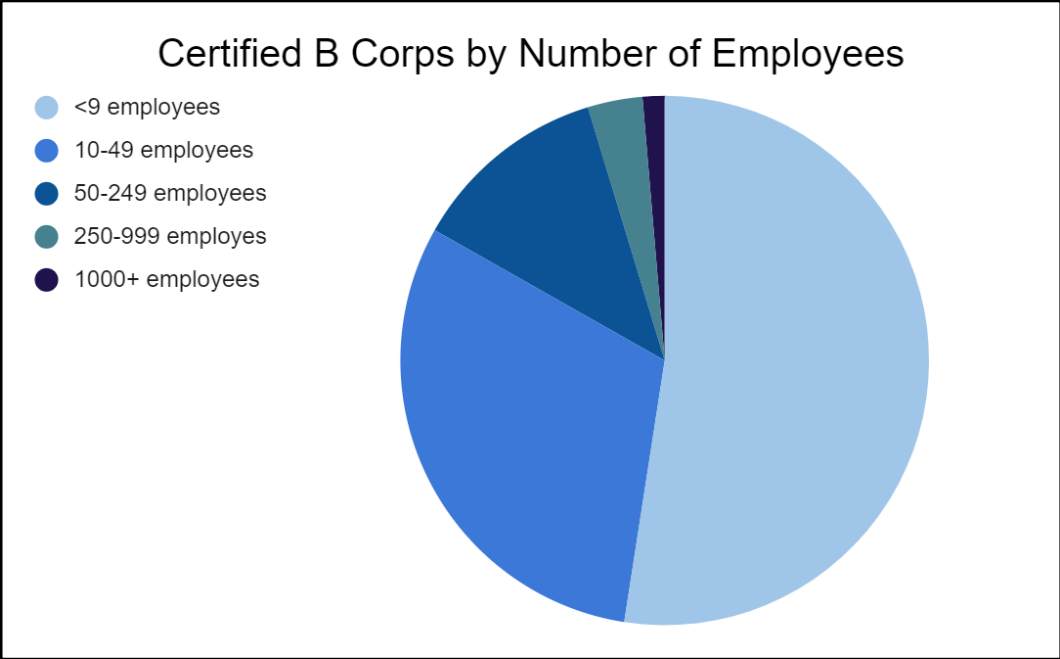
In order to become a certified B Corp, companies must reach a minimum of 80 points out of 200 possible on the B Impact Assessment across 5 impact areas: Community, Customers, Environment, Governance and Workers (B Lab, 2021a). The self-assessment is then rigorously evaluated by the independent B Lab Global standards team to ensure its validity (B Lab, 2022a). Prospective B Corps must also sign onto the B Corp Declaration of Interdependence that commits them to transparency and acknowledges the interconnected relationship between business, society, and the natural environment (B Lab, 2022a). Finally, in order to certify as a B Corp, companies must complete the Legal Requirement that changes the company's articles of

incorporation to prioritize value creation for all stakeholders, including employees, community, consumers, and ecosystems, beyond just shareholder profit (Marquis, 2020a). The Legal Requirement also ensures that the company’s mission will remain intact, even in the case of future acquisition or leadership changes (B Lab, 2022a).

Following certification, B Corps must regularly undergo recertification every three years to ensure they continue to meet these standards, and the expectation is that the companies will continuously improve their impact score with each certification based on the standards set in the B Impact Assessment (B Lab, 2022a). Globally, there are over 5,000 certified B Corps, with over 800 in Europe since 2014 (B Lab, 2022b). Patagonia was the first certified B Corp globally and is now joined by notable names such as Ben & Jerry’s, Tony’s Chocolonely, Allbirds, and Seventh Generation and many others in industries ranging from consulting to renewable energy to food products and more (B Lab, 2022b).

Currently, small and medium enterprises make up the vast majority of certified B Corps, as 83% of B Corps have less than 50 employees and only 4% of B Corps have more than 250 employees (Figure 2) (B Lab, 2022c). Many of these smaller businesses have been mission-oriented since their founding and chose to pursue B Corp certification as validation for their genuine commitments to positive impacts and to challenge conventional business practices (Kim & Schifeling, 2022).

**Figure 2: The number of certified B Corps by size (B Lab, 2022c)**





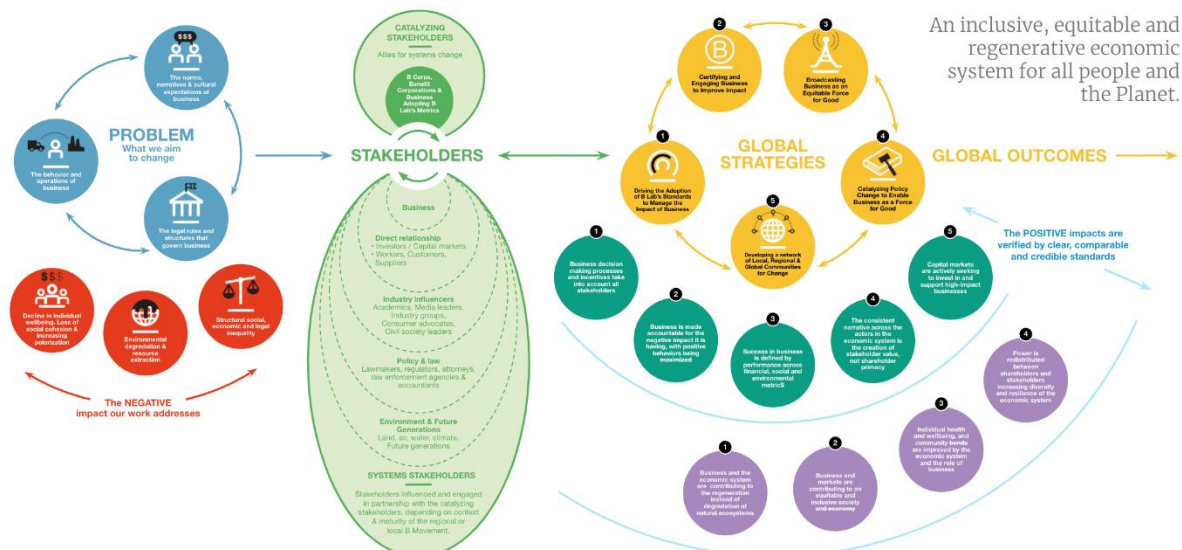
## 4.2 B Corp Movement as a Social Movement

After successful growth of the certified B Corp community among small-medium enterprises, B Lab has developed a new theory of change based on the ambition to “transform the economic system to a more inclusive, equitable, and regenerative global economy” (Figure 3) (B Lab, 2021b). B Lab’s mission centered around how companies can engage their stakeholders to improve social and environmental performance for the purpose of addressing the negative externalities of corporate behavior. This evolution also includes the shift from a sole focus on certifying B Corps to creating tools so that “all companies can be more like B Corps” (Marquis, 2020a). This shift suggests that the B Corp Movement can be seen as a social movement of activist companies focused on transforming the role of business in society centered around a sustainable hybrid business model, rather than solely a certification scheme (Stubbs, 2017). While only 4,000 companies have become B Corp certified, over 50,000 companies have used the BIA to assess and manage their impacts (Marquis, 2020a).

B Lab Europe and European Country Partners also work to leverage other forms of activism to support their social change ambition (Marquis, 2020b). B Lab Europe has facilitated the B Corp Climate Collective where companies committed to Net Zero carbon emissions by 2030 (B Corp Climate Collective, 2021) and the B Beauty Coalition for collaboration across the cosmetics industry in a sustainable transition (B Corp Beauty Coalition, 2022). B Lab Spain organizes a Cities Can B campaign that works with metropolitan areas, most recently in Barcelona, to engage on the same kinds of transformational impact measurement and management that the B Corp certification model encourages companies to pursue (B Lab, 2022e). B Lab Europe is also working on a Interdependence Coalition stakeholder governance advocacy initiative with B Corps to lobby for the creation of a regulation at the European Parliament level that requires businesses to all reorient their articles of incorporation to prioritize a broad range of stakeholder interests, beyond just shareholder profitability (Interdependence Coalition, 2022).

**Figure 3: B Lab’s Theory of Change (B Lab, 2021b)**

A larger version is available in Appendix 6.





### **4.3 Large Companies as Certified B Corps**

In order to achieve B Lab's ultimate goal of developing "a global economy that aligns its activities towards achieving our common purpose of a shared and durable prosperity for all", Marquis (2020) argues that large companies must be involved in the B Corp movement to make a meaningful shift towards sustainable development. Although they were essential to the beginning of the B Corp movement, small and medium B Corps are still operating as sustainable niche companies (Hockerts & Wüstenhagen, 2010). A regime transformation towards an economy that values social and environmental performance must include conventional, incumbent institutions undergoing a sustainable transition (Hockerts & Wüstenhagen, 2010). If the B Corp model is unable to adapt to include large companies, it will likely remain a niche organization and not be able to significantly influence large corporate entities (Stubbs, 2017). At this point, very little is known about if and how large companies can adopt the B Corp model but institutionalizing the B Corp model could be influential in challenging and restructuring the current economic system to benefit all people and the environment (Stubbs, 2017).

B Lab Europe developed a certification pathway for large enterprises and multinational companies in 2019 to meet the increased interest from these companies for certification (B Lab, 2019b). However, the organization is still in early stages of certification and recertification for large enterprises. Sharma et al. (2018) found that size and sector were some of the most notable characteristics for B Corps to feel a connection to a community of peers and to be influenced by each other and to connect on shared challenges. Therefore, additional research is necessary on how large companies can participate in transition to a sustainable hybrid business model, such as the B Corp model, what key transition factors are essential, and how B Lab can support the large companies on a journey to a sustainable hybrid business model.

## **5. Results**

The next chapter will discuss the results that emerged from the survey, interviews, and document analysis related to the B Corp case study in this research. The results are structured in the order of the research questions, beginning with a comparison of the B Corp model and the sustainable hybrid business model in section 5.1. Then, section 5.2 identified the motivations that large companies report to pursue B Corp certification. Section 5.3 explains the transition factors that large companies undergo during the certification process while section 5.4 highlights common challenges that companies experience during that time. Finally, section 5.5 explores how B Lab Europe is able to support the needs of these large enterprises in this transition. Based on this, Chapter 6 will discuss these findings in a broader context and Chapter 7 will suggest recommendations for B Lab Europe based on the results.

### **5.1 Characterizing B Corp as a Sustainable Hybrid Business Model**

The B Corp model is typically viewed solely as an external certification scheme for companies to receive recognition for their social and environmental performance. However, the B Corp certification process is also closely aligned with the sustainable hybrid business model based on shared common characteristics (Stubbs, 2017). Discussed previously in section 2.1, the main aspects of the sustainable hybrid business model include a commitment to positive social and

environmental change; valuing mission over profit; value creation for all stakeholders; challenging competitive practices; using a progressive definition of sustainability; and participating in institutional work for systems change (Haigh & Hoffman, 2014). This section will discuss how the B Corp model compares with these characteristics, in order to categorize B Corps as sustainable hybrid businesses (Table 4).

#### *5.1.1 Catalyze Positive Change on Social and Environmental Issues*

A defining aspect of the sustainable hybrid business is its use of market strategies to address social and environmental issues to catalyze positive change (Haigh & Hoffman, 2014). Similarly, the B Corp certification is based on improving the positive social and environmental contributions a company can have on its community, employees, customers, and natural environment, while reducing its negative impacts (B Lab, 2022a). Through the B Corp certification process, the governance and behavior of the company is evaluated externally and potentially restructured to be based on a commitment to sustainable development (Tabares, 2021). Through third-party assessment and verification of a company's social and environmental performance, the rigorous B Lab standards determine if a company is able to certify with a minimum baseline of 80 points on the B Impact Assessment (B Lab, 2022f). Therefore, the B Corp model represents the sustainable hybrid business commitment to social and environmental contributions, in addition to the added credibility of external verification of performance.

#### *5.1.2 Value Mission Over Profit or Exponential Growth*

Another core characteristic of the sustainable hybrid business model is the core mission's focus on social and environmental impact rather than shareholder profit centrality (Haigh & Hoffman, 2014). In order to certify as a B Corp, a company must amend their corporate charter to include all stakeholder interests in the fiduciary duties of the directors and officers of the company (B Lab, 2022a). Such a radical transition within the governance structure of the company solidifies the organization's commitment to an impact-focused corporate strategy and its differentiation from conventional shareholder-centric business operations (Kim & Schifeling, 2022). When analyzing revenue growth of American B Corps, Parker et al. (2018) found that there was a slowdown in short term growth following certification as a result of adjustments to priorities in corporate strategies and operations. Rather than prioritize profit above all else, B Corps treat profit as a means to an end of continuing to improve their positive societal contributions, as they see the B Corp model as a tool to change the economic system while remaining inside the planetary boundaries (Stubbs, 2016; B Lab, 2022a).

#### *5.1.3 Create Value for All Stakeholders in Natural and Social Systems*

The sustainable hybrid business model also focuses on value creation for all the contributors within their social and natural ecosystems in the form of mutually beneficial relationships with employees, suppliers, the environment, and the community (Haigh & Hoffman, 2014; Santos et al., 2015). The B Corp Declaration of Interdependence (Appendix 1) is a required commitment during the certification process that recognizes the impact of corporate behavior and decisions on current and future generations and encourages B Corps to "use business as a force for good" (B Lab, 2022a). The B Impact Assessment includes a series of 200 questions that inquire about both

the applicant company's positive and negative impacts on the system in which it operates (B Lab, 2019a). Certified B Corps are encouraged to pursue a range of Impact Business Models in the B Impact Assessment, which emphasize a company's commitment to value creation to a wide range of stakeholders. These Impact Business Models have been developed for each of the five impact areas and are evaluated on very specific indicators related to contributions to the wellbeing of the community, customers, workers, or the natural environment (full list in Appendix 7) (B Lab, 2020). As a result, the B Corp Declaration of Interdependence, B Impact Assessment and Impact Business Model support B Corps' contributions to societal value creation, aligning with the sustainable hybrid business model.

#### *5.1.4 Challenge Competitive Practices Between Companies for a Sustainable Transition*

A core aspect of the sustainable hybrid business model is based on inviting other entrants into the market and to adopt their practices, rather than gatekeeping these as intellectual property to maintain a competitive advantage over others in their industry (Haigh & Hoffman, 2012). Similarly, B Corps are focused on a collective impact and systems change ambition, which can only be achieved through the expansion of the B Corp movement to influence all companies to improve their behaviors (B Lab, 2021b). In order to do so, B Corps are encouraged to collaborate with one another for shared learning and impact amplification (B the Change, 2018; B Beauty Coalition, 2022). Finally, the B Corp community also provides a common and collective identity for companies that allows for a common sense of belonging (Stubbs, 2016). In this way, the B Corp movement challenges traditional competitive behaviors within companies to foster more focus on collaborative impact than individual competitive advantage, similar to the sustainable hybrid business model.

#### *5.1.5 Utilize a Progressive Definition of Sustainability*

The sustainable hybrid business model prioritizes a progressive definition of sustainability that includes a regenerative and transformational perspective, rather than the reactive and defensive corporate sustainability initiatives that are common in conventional business behavior (Haigh & Hoffman, 2014). Similarly, the B Corp certification model centers on a continuous improvement mindset that encourages a long-term commitment to impact management beyond individual actions (B Lab, 2022f). By requiring B Corps to resubmit the B Impact Assessment for recertification every three years, B Lab is able to validate the consistency in performance over time (B Lab, 2022a). Each completion of the B Impact Assessment evaluation also includes a customized action plan that encourages specified future improvements based on the B Lab standards (B Lab, 2021b). Finally, the B Impact Assessment itself is also regularly evaluated and updated to reflect the most current and urgent social and political realities (B Lab, 2022f). Together, the continuous improvement, recertification requirements, and updates to the B Impact Assessment form a progressive definition of sustainability that is used in the sustainable hybrid business model.

#### *5.1.6 Participate in Institutional Work to Influence a Broader Systems Change*

The final key characteristic of sustainable hybrid businesses is their participation in institutional work in an effort to influence the system for a broader scale of long-term change (Haigh &

Hoffman, 2014). The B Corp model provides a market alternative for companies to embody a new institutional logic that prioritizes both regenerative societal value creation and financial viability, which challenges the dominant shareholder-centric business model and provides an example for other companies to adopt as well (Kim & Schiefling, 2022). Institutional work in hybrid organizations often comes in the form of participating in industry associations, advocating for stronger regulations, or lobbying for progressive political action (Haigh & Hoffman, 2014). B Lab encourages collective action for institutional change at an industry level, for example with the B Beauty Coalition to improve innovation on sustainable packaging and ethical sourcing for cosmetic products (Tabares, 2021; B Corp Beauty Coalition, 2022; B Lab Europe, 2022d). The B Corp Climate Collective also highlights the value of collective public commitments to reducing carbon emissions, while the Interdependence Coalition encourages political advocacy for stakeholder governance legislation at a European level (B Corp Climate Collective, 2021; Interdependence Coalition, 2022). Through these collective action and advocacy campaigns, B Corps work to influence institutional change, similar to the efforts of sustainable hybrid businesses.

**Table 4: Comparing the characteristics of the sustainable hybrid business model with those of the B Corp model (based off Haigh & Hoffman, 2014)**

Characteristic of SHBM	Alignment with B Corp model
Catalyze positive change on social and environmental issues	External evaluation of social and environmental in the B Impact Assessment
Mission is valued over profit or exponential growth	B Corp legal requirement for stakeholder governance Profit as a means to an end of positive societal contribution
Value creation for all stakeholders in natural and social systems	B Corp Declaration of Interdependence B Impact Assessment questions about positive and negative impacts and Impact Business Models
Challenge competitive practices between companies for a long-term sustainable transition	Focus on collaboration and impact amplification over individual competitive advantage
Utilize a progressive definition of sustainability	Continuous Improvement for B Corps and recertification every three years Regular updates to the B Lab standards to reflect social and political realities
Participate in Institutional work to influence broader systems change	Collective action and advocacy through the B Corp Beauty Coalition, B Corp Climate Collective, and Interdependence Coalition

Based on these shared identifying characteristics of catalyzing positive change, valuing mission over profit, creating value for all stakeholders, challenging competitive practices, using a progressive definition of sustainability, and participating in institutional work, the B Corp model can be described as an example of a sustainable hybrid business (Haigh & Hoffman, 2012; Stubbs, 2017; Tabares, 2021).

