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B Corp certification in Europe: An analysis of impact and growth opportunities

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Abstract

Over the last decade, companies have faced increasing pressure to adopt a 'triple bottom line' mentality, leading to the expansion of hybrid enterprises. The challenge to demonstrate the authenticity of ethical practices resulted in the growing popularity of the B Corp certificate. It holistically assesses social and environmental contributions, creating a movement of businesses 'as a force for good'. As the US label is less widespread in Europe, this study examines the impact of certification on European B Corps, highlighting factors that might enhance or diminish certification benefits. Moreover, it provides an analysis of the certificate's growth prospects and challenges.

Keywords

Social Entrepreneurship, Hybrid Organisation, B Corp Certification, B Lab, B Corp Movement Europe, Certification Effects, Growth Challenges

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1. Introduction

Environmental degradation, over-consumption, inequality, and human rights violations are global issues that can no longer be ignored. Corporations are increasingly accused of not taking responsibility for their contribution through their restless pursuit of profits that are distributed to shareholders. In other words, over the last decade, the corporate landscape has been confronted with the question whether the purpose of companies can lay in the maximisation of shareholder value alone (Stout 2012). Reinforced by corporate scandals, the growing stakeholder awareness of corporate responsibility prompted companies to adopt a ‘triple bottom line’ mindset. This facilitated the proliferation of hybrid enterprises that pursue social and environmental goals alongside financial ones (Kim et al. 2016; Doherty, Haugh, and Lyon 2014, 417–436). Meanwhile, sustainability advertising has entered the mainstream. Hence, hybrid enterprises are not only fighting to succeed beyond serving small ‘niche segments’, but they are also seeking ways to demonstrate authenticity and credibility (Santos, Pache, and Birkholz 2015, 36–58). In this regard, third-party certification gained in importance (Chauhan and O’Neill 2020).

In the complex system of certificates, B Corporations (B Corps) are pointed out as a “ray of hope” that shows how companies can be “the best for the world” while being the “best in the world”, therefore demonstrating the achievability of a new paradigm (Elkington 2018). Certified B Corporations are for-profit organisations that balance profit and purpose. Specifically, companies are certified based on how they create value for non-shareholding stakeholders, such as their employees, the local community, and the environment (B Lab 2021a). With this certificate, the responsible non-profit organisation B Lab aims to promote the development of more ethical businesses. Although B Corp was only introduced in 2007, the movement has expanded rapidly, with over 4,200 organisations now being certified worldwide (B Lab 2021b). However, the B Corp label is significantly less established in Europe than it is in the United States as the country of origin (Bianchi, Reyes, and Devenin 2020, 1445–1453).

Since revenue growth and business expansion remain among the goals of hybrid enterprises (Schönherr, Findler, and Martinuzzi 2017, 33–47), it is anticipated that companies are more likely to pursue ethical objectives and seek verification if the generation of business value is expected. Public awareness of the certificate in Europe is still limited and the network of certified companies small. Therefore, it is not clear what impact the certification has on European companies. By exploring the effects and challenges experienced by eleven certified European companies, this study aims to better understand the potential for companies to join the movement as early adopters. The following research questions are explored:

- To which extent can European companies benefit from the certificate?
- How do European companies evaluate the challenges of the certificate to grow in Europe?

To achieve this objective, the research draws on data obtained through in-depth interviews. The study contributes to academia by providing missing insights into the certification of B Corporations and early-stage certification (e.g., Busco et al. 2017; Stubbs 2018, 63–84; Gazzola et al. 2019, 1435–1445). Especially since B Corp literature mainly focuses on the United States, a lack of research on the phenomena in Europe has been repeatedly pointed out (López-Navarro et al. 2018). Moreover, the study serves companies to better understand the potential of B Corp certification, and it provides recommendations to B Lab as the certifying institution.

First, background knowledge for this study is given by reviewing existing literature. Second, the study methodology is outlined. Third, findings are summarised with respect to the certificate's impact on B Corps in Europe, as well as its challenges to grow. Subsequently, the potential of B Corp is assessed in relation to the research questions. Fourth, a new theoretical framework is presented that emerges from the research findings. Fifth, the results are discussed and related to the findings from previous literature. Subsequently, the limitations of the study and suggestions for future research are discussed before elaborating on the research implications in more detail. The study closes by providing a brief conclusion.

1.1. The hybridisation movement

The rise of ecological and social awareness shaped the economic dynamics in the 1960s and 1970s (Haigh et al. 2015, 5–12). Since then, the market experienced a transition from its traditional configuration with clear lines defining for-profit and non-profit organisations to less clearly defined boundaries, referred to as the ‘hybridisation movement’ (Battilana et al. 2012, 50–55). This transformation was fuelled by the intensifying discussions about climate change and environmental degradation. Apart from that, corporate scandals have grown in scope and impact, especially since the global financial crash of 2008, pointing to transparency failures such as internal fraud, tax evasion, and the spread of misinformation (Villela, Bulgacov, and Morgan 2019, 343–357). Consequently, the validity of shareholder primacy and the goal of maximising the wealth of shareholders at the expense of other stakeholders has been increasingly challenged. Companies have come under pressure to respond to growing stakeholder expectations to make a positive contribution to the environment and society (Buchholz et al. 2020, 8420). One consequence has been the growth of hybrid enterprises, which combine features of for-profit and non-profit organisations (Ebrahim et al. 2014, 81–100). In their quest to remain relevant in the customers’ eyes, traditional for-profit organisations reacted by shifting their focus to Corporate Social Responsibility (CSR) practices, incorporating ESG frameworks, and impact management into their common managerial jargon (Russo and Perrini 2010, 207–221). Larry Fink, BlackRock’s CEO and a leading fund manager, announced in 2018 that “in less than five years, all companies will be assessed according to ESG criteria” (Diez-Busto, Sanchez-Ruiz, and Fernandez-Laviada 2021, 2508). Hence, also investors are adapting the way a company's potential is measured. The COVID-19 pandemic has accelerated this shift in awareness (Moore 2020). Now more than ever, it is necessary for companies to get involved and put social and environmental impacts at the core of their operations (Diez-Busto et al. 2021, 2508). As of today, a variety of hybrid organisations are remarkably successful, such as Patagonia, Ben & Jerry’s, and The Body Shop. Still, hybrids seeking to combine multiple goals face internal and external

tensions (Battilana and Lee 2014, 397–441). Apart from successful stakeholder management, impact measurement and the question of legitimacy are among the challenges that hybrid enterprises must address (Ebrahim et al. 2014, 81–100; Battilana and Lee 2014, 397–441).

1.2. The B Corp certification

About impact certification and B Corp

Companies increasingly advertise with their green credentials and ethical practices to such an extent that consumers critically question the authenticity of change (Hota, Subramanian, and Narayanamurthy 2019, 89–114). Hence, the idea of hybridity creates the necessity to critically evaluate those enterprises from a business ethics perspective (Hota et al. 2019, 89–114). One strategy to address this question of legitimacy is through third-party verification of ethical or sustainability practices, which also offers the possibility of market differentiation (Cao et al. 2017, 1–38). The B Corp movement was created by the US-based non-profit organisation B Lab in 2007. Compared to most certificates, the B Corp certification is described as a holistic certificate where the entire organisation is assessed rather than a single activity or product. In fact, the verifying institution B Lab defines B Corps as “businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose” (B Lab 2021c). As B Corps are for-profit companies integrating ethical goals into their business model, they are considered role models for hybrid organisations (Reiser 2012, 591–625).

B Corp’s global presence

The B Corp certificate has expanded rapidly, and B Lab currently operates in more than 75 countries, certifying companies from over 150 different industries (B Corp Europe 2021). Appendix A visualises B Corp’s speed of growth over time. The movement only reached Europe through The Netherlands and Belgium in 2015, eight years after its launch (B Lab Europe 2021). To date, only about 900 of the 4,200 certified companies worldwide are based in Europe, and they are distributed across 22 countries (B Corp Europe 2021; B Lab 2021b). Although any

company, regardless of its size, legal structure, or industry, can certify, most B Corps are privately held small and medium-sized businesses (Kim et al. 2016). Recently, popular companies such as the Weleda Group, Chloé, Ace & Tate, and Moodle Pty have joined the movement (B Lab 2021d).

Requirements and certification process

To be eligible for certification, a firm must first complete a B Impact Assessment (BIA). This is a free and publicly available self-assessment designed to measure a company's impact, taking into account its daily operations and business model (B Lab 2021e). Five impact areas are considered: Environment, community, consumers, workers, and governance (B Lab 2021c). Each area contains a set of questions with specific weightings. Overall, companies must score a minimum of 80 out of 200 points. Once reaching this threshold, B Lab verifies this score in a rigorous audit process for which various supporting documents are required. If successful, companies must amend their corporate charter to explicitly commit to the interests of all stakeholders in the board's fiduciary duties. Moreover, an annual fee needs to be paid to B Lab, which is tied to a company's annual turnover (B Lab 2021f). Certification is valid for three years, and after this period, a company must pass the BIA again (B Lab 2021f). Additionally, each year, 10% of B Corps are audited by B Lab to ensure that they are meeting their obligations (B Lab 2021e). These steps demonstrate that a firm is following a fundamentally different governance philosophy than a traditional shareholder-centred corporation (Kim et al. 2016).

2. Methodology

2.1. Research design

The qualitative research design was found to be most appropriate to understand the values and perceptions underlying the reported experiences, especially since the research questions were largely unexplored in this setting. Additionally, this way, the respective corporate context could be better understood. Adopting an exploratory strategy helped to remain flexible and to shift the research focus as the study progressed (Morris and Wood 1991, 259–282). The research was

mainly inductive, starting from specific observations to develop a broader theory (Saunders, Lewis, and Thornhill 2009). Nevertheless, elements derived from existing research were merged with new observations to achieve a clear understanding of the phenomena (Murphy, Klotz, and Kreiner 2017, 291–305). Following Eisenhardt (1989, 532–550), a multiple case study approach was selected to investigate similarities and differences between cases and to develop a conceptual framework. In addition to the primary data, secondary data was collected to improve confirmability through data triangulation (Lincoln and Guba 1985). Therefore, online sources were investigated, and companies were asked for complementary data (see Appendix B). Since previous insights were poor, the Grounded Theory approach was chosen, in which open questions are formulated (Sbaraini et al. 2011, 128-137). Thus, data collection began without the establishment of an initial theoretical framework; instead, a theory was developed as a result of the data analysis (Saunders, Lewis, and Thornhill 2009). The risk and drawbacks of such an approach have been carefully considered, as addressed in the limitations.

2.2. Sample selection

The cases were selected following the Eisenhardt (1989, 532–550) principle of theoretical sampling, which constrains extraneous variation and sharpens external validity. While the study only includes B Corporations in Europe, the sample is additionally constrained by the industries of manufacturing, wholesale, and retail. Firstly, the industry limitation was adopted based on the assumption that supply chain effects and interconnectivity between companies amplify the certificate's relevance more than in other sectors, such as the consulting or service industry. Secondly, operations that must be adapted to meet certification standards were believed to be more complex, therefore making the cases more interesting. Thirdly, improved comparability between the cases was intended. Additionally, companies have in common that they have been certified for at least ten months. This way, they could share their journey beyond the initial certification. Over 90 companies were contacted via LinkedIn, email, and phone. The final

sample includes eleven companies, which is slightly more than Eisenhardt's (1989, 532–550) recommended number of four to ten cases. The companies are based in eight different countries, and company sizes differ strongly, currently employing between three and 600 people. The fact that the companies are located in different European countries makes the sample more representative of the whole of Europe, and the common type of B Corp is represented in the sample by predominantly including small and medium-sized enterprises (Kim et al. 2016). Furthermore, when contacting small companies, the chance of reaching respondents in leadership positions was increased. More detailed sample characteristics are summarised in Appendix C. In the past, companies had to recertify every two years instead of three, and seven companies have been through this process already. No organisation has waived recertification.