After establishing the alignment of the B Corp model with the sustainable hybrid business model, the following sections will focus on the motivations, transition journey, and challenges that large companies undergo as they work towards B Corp certification.

## ***5.2 Motivations for Large Companies Pursuing B Corp certification***

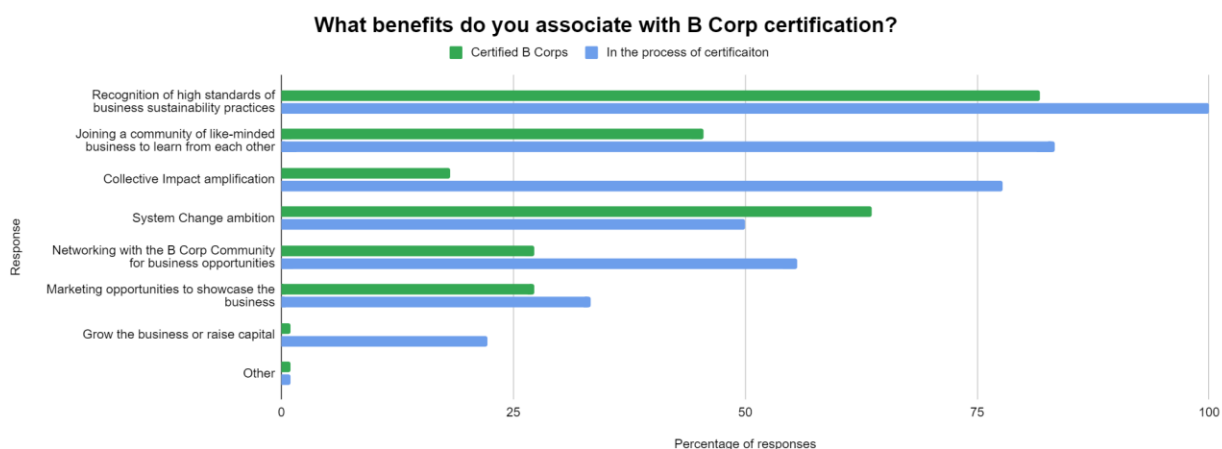
The following section will explore the key motivations that large companies expressed as they begin the B Corp certification process. First, the data from the survey will be presented to introduce an overview of the main motivations that companies reported in their responses. Then, the next section dives deeper into the specifics of these motivations that were elaborated further in the interviews. A summary of these challenges can be found in Table 5.

Survey respondents were asked to share the benefits they associated with the B Corp certification, which can be understood as a motivating factor for pursuing certification (Figure 4). Firstly, 100% of prospective and 82% of certified B Corps mentioned recognition of high standards of business sustainability practices, making this the most common response across both categories. This external recognition aligns closely with other sustainability certifications as it validates a company's performance for their consumer audience.

Then, the next four most common responses mentioned benefits related to the B Corp community potential, including joining a like-minded community to learn from each other (83% companies in the certification process and 45% of certified B Corps); amplifying their collective impact (78% of companies in the certification process and 18% of certified B Corps); a systems change ambition (64% of certified B Corps and 50% of companies in the certification process); and networking within the B Corp community (56% of companies in the certification process and 27% of certified B Corps). These community-oriented benefits and motivations relate to the sustainable hybrid business model's focus on collaboration and institutional work as well.

Finally, benefits related to growth or competitive advantage were among the least common responses, including marketing opportunities (33% of companies in the certification process and 27% of certified B Corps) and growth of the business (22% of companies in the certification process and 0% of certified B Corps). These responses highlight B Corp's lack of focus on competition, especially in comparison to other sustainability certifications or corporate initiatives (Laszlo & Zhexembayeva, 2017). Overall, prospective B Corps indicated that they associated more benefits with the B Corp certification than companies who had already certified. However, this difference is likely to be expected from a hopeful external perspective on any exclusive community.

**Figure 4: Survey responses on how companies perceive the positive aspects of B Corp certification, which can be linked to why they were motivated to pursue certification, listed in order of most common to least common overall response.**

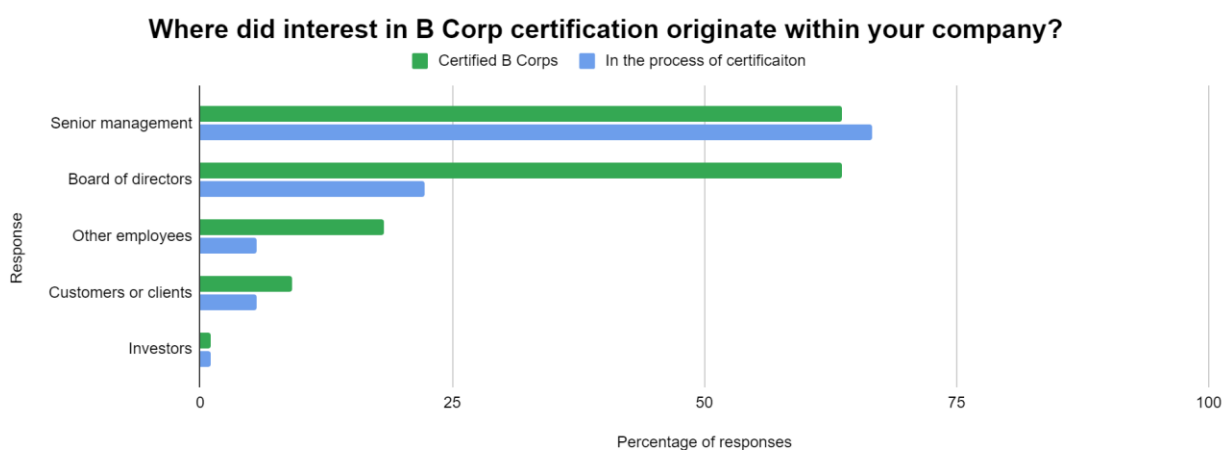


The survey respondents were also asked which actors initiated the interest in B Corp certification within their company (Figure 5). The most common sources for both groups were senior management (64% of B Corps and 67% of companies in the certification process) and the board of directors (64% of B Corps and 22% of companies in the certification process). As respondents were able to select multiple options, the survey showed that 91% of certified B Corps had their interest in certification originate from either senior management or the board of directors, indicating a strong involvement from corporate leadership in successful B Corp transitions.

On the other hand, the least common responses for the initiation for certification were employees (18% of B Corps and 6% of companies in the certification process), customers (9% of B Corps and 6% of companies in the certification process), and investors (0% of B Corps and 0% of companies in the certification process).

The representatives answering this survey come from companies who are already certified or who are already significantly invested in the certification process. Therefore, these responses may be skewed as companies who are likely to be successful in the certification process are also those who had support from senior management and the board of directors. Companies who only have employee or customer motivation may be less likely to make a radical business transition and may instead participate in grassroots organizing.

**Figure 5: Survey responses on which actors within prospective and current B Corps initiated the motivation to pursue B Corp certification, listed in order of most common to least common overall response.**



The interviews that followed up with these survey respondents added more detail to these answers and will be explained in greater depth below. These motivations for pursuing B Corp certification tend to evolve over time, often beginning with an interest in external brand recognition and eventually shifting to a desire to contribute to integrated social and environmental value creation.

### 5.2.1 External Drivers

In the survey and the interviews, the large company representatives expressed a range of motivations to pursue B Corp certification. Some of these came from external sources, including a desire for external recognition and verification, an increased competitive advantage, and to improve relationships with investors.

#### 5.2.1.1 Recognition and Verification of Standards

Similar to other certification bodies, becoming a certified B Corp is a label for companies to demonstrate their commitment and work towards high standards of social and environmental impact based on the B Impact Assessment. In the survey, 100% of prospective B Corps and 82% of certified B Corps responding indicated this external recognition of high standards as a benefit that they associate with certification. In the interviews this was also the most common response, with 10 out of 14 interviewees mentioning external recognition as a motivation for large enterprises to pursue B Corp certification.

*“The term ‘sustainable’ is so broad and vague. We want to be able to make it clear with a certification without other people having to look through all of our work. If it’s much easier to say ‘oh wow, they are a B Corp. They are so sustainable.’” - INS-IN, 2021*

External verification and recognition for performance is a strong source of motivation for companies pursuing different kinds of sustainability certifications (Paelman et al., 2020). If the standards and the evaluating body managing the certification is credible and established enough



to provide additional value or social capital to a company, then a sustainability certification can improve their own legitimacy as an organization (Kalfagianni & Pattberg, 2013).

#### 5.2.1.2 Competitive Advantage

Similar to the external recognition, several companies also shared an interest in certification due to the competitive advantage they could gain in comparison to others in their industry. By standing out compared to their competitors, the B Corp certification could help these companies to grow their business. TRA-CP shared that from a strategic point of view, they believe if they do not work on social and environmental performance now, they will fall behind others in the industry.

*“Companies are more concerned about customer thoughts on their brand and how customers are influenced by certain standards and they're becoming more and more educated in environmental and social concerns, and they want to not fall behind in that area.”* - BLAB4, 2022

Often, this motivation is combined with others, including an internal transformation. However, if a company is solely motivated by increased external attention from consumers, this does not align with the values of the B Corp movement or sustainable hybrid business model, as it is driven by individual corporate growth benefits rather than an ambition of transforming the economic system. While the motivation of a company is not explicitly evaluated in certification, it can affect the level of dedication that the company is willing to direct to the process.

*“And for the ones where it's purely a brand recognition element, they don't stay with us very long, because it's a lot of work. It's a lot of investment. And so, it does filter out companies that are not kind of committed for the long-term.”* - BLAB5, 2022

#### 5.2.1.3 Systems Change Ambition

A strong motivation that companies indicated in the survey was both to amplify their collective impact and to work towards systemic change in the economic system. For companies in the certification process, 78% of respondents indicated a desire to pursue certification in order to have a greater impact on social and environmental issues together with others in the B Corp community. Further, 64% of certified B Corps and 50% of companies in the certification mentioned a systems change ambition as a core motivation for B Corp certification. COS-BC shared their desire to connect with other companies in the cosmetics industry in order to influence the industry-wide supply chain challenges with sustainable and ethical sourcing limitations and to implement circularity initiatives (COS-BC, 2021).

The systems change ambition as a source of motivation is stronger among certified B Corps, as they progress in their own certification journey. When a B Corp is more established within the B Corp community, they become increasingly interested in advocacy and collective action initiatives beyond their own business interests (COS-BC, BLAB2, BLAB3). This motivation aligns closely with the institutional work aspect of the sustainable hybrid business model and prioritizes a higher level of connection and collaboration between companies, rather than standing out individually.



## 5.2.2 Internal Drivers

Other motivations originated from internal drivers, including an ambition for an internal transformation, interest from senior leadership, or to join a supportive community of businesses working on impact.

### 5.2.2.1 Internal Transformation

Beyond external drivers, companies may decide to transition to a B Corp model, or sustainable hybrid business model, that prioritizes both purpose and profit because they truly believe in a social and/or environmental goal that results in an internal restructuring of priorities. In some cases, this can follow an initial interest in B Corp certification for the external brand recognition. For other companies, the desire to pursue certification comes after a period of internal transformation on social and environmental indicators that made them feel confident to join the B Corp community.

*“And I think as soon as they start understanding our tools and what it can be used for and start seeing the kind of changes that it creates within the organization, then it just, it becomes more than brand recognition, I think it really becomes kind of a change and transformation motivation.” - BLAB5, 2022*

### 5.2.2.2 Senior Leadership Drive

Several interviewees shared that the main motivation that large companies have to pursue B Corp certification was due to the interest and commitment from their senior leadership teams related to sustainability. In the survey, 91% of B Corps indicated that interest in pursuing B Corp certification first originated from their senior management or Board of Directors.

*“When I’m speaking with the representatives from the companies who are in the process, I always do ask them why, what was your motivation behind applying? Generally, it comes from up top, from the CEO, who has been aware of B Corp for a long time, has discussed it with their peers and other companies, and realizes how valuable it is. They don’t always realize at the start how much work it is, but they realize how valuable it is. And that is the main motivating factor.” - BLAB4, 2022*

The cause for the senior leadership interest in certification is likely linked to the recognition or competitive advantage motivations mentioned in the section 5.2.1.

### 5.2.2.3 Joining a Supportive Community

For companies who are motivated to improve their social and environmental performance, collaboration and learning from others on a similar journey can be valuable and encouraging. In the survey, 83% of companies in the certification process and 46% of B Corps mentioned that joining a like-minded community of businesses to learn from each other was a main benefit they associated with certification.

*“From what I sometimes just touch up on with some of the companies is that they just share their excitement, because they really believe in the B Corp movement and think that the values of the B Corp movement really align with what they're trying to transition to. I think that's like the biggest rationale that I hear.” - BLAB1, 2022*

Companies who have been part of the B Corp community for a longer period of time expressed motivation to encourage other companies to certify as B Corps or adopt more sustainable practices as well. FOO-CP shared how interested they were in sharing the values of the B Corp movement with other companies in an effort to help them improve their impact during conversations and networking events with other companies. The motivation of building a stronger and larger community within the B Corp movement contradicts the interest of certifying to increase competitive advantage, since an increased number of B Corps likely results in reduced competitive benefits for individual companies from it. However, FOO-CP described how supporting other companies in a certification pathway supported their goals of working towards broader systems change ambition.

### *5.2.3 Evolution in Motivations Over Time*

Each of the interview respondents primarily described their current motivations at the present stage of their certification process. However, as a company progresses along an extensive pathway towards certification and internal reorientation of priorities, their perspective on the benefits of the B Corp certification tend to evolve as well, according to BLAB5. While companies often begin the transition towards certification with a focus on increased brand recognition, their close involvement with the B Corp movement demonstrates the positive societal contributions that companies are able to have when they align their priorities with those of their wide community of stakeholders. As a result, the motivation shifts from focusing on external recognition and a competitive advantage compared to others in the industry to intentional transformation and joining a community that is able to positively contribute to social and environmental factors.

Similarly, BLAB6, the Executive Director of B Lab Europe, shared that she does not believe that the recent interest in B Corp certification stems from a deeper desire to transform the way that companies are doing business, rather than being a singular solution.

*“But I just sort of feel it's unlikely that B Corp certification, given this is something we've only invented 15 years ago...It's relatively well-known in certain pockets, but not everywhere. I'd be surprised if that isn't just a proxy for wanting to run a business in a really thoughtful way and to change the vibe, the dynamics, the way the system works. So, if that's the case, yeah, it's worth us doing it.” - BLAB6, 2022*

**Table 5: Motivations for large companies to pursue B Corp certification**

Category	Motivation
External Drivers	Recognition and Verification through Standards
	Competitive Advantage
	Systems Change Ambition
Internal Drivers	Internal Transformation
	Senior Leadership Directive
	Joining a Supportive Community

The evolution over time of a large company’s motivation to pursue B Corp certification highlights the culture shift that occurs within a company as they continue to learn about the B Corp movement and engage with others. The initial interest in certification often originates with senior leadership who are interested in external recognition for their work on social and environmental impacts, which can sometimes be linked to a desire for increased competitive advantage or investment opportunities. However, as a company progresses towards or following certification, these motivations tend to evolve into a commitment to an internal transformation on sustainability as well as an interest in strengthening and expanding the B Corp community (BLAB5).

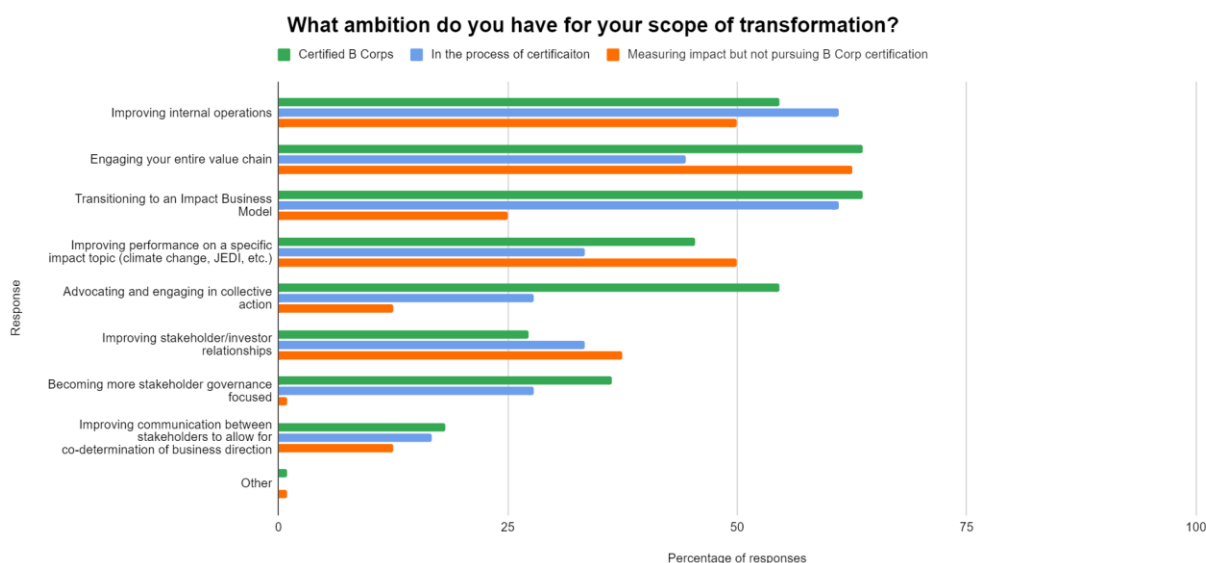
**5.3 Key Transition Factors that Large Companies Undergo during B Corp Certification**

The following section will explore the key stages of evolution that occur for large companies as they work towards B Corp certification in order to understand how large companies can transition to a sustainable hybrid business model. First, the survey data related to company transformation will briefly be presented to provide an overview. Then, information from the interviews will be used to provide greater insight into the transition factors that large companies undergo during the B Corp certification process. A summary of the key transition phases and factors can be found in Table 6.