2.3. Data collection and analysis

The data collection process consisted of qualitative interviews, which took place via video call between October 11th and November 9th. The interviewees were mainly CEOs and founders (see Appendix C), and all respondents were highly involved in the B Corp certification. Commonly, they were contacted directly, but some connections were made through their colleagues. The interviews were recorded with the interviewees' consent to transliterate and analyse the audio files subsequently. Respondents received the interview guide in advance and were simultaneously informed that company identifiers would only be included if the respondent explicitly agreed to the final document containing the proposed interview and company data (see Appendix D). On average, the interviews took 42 minutes. The research was carried out by conducting semi-structured in-depth interviews with open-ended questions to ensure non-biased responses. The general direction was guided but remained flexible enough to include clarifying questions. The question order could be modified within each interview to seamlessly guide through the topics of interest. In the beginning, some contextual factors and the business model were partially discussed. In the end, respondents had the opportunity to add relevant points that

were not yet covered by the questions. Appendix E contains the guiding questionnaire, which was slightly adapted over time as the research questions underwent modifications. The interviews were conducted predominantly in English. In the four cases in which the German language was preferred, the transcriptions were subsequently translated. Following Eisenhardt's approach (1989, 532–550), a coding process was used after analysing each case to identify similarities and differences. Specifically, the data analysis method suggested by Gioia was applied (Gioia et al. 2013, 15–31). This type of analysis starts from a more inductive, data-driven approach and evolves into a more abductive approach where conceptual categories emerge from the data and are linked to previous research (ibid).

3. Findings

The aim of this chapter is to present the key findings. First, the impact of B Corp certification on companies is assessed by distinguishing between the impact of the certificate itself and the impact of benchmarking using the BIA. Thereafter, findings on the challenges for B Corp and its growth in Europe are provided. For reasons of anonymity, two company names are replaced by 'C1'/'C2'. The individual cases are summarized in Appendix F.

3.1. Impact of the certificate

Respondents were interviewed about the effect the certificate has on the business. The described results should be considered in conjunction with the data analysis table in Appendix G.

Community: Respondents repeatedly stressed that by certifying B Corp, a company becomes part of a 'movement' and a community. This enhances the exchange of best practices while meeting and motivating each other to "explore how [they] take this to the next level", as stressed by the J. Kraft Group. Skagerak had a similar experience, as they are proven that "it is possible (...) to be profitable and have an impact". Ramborn and the J. Kraft Group highlighted that they attend B Lab's leadership programs. Community membership also implies business collaboration. For Wehlers, this already had significant implications: "The first significant order I got for chairs

was from a fellow B Corp.” C2 pointed out that they “buy from B Corp wherever they can”, listing office supplies as examples. According to the J. Kraft Group, companies are even working on setting up a network where B Corps can provide discounts to one another. Despite those positive experiences, attitudes towards network benefits are diverse. The community in the Nordic countries was described as extremely positive. In contrast, almost no activity was reported in Austria. Despite its positive view on the certificate, LIM Cosmetics feels frustrated: “What annoys me a bit is that it was planned to really establish a movement, (...) but they dropped it relatively quickly.” C1 from Germany described the community as “not near as strong as other communities”, while Agri Marketplace from Portugal and Parafina from Spain stressed that it will still take time to build a significantly large network.

Marketing & sales: In the case of Ramborn, the certificate enhances external visibility, as they are now working on a biodiversity project together with the EU. Turning into a B Corp not only enhances their storytelling, but it also results in decreased marketing spendings, as “people started talking about [them]”. Parafina’s website tracking reveals that people are interested in the certification, and customers come directly through the B Corp website. It also helps their B2B business, from distributors to shops, as those are “usually asking for certificates”. According to Agri Marketplace, opportunities arise to present the company inside the B Corp network and at international events, pointing out presentations at universities. For Ramborn, the certification even helped to close a “really big” contract with the state of Luxemburg, delivering “pallets a week” of juices to public institutions. Berlin Organics and Ramborn both stressed the benefit of differentiation as early adopters. Berlin Organics described: “We can benefit more at that stage – rather than when ten thousands of companies have [the certificate] already (...). Then we would not be that unique anymore”. Ramborn shares this perspective by pointing out that retailers are also aiming at differentiation: “And how can you do that? By offering organic products? Everybody is doing that today!” Again, despite those positive experiences, most companies

expressed significant doubts about the label's marketing and sales effects, as the label is not known enough (Wehlers, C1, LIM Cosmetics, and the J. Kraft Group). Still, C1, for instance, acknowledges a certain signalling effect: "The effect is certainly that one believes us more." Berlin Organics made a similar claim: "Even if people do not know the certificate yet, (...) it is perceived positively". Several companies, including Parafina, found that end consumers are not aware of B Corp yet, but more companies are starting to look into it. Ramborn added that retailers are being increasingly confronted with impact products so that "the label will help them decide which products to put on their shelves."

Investor attraction: Several companies pointed out that some funds are now particularly keen to invest in sustainable companies, which adds value to the certificate. Furthermore, opportunities are believed to increase with venture capital funds certifying themselves, being especially interested in other B Corps. However, Agri Marketplace was the only company explicitly stating that they "have been contacted from some [investors] due to the fact that [they] are certified". In contrast, the J. Kraft Group, Wehlers, and HELIOZ expressed that they do not feel any direct positive effect because of being B Corp. Still, Wehlers uses its B Corp status to "tell their story". LIM Cosmetics pointed out the label's international relevance, as US investors know it.

Employee involvement & recruiting: HELIOZ believes that for owner-managed companies, the fact that employees are involved in the certification process can trigger real enthusiasm for the possibility of moving the company in a "better direction". This is especially the case as employees can have a say in areas where they are not usually involved. Although the respondent did not refer to his own small business, he claimed to have noticed this in other companies. According to Ramborn, an internal survey proved that employees have extensive knowledge about the company's impact. The appreciation from the press makes them even more proud to work for the company. On the other hand, the J. Kraft Group noted that the certification can also be a challenge with the existing team. While the documentation is lengthy, the effects are felt

only in the long term. Therefore, the respondent described that employees wonder: “But what happened? I'm still in the same chair.” However, the area on which companies agree most is the attraction and hiring of staff. C1, for instance, explained: “There are definitely a lot of people who are looking for a job with more impact.” Ramborn also notices this increased interest in the rise of impact questions and sees this as a “big chance” to “get the ones who are really (...) interested in having an impact”. Only Wehlers and Skagerak agreed on this more softly, stressing that the lines between corporate values and the certificate are blurred.

Influential power: Multiple respondents see one of the benefits of the certificate in the company's increased ability to “put pressure on suppliers” to improve their ethical practices, as shared by C2, the J. Kraft Group, and Ramborn. When Ramborn as a cider and juice manufacturer, encouraged one of their biggest suppliers to certify organic, not only could the farmer benefit, but Ramborn could start selling in specialised shops as a result. However, it does not end with business partners. Instead, most companies claimed to inspire other companies to certify or even just to use the publicly available BIA, e.g., the Kraft Group and Ramborn. Ramborn explained: “We are in a climate crisis, in a biodiversity crisis. We are trying to convince everybody to change their way of doing things (...) And we want to show them with our company how we changed and what we have achieved in a transparent way.” Having the same intention, C2 described that next to other companies, they also talk to their competitors. They created an easy-to-use tool to track performance in each office and set improvements based on the BIA. They make it publicly available on their website, encouraging other companies to use it.

As briefly mentioned before, distinguishing the impact of the certificate from general company values remains challenging, especially when judging effects on marketing, sales, investors, and employee attraction. This high level of interconnectivity has been repeatedly pointed out.

3.2. Impact of the B Impact Assessment (BIA)

In addition to the impact of the label, the companies also claimed to benefit from the self-assessment itself. The results are based on the data structure in Appendix H.

Self-reflection & impact tracking: By stimulating a process of self-reflection, the BIA seems to help companies better understand how the company values are put into practice. C1 explained: “[Certification] forces you to go through this assessment. You could also do everything with a book, but you just don't do that.” This is representative of the claims made by many other respondents. Ramborn and C1 also noted that it is “extremely easy to derive KPIs and matrixes from the assessment”. C2, as the largest business in the sample, described that the BIA is even part of the company's scorecard, to which the employees' bonuses are linked. Ramborn explained: “We learned quite a lot by doing this certification and, today, I'm saying it's not a certification. It's a management tool, which helps you to turn around your company and to create a product which is economically sound.” In most interviews, it was expressed that the resulting recommendations are used to implement changes, which they were asked to specify.

Improved documentation: On the one hand, documentation seems to make up a large part of the certification, going beyond the collection of proof. Companies like Wehlers and C1 reported creating employee handbooks with descriptions of how their values are put into practice and adapted descriptions of why they are in business.

Inspiration for operational adjustments: On the other hand, respondents explained how they improve products based on the assessment, how new revenue streams can be developed, and how companies are becoming more considerate of their employees and the environment. With respect to the environment, multiple companies pointed towards efforts to improve their carbon footprint and energy consumption, partially involving their whole supply chain and customers. Additionally, Berlin Organics got inspired to make the product's packaging more sustainable. While C2 works on making their offices more sustainable, others got inspired to sign the Net

Zero 2030 agreement, such as Wehlers, Skagerak, and Agri Marketplace. Apart from that, Ramborn started to produce juice next to the initial alcoholic beverages, which is now sold nearly as much as cider. To support farmers, they have expanded their business to include a gardening service, which now accounts for 10% of their turnover. Furthermore, they are now working on a business plan for an improved waste-management strategy. Lastly, changes in the workplace include Parafina working towards greater diversity in the team and Skagerak offering collective rather than individual bonuses while encouraging charity work during working hours.

However, the extent to which changes are implemented seems to differ. Agri Marketplace noted: “I cannot improve on all subjects where I need to invest a lot, and I cannot change completely what I'm doing. I think it's the balance of trying to improve on our certification (...) and to grow our business.” Therefore, especially for small companies, a certain trade-off due to limited resources might be experienced. LIM Cosmetics agrees by claiming that they “don't have the resources to commit to working out a 50-page document to then get two points more”. Instead, they stated: “For us it was more an affirmation of what we do and not a mean to change anything really, as it can be the case in big companies.” HELIOZ takes a similar position.

In general terms, the interviews clarified that the B Corp certificate is more than just a label. C1 expressed that the “real, real, real possible benefit from the assessment doesn't actually come from the label at all”, and multiple other respondents expressed a similar view. As explained by Ramborn, companies share the belief that only by respecting social values companies are “bulletproof for the future”. To consider the different aspects of ethical behaviour, according to the respondents, this ‘holistic view’ is required. Apart from that, companies seem to value the fact that the certificate is not a one-time assessment, thus enhancing continuous improvement. Even though the assessment is described to be extremely time-consuming, many use it more than required by B Lab. Still, small companies in particular struggle with the questionnaire due to limited capacity. Therefore, some improvements were also more impactful than others.

3.3. Challenges of the certificate

Concerns about B Corp were repeatedly raised in the interviews, many of which implicitly criticised B Lab. Therefore, it was noted that the potential that the certificate offers to businesses will largely depend on how B Lab will continue operating in the future. The issues raised are listed in Appendix I, and only an extract of repeatedly described concerns is described in this section. The statements remain largely anonymous due to the higher level of sensitivity.

Stagnating recognition: Firstly, the lack of activity of B Lab is viewed negatively by many companies, especially in Austria. In this context, respondents pointed at B Lab's role to stimulate the network of certified companies, to grow the movement and spread the word to companies and consumers. LIM Cosmetics explained their disappointment by stating that the organisation's initial enthusiasm had raised great expectations. Apart from that, almost all interviewees expressed that large companies must join the movement. On the one hand, the certificate would become more well-known; on the other hand, the larger the businesses, the higher the potential to "make a difference". LIM Cosmetics shared this notion: "We as small companies are partly there to point the finger so that large companies become sustainable." Given B Lab's limited resources as an NGO, many respondents believe that one of the biggest obstacles to B Corp's growth is "the number of people to get all this organised". Several comments indicated that it can take several months for B Lab to respond, which causes frustration. One interviewee described: "Especially in a big company they're no longer interested if it takes three months. (...) So if no one seems to be interested from their side, then they lose many, many companies." Moreover, there is criticism that the communication about B Corp is too complex so that the concept of B Corp is not easy to understand. Finally, respondents noted that certified B Corps themselves do not communicate the issue sufficiently, which is also an incentive problem.