In the survey, all respondents were asked about the ambition for the scope of transformation they had for their own companies in their impact management process (Figure 6). While this question reflects a future projection rather than previous achievements, the responses to this survey question can be helpful to understand the type of transformation that a range of large companies plan to undergo through their impact management process. The most common survey responses for the company’s ambition for transformation were improving internal operations (55% of B Corps, 61% of companies in the certification process, and 50% of others); engaging the entire value chain (64% of B Corps, 44% of companies in the certification process, and 63% of others); and transitioning to an Impact Business Model (64% of B Corps, 61% of companies in the certification process, and 25% of others). Companies in all three categories also expressed interest in improving on a specific impact topic (45% of B Corps, 33% of companies in the certification process, and 50% of others) and improving relationships between stakeholders and inventors (27% of B Corps, 33% of companies in the certification process, and 38% of others). Certified B Corps reported a greater interest in participating in collective action than the other

respondents (55% of B Corps versus 28% of companies in the certification process and 13% of others). Current and prospective B Corps both indicated a stronger ambition for stakeholder governance (36% and 28% respectively) than companies not pursuing certification (0%).

**Figure 6: Survey responses how companies hope to transform in the future, listed in order of most common to least common overall response.**



Based on the interviews and supporting document analysis, several key phases of transition were identified during the coding process. The findings will be presented in the order of the phases that companies progress on during their certification process (Table 8). Firstly, companies initiate the certification process; secondly, they work on an impact improvement journey; and finally they evolve into a mature B Corp phase where they prioritize external collaboration and systems change.

### 5.3.1 Initial B Corp Certification

During the first phase of a company’s certification journey, key transition factors include internal mobilization and resource allocation; formalization of existing policies; integrating the B Corp values throughout the entire organization; and making governance changes to align with the B Corp legal requirement. These will each be explained in greater detail in the following section. In this phase, many companies are motivated by a desire for external recognition of their social and environmental performance, as was discussed in the previous section.

#### 5.3.1.1 Internal Mobilization and Resource Allocation

The B Corp certification process includes extensive data collection from all aspects of the company in order to complete the B Impact Assessment in its entirety. In most cases for large and conventionally oriented companies, improvement to company policies and behaviors are necessary to meet the baseline 80 points for certification. The process of working towards

certification requires an investment of time, resources, and talent on behalf of the company, often directing these away from other internal priorities.

The success of completing the B Impact Assessment and meeting the B Corp certification requirements depends on the level of investment that senior leadership is willing to allocate towards B Corp certification as a key organizational priority.

*“I think that those that do, again, are committed both from a branding perspective, that perspective, they're really motivated, but they've also mobilized the resources that they need to really make this change.” - BLAB5, 2022*

Large companies who are interested in certifying as a B Corp often create a dedicated internal team that works exclusively on B Corp certification, rather than on sustainability initiatives more broadly. In large and complex corporations, a core team is needed to coordinate the certification and recertification process, data collection for the BIA, guidance for subsidiaries, and internal engagement throughout the rest of the company. Creating this internal team that is dedicated to managing and coordinating the B Corp certification process signals early on how invested the company is in the process and how willing they are to invest time and resources into the data collection and change management process.

FOO-CP is an example of a large multinational which has made a public commitment to certifying their entire company as B Corps (Danone, 2022). As a core priority for the company, the senior leadership has encouraged the internal mobilization of resources dedicated to certification, including an overarching B Corp team in the mother company that guides subsidiaries through the certification process. Each subsidiary then creates a B Team that includes representatives from the sustainability, human resources, finance, and marketing departments to function as a cross-cutting team to manage the certification process over the course of 10 to 18 months (FOO-CP, 2022).

The need for internal mobilization is a step for any kind of certification or organizational change that requires a significant investment of time and resources across the organization. For large companies, this mobilization and resource allocation can be more difficult than it was for smaller B Corps due to greater logistic complexity and a high level of competing priorities.

#### **5.3.1.2 Formalization of Existing Policies**

Once the necessary resources and teams are allocated to the B Corp certification ambition within the company, one of the first steps in the certification journey usually includes formalization of existing policies. Before a company begins to implement new policies, they first begin with the formal documentation of policies that already exist in order to contribute to their B Impact Assessment score and ensure accountability over time (BLAB7). These policies often relate to informal agreements on worker benefits, supplier regulations, or purchasing of carbon offsets. Sharma et al. (2018) describes this process of policy formalization as “low hanging fruit” as they require a low investment of time or resources in the early stages of a transition towards becoming a certified B Corp. While these types of changes are simple and could add a significant boost to

a company's BIA score, they have only a marginal contribution to the actual improvement of the company's impact since they were already occurring informally before. However, it would be an incremental step towards a cultural change within the company that drives a commitment to impact management that may lead to more transformational changes in the future.

### 5.3.1.3 Integration Throughout the Entire Organization

Once the process of working towards B Corp certification is initiated, this ambition for change management requires involvement from all aspects of the company's operations. This phase of transformation typically happens during the first round of certification, although it is a continuous process as a company continues to evolve in their impact management. Engaging senior leadership is a key step in the transformation journey to a new hybrid business model as this is often a prerequisite for the necessary level of resource allocation described in the previous section. For companies who were successfully able to certify as a B Corp, 91% of survey respondents indicated that their organization's interest in B Corp certification first originated from their senior management or Board of Directors. In addition to reaching the 80-point baseline on the B Impact Assessment, meeting the B Corp legal requirement and signing the B Lab Declaration of Interdependence are two necessary components of the B Corp certification process that require involvement from the corporation's leadership (B Lab, 2022a).

Another significant step in the transformation along the B Corp certification pathway is engaging employees in all levels of the company in the core values of the B Corp movement. Including all types of employees in this journey is necessary for making the impact improvement changes part of the day-to-day operations of the company. For example, LAN-CP has integrated training on sustainability, biodiversity, and waste management into the onboarding process for all employees and ensures that these aspects are integrated into their role expectations as well. Similarly, BLAB6 mentioned the influential potential of B Corp employees on societal change:

*"Yeah, absolutely critical. I think if we were going to target a kind of category of people who could be ambassadors for change, I think it's got to be the employees" - BLAB6, 2022*

Finally, as multinational organizations, many large companies have subsidiaries or value chains that are located in different parts of the world. In order to reach certification for the entire company, MNCs must include all subsidiaries in the scoping process and meet the 80-point minimum B Impact Assessment score for at least 95% of their business (B Lab, 2021a). Therefore, engaging with the leadership, operational behavior, and impact management of all components of the organization across geographical regions is a critical transition step for large enterprises working towards B Corp certification.

*"This Vietnam entity would not have any clue of B Corp certification until they are told that they are joining. And I think it's a very noble reason that the company is doing B Corp certification in order to solve that problem and bring the operations in that entity up to scratch and so they're really engaging with the employees on the ground there to engage with them on the journey." - BLAB4, 2022*



While many different kinds of sustainability initiatives include input from various actors throughout the company, the transition to a sustainable hybrid business from a conventional business requires the restructuring of the entire company and shifting of priorities. Therefore, engaging leadership, employees, and other geographical entities is a key step in the B Corp certification process.

#### **5.3.1.4 Legal Requirement and Governance Change**

The last step in initiating the B Corp certification process is undergoing the governance change of the B Corp legal requirement. There is a high level of variation among certified B Corps, as the B Impact Assessment baseline of 80 out of 200 points allows for many different pathways for social and environmental performance (BLAB3). Therefore, one of the main common characteristics of all certified B Corps is their shared legal framework and accountability to all stakeholders (B Lab, 2022g). Committing to stakeholder governance in a formalized way that ensures continuity even with leadership or strategic changes in the future (B Lab, 2022a). The legal requirement distinguishes B Corp from other certification schemes that are focused on company behavior by making a governance transition a mandatory component of the certification process.

#### **5.3.2 Impact Improvement Journey**

The next phase of a company's transition during the B Corp certification is an impact improvement journey. This stage is a long-term process that begins with the company's first B Impact Assessment submission. However, the impact improvement journey phase is not exclusive to certified B Corps; in fact, B Lab encourages all companies to "act like a B Corp" and work towards an impact improvement journey, even if they are not actively pursuing B Corp certification (B Lab, 2019a; Marquis, 2020a). This phase includes improving internal operations; connecting impact to long-term strategy; adopting a continuous improvement mindset; and celebrating successes along the way. During this phase, companies tend to be more motivated by a commitment to an intentional internal transformation, as was discussed in the evolution of motivations in section 5.2.

##### **5.3.2.1 Improve Internal Operations**

Following the initial formalization of existing policies at the beginning of the certification process, companies must evaluate and improve their operational behavior and processes to align more closely with the B Corp model. If a company is able to meet the initial 80-point baseline for certification without transformational changes, then these improvements occur after they have become a certified B Corp. However, the scale and complexity of larger companies typically results in a greater negative impact and lower levels of transparency throughout the organization, and they often must need to more improvements before they are able to submit their full application for B Corp certification.

As a free and openly accessible tool, companies are able to use the B Impact Assessment to evaluate their current standing in relation to the B Lab standards. The B Impact Assessment then provides a recommended action plan for how companies can improve their practices in the future to increase their BIA score (B Lab, 2019a). Improving the internal operations of their company is a high priority for all three categories of survey respondents, as 55% of B Corps, 61% of

companies in the certification process, and 50% of those not working towards certification but measuring their impact indicated.

Improving internal operations remains a transformational factor for B Corps at all stages, as they can continue to evaluate themselves against the B Lab standards and find areas for improvement.

*“Usually once they are certified, then they really start and work and continue the work on changing and improving practices... So usually, the subsidiaries set up a specific governance in between two certification terms to see the progress. They create an improvement plan and then they check in every six months where they’re at.” - FOO-CP, 2022*

### 5.3.2.2 Connect Impact to Long-Term Strategy

In order to align the company’s long-term strategy with the B Corp principles, some certified B Corps have chosen to align their internal success metrics with the B Impact Assessment standards. For COS-BC, employee bonuses are linked to recertification and continuous improvement as a B Corp, emphasizing the importance of the certification to the company’s core priorities. Although LAN-CP has not yet completed the certification process, they have used the B Impact Assessment as inspiration for future strategic direction in the company. Insights from the B Lab standards provided a new perspective for long-term orientation and opened new opportunities for potential performance evaluation and business development.

Integrating the B Lab standards into the corporate strategy also results in a culture change within the company as impact management becomes part of the daily responsibilities for the entire organization, rather than a set of small or incremental initiatives led by a sustainability department. This strategic alignment with impact also reflects the sustainable hybrid business model, as it prioritizes radical transformation of the company’s operations instead of reactive approaches to corporate sustainability.

### 5.3.2.3 Continuous Improvement Mindset

A core aspect of the B Corp model and movement is a mindset that companies are willing to improve their impact over time. The regular recertification period every three years requires B Corps to thoroughly measure their impact across all five areas to meet the B Impact Assessment standards (B Lab, 2022a). Although continuous improvement is not a requirement for recertification, B Lab strongly encourages companies to demonstrate their commitment to social and environmental performance by identifying areas they can improve in the future. In the interviews, companies who were in the process of beginning a certification journey placed greater significance on their current achievements related to sustainability, while certified B Corps focused more on the areas where they would like to continue to improve or collaborate more.

*“We encourage B Corps also to have an active, defined, action plan for improvement. And that’s what we call also in continuous improvement, that they don’t just satisfy themselves with the impact they’re doing already, but they always look at ways on whichever type of standards we’re talking about, they have an action plan that they try to, that is empowered*



*internally with their different employees, but that they try to improve.” - BLAB2, 2022*

In the survey, 92% of certified B Corps reported that they had improved their operations after completion of the B Impact Assessment. Similarly, Sharma et al. (2018) found that insights from B Impact Assessment provided guidance that companies used to adjust their behavior moving forward, as the questions were based on best practices of social and environmental performance.

The continuous improvement mindset is a core characteristic of the B Corp model that also aligns closely with the progressive definition of sustainability aspect of the sustainable hybrid business model (Haigh & Hoffman, 2014). Rather than a one-time achievement, B Corp certification represents a long-term journey of impact improvement, especially in the context of external changes and the emergence of new pressing social issues.

#### **5.3.2.4 Celebrate Successes**

While B Corps are focused on always identifying new ways in which they can continue to improve, a crucial step for maintaining motivation and commitment to impact is to celebrate successes along the way. Acknowledge successes and progress helps to integrate impact into the company culture and day-to-day operations as well.

*“We have something that is called the Danone Day. And usually it's to talk, like, sometimes about, like, new innovations of the year, or like projects in the subsidiary. And usually we, like, tell them, okay, like, you can create a B Corp booth.” - FOO-CP, 2022*

For large and complex organizations, recognizing successes as milestones in a progression can be valuable in any kind of organizational transition (Kotter, 1995). Over the course of a long-term impact improvement journey during B Corp certification, acknowledgement of achievements is crucial to maintaining motivation and engagement across the company.

#### **5.3.3 Systems Change Ambassadors**

The third phase of a company's evolution during the B Corp certification process is when they become a mature B Corp, after several rounds of recertification. At that point, the B Corp has implemented most of the operational changes that they are able to based on the continuous improvement approach. This phase includes a greater focus on external collaboration within the B Corp movement to mobilize change at a higher level, in the form of value chain integration and joining collective action initiatives. These align with the sustainable hybrid business model's focus on collaboration and institutional work and are motivated by a systems change ambition, rather than individual competitive advantage.

##### **5.3.3.1 Value Chain Integration**

While the initial stages of transformation for companies working towards B Corp certification focus on internal transformations, an organization's supply chain and distribution partners contribute to their social and environmental impacts, as well as their B Impact Assessment scores. Therefore, assessing and integrating the B Corp model along their value chain can have a significant positive impact and is able to receive more attention at a more mature stage of the B Corp evolution

process. For example, PHA-BC uses the B Corp Declaration of Interdependence in their interactions with their suppliers and partners. By asking them to sign it as well, the relationship between the B Corp and its suppliers is built on an expectation of social and environmental performance and continues to expand the ecosystem of the B Corp movement. Improving the company's entire value chain also reflects the sustainable hybrid business model's characteristic of creating mutually beneficial relationships for the surrounding natural and social systems, beyond the direct impact of the company's own behavior (Haigh & Hoffman, 2014). In large companies, this stage of transformation can be incredibly impactful due to the complexity and scope of the supply chains in a global context (Hockerts & Wüstenhagen, 2010).

#### 5.3.3.2 Join Collective Action Initiatives

Based on the collaborative component of both the B Corp model and the sustainable hybrid business model, collective advocacy and impact amplification are emerging as a long-term ambition for companies who are more established within the B Corp movement (Haigh & Hoffman, 2014; B Lab Europe, 2022d). In the survey, 55% of B Corps and 28% of companies in process of certification indicated an interest in advocacy and collective action engagement as part of their scope of transformation. However, there are currently only a few collective action initiatives within the B Lab community, which include the B Corp Climate Collective and the B Beauty Coalition, though this will likely continue to expand with the growth of the movement and increased guidance from B Lab.

As a central member of the B Beauty Coalition, COS-BC shared how the experience creates a valuable space for learning and collaboration within the cosmetics industry. At this point in their B Corp journey, the remaining areas of improvement on the B Impact Assessment are extremely challenging to achieve alone. Collective action presents COS-BC with the opportunity to create impact at an even greater scale, although over the course of a longer period of time than previous transitions in their impact improvement process.

**Table 6: Phases of company evolution during certification process**

Category	Transformation
Initial Certification	Internal Mobilization & Resource Allocation
	Formalization of Existing Policies
	Integrate Throughout the Entire Organization
	Legal Requirement & Governance Change
Impact Improvement Journey	Improve Internal Operations
	Connect Impact to Long-term Strategy
	Continuous Improvement Mindset
	Celebrate Successes
Systems Change Ambassadors	Value Chain Integration
	Join Collective Action Initiatives

After a company first expresses motivation to pursue B Corp certification, there are a series of steps to undergo in the initial certification process, which includes internal mobilization and allocation of necessary teams and resources to complete the B Impact Assessment; formalizing of existing policies as “low hanging fruit” to improve their submission score; engaging leadership and employees to integrate the B Corp model throughout the entire organization; and making stakeholder governance adjustments to meet the B Corp legal requirement. Then, the company embarks on a long-term impact improvement journey to alter their internal operations to align with B Corp priorities; connecting impact to their corporate strategy; adopting a mindset of self-assessment and continuous improvement; and celebrating achievements in a culture change towards sustainable impact management. Finally, mature large B Corps can evolve into systems change ambassadors after several rounds of recertification when they have shifted their strategic properties to align with the B Corp standards, and in this phase can work towards integrating the B Corp model throughout their value chain and participating in collective action initiatives.

These phases occur over multi-year organizational transitions within a company and rely on the initial step of mobilization and resource allocation to support the commitment to the B Corp certification process. Without the full investment of sufficient resources or motivation from senior leadership, companies risk perceiving B Corp certification as another incremental approach to corporate sustainability, rather than a radical transformation towards a sustainable hybrid business. However, with sufficient motivation, mobilization, and resource allocation in the early phases of the transition process, a company can complete an initial B Corp certification and then continue onto a long-term impact improvement journey to eventually become ambassadors of systems change in the B Corp movement.