Incentive challenges: It was criticised that the BIA "rewards improvements more than being good", which partly creates wrong incentives for companies aiming for a higher score. Apart

from that, one interviewee shared that political involvement of B Lab would significantly increase the incentive for companies to get certified. Similar to the United States, this could be done through government subsidies or tax benefits offered to certified companies.

Comparability: With the BIA being developed in the US, respondents frequently described a lack of regionalisation in the questions, criticising the scoring for taking on an "Anglo-Saxon perspective". Specifically, this means that some questions might not be applicable or less relevant in some country contexts due to different legal requirements and cultural norms. For instance, a room for breastfeeding may be less important if mothers have the possibility to stay home, as one respondent pointed out. In a related manner, state laws generally differ in the extent to which ethical corporate behaviour is legally required. Consequently, for companies based in the Nordics or Germany, for instance, achieving the minimum score is significantly less challenging than in some other national contexts. In fact, companies receive points for pension contributions or the number of holidays offered to employees. The incremental adjustments made so far have already been positively received by many.

Methodology & image risk: The most frequent criticism points at the methodology used to evaluate businesses. Specifically, it was described that the scoring only requires a total minimum score. Therefore, companies that perform terribly in one area, e.g., on environmental impact, can still certify if points are collected elsewhere. Hence, despite some "safeguards" to ensure that, for example, companies involved in the trade of weapons cannot certify, companies with "controversial business models" have still been certified and are this way "legitimised" by B Lab. Frequently, the certification of Danone subsidiaries was discussed in this respect. One respondent expressed his deep concern: "I'm uncomfortable being on the same label as Danone, and I also don't want to be perceived in the same category in the supermarket." One company pointed out that Danone subsidiaries were often certified with a score barely above the minimum and receiving points for merely announcing further improvements for the future. The ability to

certify through future pledges was described as a risk for greenwashing activities. While some companies believe the certification of companies that “sell water in plastic bottles” to strongly undermine the label’s credibility, for most companies, the arising opportunities prevail. These include an increasing visibility of B Corp and the possibility to create 'real' impact.

Limited transparency: Lastly, there were various doubts about B Lab's transparency. As a part of this, in the case of corporate scandals, B Lab was accused of remaining largely silent. For instance, when information about Brewdog’s toxic company culture and statements about sexual harassment became public, the consequences for B Lab were unclear: Can a certification be withdrawn? Are companies supported in critical times like this? What is B Lab’s role? An online search was conducted to verify this claim, and no statements were found indeed.

Despite various negative remarks, most companies are confident that the movement will develop positively in the coming years. Therefore, the findings are put into context in the next section.

3.4. Evaluation of B Corp’s potential

Having summarised the interviews’ findings, in this section, the two research questions are addressed, describing to which extent companies can benefit from the certificate before evaluating the perceived challenges for the growth of B Corp in Europe.

Evaluation of certification benefits

Firstly, the study made clear that Europe cannot be seen as a homogenous environment. There are significant cross-country differences, which are addressed later in the context of the model. Overall, the observation that the label is not yet very well-known in Europe causes effects with respect to sales, marketing, and the investor landscape to be limited. There is still a long way to go until consumers pay serious attention to B Corp, but companies, retailers, and also investors slowly seem to learn about it. Despite the label not yet being well-understood, there still seems to be a signalling effect of ‘doing good’. The B Corp network is described as a very important aspect of the label, but in many countries, the communities are still small. While the network in

the Nordics is quite strong and engaged, Portugal and Austria are on the opposite side of the spectrum. In terms of employee attraction and involvement, the certificate appears to make a difference, but this might be perceived more as a positive 'side effect'.

At the current stage, apart from a partially significant network, the benefit might lie mostly in the use of the BIA itself and the idea of differentiation as a forerunner of a movement with significant value in the future. In a market where actors are flooded with signals of sustainability, certification is already believed to contribute to differentiation to some extent by influencing companies, such as retailers. However, to reap the full benefits of differentiation, the label must achieve a higher level of recognition. Therefore, growing the movement is seen as more important than 'standing out' as pioneers of a movement that especially end consumers pay little attention to. This is one of the reasons why a majority welcomes the idea of the certificate becoming much more widespread. Only one company expressed doubts that the wish to certify more and more companies might suggest less consistent audits.

However, B Corps not only encourage other businesses to certify but most claimed to recommend the use of the assessment even in the absence of a certification commitment. Hence, the BIA is highly valued as an impact measurement tool and as a stimulus for companies to self-reflect and improve their impact. Therefore, C2 stated: "I think probably more companies have been positively impacted by B Corp than you think (...), and that's where the great value lies." Even though the BIA can be used independently of certification, we strongly believe that certification has more to offer. On the one hand, the community belonging, and the exchange of best practices seem to encourage companies to continue their efforts of balancing profit and impact, and certification increases the commitment to react on suggestions for improvement. On the other hand, being part of a movement is still believed to add business value in most cases, especially in the long term. The growth of B Corp as a global network is commonly expected to bring "plenty of opportunities" to create synergies or benchmark with other companies.

Evaluation of growth challenges

The B Corp label is expected to be better known in the future as the movement continues to grow, which it currently does at high rates (see Appendix A). However, B Lab itself was found to play a crucial role in shaping the certificate's value moving forward. This includes efforts to increase the label's recognition, to reliably handle certification requests, and to strengthen the network's bond, while setting the right incentives. Apart from that, the challenge is to grow the movement without lowering standards, as only this way authenticity can be ensured. The past gradual changes of the BIA have already been perceived positively. While companies noted that recertification got harder, C1 pointed out that "it has become more difficult to fake it." However, authenticity requires not only a sound methodology for the assessment of companies but also a high degree of transparency coming from the certifying body itself.

Still, companies also partially acknowledged that certified B Corps themselves must make use of their abilities to 'spread the word'. Therefore, the question was posed to which extent companies communicate the label, and online sources were examined to enrich this understanding (see Appendix B and F). While all companies mention B Corp somewhere in their communication, the perception that especially end consumers do not know the label was found to keep many from making B Corp an important part of their marketing strategy. Since this limits the certificate's ability to become better known, a paradox arises. In sum, continuous efforts from not only B Lab but also certified companies are required to ensure success on a larger scale.

B Corps' willingness to recertify

To put our findings into context, the companies' willingness to recertify is considered a strong indicator of the certificate's perceived value and, thus its potential to grow further. While nine companies aim to maintain the B Corp certificate in the future, two expressed doubts. The former stressed their appreciation of B Corp as it helps to communicate what they stand for while serving as a guide for improvement and helping to align with other businesses which share similar values. C2 declared: "So even if no one else became a B Corp after today, I think we would continue to

become and stay a B Corp.” Among the more sceptical respondents, one fears the authenticity of the label to diminish, and they point at arising opportunities when benchmarking against new matrices. The second doubtful voice referred to the movement’s standstill in the country while simultaneously stressing that the business is not making much use of the BIA. Therefore, country context and individual business characteristics are essential to consider.

4. Theoretical framework

The speed at which the movement is growing differs between countries, influencing the potential the label offers for certifying companies. However, more patterns were observed, suggesting the development of a theoretical framework that specifies potential enhancing '(+)' and potential diminishing factors '(-)'. This is an attempt to explain why some companies might benefit from B Corp certification more than others. The figure can be found in a larger format in Appendix J.

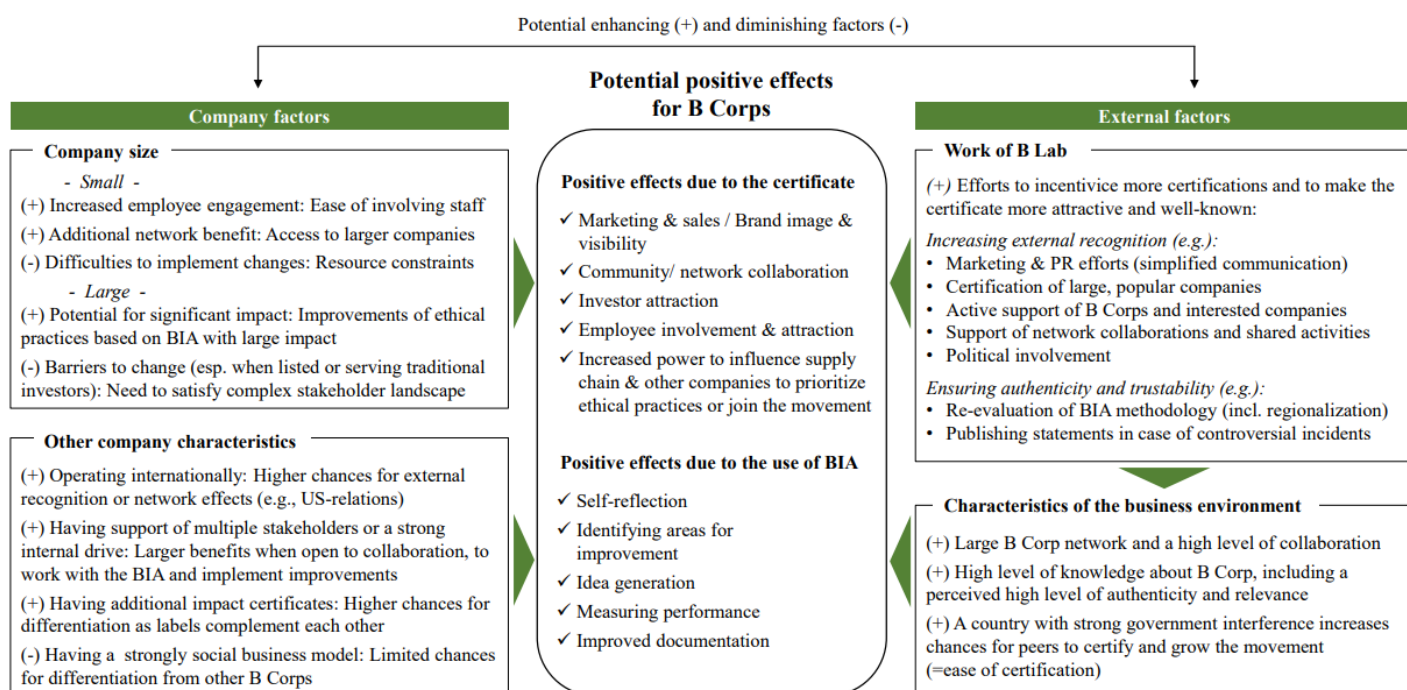


Figure 1: Theoretical framework (developed based on research findings).

The experienced effects from certification seem to be influenced by company-specific factors, such as company size, but also by company-external factors. Each element of the model emerged from interview insights, and only an excerpt is described in detail below.