**5.4 Challenges for Large Companies Pursuing B Corp certification**

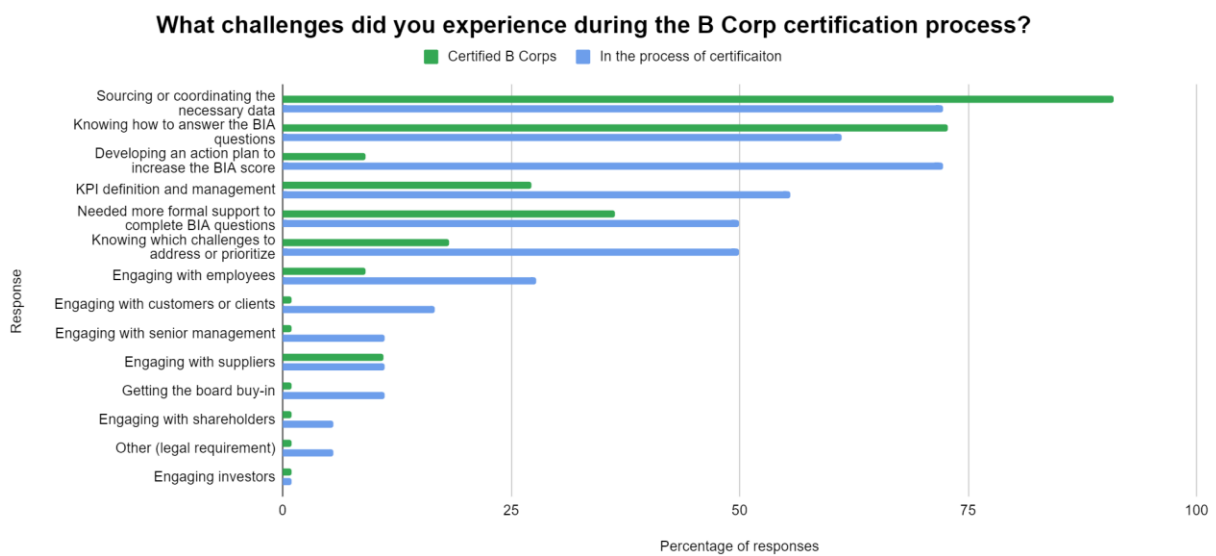
The following section will explore the key challenges that large companies mentioned as they work towards B Corp certification and undergo a transition to a sustainable hybrid business model.

First, the data from the survey will be presented to introduce an overview of the main challenges that companies reported in their responses. Then, the next section dives deeper into the specifics of these challenges that were elaborated further in the interviews. A summary of these challenges can be found in Table 7.

In the survey, respondents were asked about the challenges they experienced in the B Corp certification process (Figure 7) or during their impact management journey if they were not currently working towards B Corp certification (Figure 8).

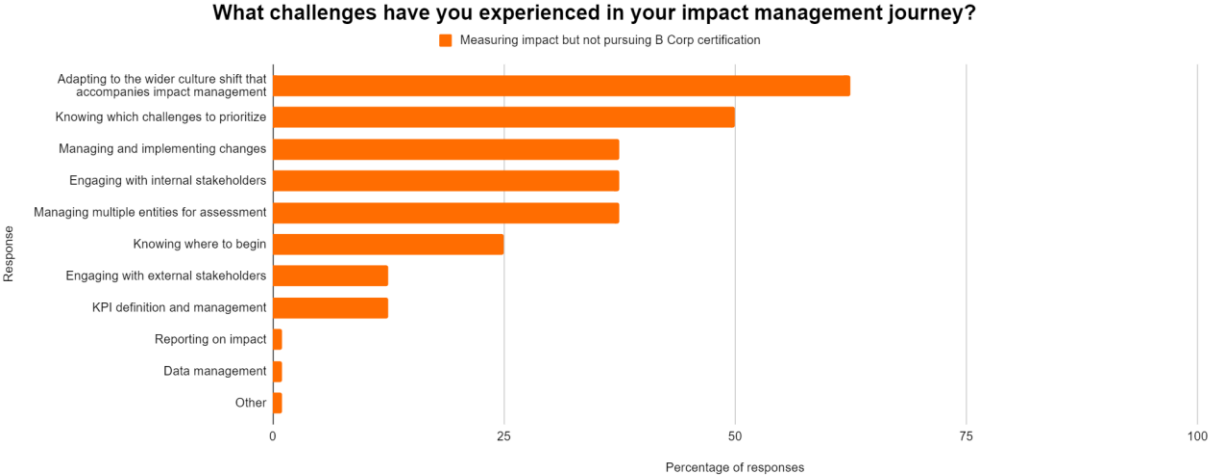
Related to the B Corp certification specifically, the most common challenges that companies mentioned were related to data management (91% of B Corps and 72% of those in the certification process) and knowing how to answer the B Impact Assessment questions (73% of B Corps and 61% of those in the certification process). While 72% of companies in the certification process experienced challenges with increasing their B Impact Assessment score prior to certification, only 9% of certified B Corps reported the same as they had already reached the minimum 80-point benchmark. Other common challenges included defining key performance indicators (KPIs) (56% of companies in the certification process and 27% of certified B Corps); needing more support on the B Impact Assessment (50% of companies in the certification process and 36% of B Corps); and knowing which challenges to prioritize (50% of companies in the certification process and 18% of B Corps). Challenges related to engaging with various stakeholders (employees, customers, senior management, suppliers, board, and shareholders) were ranked lowest, although companies in the certification process reported greater challenge with this engagement than certified B Corps, likely because these B Corps had already done so successfully.

**Figure 7: Survey responses on challenges that current and prospective B Corps reported experiencing during the certification process, listed in order of most common to least common overall response.**



For companies who were beginning an independent impact management journey, the most common challenge that companies reported was adapting to a culture shift that is needed for impact management, with 62% of respondents (Figure 8). Other common challenges included prioritization of issues (50% of respondents); managing and implementing changes (38% of respondents); engaging internal stakeholders (38% of respondents); and coordinating multiple entities (38% of respondents). Some less commonly indicated challenges were knowing where to begin (25% of respondents); engaging with external stakeholders (13% of respondents); and defining KPIs (13% of respondents). However, 0% of these companies reported challenges with reporting or data management, suggesting that they had not yet begun an extensive sustainability reporting process with external verification, or that this process is more challenging in relation to the B Impact Assessment standards than other impact measurement platforms.

**Figure 8: Survey responses on challenges that companies not currently on a certification pathway expressed in their impact management process, listed in order of most common to least common overall response.**



Based on the interviews and supporting document analysis, several key phases of transition were identified during the coding process. The findings will be presented in the order of the phases that companies progress on during their certification process (Table 8). Firstly, companies initiate the certification process; secondly, they work on an impact improvement journey; and finally they evolve into a mature B Corp phase where they prioritize external collaboration and systems change.

**5.3.1 Challenges Related to B Lab and Standards**

The first category of challenges that companies expressed during the interviews were in relation to the B Corp certification itself. These challenges included the long timeline, costs associated with certification, and confusion related to the B Impact Assessment questions. This category of challenges regarding external standards and verification is a shared experience with other forms of sustainability certifications and reporting as well (Crews, 2010). However, the large size of the

companies included in the scope of this research can emphasize the complexity of these challenges.

### 5.3.1.1 Timeline and Cost

In the interviews, several people expressed some frustration with the long wait times throughout the certification process, as well as the fees that B Lab requires during when a company submits their application (INS-IN, 2021; PHA-BC, 2021; BLAB5; 2022). These fees vary based on the size and the revenue of the company, which makes the costs appear lower for smaller companies and higher for large companies. As a result, large enterprises may feel that they are carrying a disproportionate burden in this process. Further, INS-IN expressed concerns over the cost of B Corp certification and asked why donating to a “good cause” would not be a preferred alternative to investing to improve their own impact.

*“Pricing; it can put some companies off. Although it's hugely mixed feedback on that. Some companies say it's very affordable, some say it's too much for them. It is revenue based. So, I think it's fair, it's just a company's perspective on where they want to spend their resources.” - BLAB4, 2022*

### 5.3.1.2 Issues with the B Impact Assessment

While the B Impact Assessment is a free and publicly accessible impact measurement tool, several interviewees expressed frustrations with a lack of guidance or support when filling it out prior to submission for certification. For example, LAN-CP shared that they struggled to understand the B Impact Assessment when they began the certification process and needed to first invest time and energy to learn how to use the tool due to a lack of explanation on the structure of the questions. Similarly, TRA-IN mentioned frustration with the reliance on consultant support when completing the B Impact Assessment.

*“We really wanted to be able to do this on our own autonomously and be able to say that it wasn't just done by a consultant who came in to do it. Now, it seems that more and more companies need a consultant to be going through the questions because they have more experience. It would be good for everyone to be able to do the BIA and certification without a consultant. The topics are so internal, and the board doesn't want us to rely on consultants.” - TRA-IN, 2021*

The B Impact Assessment is also regularly updated to reflect current understandings of social and environmental sustainability. COS-BC reported that the previous update was a drastic shift from what they had anticipated, and therefore did not have sufficient time to prepare the new data and information before submitting for recertification.

In the survey, 50% of companies in the certification process indicated needing more formal support on the B Impact Assessment. Further, 73% of B Corps and 50% of companies in the process of certification expressed challenges in knowing how to answer the B Impact Assessment questions (Figure 7).

Understanding the nuances of a reporting system is a learning curve in any form of impact measurement and requires investment in organizational learning to use new systems effectively (De Micco et al., 2020). However, the high level of survey respondents who expressed challenges understanding the B Impact Assessment indicates potential for improvement by B Lab on guidance and user accessibility in order to support more corporate transitions.

### 5.3.2 Internal Challenges

Another category of challenges that interview participants mentioned were those related to internal management of the transition process. These internal challenges include a shift in the organizational culture; data sharing; managing multiple priorities; and engaging leadership and governance transition. While the first two challenges described are common among many kinds of institutional change and impact measurement (Crews, 2010), the latter two are distinct to the complexities of a hybrid business model and B Corp certification.

#### 5.3.2.1 Culture Shift

Early in the corporate transition, a culture shift to prioritize impact management internally is a significant challenge for many large and conventionally driven companies. While this may already be of interest to employees or stakeholders, integrating this into the daily operations of the companies can be difficult, especially for in the context of multinational corporations.

In the survey, companies not yet working towards certification report struggling more with an internal culture shift than they do with data management or impact reporting, likely due to the fact they have not yet begun that phase. 63% of companies not pursuing certification report adapting to a wider culture shift associated with impact management as a main challenge (Figure 8).

INS-IN, who are not currently pursuing certification but are considering options for an impact management journey, struggle finding a clear definition of sustainability for their company due to the wide many interpretations and implications it could have on their work. They described their perception of B Corps as companies “at the extremes for sustainability”, indicating their lack of the same deep commitment to social and environmental performance that is evaluated in the B Corp certification process.

Challenges with a culture shift is a common experience among many kinds of corporate sustainability initiatives (Crews, 2010), however, the transition to a radically new form of sustainable hybrid business that B Corp certification entails is likely more of an extreme adjustment than others. As a B Corp, social and environmental performance becomes integrated into the structure and everyday operations of the company, which is a significant shift that requires time and energy to make.

#### 5.3.2.2 Data and Knowledge Sharing

Coordinating the data required to complete the B Impact Assessment poses significant challenges for large companies, especially when it represents metrics that have not previously been



measured. In the survey, 91% of B Corps and 72% of companies in the process of certification reported challenges with sourcing and coordinating data.

*“But maybe to other kinds of challenges within bigger companies, I think often, it's very hard to consolidate all of the information that you need from different topic owners. I think that's the main challenge that I've seen so far. But it's just really on preparation work from the company, and how they're going to deal with that.” - BLAB1, 2022*

Large enterprises and multinationals face particular challenges in the certification process due to their size and complexity as a company. Each subsidiary must undergo its own certification, resulting in many BIAs that need to be filled out for each MNC working towards certification.

*“Like we have a multinational that needs to fill out 20 BIAs in 18 countries? So even if we had all the capacity in the world, that part of it requires tons of time, mobilizing tons of teams. And it takes years. I think it takes years not only because of the less capacity, but just because of, again, the ship that you need to move as an organization.” - BLAB5, 2022*

### 5.3.2.3 Managing Multiple Priorities

While the sustainable hybrid business model centers around the balance of multiple institutional logics, these can also feel like they are in competition with one another at times (Haigh & Hoffman, 2012; Pache & Santos, 2013). In large and multinational companies with an extensive scope of business, managing internal priorities related to impact management can be very challenging, especially when perceived as a threat to business operations. In the survey, 50% of companies in the certification process and 50% of those beginning an impact management journey reported challenges knowing which issues to prioritize in the process. Further, 56% of companies in the process of certifying and 27% of B Corps mentioned challenges defining and managing key performance indicators internally (Figure 9).

FOO-CP shared their experience with managing multiple priorities in their subsidiaries, mentioning that some internal actors felt that times of financial uncertainty meant they should reduce their focus on social impact, while others felt that was the time that stakeholder considerations were the most important (FOO-CP, 2022). These competing priorities between financial viability and positive societal contributions can result in internal tensions within hybrid businesses, especially in times of crisis.

### 5.3.2.4 Engaging Leadership and Governance Transition

While engaging leadership and actors throughout the entire company is an essential step for companies to work towards B Corp certification, this can also pose a significant challenge due to the size and broad range of priorities that exist within large and multinational companies. Without adequate involvement from senior management in the pursuit of B Corp certification, the B Team may not be able to allocate the appropriate time and resources that are needed during the certification process.



*“And when the top management isn't super engaged, then they won't, like, give the free time for their teams to work on the topic. And it is very time consuming. And it is very difficult to reach that 80 points bar even for companies already quite advanced in terms of sustainability.” - FOO-CP, 2022*

Additionally, the transition to a stakeholder governance model and changing the fiduciary duties in the corporate charter is a core aspect of the B Corp and sustainable hybrid business models. However, this can be an intimidating process for company leaders as it challenges the conventional shareholder-centric model of business.

LAN-CP shared that although their board is very interested in a sustainable transition for their company, they feel nervous about the B Corp requirement to change the legislation on the governance structure of their company as this brings uncertainty for them about the future of the company. While RET-IN is in an earlier stage of exploring whether they are interested or eligible to pursue B Corp certification, they feel similar hesitancy around the Legal Requirement, especially since they are currently in the process of an IPO and launching their public offering. Their CEO and board of directors have expressed concerns about the potential that they could be sued as a result of these changes.

The changes to the legal framework that the B Corp certification process requires are radical in comparison to other sustainability initiatives (B Lab, 2022g). In this way, the B Corp model goes even further than the sustainable hybrid business model recommendations for stakeholder value creation to actually require the amendment of corporate charters (Haigh & Hoffman, 2014; B Lab, 2022g).

### **5.3.3 External Challenges**

The final category of challenges that emerged during the research process were those related to external relations during the B Corp transition process. These external challenges include a lack of external awareness about B Corp certification within their networks and struggles with incorporating the B Corp principles throughout their value chain.

#### **5.3.3.1 Lack of External Awareness**

Several interviewees shared that they experienced challenges due to a lack of awareness about B Corp certification (RET-IN, 2021; LAN-CP, 2021; TRA-CP, 2021; COS-BC, 2021; PHA-BC, 2021; BLAB6, 2022). As a growing organization, especially in the large enterprise landscape, knowledge about B Lab Europe is still limited in some areas. While LAN-CP sought consultancy support in their certification process, they shared that they were unable to find a consultant who was knowledgeable about both B Corp and their industry, and that teaching a consultant about their industry took a significant amount of time. Similarly, PHA-BC expressed some frustration with the fact that the B Corp certification is not well known in their country or region. So, they have put significant effort into working towards certification but are early champions in the region and face challenges with limited recognition there. While working on their B Impact Assessment and application process, TRA-IN sought out perspectives from other companies who had completed B Corp certification for guidance. However, they found that there were no B Corps in their country

who were working in the transport sector. As a result, they expressed frustration that they could not connect with a company who had the same experience.

Challenges with a lack of awareness is a challenge for any organization or social movement in its early phases as a niche player (Geels & Schot, 2007). Especially for certification schemes, brand awareness is an essential component for certified companies to be able to receive the external recognition that motivates many to pursue certification initially (Vogt, 2019). More education and knowledge sharing about the B Corp movement and methodology as well as the principles of sustainable hybrid business models could help address the gap in awareness among consultants to support more large companies in a long-term transition.

### 5.3.3.2 Supply Chain Engagement

Incorporating impact improvement throughout the value chain is a priority for many companies responding to the survey, with 64% of B Corps, 44% of companies in the certification process, and 50% of companies who were not pursuing certification but measuring their impact listing it as a top ambition for transformation. However, several interviewees mentioned challenges in meeting this ambition of sourcing the products in their value chain more ethically and sustainably (COS-BC, 2021; PHA-BC, 2021). This was especially true in the pharmaceutical and cosmetics industries, as the raw materials required are highly specialized and often only produced by a limited number of suppliers who were not willing to provide transparency into their practices. As a result, PHA-BC and COS-BC struggle to continuously improve their B Impact Assessment score in recertification as they do not have control over this aspect of sourcing. In the face of these very influential companies, COS-BC has struggled to change this systemic issue on their own. As a result, they have decided to partner with several other B Corp companies to start their own regenerative agriculture project that will be able to produce these materials more sustainably, although this project will still take several years until to come to fruition.

**Table 7: Challenges that large companies face while pursuing certification**

Category	Challenge
Challenges related to B Lab and standards	Timeline and Cost
	Issues with the B Impact Assessment
Internal challenges	Culture Shift
	Data & Knowledge Sharing
	Managing Multiple Priorities
	Engaging Leadership & Governance Transition
External Challenges	Lack of External Awareness
	Supply Chain Engagement

The B Corp certification process is an intensive and detail-oriented process that must be repeated every three years for recertification. As a result, B Corp certification is not feasible as a short-term option to highlight minor sustainability initiatives, and instead signifies an in-depth journey of impact management. The challenges that companies experience along a B Corp certification pathway tend to shift over the course of its progression, with common initial challenges being a culture shift and coordination for data collection. As they evolve into a more mature stage, B Corps may struggle more with complexities of managing multiple priorities and improving their supply chains.

However, the B Lab representatives shared that once a company is committed to the B Corp certification process, they are usually successful in their submission (BLAB1; BLAB5). The challenges that most companies experience are often earlier in the process of internal engagement and shifting the company's priorities to align with the ambitions of the B Corp model. Once a company is determined to certify, they are usually willing to mobilize the investments and changes necessary to meet the minimum requirements on the B Impact Assessment before they decide to actually submit for certification (BLAB1). The 80-point baseline also allows applicants to demonstrate areas where they excel out of the 200 possible indicators. Therefore, the interviews did not highlight any particular sections of the B Impact Assessment that were challenging across the range of companies working towards certification.

### ***5.5 Evaluation of B Lab Europe Support***

After identifying the motivations, transition factors, and challenges that large companies experience during the B Corp certification process, the following chapter will focus on the support that B Lab Europe provides for these enterprises. This will begin with an overview of the current tools and programs B Lab Europe offers for large companies interested in undergoing the transition to B Corp certification. Then, B Lab Europe's small and specialized team and its role in this support process will be described. The following section will identify areas of improvement for B Lab Europe's guidance of the large enterprise certification process based on the challenges identified in the previous section and additional findings from the survey and interview participants. Specific recommendations based on these areas of improvement will be offered in Chapter 7. This section will conclude with a presentation of the dilemmas within the B Corp movement that have emerged with the addition of large enterprises before continuing onto the Discussion in Chapter 6.

#### ***5.5.1 B Lab Europe Tools & Programs***

B Lab Europe currently has a range of tools and programs available to support companies in improving their impact and transitioning to a sustainable hybrid business model through B Corp certification. In addition, some of B Lab's broader programs and initiatives support policy advocacy and other forms of systems change ambition. The services that B Lab has organized to support companies in their transition include: the B Impact Assessment, a dedicated Large Enterprise certification team, B Corp Way, B Leaders, and B Movement Builders.

### 5.5.1.1 B Impact Assessment

The B Impact Assessment is a publicly accessible tool for impact measurement, available online free of charge for impact measurement based on the B Lab Standards. The B Impact Assessment is the basis of the B Corp certification but can also be used by companies independently to evaluate their current impact and create an action plan for future improvement. User guidance and testimonials are available on the B Lab website to provide insights into how companies can use the tools and the value that they bring (B Lab, 2019a).

Companies have shared that the BIA is a valuable resource for them and has helped them significantly on their impact improvement journey.

*“And also, the fact the BIA is, like such a great tool, you know, what next steps you can take. And so, you identify the ones that are relevant with your strategy and everything. But once you’ve identified that you know what to do next. And that’s like, great.” -FOO-CP, 2022*

The SDG Action Manager is a similar free, online tool created by B Lab in 2020 based on the Sustainable Development Goals and how to measure impact in relation to them (SDG Action Manager, 2020).

### 5.5.1.2 Specialized B Lab Europe Team Working on Large Enterprise Certification

When B Lab Europe began certifying large companies in 2019, an additional team was created to process these certifications, while the “Standard Approach” team remained dedicated to the support and evaluation of small and medium enterprises (BLAB7). There are two dedicated employees on the B Lab Europe team to provide guidance for large companies beginning the application process to certify.

*“And of course, it’s much more in-depth guidance and guidance provided at every stage, but I do I think that’s necessary, because they’re paying more, they’re paying a lot, and they’re very complex, generally. So, yeah, I think we would want to give more rather than less guidance, because then it’s riskier for us.” - BLAB7, 2022*

The evaluation and verification of B Corp certification submissions is done by B Lab Global Standards Analysts who are objective and have not previously provided guidance to the companies submitting their B Impact Assessments. While the Standard Approach (small-medium enterprise) team has individual analysts working on each certification, the Large Enterprise team allocates at least two analysts to each application due to the complexity and volume of information associated with each submission and to ensure the applications are thoroughly evaluated (BLAB1, 2022).

### 5.5.1.3 B Corp Way

B Corp Way is an online platform designed to connect companies with B Corp certified consultancies that are able to provide guidance to improve their impact (B Corp Way, 2020). B Corp Way was developed in 2020 by B Lab Europe in response to more large enterprises reaching

out for guidance on their sustainable transition journey (BLAB2, 2022). Similarly, in the survey 56% of companies in the process of certification and 27% of B Corps mentioned that specialized consultancy support would be valuable in improving their impact.

B Corp Way was created to meet the demand for support from companies at various stages of impact management, including some who were beginning a certification process and others who were interested in reducing their carbon footprint or other impact improvement alternatives (B Corp Way, 2020). Through the platform, B Lab Europe is able to leverage knowledge and potential within the ecosystem of B Corps to encourage more companies to begin improving their impact.

*“We have a lot of consultants also in our movement. Via the B Corp Way, the platform that we have, and that connects large enterprises with consultants that indeed have knowledge and the ability to support them.” - BLAB2, 2022*

#### 5.5.1.4 B Leaders

B Leaders is an individual-oriented training offered at a country level to engage more people in the B Corp movement by learning about its tools and methodology (B Leaders, 2022). Participants are often either “internal champions” who lead the B Corp certification efforts within their company or individual consultants or investors interested in learning more about the details of becoming a B Corp. The B Leaders training takes place over the course of several days or weeks, depending on the local B Lab entity leading the training (B Leaders, 2022).

LAN-CP shared that the B Leader training supported them in beginning their certification process as like a “rubix cube” that highlighted the connection between the aspects of the B Corp movement and the steps required to certify.

#### 5.5.1.5 B Movement Builders

B Movement Builders (BMB) is a multi-year, customized program designed to support large enterprises over \$1 billion in revenue in an impact improvement process. The program intends to provide guidance and leadership to companies in their impact and transformational journeys, while at the same time guiding and supporting them through the different stages of the B Corp certification journey (BLAB5, 2022). The BMB program is a requirement for all B Corp applicants above \$5 billion in revenue and strongly encouraged for companies above \$1 billion in revenue interested in certification (B Lab Europe, 2022c).

The BMB currently has four active participants in the program’s public phase, which include Gerdau, Magalu, Bonduelle and Givaudan, and program mentors Danone and Natura & Co who are at mature stages of B Corp certification (B Lab Europe, 2022c). Through personalized guidance over the course of the multi-year program, the BMB program encourages higher levels of employee engagement and external recognition of impact improvement (Marquis, 2020a). The steps of the BMB program are outlined in Table 8. The costs associated with the BMB vary based on the company’s revenue and range between \$80,000 and \$200,000 annually for the private phase and \$100,00 and \$250,000 annually for the public phase (B Lab, 2022d).

**Table 8: Phases of the B Movement Builders program (B Lab Europe, 2022d)**

Phase	Sub-phase	Description
1. Commitment and Catalyzing the B Corp movement	1.1 Declaration of interdependence	<ul style="list-style-type: none"> <li>Signed by CEO within the first two years (private phase)</li> </ul>
	1.2 Make a credible commitment to B Corp movement	One of the following within the first 3 years of the program: <ul style="list-style-type: none"> <li>Certify at least one subsidiary &gt;\$250M</li> <li>Make public commitment to certify parent company</li> <li>Use BIA to assess 15% of the company (if other 2 options are not possible)</li> </ul>
	1.3 Collaborate for a Collective Action Commitment	<ul style="list-style-type: none"> <li>Choose one action from List of Ways to Support the B Corp Movement (Appendix 8) each year of the program</li> <li>Engage directly and intentionally with the B Corp community</li> </ul>
2. Stakeholder Governance	2.1 Work towards stakeholder governance internally	<ul style="list-style-type: none"> <li>Engage internally to make adjustments to the corporate structure to include stakeholder interests in decision making process</li> </ul>
	2.2 Collaborate with key stakeholders and policymakers together with other BMBs	<ul style="list-style-type: none"> <li>Sign a joint statement with other BMBs about stakeholder governance</li> <li>Support the Stakeholder Governance Coalition</li> </ul>
3. Transparency & Communications	3.1 Prepare for and begin public alignment with the B Corp movement	<ul style="list-style-type: none"> <li>Internal alignment with stakeholders: employees, owners, and board</li> <li>Engage with peers at the same phase and interact with previous BMB participants</li> </ul>
	3.2 Announce involvement with BMB publicly	<ul style="list-style-type: none"> <li>Align with investors</li> <li>Prepare communications about initiatives with others BMB and B Lab</li> </ul>
4. Materiality Improvement	4.1 Set and show progress towards 3+ aspirational goals linked to the SDGs	<ul style="list-style-type: none"> <li>Goals must be science-based or industry-leading, quantifiable, timebound and material to the business</li> <li>Publicly report the goals set and progress towards them using a materiality assessment for each year of the program</li> </ul>
5. Measure & Manage Impact	5.1 Measure and manage social and environmental impacts aligned with B Corp certification standards.	Each year of the program, complete any one of the following: <ul style="list-style-type: none"> <li>A full BIA for any new businesses that are at least 1% of company revenue</li> <li>Make significant improvement to the company's BIA performance</li> <li>Achieve B Corp certification for additional subsidiaries</li> <li>Improve performance to align with a B Corp, industry specific, or topical standard or with the MNC baselines requirements for certification</li> </ul>

The B Movement Builder program progression also aligns with several key elements of the sustainable hybrid business model. For example, participants demonstrate positive contributions to social and environmental impact through their commitments, public goal setting, and impact measurement (Haigh & Hoffman, 2014; B Lab Europe, 2022b). Further, the stakeholder governance aspects of the program reflect prioritizing mission over profit and stakeholder value creation. Finally, the collaborative and collective action areas of the program highlights how these companies challenge conventional competitive behaviors and participate in institutional work to transform the broader economic system (Haigh & Hoffman, 2014; B Lab Europe, 2022b).



Although the B Movement Builder program provides step-by-step guidance, other companies are likely taking similar initiatives and evolving in similar ways without the program. Currently the BMB program is designed only for very large companies, has a limited capacity, and requires a significant financial investment, so it is not currently available to a wide range of companies.

#### *5.4.2 Working as a Small & Specialized Team*

While over 800 companies in Europe have been certified as B Corps, the B Lab Europe team has remained relatively small with 17 employees and small teams at each of the European B Lab Country Partners (B Lab Europe, 2022a; B Lab Europe 2022b). As a result of the limited number of employees, B Lab Europe has experienced capacity issues as the demand from companies for guidance in certification has continued to grow.

However, several representatives interviewed mentioned that they believe it would be inappropriate for B Lab Europe to grow significantly or to provide consultancy support to companies directly.

*“I think you could offer endless support to companies, and we would become a consulting company. And that is not our specialty. Our focus is servicing certification and that is enough for some companies. For many multinational companies that is not enough and they need external support as well. Which I think we have been promoting ways for companies to avail of that. Yeah, I think it's a very tricky ground as to where to draw the line for companies.” - BLAB4, 2022*

*“But I think just us trying to cover all aspects of multinational transition on our own when we're a standard, certification, community builder, doesn't feel safe.” - BLAB6, 2022*

Rather than growing the organizational structure of B Lab Europe to meet the needs of companies in their certification and impact improvement processes, B Lab works to engage with a broader ecosystem that makes up the B Corp movement. Through external collaboration like the B Corp Way platform, more actors can be involved to meet the ambitions of B Lab's theory of change.

*“We love to partner with others, and B Corp Way is the result of a partnership with consultants from our movements. We also have some trainings with individuals that are interested in supporting also the work and the vision of B Lab. So we train them on the methodology, the vision and the tools. They have many different names, most of them are called B Leaders. And we have different programs to kind of get the outreach to get support. We do not aim to grow, like, exponentially either. We just try to look at what is the unique contribution that we could play, and that is a need and is not already covered in the market today.” - BLAB2, 2022*

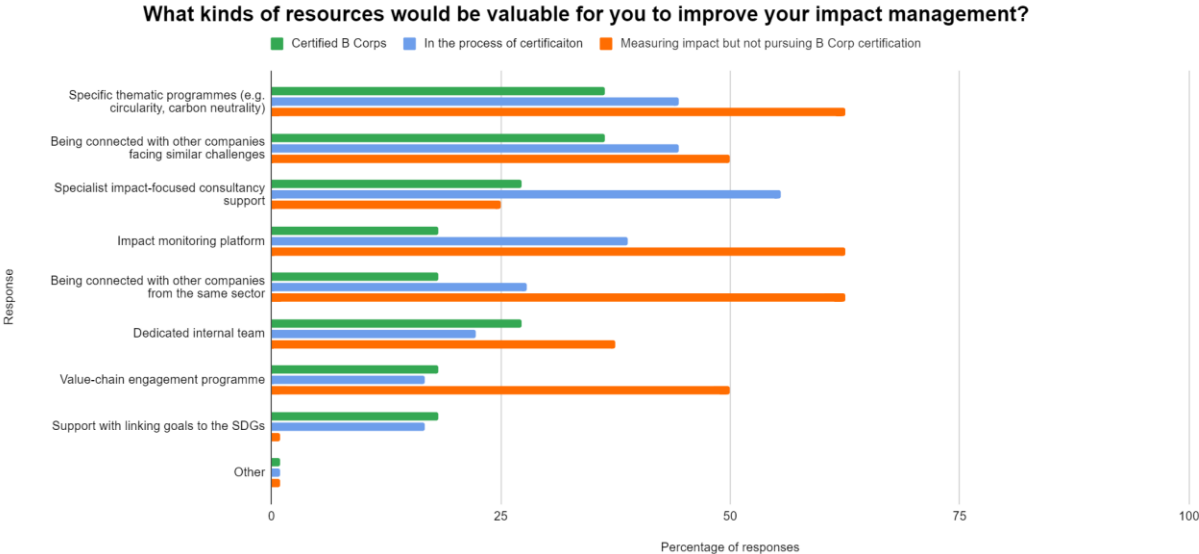
By staying small and specialized as an organization, B Lab Europe is also intentionally avoiding risks that come with attempting to play too many roles in the corporate transformation space.

5.5.3 Areas for Improvement in B Lab Europe Support

The following section will outline the key areas where B Lab Europe support could improve in order to better address the challenges companies face that were identified in section 5.4. First, the survey data related to additional requested support will briefly be presented to provide an overview. Then, information from the interviews will be used to provide greater insight into the areas where B Lab Europe could provide additional support for large companies during the B Corp certification process. Specific recommendations to address these areas of improvement will be presented in Chapter 7.

In the survey, companies were asked about the types of additional resources that would be valuable to improve their impact management in the future, whether or not they were working towards B Corp certification (Figure 9). The most common responses overall were specific thematic programs (36% of B Corps, 44% of companies in the process of certification, and 63% of others); connecting with companies facing similar challenges (36% of B Corps, 44% of companies in the process of certification, and 50% of others); and specialized consultancy support (27% of B Corps, 44% of companies in the process of certification, and 25% of others). Generally, companies who were measuring their impact, but not currently pursuing certification expressed the most interest in additional support options, with the top requests including specific thematic programmatic support (63%); an impact monitoring platform (63%); and connecting with companies in their sector (63%). As these companies are earlier in their transition process, they desire more guidance in the process and have not yet mobilized internal resources dedicated teams to this ambition, although 38% report that this would be valuable. Companies in the certification process expressed the highest interest in specialized consultancy support (56%) as they complete the B Impact Assessment and may need to identify areas to improve their performance to meet the 80-point baseline for certification.

Figure 9: Survey responses on additional support that companies have expressed a need for in their impact management process





Based on the interviews with companies and B Lab representatives, the following section will elaborate on areas for improvement in greater detail. Although there is a strong sentiment for B Lab to remain relatively small and specialized to focus on certification rather than attempting to meet the needs of companies across all areas of expertise (BLAB4, 2022; BLAB5, 2022; BLAB6, 2022), the functioning of the B Corp certification and movement could be improved in several key areas. These include increased guidance on the B Impact Assessment; improved capacity for certification support; more information sharing within the B Corp ecosystem; and more facilitated connections between companies for networking and collaboration.

#### **5.5.3.1 Increased Guidance on the B Impact Assessment & B Lab Standards**

In section 5.4, research participants indicated frustrations with the lack of clarity and guidelines related to the B Impact Assessment (TRAN-IN, 2021; LAN-CP, 2021; COS-BC, 2021; PHA-BC, 2021). To address this issue, B Lab Europe could provide a more in-depth explanation of the standards and the expectations from companies filling out the B Impact Assessment prior to submission. The questions related to the Impact Business Models posed particular challenges for companies and therefore could benefit from greater explanation. While increased access to B Lab standards analysts is in great demand from companies, written explanations with a higher level of detail to accompany the online B Impact Assessment would be a valuable improvement.

#### **5.5.3.2 Improved B Lab Capacity for Certification Support**

As demand for B Corp certification continues to increase, especially from large enterprises, several B Lab Europe interviewees reported that their organizational capacity needs to increase as well. BLAB3, B Lab Europe's Business Development Lead, described this as "getting the house in order" as B Lab's work grew dramatically during the pandemic while people were working primarily at home, and the internal structure and work distribution was not scaled to meet these changes.