With respect to the company size, small and large companies seem to face different challenges, but also opportunities. The factors identified specifically for small companies resulted from statements shared by LIM Cosmetics, Parafina, and Agri Marketplace, each employing less than twenty employees. Even though resource constraints are a potential challenge for them to certify and improve, it was expressed that there is no "shortcut" and external help from, e.g., consulting companies "doesn't help at all". However, large companies serving a traditional investor landscape seem to be challenged in a different way due to the multiplicity of stakeholders and potentially conflicting expectations. In this context, it was mentioned that Danone's CEO, who was responsible for the certification, was eventually fired due to shareholder dissatisfaction with the company's performance on the stock market. With respect to 'other company characteristics', operating internationally is believed to increase the potential the certificate offers, as stressed by HELIOZ. This is especially the case for companies in locations of 'secondary interest' to B Lab, such as Austria, where the network is rather inactive and awareness of the label low. For Ramborn, one of the motivations to certify was to have a certification that supports them in finding retailers when expanding abroad. Apart from that, having additional impact certifications is believed to compensate for the fact that B Corp is not very well known, yet reflecting something positive. Ramborn described: "We are B Corp and will then get also organic products, which will give us a huge advantage over other companies to go into the shops; because if you have both certifications, it's much easier to go into retail - into the specialised shops." Furthermore, the certificate might not allow for sufficient differentiation for companies that have strongly impact-driven business models. C1 pointed out: "I don't think that people (...) can make a difference between us having 115 points and Danone having 80 points." Apart from that, the work of B Lab significantly contributes to the growth of the movement, the certificate's external recognition, and perceived authenticity. In other words, B Lab also affects the business environment that companies find themselves in. However, it also affects the potential offered to a company directly, as they are also the certifying institution that decides over (re)certifications

and how impact is measured. Lastly, different countries allow for different opportunities, which can be found in the model as part of the ‘business environment’. This includes the strength of the network and the extent to which the label is known by the wider public. For instance, within Europe, the most significant number of certified businesses are in the UK, Spain, and Germany, but also Italy, The Netherlands, and France (see Appendix K). The latter three are not part of the sample. HELIOZ described The Netherlands as a good example for a country where the B Corp label is found on various products, making it easier for consumers “who really care” to choose a product. Apart from that, the extent to which B Lab is active plays a role together with the support of national laws to reach the minimum threshold.

In summary, the model suggests that companies can benefit from the certificate in multiple ways, even if it is not yet very well-established in the European context. The potential for positive effects is enhanced or mitigated by company factors and external factors. However, more future research is needed to validate and further develop this framework.

5. Discussion

5.1. Comparison to previous literature

Previous literature, mainly focused on the US, describes that certifying B Corp brings several reputational and legitimacy benefits, among other advantages, with some studies reporting on financial gains (e.g., Gehman and Grimes 2017, 2294–2320; Conger et al. 2018, 179–206; Parker et al. 2019, 57–77). While the positive effects are largely consistent with the results of this study, reputational gains were severely limited by the certificate’s low level of recognition in Europe. Therefore, resulting financial benefits are currently relatively rare. However, by exploring companies’ motivations to certify, it was found that most did not seem to have this expectation in the first place (see Appendix L1,2). In line with the current study, some research previously concluded that the certificate does not only serve as a visual classification for the type of companies that B Corps are. Instead, the BIA has previously been recognised as a tool for change,

positively affecting accountability and corporate governance (Gehman, Grimes, and Cao 2019, 97-101; Nigri, Del Baldo, and Agulini 2020, 2368– 2380). However, in this research, reported changes resulting from the BIA were partially strongly incremental and pragmatic. Accordingly, Parker et al. (2019, 57–77) already found that organisations vary in their capability to reconfigure their practices in line with B Lab’s requirements. Building up on this, the current study suggests that benefits resulting from the BIA do not only depend on the availability of resources. Instead, the leadership’s willingness to recognise the opportunity for continuous improvement and to allocate resources accordingly is equally important. Some of the changes suggested by the assessment focus heavily on documentation efforts. Hence, not all ‘improvements’ lead directly to what is commonly understood as ‘impact’, which critics might describe as undermining B Lab's mission to encourage the development of ethical business practices.

While prior research on B Corps primarily addresses the motivations for certification and its implications, studies mostly focus on the US (Busco et al. 2017). Apart from that, efforts to identify differentiating factors influencing perceived benefits to businesses have been poor and have rarely gone beyond highlighting possible differences between, e.g., smaller and larger enterprises. Concerning the certificate’s challenges, there are a few published articles that express critical thoughts on B Corp from an external perspective (O'Regan 2019). However, according to our analysis, literature disregards the views of certified companies on growth challenges or opinions on the role of B Lab itself, especially not in the context of Europe.

5.2. Limitations and further research

The research is subject to limitations. Firstly, qualitative research and multiple case studies are criticised for the subjectivity of interpretation and limited possibilities to generalise due to small sample sizes (Bell et al. 2019). Therefore, future research suggestions are essential. Moreover, respondents may be positively biased towards their companies’ handling of impact, potentially portraying experiences with the certificate more positively. To limit the distortion of views, the

option of anonymity was granted to counteract sensitivity biases. Furthermore, the information deemed representative of a company was based on a single participant, but typically one who holds a management position. The opportunities for data triangulation were limited, especially since companies are mostly small, offering little available support material. Moreover, caution in the finding's interpretation is suggested with respect to the certificate's impact due to blurred lines between effects resulting from corporate values and those of the certificate. Lastly, due to cross-country differences, theoretical saturation was not achieved (Glaser and Strauss 1967).

The study contains suggestions for future research. Importantly, further studies are needed to validate and adjust the proposed theoretical framework. In this regard, additional work is necessary to better understand the differences between European countries. Since, for instance, a strong B Corp network was reported in the Nordics, where the number of certified B Corps is rather small (see Appendix K), the current study suggests that the network's strength does not only depend on the number of companies certified within a geographic region. Hence, factors that influence network benefits must be better understood. Moreover, an attempt should be made to determine the relationship between the network's strength and a company's motivation to implement impact enhancements. In addition, insights into communication efforts by B Corps are deemed useful to understand their contribution to 'spread the word'. Academics are advised to take into consideration the developing role of B Lab in future studies. Finally, research must go beyond only a limited number of case studies.

5.3. Implications

As previously mentioned, the study provides missing insights in the field of hybrid enterprises, early-stage certification, and B Corporations (e.g., Stubbs 2016; Santos et al. 2015, 36–58). Moreover, since the research sheds light on the potential of the B Corp certification for early adopters in Europe, the results are highly relevant to hybrid enterprises that aim to verify their ethical efforts or are looking for opportunities to increase their impact. Furthermore, this research

can enhance B Lab's understanding of issues that might influence their success moving forward. This is especially important as the organisation's operations seem to be a bottleneck to the growth of B Corp and the value of the label. In fact, some respondents explicitly expressed their wish to forward this study to B Lab. Apart from that, companies requested access to the final results, as their information on other companies' perceptions and experiences are limited. Governments might be additional stakeholders in this research on a more abstract level since they may be interested in adopting policies that influence what kind of businesses are attracted. After all, supporting sustainable and ethical practices is critical to achieving national sustainability goals and crucial for the future of people and the planet.

6. Conclusion

The study was conducted to better understand the benefit of certification for B Corps in Europe and to identify challenges for the certificate's growth. While the variety of impact certifications seems infinite, the B Corps certificate differs in that it does not evaluate products. Instead, entire companies are holistically assessed through a 360-degree evaluation. The established framework suggests factors that help to better understand differences across individual cases. In general, however, companies pioneering B Corp certification in Europe cannot currently expect the same benefit as companies in the US, where the label is widely known and supported by the government. Still, the movement and network in Europe are growing rapidly, as is the label's visibility. Even now, the certificate signals what companies stand for and it helps to differentiate them from the ordinary. However, most importantly, certification provides guidance to improve on impact. Although B Lab faces the challenge of scaling up the movement while remaining credible, companies' enthusiasm for the certificate is high. As environmental concerns and the role of businesses in society are increasingly subjects of political debate, stakeholders will increasingly demand evidence of a company's ethical contribution. After all, tomorrow's leading companies are expected to be those that have a clear purpose and create shared value.

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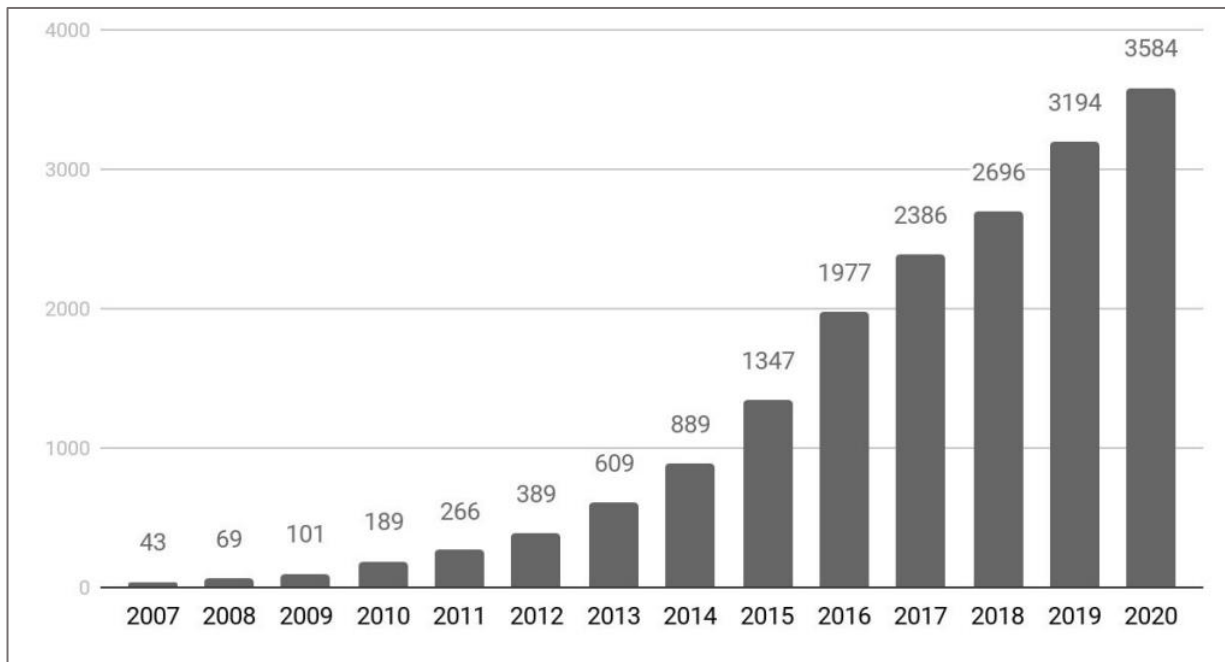
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7. Appendices

Appendix A: Global growth of the B Corp movement over time



Source: B Corp Europe (2021).

Appendix B: Data quality and triangulation

The research draws on data obtained through in-depth interviews. The interview transcripts are available for NOVA SBE employees upon request.

The document '[data triangulation](#)' (*link will expire after four weeks*) includes additional data sources regarding the following:

- Additional sources providing information on B Corps
- Previous interviews on B Corp provided by companies that are part of the sample
- An analysis of company websites and social media channels to gain additional information related to B Corp and to better understand the extent to which B Corp is actively communicated. Information on communication was compared to statements made by respondents within the interviews. These results are briefly addressed within the individual case summaries in the section "Communication and activities" (Appendix F).

Appendix C: Sample characteristics

Company location	# Current employees	Industry	Certification	Interview contact
Germany (2)	5-10 (3)	Food & beverages (3)	2015 (1)	Founder (5)
Denmark (2)	11-20 (5)	furniture & interior (2)	2016 (2)	Founder & CEO (2)
Austria (2)	41-50 (1)	skincare & beauty (2)	2017 (3)	CEO (2)
Sweden (1)	61-70 (1)	eyewear (1)	2018 (2)	Head of operations (1)
UK (1)	600 (1)	digital marketplace (1)	2019 (1)	(Former) B Corp
Spain (1)		sustainable water bottles (1)	2020 (1)	Programme Manager (1)
Portugal (1)		water disinfection (1)	2021 (1)	
Luxemburg (1)				

Appendix D: Data treatment

Prior to the interviews, respondents were informed that companies may remain anonymous if preferred. Later, every interviewee received an email including final extracts in which the company names would be mentioned. Information on other companies was protected as part of this process. An explicit and documented agreement was requested for:

- The mentioning of the company name in the interview transcript
- The mentioning of the company name in connection to specific statements
- The mentioning of the company name in the context of the individual case summary

Without this agreement, the companies remained anonymous, limiting company-specific information, and replacing company names with, e.g., Company 1/C1. This was the case for two companies.