Additionally, the certification process can be improved from a customer experience perspective. According to BLAB5, the MNC Manager, the certification process is optimized based on risk reduction in order to maintain the credibility of the standards and the B Corp brand. Further, BLAB4, the Large Enterprise Certification Coordinator, described that this results in inefficiencies and repetition from companies in their reporting and questions.

#### **5.5.3.3 Information Sharing in the B Corp Ecosystem**

According to the interviewees, there is a strong sentiment that B Lab Europe feels it must remain a relatively small and specialized organization that is focused on certification rather than attempting to meet the needs of companies across all areas of expertise (BLAB4, 2022; BLAB5, 2022; BLAB6, 2022). Instead, B Lab Europe prefers to engage the network of different actors that are involved in the B Corp movement. However, in order to effectively meet the needs of companies and relay accurate information, consultants and peer mentors require increased access to trainings and updated guidelines.

*“So how, like, are we putting out trainings? Are we communicating our new rules and procedures regularly? We need to invest time in maintaining these ecosystems and making sure that they work.” - BLAB5, 2022*

#### **5.4.3.4 Facilitating More Connections Between Companies**

Collaboration and exchanging of learnings between companies is a key aspect of both the B Corp movement and the Sustainable Hybrid Business Model. B Lab Europe could recognize this as a core priority and invest more resources into facilitating more connections between companies, both for guidance in the certification process and for collective action.

TRA-CP shared that they reached out to several B Corps during their process of completing the B Impact Assessment to gain insight and support from peers. However, this was challenging to initiate proactively, and it would have been very helpful if B Lab had facilitated these connections between companies with others in the certification process or with mentors who had already achieved certification. In the survey, 44% of companies in process of certification and 36% of B Corps said that networking with companies facing similar challenges would be helpful on their journey.

While collective action is mentioned as a high priority in the B Lab Theory of Change, the community seems to rely on organic connections between companies to create these coalitions. BLAB3 described the strong potential for secondary effects from interactions between B Corps to have a greater impact than just the sum of their individual actions, in what he described as the demonstration effect. However, placing the responsibility for organizing these networks on individual companies results in inefficiencies and a lack of follow-through. If B Lab Europe took a stronger role in encouraging connections between companies to form collective action initiatives and develop backbones in these coalitions, similar to the B Beauty Coalition, they may have a greater impact in transforming the industries of which they are a part.

B Lab Europe representatives have expressed a strong desire to remain a small and specialized organization. In order to do so while working towards a systems change ambition in the private sector, the ecosystem of B Corps must be mobilized to support companies on their impact management and certification pathways. This also includes improving B Lab Europe’s current offerings to meet the increase in demand. B Lab Europe must be able to find a balance between providing the support that companies need to follow a sustainable transition and meet the B Corp certification standards and recognizing that they cannot do this work alone without the support of the B Corp community and should leverage their expertise when possible.

It seems that the B Movement Builders program is already supporting many of the challenges that large companies have expressed, but only for a small group of very large companies. The BMB program requires a major investment of time and resources from companies, and with a limited capacity on B Lab’s side. If this would be scalable, that would likely address many of the challenges that companies are currently experiencing.

#### *5.5.4 Dilemmas of Large Enterprise Certification and the Dynamics of the B Corp Movement*

The B Corp community and movement have long been made up of small and medium enterprises who were founded in opposition to the dominant regime of shareholder-centric and extractive business practices. The B Corp Movement represented a niche community that made B Corps stand out and challenge large incumbent companies. While including larger companies in an impact improvement process might be essential for a substantial sustainable transition in the economic system, this does come at the expense of the “pure” branding and competitive advantage that formed the identity of these initial small and medium B Corps. The addition of large enterprises in the B Corp community is a step in the direction of scalability and transformation but does result in tensions within the movement (BLAB3, 2022; BLAB6, 2022).

The size and influence of large enterprises means that certifying as a B Corp results in a much more significant impact on the economic system than small or medium enterprises are able to have. According to B Lab, every company that improves their social and environmental performance and is able to meet the B Corp requirements is a step towards a better future (BLAB3, 2022).

However, the identity and the growth of the movement has been based on contributions from small, mission driven companies. With the addition of more large enterprises certifying as B Corps, BLAB3 described a “culture clash” that is occurring between the different members of the B Corp community. Small organizations who were founded and grew based on their commitment to social and environmental value creation may feel threatened by the certification of large conventional companies, as the B Corp certification is no longer associated with a specialized niche group.

BLAB7 shared the concern that there may be a tipping point of a number of B Corps at which the certification begins to look less rigorous or reliable. With increased attention directed towards the B Corp movement as a result of its growth, the amount of scrutiny and criticism that it receives will also increase. For example, the May 2022 certification of Nespresso was met with disapproval from both existing B Corps and representatives outside of the movement (Canning, 2022). Such a tension may also hurt the collective action potential within the B Corp community if companies struggle to find a shared sense of identity and purpose. However, BLAB3 mentioned that any form of change always leads to some form of resistance and tension initially.

As the expansion of the member base of the B Corp community continues, the credibility of B Lab standards is essential to maintain legitimacy of the certification and the reputation of the B Corp movement (BLAB3, 2022; BLAB7, 2022). If the application and verification aspect of the B Corp certification remains rigorous and requires high performance, then the inclusion of large companies can also represent a genuine transformation of their operational behavior and policies.

To achieve the systems change ambition of working towards a more inclusive, equitable and regenerative economic system, working to include large companies on a journey of improving their social and environmental impacts is essential.

*“It’s not just about individual companies anymore, right? It’s really about the impacts of the movement.” - BLAB3, 2022*

## **6. Discussion**

The aim of this research was to understand the transformational journey of large European companies during the B Corp certification process, as a case study of a transition to a sustainable hybrid business model. The research was based on the following central research question:

*What drives and challenges large enterprises in a transition towards a sustainable hybrid business model?*

First, the findings from the previous chapter will be summarized to this the main research question, before they are contextualized in broader literature in the following section. These findings can be consolidated in three integrated transition phases: Initial B Corp Certification, Impact Improvement Journey, and Systems Change Ambassadors (Figure 10).

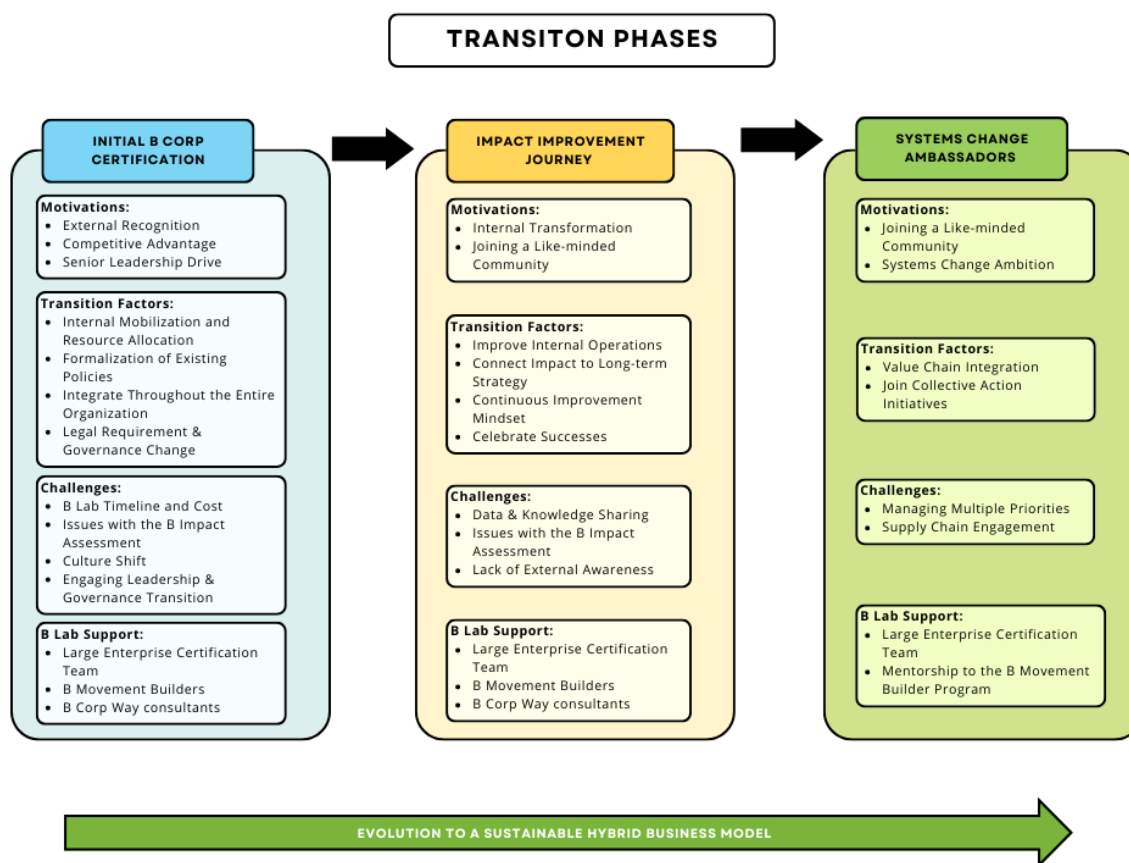
The Initial B Corp Certification represents the first phase for large companies pursuing this level of sustainability transition. In the Initial B Corp certification phase, this research found that companies are primarily motivated by external recognition, an interest in increasing their competitive advantage, and initiative from senior leadership direction (section 5.2). In order to submit for their first round of certification, large companies in this phase undergo an internal transition to mobilize teams and allocate resources necessary for managing the impact measurement process (section 5.3.1). This phase also includes formalizing existing policies and other low-effort changes within the company to contribute to their B Impact Assessment score. Companies in the first stage of certification also begin to integrate the B Corp principles throughout the entire organization, including employees and executive leadership (section 5.3.1). Finally, large companies also undergo a governance change to meet the B Corp Legal Requirement of stakeholder governance in their articles of incorporation (section 5.3.1). In the Initial B Corp Certification phase, companies report experiencing challenges with B Lab’s timeline and costs, as well as learning to navigate the B Impact Assessment as a measurement tool (section 5.4). Internally, companies in early stages of certification also experience challenges with a culture shift towards impact prioritization and with the complexities of a corporate governance shift (section 5.4). In this phase, large companies receive support from B Lab Europe’s large enterprise certification team and choose to invest additionally to receive more customized guidance in the B Movement Builders Program or from B Corp Way consultants (section 5.5). At this stage, the company is working to catalyze positive social and environmental change and shifts their mission and governance structure to stakeholder value creation, which align with some of the core aspects of the sustainable hybrid business model (section 5.1). However, if these companies are still motivated by individual competitive advantage, they are not fully challenging competitive practices between companies or participating in institutional work, which indicates there is further evolution needed to fully identify as a sustainable hybrid business (section 5.1; Haigh & Hoffman 2014).

The second phase of a large enterprise’s transition to a sustainable hybrid business model in the case of B Corp certification is a long-term Impact Improvement Journey. In this phase, companies

reported motivation from a commitment to internal transformation and joining a like-minded community of businesses to learn from one another (section 5.2). During this second phase, large companies focus on improving their internal operations based on the B Impact Assessment standards and their customized action plan from the first round of assessment (section 5.3.2). By connecting impact to their long-term strategy, adopting a continuous improvement mindset, and celebrating successes along the way, companies reorient their priorities to align with the core values of the B Corp movement and sustainable hybrid business model (section 5.3.2). As they evolve in their Impact Improvement Journey, large companies in this phase tend to experience challenges with data and knowledge sharing as well as struggles completing the B Impact Assessment due to internal complexities (section 5.4). Companies also shared challenges with a lack of external awareness about B Corp certification in this phase, as they looked for opportunities for external collaboration with other companies or support from consultants (section 5.4). During this phase, B Lab supports companies through the large enterprise certification team and optional B Movement Builders program and B Corp Way consultancy support (section 5.5). In the Impact Improvement Journey, companies begin to challenge competitive practices between companies as they focus more on collaboration and catalyzing positive change through internal improvements. They also adopt a progressive definition of sustainability through the impact improvement mindset (section 5.1). However, without including considerations of improving the entire value chain, these B Corps are not yet contributing to value creation for all stakeholders or collective action initiatives, and therefore are not yet fully aligned with the sustainable hybrid business model (section 5.1; Haigh & Hoffman 2014).

Finally, the third stage of the evolution of a large company in the B Corp certification process is when they act as Systems Change Ambassadors. This usually occurs after several rounds of recertification or when many subsidiaries have become certified (section 5.3.3). In this stage, companies are primarily motivated by collaborating with a like-minded and a systems change ambition (section 5.2). While they maintain a continuous improvement mindset adopted in the previous phase, Systems Change Ambassadors become focused on improving their entire value chain, beyond their internal operations, and participate in collective action initiatives in their industry (section 5.3). Some challenges that companies in this phase can experience include managing multiple priorities that may compete with one another and complexities in improving their supply chain that appear out of their own control (section 5.4). In this phase, a company may support other companies in the certification program through networking and offering mentorship through the B Movement Builder program (section 5.5). During the Systems Change Ambassador phase, a company can be considered to be fully aligned with the sustainable hybrid business model, as they have prioritized social and environmental impact through the B Impact Assessment standards; they have shifted their focus from profit maximization to impact and stakeholder value creation through the B Corp Legal Requirement and Declaration of Interdependence; and challenge competitive practices through a focus on collective impact amplification. Further, these B Corps use a progressive definition of sustainability through continuous recertification and participate in institutional work for a broader systems change ambition through advocacy and collective action (section 5.1; Haigh & Hoffman, 2014).

**Figure 10: The three key transition phases that companies undergo during the B Corp certification process, as an example of an evolution to a sustainable hybrid business model.**



In the following chapter, the results presented in the previous chapter will be analyzed further in the context of other literature and existing research on the topic. In the same order as the research questions, this will begin with understanding B Corp as a sustainable hybrid business and how that sets it apart from other sustainability certifications. Next, the motivations of large companies to pursue a radical sustainable transition will be discussed. The following section will elaborate on the transition factors that companies undergo in the journey towards B Corp certification and what implications this roadmap can have for encouraging more companies to improve their impact. Then, the common challenges that companies experience during a pathway to B Corp certification will be discussed, followed by an analysis of the support that B Lab provides and the dilemmas that arise in the B Corp movement. This chapter concludes with an acknowledgement of limitations and suggestions for future research opportunities before continuing on to recommendations in Chapter 7.

### **6.1 B Corp Certification as a Sustainable Hybrid Business Model**

In this research, section 5.1 identified the alignment between the B Corp certification process and the sustainable hybrid business model. Then, motivations, transition factors, and challenges identified in the findings formed the basis of the three transition phases that were defined for large

companies pursuing B Corp certification. Figure 10 demonstrates that the third phase of mature B Corps, Systems Change Ambassadors, aligns most closely with the sustainable hybrid business model.

However, the characteristics of the sustainable hybrid business model are all based on independent commitments and accountability (Haigh & Hoffman, 2014). Unlike the B Corp certification, there is no external organization that provides evaluation and assessment of company performance and improvement over time. As a certification, B Corp allows for external recognition of the characteristics of the sustainable hybrid business model and a company's contribution to sustainability and stakeholder value creation. Therefore, the B Corp certification demonstrates value for large enterprise certification, as long as the standards remain transparent and credible (Kalfagianni & Pattberg, 2013).

The number of sustainability certifications continues to grow with an increased corporate interest in demonstrating their commitments to social and environmental impacts (Kalfagianni & Pattberg, 2013). For example, ISO 14001 is exclusively focused on environmental aspects and SA8000 reports on social impact (Paelman et al., 2020). However, B Lab's B Impact Assessment is able to integrate the environmental, social, and economic aspects of sustainable development to evaluate a company's impact on stakeholders and natural systems more holistically (Paelman et al., 2020). The holistic and in-depth nature of the B Corp certification and verification process also makes it a more complex and intensive process than other certification experiences, which increases the barrier to entry for new companies interested in certification (Paelman et al., 2020). However, the variation in measurement practices can create fragmentation in reporting and impact management at a company level. To address these inconsistencies, the Impact Reporting Platform is a new online tool created in 2021 by the Global Reporting Initiative (GRI) in collaboration with B Lab, UNDP, and other measurement organizations to improve the clarity, accessibility, and versatility of sustainability reporting (Impact Reporting Platform, 2021).

The B Corp certification particularly stands out from other certifications because of its alignment with the sustainable hybrid business model and transformational theory of change (Stubbs, 2017). B Corp is designed as a social movement that aims to grow and encourage more companies to join and adopt their practices. Unlike some other certification bodies, the B Corp certification is not just a label for companies to improve their competitive viability over others in their industry. External verification is valuable for companies to add credibility to their claims for sustainable transitions and genuine commitments to social and environmental impact. Instead of an end in itself for a company to improve consumer perceptions of their brand, the B Corp certification label is a means to the end of systemic transformation of corporate behaviors.

As a result, B Lab itself acts similarly to the sustainable hybrid business model, as the ambition is for companies to improve their behaviors and adopt the B Lab standards for impact management, even if they do not choose to invest in pursuing certification and growing the B Corp brand.

## **6.2 Motivations for Large Companies to Pursue B Corp Certification**

This research highlighted how a large company's motivation for certification evolved as they progressed in the certification pathway (Figure 10). The change in culture that occurs within a business as they continue to learn about the B Corp movement and interact with others contributes to a transformation in their motivation to pursue B Corp certification. Senior leadership is frequently the group that first shows an interest in certification in pursuit of external recognition for their work on social and environmental areas (section 5.2). This interest is occasionally connected to a desire for greater competitive advantage or investment opportunities. External recognition for social and environmental performance, validated by B Lab's rigorous standards and evaluation process, can provide a company with a higher level of social capital to operate in a context of increased transparency into corporate behaviors and societal pressures (Laszlo & Zhexembayeva, 2017). However, B Lab representatives shared that motivation for increased external brand recognition was often not sufficient for companies to complete the certification process and that a commitment to supporting the collective impact of the movement is key to sustaining their motivation over time.