Appendix E: Interview questionnaire

Interview remarks:

- The virtual interview will last about 40 minutes. Please let me know if you would like to constrain the session to 30 minutes instead.
- It would be great to turn on cameras. However, I respect any preference.
- To analyse the data, I would like to record the conversation. The recording will not be passed on.
- The extracted data will be used for my academic research only. Your personal name will not be mentioned. The company name and company identifiers will only be included with your explicit permission. Therefore, the document will be made available to you prior to submission.
- You can, of course, leave questions unanswered at any time.

#	Topic	Question	Inspiration / Potential considerations
1	Company context	How many people did the company employ at the point of certification?	
2	Certification motivation & expectations	What was the motivation to certify B Corp? How did the company first learn about B Corp? Were there concrete expected effects? What were potential doubts related to the certification?	1) Reputation-building / improved identity communication 2) Customer increase 3) Employee attraction 4) Investor attraction 5) Company network 6) Cost-cutting 7) Internal alignment
3	Certification process	What needed to be done to achieve B Corp standards? / Were there concrete changes the organisation underwent? How did the company prepare for the certification?	
4		Was there a specific score the company was aiming at?	
5		Did you experience any complications in the certification?	
6	Resulting activities	How was the certification communicated to stakeholders?	
7		Which activities resulted from the certificate or the BIA? (e.g., changes made, projects initiated)	
8	Experienced effects	What were the actual effects of the certification (positive & negative)? Were the initial expectations met?	1) Reputation-building / improved identity communication 2) Customer increase 3) Employee attraction 4) Investor attraction 5) Being part of a movement/company network 6) Cost-cutting 7) Internal alignment
9	Evaluation of the certificate	Are there any aspects of the certificate or the BIA that you particularly like or dislike?	
10		How do you feel about corporates like Danone certifying? What effects do you expect?	
11		What needs to be done for the movement to get bigger? How would the company make use of a larger network?	
12	Future implications	How does the company deal with the recertification? What would be reasons not to recertify?	
13		Is the company considering other certificates (instead)?	

Appendix F: Case summaries

Description: On the following pages, a summary of each case is presented, including:

- *Overview:* A summary of key figures and company details ('certified since': indicates the time when the company was first certified)
- *Description:* A description of the business and its ethical mission
- *Motivation:* A summary of the company's motivation to certify
- *Approach on (re)-certification:* Insights into the company's certification experience and its approach to recertification
- *Communication and activities:* A description of communication efforts on B Corp (combining interview statements and online research) and other activities related to the certificate
- *Effects of the label:* An overview of the experienced effects described
- *Effects of the scoring:* An overview of the effects described resulting from the BIA
- *Criticism:* A description of the critical aspects pointed out in the interview

Interview 1: BO Berlin Organics (40min)

Industry:	Wholesale/retail	Certified since:	2017
Country:	Germany	# Employees (at certification):	3 (1)
Founded:	2015	Current score (initial):	85,4 (83,3)

Description: BO sells organic foods with a focus on nutrient-rich plant-based products. They engage in direct trade of raw materials, which is especially challenging when ordering in small quantities.

Motivation: Initially, BO aimed at certifying their impact in the country of origin. There were no financial expectations, but it was rather about documenting what the business stands for, which they saw represented in B Corp as a holistic certificate. The improved communication of their values targeted society and customers but also trade partners and investors. They expected the label to become more well-known in the future, increasing the benefit of pioneering the movement at the current stage.

Approach on (re)-certification: Other than documentation work, no changes concerning the business model had to be made to certify initially. They recently got recertified and successfully improved their score. They plan to recertify again in 3 years, except in the case of B Corp's public image crashing drastically.

Communication and activities: They communicated the certificate through the press, joined a PR activity by Danone, put the label on their website and other online channels, and now display it on their products. The idea is that interested people can google the label, even if they do not know it. The B Corp community in Germany is described to be "very cool", and they actively engage in B Corp projects that they are enthusiastic about, further "spreading the word."

Effects of the label: For their corporate customers and end consumers, the label appears to be a bonus point, even though most do not know the label yet. Corporate customers frequently leave the title uncommented. Still, they believe a certificate is generally perceived as something positive in Germany. The suppliers are not interested in the label at this point. Apart from that, the attractiveness of the job is assumed to be increased, as people increasingly look for positions with impact.

Effects of the scoring: The scoring includes extensive questions that lead to clarity and inspiration while helping to identify areas for improvement. They got inspired to, e.g., make the packaging more sustainable.

Criticism and evaluation: They do not have a strong critical opinion but only share "small remarks". For instance, some questions in the BA are described to be not well-phrased, and the influence of some questions on the final score is not always intuitive. The current developments with corporates such as Danone certifying are generally perceived positively, stating that B Corp is about improving as a company to do good for the world, independently of its size. The assessment that companies need to go through remains the same. Larger companies can have a larger impact, and it contributes to the label being more well-known. Still, they also see the critical side of it and the potential for an image risk, warning that B Corp needs to be careful that "this does not get out of control". It threatens the label's value and authenticity and causes tensions within the community. They believe that a lot of explaining still needs to be done, and actions must be taken to grow the movement – by certified companies and B Lab, stressing the need for PR work. For them, it would be a "cool scenario" that one day the company landscape for suppliers and customers is certified to such an extent that the wider public pays attention to the label and B Corps do business together.

Interview 2: Wehlers (45min)

Industry:	Wholesale/retail	Certified since:	2016
Country:	Denmark	# Employees (at certification):	5 (1)
Founded:	2014	Current score (initial):	82.9 (97)

Description: Wehlers sells sustainable furniture and accessories. They target a circular economy so that every product is being repaired, resold, or recycled. Therefore, no mixed materials are being used.

Motivation: B Corp gave the founder a sense of purpose when making furniture. After talking to the architects, a market opportunity was identified. B Corp was a great way to certify being green with sustainable profits. They liked to certify the whole company rather than a product. Reputation building was “by far the most important”, and they were interested in exchanges with the community. Still, the label’s low costs also made the label more attractive.

Approach on (re)-certification: They achieved the limit straight away, potentially making them the first certified furniture business. Still, they found it more challenging than expected and quite frustrating due to the detailed questions and answers not always being straightforward. Even though they were sure they wanted to recertify, mainly due to the network, they had some short doubts after experiencing a “people problem” with B Lab. They ended up recertifying with a lower score, despite their feeling of being a much better company. Next year, they aim to recertify again. The only reason not to do so would be a scandal, which they believe to be unlikely.

Communication and activities: Despite not mentioning B Corp on their website, they communicate the certificate in other marketing materials, such as Instagram and LinkedIn.

Effects of the label: They value the “very, very strong” network that shares the same values and exchanges best practices. They got motivated to cut the CO2 emission and engaged in shared projects with other B Corps and the first significant order of chairs they got from a fellow B Corp. In their view, for the end customers, the label is not known enough yet, and nobody is yet demanding to buy from B Corp. They do not have investors yet, but when they are contacted, they use the label to describe what the company stands for. The title also affects the attractiveness as an employer, even though it is difficult to strictly differentiate between label and corporate values. They even consider it more important to have people with the right values than with the right skills.

Effects of the scoring: Due to the BIA, they are now more looking into their CO2 emissions. Additionally, they got inspired to sign the Net Zero 2030 agreement. When traveling, trains are preferred over airplanes, and they aim to reduce waste wherever they can. Due to B Corp, they could improve their description on why they are in business and specified this is an employee handbook.

Criticism and evaluation: Wehlers noted that questions are not always suitable for each business. E.g., with only one employee, they were asked for an employee handbook. The process is described as painful, and the recertification took one year, partially because it took B Lab a long time to respond due to high demand. Still, they appreciate B Lab for the work they put in. Certifications of corporates such as Danone are perceived mostly positively, as it contributes to spreading the word. They advise B Lab to allow B Corps to also certify individual products to directly compete with other product brands. They are proud to be a B Corp, and they like to jointly spread the message. Still, they express that more must be done. Their vision for the future is that every business certifies B Corp and that customers consider B Corp in their buying behaviour.

Interview 3: Ramborn Cider Co. (53min)

Industry:	Manufacturing	Certified since:	2020
Country:	Luxemburg	# Employees (at certification):	6 (6)
Founded:	2015	Current score:	97.0

Description: Ramborn focuses on producing meadow orchard cider and perry. While offering natural products, they work on combating the climate crisis, supporting biodiversity, as well as local economies and communities. In 2021, they were included in B Lab’s list that honours companies that are “Best for the World”.

Motivation: Ramborn got together with the board, shareholders, and the shareholder’s children (16+) to debate certification. They agreed that the values were naturally part of their DNA. The motivation was to improve on storytelling to customers while proving their impact. Due to Luxemburg’s small market, they needed an international certificate to inform retailers, ultimately supporting their aim to export. They valued B Corp’s holistic view at the company level.

Approach on (re)-certification: Getting over the point limit was challenging for them. Now, they aim to stay with B Corp and constantly improve. Especially with retailers certifying they see high value in the label.

Communication and activities: In terms of communication, they stress the certificate on the top of their homepage and provide an extensive explanation on their website while also making the label clearly visible on other channels online. The CEO attended the B Corp leader program, and now other employees do the same. Considering the climate crisis, they aim to inspire other companies with their journey to use the free BIA, also banks and investors.

Effects of the label: The certificate helped to get their first big contract with the state of Luxemburg, now delivering juices to schools, canteens, etc. Additionally, they now work on EU projects on biodiversity. It also helped to influence their supply chain, e.g., to certify organic. The company has gained high esteem, and marketing spendings could be reduced. Annual surveys prove that employees know the impact, and they are proud to work at the company. The label helped to share their story with customers, e.g., at their visitor centre, building a strong community. Additionally, the certificate provides a chance to hire those with the right mindset.

Effects of the scoring: They view B Corp mostly as a management tool rather than a label. They care most about creating impact products, for which KPIs are provided. The BIA provides a clear picture of the company and advice that can define new products. Signing disclosures, e.g., on the use of alcohol, lead them to the idea of producing sustainable juice, which they now sell almost as much as cider. They also started consulting farmers on how to plant or restore old trees. Once they established their own team of gardeners instead, this idea started generating 10% of revenues. Waste management was restructured so that pressed apples go to biogas stations that produce energy. A business plan for this is currently under development.

Criticism and evaluation: They noticed that many shops do not yet accept B Corp impact products but focus on organic products. However, certifying organic on top of being a B Corp is expected to bring an advantage. For them, it is not about “chasing points” but “doing business as a force for good”, creating economically sound products, which they deem to be necessary for companies to be bulletproof for the future. They claim that required initial investments do not imply fewer profits, as companies end up making better products. They believe that suppliers ignoring those developments will fail, and the most profitable companies will be those with impact products. It is stressed that the market will lead people to see the difference between B Corp and organic products, especially as large companies and retailers keep certifying, this way increasing the label's value. A significant shift is expected in the next 2-3 years.

Interview 4: HELIOZ (32min)

Industry:	Manufacturing	Certified since:	2016
Country:	Austria	# Employees (at certification):	13 (9)
Founded:	2010	Current score (initial score):	112.9 (126.3)

Description: The product, WADI, promises affordable water disinfection for the poor. This way, HELIOZ aims to support people from the bottom of the pyramid, enabling them to disinfect large quantities of water and sell it without running costs. They achieved the “Best for the World” award every year due to their outstanding scoring.

Motivation: They got to know B Corp in the US. It was perceived as a good way to display that they operate as a social enterprise. Hence, they encouraged B Corp to enter Europe. There was some hope that this would positively affect the business as they expected the movement to gain momentum in the upcoming years.

Approach on (re)-certification: They are not sure yet if they aim to certify again.

Communication and activities: The certificate is not yet displayed on their website, but the company claims to include the certificate in most marketing documents along with other certificates they have achieved. Due to the standstill of B Corp in Austria, they took another road by co-founding the Social Entrepreneurship Network Austria. They still recommend the label to international businesses, but not to small ones that operate locally in Austria.

Effects of the label: No external effects were noticed, as B Corp “was and still is far too little known”. As a part of this, they claim that it reaches neither customers nor investors, at most in an international context. However, even if only to a limited extent, they could make use of the international B Corp network, meeting up in the Netherlands. This way, some exchange was going on with like-minded people.

Effects of the scoring: They like that B Corp is not just a one-time certification, but that the idea is to improve. Still, they do not use that very much to change. However, they see that going through the questions motivates employees, closer connecting them with the underlying values.

Criticism and evaluation: HELIOZ describes that B Corp has hardly any activity in Austria. When companies aim to certify, they frequently reach out to HELIOZ after failing to reach B Lab. They describe that it takes months for B Lab to respond, and in the meantime, businesses frequently lose interest. They hoped this would gain more momentum and that the certificate would be an acknowledged distinction, as it is in the Netherlands. In Austria, the responsible B Lab staff is missing to spread the word and support. They recommend B Lab to start thinking about advertising to also reach the end customer. They criticise that the questions are still geared towards the Anglo-American mindset, which also distorts comparisons. They find it important to get corporates on board, as they have the capabilities to make a significant change and because they have a larger marketing reach. Finger pointing at companies they see critically, as oftentimes even critics consume exactly those products. If those companies are willing to make a real change, they should be invited to come on board. They do not feel that B Corp will experience reputational issues in the long term. However, the certification of Danone they view critically, especially as it “takes away water from the poor”. The fact that other certifications are becoming more and more relevant might threaten the B Corp certification in the eyes of HELIOZ.

Interview 5: Parafina (35min)

Industry:	Wholesale/retail	Certified since:	2019
Country:	Spain	# Employees (at certification):	17 (11)
Founded:	2014	Current score:	85.9

Description: Parafina sells 100% recycled eco-friendly eyewear. With every pair sold, they support education programs, currently enabling more than 200 people to go to school and then to university with their scholarship money.

Motivation: They aspired to be the first sunglasses brand to have the certificate and at the same time prove that they are doing something different. Previously, there was no comparable certificate, and B Corp seemed to be exactly what they were looking for.

Approach on (re)-certification: From the beginning, they achieved a good score, but some changes were still implemented prior to certification. The process took 3-4 months. Without any doubt, they aim to recertify again next year, trying to increase the score. As the business is small, some areas they will not be able to change, the interviewee said. E.g., they would like to have more diversity on the team, but this cannot be changed from one day to the other. The only thing that can be done straight away is to develop a recruitment strategy for it.

Communication and activities: B Corp is mentioned as part of their company blog, and they claim to display it in catalogues and at events, as well as on their product packaging. They describe to “put it wherever they can put it.”

Effects of the label: Parafina mainly experienced an impact on the customer side. On the one hand, it helped them in their B2B business, from distributors to shops, as those are usually asking for certificates. On the other hand, it supported their B2C and e-commerce business. They tracked how people surf the website and saw that many search for the certificate. Additionally, customers also came directly through the B Corp website. It generally helped to sell the brand. Moreover, they are working on some positive relationships with other B Corps, and they have already worked with some of them, including suppliers and a business doing their CO2 analysis. The impact on the investor side they cannot judge, as they aim to grow organically.

Effects of the scoring: The questionnaire is highly appreciated, and it helped them to take some time to self-reflect actively. They describe that those are the questions that “you should ask yourself every month”. In 2022, they are aiming to reduce their CO2 carbon impact, for which they plan to work out a strategy that simultaneously helps to increase points.

Criticism and evaluation: At this stage, they feel that no one knows about B Corp on the streets, but some companies. Therefore, B Corp must attract big companies to grow and to have a certificate that every customer can identify. They hope that soon, there will be more companies under B Corp because there are various areas that are not covered yet. All businesses are encouraged to do the assessment even if they do not score high enough to be certified, simply because the BIA helps companies to improve their impact. They stress that B Corps have partially high prices due to their ethical practices. This might imply a barrier to do business with one another. COVID-19 is believed to have hurt the movement as events could not take place.

Interview 6: LIM Cosmetics GmbH (28min)

Industry:	Manufacturing	Certified since:	2017
Country:	Austria	# Employees (at certification):	17 (12)
Founded:	2009	Current score (initial score):	80.5 (96.2)

Description: LIM Cosmetics offers hair care and styling products, combining functionality and simplicity, beauty and health, ethics and aesthetics.

Motivation: Being involved with the “Tonic Media Network” they discussed how to measure sustainability. In this context, US participants pointed out B Corp. In 2016, they took an investor on board who also pushed the topic. As sustainability is part of their DNA and they aimed at making their impact measurable, they decided to certify. Even though it was not decisive, they hoped that B Corp would have an advertising effect,

Approach on (re)-certification: Due to extensive documentation efforts and limited capacity, they simply aimed to achieve the threshold, and recertification was perceived as even more difficult. In either certification, they worked on extensive documentation, but they did not change the content of their business. They aim to stay with B Corp in the future, and LIM Cosmetics believes there is currently no better certificate that works internationally.

Communication and activities: They communicate the topic of B Corp, e.g., on their website and on their blog, as they describe it as something they believe in. In the beginning, they hosted one B Corp dinner in Austria, but nothing developed out of it.

Effects of the label: They do not believe the label to have a significant external effect, especially not on marketing. However, they do believe that it enhances their authenticity. The network in Austria is described as “very, very, very limited”. On the investor's side, they would only expect an effect if they aimed at the US and England, where they would know about B Corp.

Effects of the scoring: They did not change the way they operate since becoming certified. For them, it was more an affirmation of what they do and not a tool to change. They find it good to see where they could change things. Still, spending more time on documentation and other activities to simply collect points is not feasible, as internal resources are limited. They instead believe in their natural company DNA, their products, and their authenticity. However, for larger companies, they find it reasonable to use B Corp to pursue a change process in the company.

Criticism and evaluation: They are disappointed by the fact that Austria has been a bit forgotten in the establishment of a movement by B Lab. This was initially announced and dropped quickly. They express that there is “nothing at all in Austria.” Therefore, B Corp is advised to start doing something in terms of advertising and marketing, even if Austria is a country of secondary interest. Generally, they believe that B Corp needs to get involved at the political level so that, e.g., B Corps would benefit from subsidies. However, the status quo is considered to be “very, very far from that”. They appreciate that a few large companies use the BIA to change internal processes, whereas small companies experience a capacity problem. Hence, small companies are partially responsible for pointing the finger, encouraging large companies to become sustainable. In terms of companies like Danone certifying, they believe that companies that are concerned about doing good should not be so cynical, as it is the big companies that have the largest absolute impact. They would welcome the idea of the certification becoming much more widespread.

Interview 7: Skagerak (31min)

Industry:	Wholesale/retail	Certified since:	2017
Country:	Denmark	# Employees (at certification):	100 (40)
Founded:	1976	Current score (initial score):	102.2 (87.2)

Description: Skagerak sells indoor and outdoor furniture and accessories, focusing on sustainable sourcing and production, as well as circularity.

Motivation: The company was founded in the 70s, and after having worked with production certificates, they were ambitious to reach something bigger. B Corp was exactly what they were looking for: Something holistic that supports the whole business. For them, it is a concept of responsibility that provides guidance on how to improve, and it was a measurement tool for their values. They had nothing specific in mind what would happen, but “it felt right”. Moreover, it is believed that businesses that do not live up to the highest standards end up paying a higher price.

Approach on (re)-certification: The mindset fitted well, and other than implementing some new policies, they did not have to change their way of doing business. Recertification was achieved earlier this year, and with every recertification, they aim to improve. B Corp’s values and its culture are especially appreciated, which they do not expect to change.

Communication and activities: As most people do not know what B Corp is, Skagerak uses, e.g., their website, Instagram, and Facebook to address the certificate. They claim to talk about B Corp on any occasion they can. For instance, only recently, they talked at the Copenhagen Business School. As things are seen as interconnected, they believe it is not enough to put a label on the product. They instead try to inform people and inspire them.

Effects of the label: According to Skagerak it is not only the assessment that inspires but the whole idea of being a movement, which they describe as unique compared to other certificates. In the Nordics, they frequently get together and also try to inspire other companies to certify B Corp. If somebody is in the certification process, they reach out to them to help. Exchanges with other B Corps have also supported them with their own challenges. Apart from that, the network pushed their motivation to do good, as it proves that it is possible to run a business with this mindset. In terms of marketing effects, it is described that products are purchased for different reasons and partly due to corporate values. In this, potentially, some might look up B Corp. They aim to be an attractive workplace, but as their ability to pay high salaries is limited, they believe B Corp to help in attracting the right workforce.

Effects of the scoring: What they appreciate about B Corp is that it increases consciousness on who they are while showing where to improve. For instance, they now focus on energy consumption, and employees can work three days a year for charity. Additionally, they introduced collective rather than individual bonuses, and they set out to join Net Zero in 2030.

Criticism and evaluation: In the Nordics, B Corp is described to do a good job at supporting and growing the movement, and companies meet relatively frequently. Still, most people do not know what B Corp is, and more outside support is needed to grow the movement. Hence, more effort is required to interact with society and teach about B Corp. Instead of communicating about specific topics, e.g., who is best in class, more general communication on the certification is found to be necessary. They appreciate that improvements have been made to increasingly adapt questions to the European mindset. With respect to Danone certifying, they believe this is a good thing, and everybody should become part of the movement, no matter the underlying motivation. Nevertheless, small companies are believed to change their patterns more easily than big businesses.

Interview 8: J. Kraft Group AB (78min)

Industry:	Wholesale/retail	Certified since:	2018
Country:	Sweden	# Employees (at certification):	61 (55)
Founded:	1991	Current score (initial score):	81.5 (81.2)

Description: Comprising 12 brands, the J. Kraft Group offers skincare, haircare, beauty salon, and medical products. In their production, they focus on sustainability, and they are on track to becoming carbon neutral by 2030. In addition, they aim to increase their impact through monetary donations.

Motivation: As a Swedish company with strict government regulations, they always felt to be doing good. When a partnering company announced they certified B Corp they appreciated the idea of a 360-degree evaluation, and they firmly believe that a holistic view is necessary.

Approach on (re)-certification: It took them 1.5 years to certify. In the latest recertification, the score increased only slightly, although they believe to be a better company today.

Communication and activities: B Corp is mentioned on their homepage and on social media. Moreover, the B Corp certificate is claimed to be included on all printed materials, and they describe to be actively involved in the movement. The company aims to convince many companies to start doing the certification, or at least to go through the scoring.

Effects of the label: Marketing-wise, the certificate did not have any impact. The business has clients who are working with them because they are a sustainable company. However, the end consumers are not voting with their wallets; but instead, they seem to prefer cheaper alternatives. Additionally, no effect could be observed with respect to investors. However, the certificate appears to have helped to put pressure on suppliers. Additionally, it is beneficial when it comes to finding new staff, and many applications are coming in because they are B corp. Still, the certification also implied a challenge with the existing team due to the high workload but no immediate experience of change. During the pandemic, B Corp values encouraged the formulation of valuable objectives during the crisis, e.g., no layoff of staff and not giving less to charity projects. They are not sure if it is connected to being a B Corp, but since they were certified, turnover has increased.

Effects of the scoring: The questions helped to generate new ideas, especially when it comes to social engagement. For instance, even though they found it ridiculous at the beginning, they made sure that female employees have a place to breastfeed within the office. After giving it a second thought, they did consider it important indeed. Moreover, their power source was adjusted to wind and solar even though they believed their use of hydrogen power to be a green alternative already.