Instead, this external recognition motivation tends to develop into commitments to internal impact improvements and integrating the B Corp values into their long-term organizational strategy over time (section 5.2). In mature B Corp stages after long-term engagement in the movement, these large companies evolve further to support growth in the B Corp community, although this has the potential to hurt their own competitive advantage. However, prioritizing collective action and impact amplification within the B Corp community works towards a systems change ambition.

The research that Kim & Schiefeling (2022) conducted on corporate motivations to pursue B Corp certification identified challenging the current state of business practices and validating their genuine commitment to social and environmental impact as the two most common reasons. Although their sample size was limited to American B Corps who certified between 2007 and 2011, these motivations align closely with those identified in this research, with external recognition for high standards and a commitment to internal transformation being reported as high priority by large companies both in the survey and the interviews. The consistency in these motivations over time demonstrates that the integrity and culture of the B Corp movement has remained relatively constant despite the rapid growth of the community and the addition of larger companies. While the smaller companies who made up the B Corp community initially were largely committed to systems change as their first source of motivation (Kim & Schiefeling, 2022) may differ from the competitive motivations of large and conventional companies, the transformation that they undergo encourages this long-term and collaborative commitment to the B Corp community as well.

## **6.3 Transitions Factors in the B Corp Certification Process**

The transition factors identified in this research occurred at three different phases that companies progressed along during the B Corp certification process: an Initial B Corp Certification, an Impact Improvement Journey, and then Systems Change Ambassadors (Figure 10). This evolution process begins with internal mobilization throughout the entire company and a culture shift to align with a long-term sustainability journey, aligned with the findings of Engert & Baumgartner



(2016). In this case study of B Corp certifications, companies receive external support from B Lab Europe as guidance and accountability on this sustainable transition, which supports a long-term commitment to this process (Long et al., 2018).

A significant difference in the transition to a hybrid business model and other kinds of sustainable initiatives is the proactive, rather than reactive, perspective on impact management. In many large companies, a new product or branding initiative will be introduced following an external threat from a competitor or social criticism for a lack of corporate social responsibility (Schaltegger et al, 2016). On the other hand, the commitment to a sustainable hybrid business model demonstrates a proactive ambition to reduce the company's negative externalities while improving its positive contributions to the surrounding social and environmental contexts (Haigh & Hoffman, 2014).

When a company decides to fully commit to the sustainable hybrid business model, the organizational culture shifts to align with catalyzing positive social and environmental change in all areas (Haigh & Hoffman, 2014). By aligning impact with the daily tasks and operations of all employees, a company can have a much greater impact than small and incremental initiatives organized by the sustainability department. Integrating impact into long-term strategy also allows it to coexist with other business priorities within the sustainable hybrid model, including proactively planning it into annual budgets and resource allocation. Therefore, the proactive approach of sustainable hybrid businesses supports a company in taking active steps, rather than waiting for an external scandal or social pressure to respond to (Schaltegger et al, 2016).

The transition factors identified in the interviews to become a B Corp can be compared with the outline of a transition to a sustainable hybrid model described by Haigh & Hoffman (2012). According to their framework, an initial change is to rethink the organization's mission in terms of social and environmental issues of concern, which is linked to the initial motivation to pursue B Corp certification and the prioritization of areas of the B Impact Assessment for the first certification. Haigh & Hoffman (2012) then describe the need to rethink operational policies, which can refer to the initial formalization of existing policies that often occurs in early stages of B Corp certification as well as the improvement of internal operation and a continuous improvement mindset that occur during the Impact Improvement Journey stage. Finally, a sustainable hybrid business redefines the way they engage with the market, which can include types of collective action and advocacy initiatives like the Interdependence Coalition and B Corp Climate Collective.

A company reaching the third transition shape of Systems Change Ambassador does not signify that a company has reached a final destination in their certification pathway. Instead, the continuous improvement mindset aspect ensures that the B Corp certification serves as a guideline along a long-term process, rather than appearing as a one-time achievement for a company.

#### ***6.4 Challenges for Large Enterprises in the B Corp Certification Process***

Marquis (2020b) identified several key challenges that large American companies experienced as the first in the large enterprise certification pathway. Although B Lab Europe has invested significant resources into additional support for large European companies, several of the same

challenges emerged in this research as that done by Marquis. Notably, company representatives expressed a desire for more guidance on beginning the B Impact Assessment and the steps for the certification journey. While the B Movement Builders program acts as a multi-year roadmap in the process, this service is only limited to a few participants and requires a high level of resource and time investment. Companies also continued to report an interest in more connections with their peers in the certification process, in addition to challenges with the legal transition. Despite the availability of increased resources to meet these needs, these similarities highlight the similarity in challenges experienced by large companies transnationally in both American and European contexts.

Santos et al. (2015) identified long-term and preventing mission drift as key challenges in other forms of sustainable hybrid business models. However, these did not emerge in this research as issues that companies reported. The B Corp certification framework provides a level of external accountability and verification that is less present in other forms of sustainable hybrid businesses, and therefore has the potential to mitigate the risk of mission drift.

An additional challenge not explicitly mentioned by interviewees but highlighted in other literature focuses on B Corps may hurt their own competitive advantage as the B Corp movement continues to grow (Haigh & Hoffman, 2012; Kim & Schiefeling, 2022). As they encourage more companies to adopt practices associated with the B Corp model and sustainable hybrid business model, they can effectively undermine the characteristics of their own business that make them stand out from others and therefore support their market viability. Therefore, B Corps need to consistently focus on innovation and continuous improvement to stay relevant in their industry.

However, it seems like most of these challenges can be addressed with external support as long as adequate resources are invested from the company. Therefore, motivation to initially start the certification process, mobilization to gain the necessary teams and resources, prioritization of sustainability in long-term strategic planning are essential to mitigating the most common challenges that emerged during the B Corp certification process.

### ***6.5 Role of B Lab Support***

B Lab has been actively working to improve its tools and programs available in response to the demand from large companies. Since 2019, a specialized team has been created to work exclusively on large enterprise certification in addition to the B Corp Way platform to connect companies with qualified consultants and the B Movement Builders program for customized support for very large companies interested in certification.

Based on the analysis, the B Movement Builders program is designed to meet the needs of large companies who are facing challenges and complexities in pursuit of certification. However, this program requires a significant resource and time investment from companies and has a very limited capacity from B Lab. Expanding accessibility to this program or providing modular support options for individual topics could be valuable for other companies looking for similar support options

Zebryte & Jorquera (2017) describe how the B Corp movement has proven to be scalable and replicable as more large companies are becoming involved and existing B Corps continue to grow and go public. In this context, the B Impact Assessment has proven to be a credible form of verification to evaluate a company's current performance and long-term commitment through continuous recertification (Zebryte & Jorquera, 2017).

Although B Lab Europe strongly encourages companies to join the B Corp movement through certification, they also acknowledge that their limited capacity means that certification for all companies globally is simply not a realistic expectation. Instead, B Lab Europe aims to have all companies adopt the behaviors of B Corps and standards of the B Impact Assessment by going through the Impact Improvement Journey transformation phase independently. While the external verification and recognition component is valuable for companies to gain more credibility and social capital for their claims, making these kinds of transformational changes even without certification can result in positive social and environmental contributions.

#### *6.5.1 Dilemmas that Arise in the B Corp Movement*

As social movements scale, including some certifications bodies like FairTrade, they expose themselves to greater levels of risk and vulnerability, which can sometimes result in a loss of identity or reliability (Kim & Schifeling, 2022). However, according to Kim & Schifeling (2022) the competing frames within the B Corp movement have allowed it to be uniquely positioned to grow while maintaining a strong sense of coherence and validity. The core motivations that Kim & Schifeling (2022) identified for companies to pursue B Corp certification are both to highlight an opposition to the status-quo business practices and to emphasize the authenticity and genuine commitment to social and environmental impact. The plurality in incentives to join the B Corp community highlights the contradictory yet interdependent nature of expanding the movement while maintaining its integrity, in what Kim & Schifeling (2022) describe as paradoxical mobilization. Therefore, the tensions between the identity of high-performing small-medium enterprises and recently certified large enterprises committing to a long-term impact improvement journey actually have an effect of “dynamic balancing” that strengthens the B Corp brand to work towards a greater ambition for institutional change (Kim & Schifeling, 2022).

Within a company, similar contradictory forces may coexist, as a large enterprise may first express interest in the certification process due to the potential for increased external recognition on performance, which can support a stronger competitive viability (Laszlo & Zhexembayeva, 2017). However, by supporting the growth of the B Corp movement, companies may be reducing this competitive advantage as they encourage their competitors to adopt more sustainable and equitable behaviors, even at the expense of their own profitability (Haigh & Hoffman, 2012), in what can be described as *paradoxical motivation*. While companies may initiate a journey towards a sustainable transition based on the desire to improve their competitive advantage in the market, this perspective tends to evolve as companies progress in a process of continuous improvement. B Corps demonstrate a true commitment to the B Corp movement by encouraging others to adopt similar practices and work towards transformational change in business operations. Paradoxically, the motivation to make sustainable corporate behavior mainstream can hurt a company's self-interest for competitive viability within their industry. However, companies aligned

with a sustainable hybrid business model are not driven by an endless desire for growth and instead view profit as a means to an end of self-sufficiency and reinvestment to continue their positive contributions to their social and natural contexts.

### ***6.7 Limitations and Opportunities for Future Research***

The following section will address some limitations of this research process and suggest some areas for future research. Although the internship was chosen and developed based on its alignment with a thesis research possibility, the 6-month internship period included additional tasks related to management of the B Corp Way consultant platform, information consolidation on B Leaders trainings, and other operational activities. Therefore, the close relationship with the B Lab Europe team as a result of the internship may have resulted in unconscious bias perspectives in this paper. However, the data analysis and writing of this research was done following the conclusion of the internship and the evaluation of the internship role was not related to the outcomes of this thesis, which allowed for critical perspectives and independent analysis of the data collected.

The focus of this research is limited to European B Corps and the results are therefore influenced by the European cultural and economic context. The motivations and challenges that companies experience during the certification in other regions and cultural contexts would likely vary and would be an interesting opportunity for exploration in future research. A similar case study research focused on United States-based B Corps would be particularly relevant as the B Corp movement originated in the United States and many of the world's largest companies are based there as well. A comparative case study research on the differences between motivations and challenges by region for B Corps would also be interesting to further explore the influence of the cultural context on a large company's certification process.

In this research process, the survey was conducted prior to the interviews based on the research goals of the B Lab Europe impact management team. Although the survey questions and multiple-choice response options were based on the B Lab Europe employees experience, there were a few discrepancies between the insights shared in the interviews and the survey. If the interviews had been conducted prior to developing the survey, the survey questions could have been tailored to reflect the input from the interviews more closely and may have led to different results. However, the survey did include the possibility for companies to write in another answer in the "other" category which was very rarely used.

B Lab defines a large company as one with over \$100 million in annual revenue and a multinational corporation as those with over \$1 billion in annual revenue. However, other academic and business literature highlights that large companies could also be defined by the number of employees, products, or countries of operation (Schaltegger et al., 2016). The findings of this research are aligned with the B Lab revenue-based definition, so may contradict with other research that use other definitions of large companies.

The B Corp model is only one example of a sustainable hybrid business model. In order to better understand the transitions, challenges, and motivations related to this model, it would be valuable

to identify and evaluate other forms of sustainable hybrid business models. Additionally, a systematic comparison between corporate transitions that align with the sustainable hybrid business model and other forms of sustainability transitions would be an interesting opportunity for future research in order to provide more insights for companies considering such a transition in their future.

Finally, this research is exclusive to companies who are already motivated to make a commitment to working towards more sustainable practices and changing their governance structures. While interest in B Corp certification continues to grow, shareholder-centric business practices continue to dominate in the corporate environment. More research is needed on how to encourage this motivation, in addition to continuing to work towards policy changes that make compliance with sustainability standards a requirement rather than an option.

## **7. Recommendations**

This research concludes with several key recommendations for B Lab to continue to support large enterprises in a journey towards B Corp certification while maintaining integrity of its standards.

The B Movement Builder program is currently the most extensive and valuable form of support for large companies working to improve their impact management and achieve B Corp certification. Based on this research and the increasing interest from large enterprises, it is recommended to scale the B Movement Builders to accommodate more companies. Alternatively, an additional, less intensive program could be developed designed to support companies on a long journey towards certification, for example a “B Corp in progress” label. This could provide some level of external recognition that companies are in the process of certification and help build the strength of the B Corp movement while keeping the standards for certification high. Several stages of the B Movement Builders progression would be valuable to include, such as using the B Impact Assessment for subsidiaries, making public commitments to measurable goals, or choosing actions from the List of Way to Support the B Corp Movement (Appendix 7).

B Lab Europe should also facilitate more mentorship and networking for companies working towards certification, as many companies indicated in the survey. Although the B Lab Europe team’s capacity is limited, the B Corp Movement ecosystem could be mobilized to provide insights and guidance to companies in their industry based on their own experiences in certification. These connections could take the form of an online directory of contact information accessible to companies beginning the B Corp certification process, peer-learning groups organized by B Lab, or even a consolidated list of frequently asked questions or case studies shared by companies who have recently certified. The facilitation of spaces for discussion and knowledge sharing between companies would further support a culture of collaboration, rather than competition, within the B Corp Movement.

The ambition of changing the economic system to complex and challenging. Rather than attempting to play all the necessary roles in this kind of transformation, B Lab Europe should remain a relatively small and specialized team that is committed to a credible form of certification. Beyond that, the organization can continue to create external collaborations that encourage

companies in the B Corp community to leverage their expertise to work towards the B Lab theory of change in the form of consulting, advocacy, industry standards, and supply chain engagement.

Finally, it is essential that the standards used to evaluate the B Corp certification remain consistent and reliable, regardless of size or influence of the company. The credibility of the B Corp brand is necessary to be able to continue to grow and affect genuine change towards a more regenerative and inclusive economy. By including larger companies in the B Corp movement, a broader scope of change can be achieved. However, compromising on the transparency of standards would hurt the overall credibility of the movement. Therefore, B Lab Europe should continue to maintain the same, or higher, standards in the evaluation of new applicants for B Corp certification in the future.

## **8. Conclusion**

As the climate crisis and global inequalities continue to accelerate, urgent and collective action is necessary to work towards the Sustainable Development Goals and support global wellbeing. In order to encourage positive contributions from the private sector, increased guidance and clear representative examples of corporate transitions towards sustainability can be incredibly useful to facilitate change. The sustainable hybrid business model demonstrates the potential for companies to balance both economic sustainability with social and ecological value creation and can therefore be a valuable example of a long-term ambition in sustainable transitions.

The B Corp certification aligns closely with the characteristics of the sustainable hybrid business model, including the B Impact Assessment's evaluation of positive contributions to social and environmental issues; the legal requirement for stakeholder governance to value mission over shareholder profit; and the B Corp Declaration of Interdependence committing to value creation for all stakeholders. Further, the focus on collaboration over individual advantage challenges conventional competitive behaviors; the recertification requirement and regular standards updates ensure a progressive definition of sustainability; and collective action and advocacy initiatives represent participation in institutional work for broader systems change. Therefore, B Corps that are at a mature stage in the certification process can be identified as sustainable hybrid businesses.

The main sources of motivation for large European companies to pursue B Corp certification come from external drivers, including a desire for recognition based on standards, an increased competitive advantage, or to catalyze systems change; as well as from internal drivers, such as a commitment to an internal transformation, a desire to grow the B Corp movement, and direction from senior leadership. The contrast in these two incentives can be understood as paradoxical motivation, where companies are initially interested in certification as a means to stand out from others in their industry, but through more involvement in the B Corp movement come to recognize the importance of influencing their competitors to also adopt more sustainable and inclusive practices to ultimately contribute to a transformational systems change.

As large companies progress along the B Corp certification process, they undergo several different phases of transition. The first of these is the Initial B Corp Certification, where they mobilize and allocate resources internally, document existing policies in a more formalized

manner, engage actors throughout the company for data sourcing and new initiatives, and implement the stakeholder governance legal framework. Then, large companies embark on an Impact Improvement Journey over a long-term period in which they continue to improve internal operations based on the B Lab standards, connect impact to their internal incentives and business strategy, adopt a continuous improvement mindset, and celebrate successes along the way. In a final stage, mature B Corps, also considered Systems Change Ambassadors, work towards implementing impact-based changes along their entire value chain and join collective action initiatives with others in their industry to continue a culture focused on collaboration, rather than competition.

However, large companies working towards B Corp certification experience a unique set of challenges in the process. In relation to B Lab or the standards, large enterprises expressed frustration with high costs, long timelines, and complexities related to the B Impact Assessment in terms of ambiguity and bureaucratic challenges. Internally, large companies experienced challenges with a culture shift towards impact improvement, agreeing on prioritization, managing data, and governance changes. Externally, current and prospective B Corps struggled with a lack of external awareness regarding the B Corp label and difficulties improving their complex and global supply chains.

Understanding how large companies can transition from conventional business models towards a sustainable hybrid business model, with the example of B Corp certification, highlights the areas of investment that are necessary to make impactful changes in corporate behavior related to social and environmental impacts. However, including more large companies in this transition must not come at the expense of the credibility of B Lab standards. Rather than lowering the integrity of the standards in order to accommodate more large companies and expand the B Corp movement, increased guidance can be provided to companies to support them in the process; for example, by expanding the B Movement Builders program. Current and prospective B Corps, whether they are large companies or small-medium enterprises, are ultimately not a final goal, but on a long-term journey towards impact improvement to contribute to a more sustainable, equitable, and regenerative economic system to benefit all people and the planet.