Criticism and evaluation: B Corp is considered the best existing certificate, and the network is growing. The biggest obstacle for the growth of B Corp is found to be the number of employees. They talked to politicians that believe the certificate is not needed because of good government laws, but the company is convinced that this is only a small part. Still, no significant change is expected as long as only small companies are certifying. While small companies struggle to certify due to resource constraints, listed public companies face the challenge of satisfying shareholders, as well as multiple other stakeholders. However, large companies are more likely to have a more significant impact. Danone's certification is commented by describing that bottled water is not good but that many other things are done well. It is pointed out that scores are difficult to compare as the requirements change, and companies fail to recertify due to this. To attract more companies, B Lab could lower the bar to certify, but this would also decrease the value of the label. Still, they would hope being a B Corp becomes a commodity.

Interview 9: Agri Marketplace (45min)

Industry:	Manufacturing	Certified since:	2021
Country:	Portugal	# Employees (at certification):	11 (8)
Founded:	2016	Current score:	81.5

Description: The company offers a B2B Digital Marketplace for food crops. The goal is to create more efficiency and transparency in food production and distribution.

Motivation: The founder was inspired by the person responsible for the B Corp certification in Portugal, a friend of some of the co-founders. It was proof of their regular business. They aimed at taking the opportunity to work with the network and to gain global visibility. It was believed to improve the brand image and awareness – for customers, investors, and suppliers.

Approach on (re)-certification: Being the most recently certified company, they were only certified in January 2021. To achieve certification, some quick changes had to be implemented that would add points while simultaneously creating value. They aim to recertify again. They view it as a learning process and an opportunity to grow internally, hence improving on sustainability as part of their DNA. If they continue without doing anything, they fear not being able to recertify.

Communication and activities: They adapted their communication so that they included the B Corp topic in most communication tools, including their homepage, social media, in emails, at fairs, and on social media. As they consider improvement an ongoing process, they plan to look into the assessments at least once or twice a year to see what has been done and to set new goals.

Effects of the label: They claim that most farmers probably will not know what B Corp is, with sophisticated buyers potentially being the exception. No contract has evolved from the certificate. On the investor side, they see more awareness, and some are especially keen to invest in certified companies. They have already been contacted due to their certification. In terms of marketing, they already got to present their company inside the network of B Corp in Portugal and at international events, e.g., at universities.

Effects of the scoring: The assessment helped to identify areas for improvement, especially from an environmental perspective and on the employee side. They now work on decarbonisation, offsetting their own emissions and those of farmers. Next year, they aim to sign the commitment of carbon neutrality by 2030 inside the B Corp network. They see the certificate and the BIA as complementary to what they are doing.

Criticism and evaluation: The certificate is perceived to be very ambitious, including some challenges that are hard to achieve. Hence, they claim that they cannot improve on all subjects where a lot of investments are needed. The aim to change and improve on the certification must remain in balance with business growth. In terms of companies like Danone certifying, they believe that more and more companies will be aligned with the principles of B Corp. In their opinion, to certify some core principles must be in place. For instance, with major production and sourcing issues, companies do not fit the movement. They see that the movement is growing fast in several regions, with Portugal only starting. A growing network will enhance collaboration among B Corps. They view certification as a good opportunity for start-ups to get access to the bigger companies and to launch joint projects.

Interview 10: Company 1/C1 (38min)

Industry:	Wholesale/retail	Certified since:	2015
Country:	Germany	# Employees (at certification):	69 (12)
Founded:	-	Current score (initial score):	-

Description: No details are given to preserve anonymity.

Motivation: As a social enterprise, they do not make profits as an end in itself, but to create a positive impact. Given those promises as a start-up, they hoped that the B-Corp label would help them settle the question of legitimacy. A secondary thought was PR/marketing. However, expectations on external effects were low. Apart from that, there were small hopes to benefit from engagements with the network.

Approach on (re)-certification: It was clear to them that they could certify. In their opinion, as a German private company, it is extremely easy to achieve the minimum score as the German law forces companies to comply with certain requirements anyhow. Over time, they believe the requirements shifted so that it got harder “to fake it”, but this did not affect them. Only recently, they recertified again. However, they are in doubt if they will keep the B Corp certificate in the future, also depending on the public reaction on companies like Danone certifying. They are highly critical of those developments and claim that their business has a greater signalling function for B Corp than B Corp has for them.

Communication and activities: They still communicate their certification, but on their online channels, for instance, the B Corp label is not easy to catch. Additionally, they are considering not printing the label on their products anymore due to the unfavourable developments.

Effects of the label: In their view, the effects are insignificant. The certificate has a signalling effect, but it is unclear if it signals more than corporate statements. Still, the company’s credibility is being increased. They see valuable exchanges in the network but find the network nowhere near as strong as in other communities. However, as people are looking for more jobs with impact, they notice an effect on the hiring process.

Effects of the scoring: The “real” benefit of the certificate is described to lay in the fact that companies are forced to go through the assessment, challenging their way of thinking. It was noted that KPIs and impact matrices can be easily derived from the BIA. It helps to clarify how values are put into practice, and the business gained inspiration for improvements.

Criticism and evaluation: What they appreciate most about B Corp is the assessment and the fact that it is freely accessible so that more businesses are impacted than “one might think”. Still, the company has doubts about the label and its developments. They criticise that improvement is extremely rewarded but keeping what is already good is not. They find the support of large corporations highly questionable, pointing out the certification of different Danone franchises, each with the minimum number of points. In their view, the business case to sell bottled water cannot be legitimised. They find this maximally harmful for the movement and the value of the label, and they are uncomfortable working under the same certificate. They note that this also affects network dynamics. In a related manner, it is questioned why points are given for announced future changes. Moreover, they feel that critical comments are internally not well-perceived and that transparency in the community is lacking, including how evaluations are created. Especially as long as the label does not invent another status that differentiates between companies, they expect companies to migrate. They also see it as their responsibility as a social enterprise to move away if values are not aligned.

Interview 11: Company 2/C2 (39min)

Industry:	Wholesale/retail	Certified since:	2018
Country:	UK	# Employees (at certification):	600 (600)
Founded:	-	Current score:	-

Description: The company's sustainability focus is reflected in the responsible sourcing of ingredients while reinvesting into suppliers and building a strong working culture. A significant share of profit is given to charity. No more details are given to preserve anonymity.

Motivation: Since the beginning, sustainability has been part of their DNA, so that the certificate was an opportunity to formalise what they do. The CEO was passionate about the movement and saw an opportunity to create positive change and use their voice to inspire others.

Approach on (re)-certification: The company easily passed the minimum score, but they set specific targets to constantly improve, now aiming at 100 points. Even if the movement was never growing much more than it is, they would most likely still be a B Corp and recertify.

Communication and activities: The company stresses the certificate on their homepage and other online channels. However, they only put the label on their packaging this year. Otherwise, they talk more about sustainability than about the certificate to avoid confusion about this unknown label. They reach out to their supply chain partners to talk about B Corp, but also their competitors. It is less about making sure the whole supply chain can be B Corp, but about growing the movement. They go through the assessment internally every year, and the BIA is included in the company scorecard to which employee bonuses are linked. They do this with a consultant to not cut corners. It was claimed that the business buys from B Corps wherever possible, including office supplies.

Effects of the label: They did not experience any direct effects from the label, and B Corp is not very well known by consumers in the UK. Hence, it did not change perceptions towards the business. Still, some retailers are becoming more knowledgeable about it. They describe the B Corp community as "really open and collaborative", and they frequently align with other businesses with shared values. Still, certifying B Corp proved to be a good recruitment tool, as people who want to work in sustainability know about it and look out for those companies.

Effects of the scoring: It is a good guide for them to continuously improve and do the right thing. As one result, they made their offices more sustainable, considering energy and water efficiency, lowering waste, and recycling tracking. While they were doing that well in some offices, there were gaps in others. Using the BIA and working with a consultant, they created a tool, which helps to track performance and set improvements within every office on matters addressed within the BIA. That led to great improvements. They made that tool open-source and accessible through their website for other companies to use.

Criticism and evaluation: For now, the label is "a middle-class thing", e.g., for premium food and drinks. In terms of consumer knowledge, the change is very slow. The few that heard of B Corp do not know really know what it is. Still, they see a high potential for the movement to grow, especially in the UK. They describe that companies by now end up in a massive queue when aiming to certify. It is criticised that companies can score very well in one area, be terrible in another and still certify B Corp. Moreover, minimum expectations should be in place, such as having a Net Zero target and paying the living wage. Concerning Danone certifying, they believe the massive process with generous checks should be more transparent. B Corp is advised to make their communication more straightforward and better understandable. As B Lab does not have the necessary marketing resources, it is on the B Corps, especially the large ones, to talk about it to grow the movement. Still, they describe that the incentive is small.

Appendix G: Impact of the certificate

Remark: The table summarises and categorises the respondents' statements. In contrast to the round bullet points, the crosses indicate opposing views. Statements in grey were not explicitly discussed in the section 3.1.

First-order codes	Second-order codes	Overarching dimension
<ul style="list-style-type: none"> • Exchanging best practices and learning about challenges of other companies 	Exchanging best practices	Community
<ul style="list-style-type: none"> • Proving to each other the possibility to balance purpose and profit 	Increased motivation to do good	
<ul style="list-style-type: none"> • Attending workshops on sustainable leadership run by B Corp 	Business trainings	
<ul style="list-style-type: none"> • First significant order from a fellow B Corp • Using B Corps as suppliers, e.g., for office supplies and coffee • Working with a certified bank • Working with B Corps, e.g., a business doing the company's CO2 analysis • Helps to be better connected internationally • Sales calls more effective with other B Corps 	Business collaboration	
<ul style="list-style-type: none"> • Setting up a network to get discounts from other B Corps • Request from B Corp entrepreneur to start common CO2 project 	Common projects	
<ul style="list-style-type: none"> • Joining PR activity of larger, corporate B Corp 	Joint marketing	
<ul style="list-style-type: none"> • Meeting up to inspire companies to certify and reaching out to support 	Growing the movement	
<ul style="list-style-type: none"> × No contact with B Corp network as it only exists in a limited way (Austria) × B Corp community nowhere near as strong as other communities × It still takes time to build a significantly large network (in Portugal) × Many industries are not covered, and prices are too high to engage in trade 	Limited network benefits	
<ul style="list-style-type: none"> • Company now involved in an EU project on biodiversity 	Visibility through external projects	Marketing & sales
<ul style="list-style-type: none"> • Improving the company's storytelling • Website tracking proves that people searched for B Corp • Having a certificate that shows that they are doing something different • Feeling that one believes company more • Even if people do not know certificate a label signals something positive • National product survey confirmed high company esteem • Interested people can 'google' the certificate • Using B Corp to better explain what company stands for (e.g., visitor centre) 	Enhanced brand image/authenticity	
<ul style="list-style-type: none"> • People naturally talk more about the company, reducing marketing needs 	Lower marketing costs	
<ul style="list-style-type: none"> • Website tracking proved that B Corp sent people directly from their website 	Customer awareness through B Lab	
<ul style="list-style-type: none"> • Beneficial in B2B business, as distributors and shops ask for certificates • Retailers increasingly confronted with impact products so that the label can steer decisions • Corporate customers acquired due to sustainability focus 	Effect on corporate customers/retailers	
<ul style="list-style-type: none"> • Presenting company inside the national B Corp network and at, e.g., international universities 	Event attendance	
<ul style="list-style-type: none"> • First big sales contract with the state • Since becoming B Corp turnover and profit increased 	Contribution to sales and profits	
<ul style="list-style-type: none"> • Can benefit more when less companies have the certificate • Companies and retailers aiming to differentiate 	Brand differentiation	

<ul style="list-style-type: none"> × Certificate is not well understood by consumers (in the UK), only some retailers are becoming more knowledgeable × It did not even begin to have an effect (in Austria) × Do not believe people are changing attitudes towards a company due to label × Almost nobody has heard of B Corp, and it is a long way until people know it × Even people who kind of know what it is don't know that much × The suppliers do not care, and a lot of explaining is still necessary × Except for some sophisticated buyers, nobody knows about the label × End consumers do not vote with their wallets × Questioning if it signals more than own statements 	Certificate not known enough	
<ul style="list-style-type: none"> • B Corp principles are important to investors overall • More investors are being certified themselves • Investor contact due to certification • International investors, especially from the US, know the certificate 	Support to attract investors	Investor attraction
<ul style="list-style-type: none"> • Using B Corp to explain to investors what the company does 	Investor communication	
<ul style="list-style-type: none"> × Certificate fails to reach investors in Austria as there are hardly any activities 	No investor effect	
<ul style="list-style-type: none"> × Difficulty to differentiate between investments due to label or values 	Evaluation challenge	
<ul style="list-style-type: none"> • Increased motivation to change company through process involvement • Survey proving that employees know mission and impact • Increased pride to work influenced by, e.g., positive press statements 	Enhanced mission-alignment	Employee involvement
<ul style="list-style-type: none"> × Staff puts effort into certification but effects are not directly noticeable 	Challenge for staff	
<ul style="list-style-type: none"> • Chance to recruit the increasing mass of people looking for a job with impact • People wanting to work in sustainability know label × Difficulty to differentiate between label effects and general values 	Recruitment tool	Employee recruiting
<ul style="list-style-type: none"> • Pushing supply chain to adopt more sustainable practices • Higher credibility when encouraging suppliers to also gain a certificate 	Power to put pressure on suppliers to change	Influential power
<ul style="list-style-type: none"> • Encouraging supply chain partners and competitors to grow the movement • Convincing others to implement more ethical practices by setting an example • Promoting the use of the tool without a need to certify and without costs 	Power to put pressure on other companies	

Appendix H: Impact of the B Impact Assessment (BIA)

Remark: In contrast to the round bullet points, the crosses indicate opposing views. Statements in grey were not explicitly discussed in the section 3.2.