The findings of this research have identified a pathway through which a large enterprise can adopt the characteristics of the sustainable hybrid business model to integrate social and environmental impact throughout the core of the business. Participation of the private sector in a sustainable transition can support the future of the sustainable development agenda and contribute to meaningful climate action and stakeholder value creation in order to ambitiously achieve the Sustainable Development Goals.

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BLAB2: Benamara, N. (2022, 8 April). *Impact Programme Manager, B Lab Europe*. Personal communication [Personal interview].

BLAB3: van den Brink, J. (2022, 12 April). *Business Development Lead, B Lab Europe*. Personal communication [Personal interview].

BLAB4: Deegan, S. (2022, 19 April). *MNC Account & Certification Coordinator, B Lab Europe*. Personal communication [Personal interview].

BLAB5: Garcia, S. (2022, 12 April). *MNC Manager, B Lab Europe*. Personal communication [Personal interview].

BLAB6: Hill, K. (2022, 4 April). *Executive Director, B Lab Europe*. Personal communication [Personal interview].

BLAB7: Zaman, F. (2022, 1 April). *EU Evaluation Analyst, B Lab Europe*. Personal communication [Personal interview].

COS-BC: Anonymous (2021, 19 November). *Cosmetics Industry, Certified B Corp*. Personal communication [Personal interview].

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TRA-CP: Anonymous (2021, 23 December). *Transportation & Logistics Industry, In the Process of B Corp Certification*. Personal communication [Personal interview].

## 9. Appendix

### ***Appendix 1: B Corp Declaration of Interdependence (B Lab, 2022a)***

We envision a global economy that uses business as a force for good. This economy is comprised of a new type of corporation – the B Corporation – which is purpose-driven and creates benefit for all stakeholders, not just shareholders.

As Certified B Corporations and leaders of this emerging economy, we believe:

- That we must be the change we seek in the world.
- That all business ought to be conducted as if people and place mattered.
- That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.
- To do so requires that we act with the understanding that we are each dependent upon another and thus responsible for each other and future generations.

### ***Appendix 2: Survey Questions***

1. In which country is your company based?
2. What is your company's annual revenue?
  - a. \$100m to \$499m
  - b. \$500m to \$999m
  - c. \$1bn to \$4.5bn
  - d. \$4.5bn +
3. Which of the following best describes your company?
  - a. Certified B Corp
  - b. In process of getting B Corp certified
  - c. None of the above
4. [If answered "C. None of the above" in question 3] Does your company measure and manage its social and environmental impact?
  - a. Yes
  - b. No
5. What benefits do you associate with certification?
  - a. Recognition of achieving high standards of business sustainability practices
  - b. Networking with the rest of the B Corp Community for business opportunities
  - c. Marketing opportunities to showcase the business
  - d. Growth of the business and to raise capital
  - e. Joining a community of like-minded business to learn from each other
  - f. Collective Impact amplification
  - g. System Change ambition
  - h. Other
6. Where did interest in B Corp certification originate within your company?
  - a. Senior management

- b. Board of directors
  - c. Investors
  - d. Other employees
  - e. Customers or clients
- 7a. [If answered “A. Certified B Corp” or “B. In process of getting B Corp certified” in question 3] What challenges did you experience during the B Corp certification process?
- f. Sourcing or coordinating the necessary data
  - g. Knowing how to answer the BIA questions
  - h. Needed more formal support to complete BIA questions
  - i. Getting the board buy-in
  - j. Engaging investors
  - k. Knowing which challenges to address or prioritize
  - l. Engaging with and communicating to employees
  - m. Engaging with and communicating to senior management
  - n. Engaging with and communicating to shareholders
  - o. Engaging with and communicating to customers/clients
  - p. Engaging with and communicating to suppliers
  - q. KPI definition and management
  - r. Developing an action plan to increase the BIA score
  - s. Other
- 7b. [If answered “C. None of the above” in question 3] What challenges have you experienced in your impact management journey?
- a. Knowing where to begin or how to get started
  - b. Knowing which challenges to address and deciding which to prioritize
  - c. Managing the process of change or implementing changes
  - d. Engaging with and communicating changes to internal stakeholders (e.g. employees, senior management, shareholders)
  - e. Engaging with and communicating changes to external stakeholders (e.g. customers, suppliers)
  - f. Adapting to the wider culture shift that accompanies impact management
  - g. Reporting on impact
  - h. KPI definition and management
  - i. Managing multiple entities for assessment/roll out
  - j. Data Management or IT systems
  - k. Other
8. What ambition do you currently have for your scope of transformation?
- a. Transitioning to an Impact Business Model
  - b. Improving internal operations
  - c. Engaging your entire value chain
  - d. Advocating and engaging in collective action
  - e. Improving performance on a specific impact topic (e.g. climate change, JEDI, etc.)
  - f. Improving stakeholder/investor relationships

- g. Becoming more stakeholder governance focused
  - h. Improving communication between stakeholders to allow for co-determination of business direction/goals
  - i. Other
9. Did you improve your impact management strategy and practices after completing the B Impact Assessment?
- a. Yes
  - b. No
10. What kinds of resources would be valuable for you to improve your impact management?
- a. Specialist impact-focused consultancy support
  - b. Dedicated internal team
  - c. Impact monitoring platform
  - d. Being connected with other companies facing similar challenges
  - e. Being connected with other companies from the same sector
  - f. Support with linking goals to the SDGs
  - g. Value-chain engagement programme
  - h. Specific thematic programmes (e.g. circularity, carbon neutrality)
  - i. Other

### ***Appendix 3: Interview Guide - Companies***

Set the stage:

- Thank them for their time and why feedback is important
- Confirm length of meeting - 30 minutes
- Explain to be honest and this isn't a test! There are no wrong answers. It is helpful to describe in as much detail as possible so that we can continue to improve B Lab offerings in the future
- You won't hurt our feelings! We're doing this to improve our tools, so we need to hear your honest reactions.
- Permission to record the call and use for academic research anonymously
- Do you have any questions before we begin?

Introduction questions:

- What is your role at your company?
- How do you see B Lab?

About Current Impact Measurement (*for non-B Corp companies*):

- What does impact mean to you? What is your scope of impact? What are the high-level areas that you are focused on for impact?
- What are you trying to achieve through your impact management?
- Do you use any other tools or metrics for impact measurement?



- What are the expectations of the stakeholders who are pushing for this (specific expectations/interests)?
- Can you elaborate on the main challenges that you experience in your company's efforts to manage its impact?
- Have you partnered with external organizations to help you manage your impact? If so, which ones?

About Impact Management experience as a B Corp (*for certified B Corps*):

- As a multinational, what do you wish you would have had during your certification process to make an amazing experience?
- To what extent is certifying as a B Corp the main driver of your engagement with B Lab's impact management tools and programmes rather than impact management and measurement more broadly?
- What kind of information do you think it is important for companies to know before they engage with the BIA/B Corp certification process?
- Has the B Corp community activity and engagement been satisfying to meet your needs for improving your impacts?
- What are the expectations of the stakeholders who are pushing for this (specific expectations/interests)?
- Can you elaborate on the main challenges that you experience in your company's efforts to manage its impact?

About Existing B Lab Tools:

- While using the BIA, how effective did you find it as a tool for measuring your impact?
- How do you use the BIA as an Impact Management tool? Just for the certification or as a regular tool that you refer back to? Are there other tools/frameworks that you use to manage your impact?
- To what extent have you been able to use the findings of the BIA to make changes within your business? What has limited this implementation?
- What type of support would you like to further improve your impact management?

About Improvement of Impact Management:

- What tools or support would be useful to help you better manage size/structure-related complexities related to managing your impact?
- What support/tools could help bring senior members of your team on board with IM?
- How could working with a consultant support your needs for transparency/accountability, JEDI, and climate change?
- How can we support raising awareness about B Corp Certification in your region?
- What type of Impact Business Model are you interested in and how can we support you in that transition?

Provide some suggestions about offerings that could help them depending on their needs expressed:

- Mention B Movement Builders, B Corp Way consultants, B Corp Climate Collective

Thank you for participating in this interview with us.

#### **Appendix 4: Interview Guide - B Lab Employees**

General template (adapted to each individual interview):

Some context about my thesis: my research is based on the survey and interviews that I did this winter about large enterprises and multinationals and how they are experiencing certification and what their motivations and challenges are. From there, I became interested in the changes that companies are going through as they work towards certification, especially those that were not founded on socially-oriented companies. Those more “conventional” companies, especially large enterprises, have the potential to have a big impact on the B Corp movement which I find very interesting.

Do you mind if I record this? Just to reference back and make sure I do not miss anything.

Do you have any questions before I begin?

- Could you tell me a bit about your role at B Lab and how you support companies in the certification process?
- What do you believe should be the main priority of B Lab at the moment?
  - From your perspective, how has the B Corp Movement in Europe evolved over the past few years?
- Do you see differences in companies who are working to certify that were founded as a mission-driven organization versus those who want to transition from a more conventional business model to becoming a B Corp?
- What are the main motivating factors why large companies are choosing to pursue B Corp certification, especially if they were not mission-oriented in their beginnings?
- How is the certification process different for MNCs companies than for small and medium enterprises?
- How do you see large companies change or evolve during the certification process?
- What are the main challenges that large companies are facing while they work towards certification?
- What are the main characteristics that you need to see in an MNC to know that they are a good fit for B Corp certification?
- How do large companies fit into the B Lab theory of change?
- How important do you believe it is for certifying companies to integrate the B Corp principles throughout their entire organization, instead of just a few sustainability representatives?
- Does the priority of large company certification come at the expense of other priorities in the B Corp movement?
- From your perspective, do you think a focus on MNCs and certifying larger companies is creating tension in the B Corp movement?
  - Why?

- How can this be addressed?
- How has the B Movement Builders programme been useful for MNCs? Do you see this as an alternative to certification?
- To what extent do you think B Lab Europe is currently equipped to support the needs of large companies pursuing certification?
  - Do you think that large companies pursuing certification are getting the support that they need in this process?

Do you mind if I use your name, or would you prefer to be anonymous (B Lab employee)

**Appendix 5: Coding Guide**

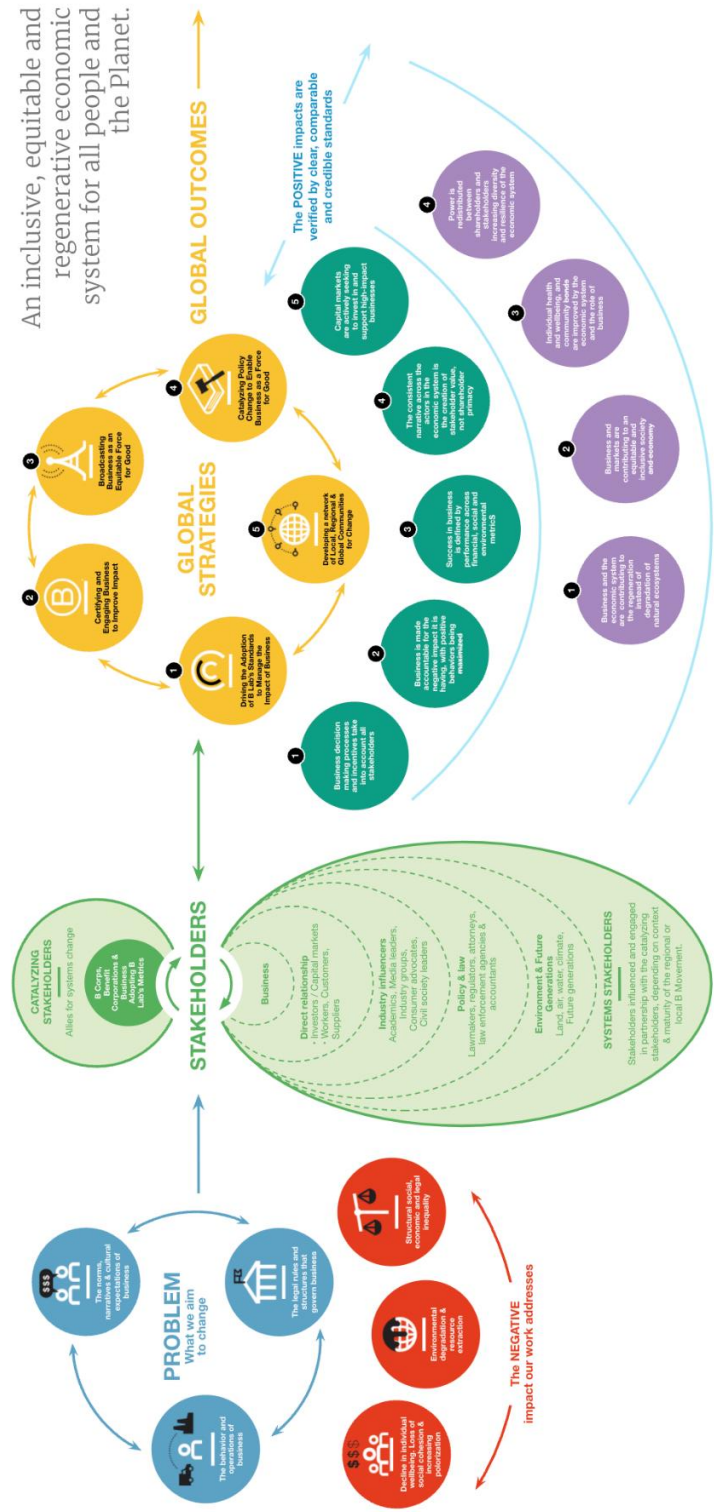
Closed code based on research question	Inductive subcodes
B Corp as a SHBM	B Corp Model - <i>Steps for Large Enterprise Certification</i>
	B Corp Movement - <i>Role of Large Companies</i> - <i>Collective Action</i> - <i>Growth vs Purity</i>
Motivations	Competitive Advantage
	External Recognition
	Impact Measurement
	Internal Transformation
	Investor Relations
	Joining a Supportive Community
	Senior Leadership Interests
Transformation	Celebrate Successes
	Connect to Long-Term Strategy
	Continuous Improvement Mindset

	Dedicated B Corp Team
	Formalization of Policies
	Integrate Impact into Internal Incentives
	Integrate Throughout Entire Organization\ <ul style="list-style-type: none"> <li>- <i>Leadership</i></li> <li>- <i>Employees</i></li> <li>- <i>Across Geographical Regions</i></li> </ul>
	Internal Mobilization of Resources
	Joining Collective Actions
	Value Chain Integration
Challenges	B Lab Timelines & Support
	Cost
	Data & Knowledge Sharing
	Internal Engagement
	Internal Resource Mobilization
	Issues with the BIA
	Lack of Central Vision
	Lack of External Awareness <ul style="list-style-type: none"> <li>- <i>Consumers</i></li> <li>- <i>Consultants</i></li> <li>- <i>Investors</i></li> <li>- <i>Other Companies</i></li> </ul>
	Legal Requirement & Governance

	Organizational Complexities
	Supply Chain Engagement
B Lab Support	Large Enterprise Support
	External Collaboration
	Small B Lab Team
	Tools & Programs <ul style="list-style-type: none"> <li>- <i>BIA</i></li> <li>- <i>B Corp Way</i></li> <li>- <i>B Leaders</i></li> <li>- <i>B Movement Builders</i></li> </ul>
	Areas for Improvement <ul style="list-style-type: none"> <li>- <i>Improve B Lab Capacity for Certification Support</i></li> <li>- <i>Need More Guidance on BIA &amp; B Lab Standards</i></li> <li>- <i>Sharing Information with the Ecosystem</i></li> <li>- <i>Facilitate More Connections between Companies</i></li> <li>- <i>More Support for Collective Actions</i></li> <li>- <i>More Emphasis on Continuous Improvement</i></li> </ul>

**Appendix 6: B Lab Theory of Change**

An inclusive, equitable and regenerative economic system for all people and the Planet.



**Appendix 7: B Lab’s characterization of Impact Business Models in the B Impact Assessment (B Lab, 2020)**

Impact Area	Impact Business Model
Community	Supply Chain Poverty Alleviation
	Micro-enterprise Poverty Alleviation
	Local Economic Development
	National Economic Development
	Producer Cooperative
	Designed to Give (Charitable Giving)
Customers	Basic Services for the Underserved
	Economic Empowerment for the Underserved
	Health and Wellness
	Education
	Support for Underserved or Purpose-driven Enterprises
	Impact Improvement (in other organizations)
	Arts, Media & Culture
	Infrastructure/Market Access Building
	Serving In Need Populations
Environment	Renewable/Cleaner Burning Energy
	Resource Conservation

	Land/Wildlife Conservation
	Toxin Reduction/Remediation
	Environmental Information and Education
	Environmental Innovation Process
Governance	Mission Locked
Workers	Worker Owned
	Workforce Development

**Appendix 8: List of Ways to Support the B Corp Movement**

**LIST OF WAY TO SUPPORT THE B CORP MOVEMENT**



**EUROPE**

- **Supplier Preference:** Implement a formal company-wide policy preference for working with suppliers and consultants who are Certified B Corporations.
- **Marketing Inventory:** Allocate a portion of your company's annual marketing inventory toward a B Lab public engagement campaigns that promote the Certified B Corporation movement and amplify the B Corp brand (i.e. Vote Every Day).
- **Secondment:** Dedicate a senior level employee with issue-area expertise to serve in a FTE or PTE secondment consulting or ambassador position with B Lab or its Global Partners.
- **Supplier B Corp Engagement:** Engage and support your suppliers in undertaking the B Impact Assessment and pursuing B Corp Certification.
- **Case Studies:** Publish case studies or white papers detailing the internal change management tactics, operational strategies, and resources employed to achieve your aspirational goals; and within these documents, link back to the B Corporation values and community.
- Provide access to financial and industry technical support for our Standards Development to create additional level addenda (eg in Financial services, food, finance, healthcare)