First-order codes	Second-order codes	Overarching dimension
<ul style="list-style-type: none"> • Understanding how values are put into practice through impact measurement • Need to allocate the time to sit and actively think about it • Learning a lot (about the company) 	Forcing companies to think about impact	Self-reflection
<ul style="list-style-type: none"> • Applying derived product KPIs to create economically sound products • Using BIA for company's scorecard, linked to employee's bonuses 	Using KPIs to improve	Impact tracking
<ul style="list-style-type: none"> • Writing employee handbook • Adjusting description why company is in business 	Documenting how values materialise	Improved documentation

<ul style="list-style-type: none"> • Working on decarbonisation for the business and customers • Changing to solar and wind power as green electricity • Making packaging more sustainable • Improving sustainability of offices (e.g., waste management, water efficiency) • Signing Net Zero 2030 agreement • Working on waste reduction 	Improving environmental footprint	Inspiration for operational adjustments
<ul style="list-style-type: none"> • Creating new product inspired by impact assessment (Ramborn producing juice in addition to cider) • Extending services creating a new revenue stream (Ramborn offering gardening service) • Creating business plan out of waste project 	Creating new products and business models	
<ul style="list-style-type: none"> • Employing a more balanced share of men and women • Creating space for breastfeeding • Offering collective rather than individual bonuses • Offering charity work to employees 	Improving opportunities in the workplace	
<ul style="list-style-type: none"> × Cannot improve on all subjects where a lot of investments are needed × It must be a balance of improving on the certification growing the business × Not changing the way of operating since certifying × Liking the idea of improvement but do not make use of it × Adding some written policies but not changing the way of doing business 	Limited changes due to BIA	
<ul style="list-style-type: none"> • Formulating goals during pandemic related to, e.g., employee retention and stable charity contributions 	Setting goals related to B Corp values	Benefit during pandemic

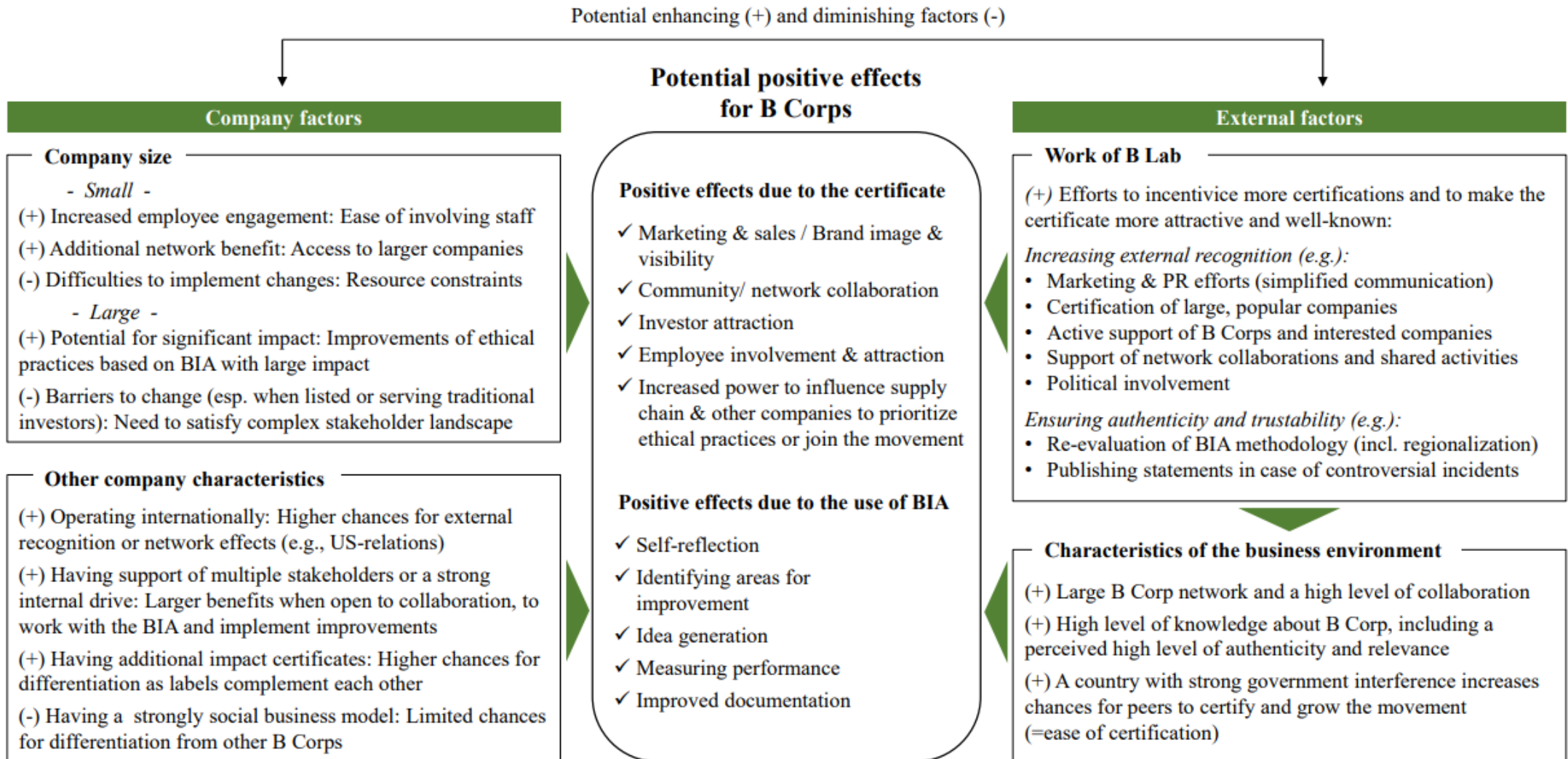
Appendix I: Challenges of the certificate

Remark: In contrast to the round bullet points, the crosses indicate opposing views. Statements in grey were not explicitly discussed in the section 3.3.

Times mentioned	Description	Underlying issue	Challenge
5	Insufficient effort to address consumers and companies despite initial promises to establish a movement	Limited action /communication by B Lab	Stagnating recognition
5	Only with large companies, the certificate can become more well-known, and large businesses are in the position to "make a difference"	Need to bring in more large companies	
4	Responses usually take several months, which leads to frustration and companies losing interest in the certification	Insufficient support in the application process	
2	The concept of B Corp is not easy to grasp, and no simple communication material is provided	Complexity of communication	
2	Companies do not communicate sufficiently about B Corp (individually & jointly) because it is not well-known	Limited marketing efforts of B Corp certified companies	
1	Social businesses with a generally ethical and sustainable supply chain would in principle be incentivised to introduce a "weak" product (or production process) that can then be gradually improved	The scoring rewards improvement more than being good	Incentive challenges
1	Political involvement could, for instance, incentivise companies to improve and certify by providing subsidies or tax advantages	Lacking political involvement	

5	Due to different laws in each country, some questions might not be applicable (Anglo Saxon perspective), e.g., a room for breastfeeding is less important when it is given that mothers can simply stay home	Limited comparability of results - insufficient regionalisation	Comparability
3	Depending on the country context, the scoring might be significantly easier due to laws by the state, e.g., points are added for number of vacation days or pension distribution, which might be required by law.	Comparability between countries - variation in the ease of scoring points	
1	Recertification got harder and not comparable to previous results or companies certified at a different point in time	Limited comparability of results - changing requirements	
1	B Lab is suggested to provide B Corps with the possibility to additionally certify individual products so that those can also compete against other product labels.	Comparability between products - no product certification	
3	Companies that perform terribly in one area, e.g., with respect to their environmental impact, can still certify by collecting points elsewhere; despite "safeguards" being in place, companies with "controversial business models" have been certified (= legitimisation of controversial business models). Frequently Danone was pointed out as a company selling water in plastic bottles, but others argue:	No minimum requirements in any category / insufficient "safeguards"	Methodology & image risk
6	<ul style="list-style-type: none"> × They agree on the principles that are behind B Corp × There are rigorous checks that most do not know × Danone's certification is beneficial for most B Corps × Bottled water is not good, but they are doing other things well 		
2	Companies can collect points through announced future improvements.; as this can be misused for "green washing", the need for a "pending status" has been pointed out		
1	In case of corporate scandals within B Corp certified companies (e.g., Brewdog's company culture and sexual harassment) B Corp's consequences are unclear	Unclear stance in case of corporate standards	Limited transparency
1	When, e.g., parts of Danone certified, there were tensions in the B Corp community, and B Lab/ B Corp did release any more statements on this (e.g., explaining the process in detail)	Lack of comments on controversial decisions by B Lab	
2	The influence of questions on the final score remains untransparent, and the reasoning why points have been achieved or missed is not always intuitive or clear	Lacking transparency on the scoring	
1	It was pointed out that companies have limited abilities to influence decisions made by B Lab, or express concerns thereafter	No democratic processes for companies to participate	

Appendix J: Theoretical framework



Source: Own representation of a new theory based on interviews from the study.

Appendix K: Global growth of the B Corp movement

Remark: The figure only serves to illustrate the distribution on B Corps across Europe in 2021. Not every individual company is marked, and certifications are growing continuously (status quo: 900+ European B Corps).



Source: B Corp Europe (2021).

Appendix L,1: Expressed motivations to certify

Remark: In contrast to the round bullet points, the crosses indicate opposing views. Please note that some statements were more explicitly part of the initial motivation than others. Since the motivation for certification was not the focus of the study, only a brief discussion can be found in Appendix H,2.

Times mentioned	First-order codes	Second-order codes	Overarching dimension
5	<ul style="list-style-type: none"> • B Corp reflecting exactly who they are • Having the B Corp values in their DNA 	Reflecting DNA	Signalling effect
3	<ul style="list-style-type: none"> • Formalising to others all the good that is being done • Responding to the question of legitimacy as a start-up and social business • B Corp proving the company's normal business 	Verification of ethical practices	
1	<ul style="list-style-type: none"> • Having a certificate that shows that they are doing something different 	Brand differentiation	
5	<ul style="list-style-type: none"> • Improving the company's image and the way the product is perceived • Hoping for reputation building by verifying that the company is sustainable • The motivation was brand image and to gain more visibility worldwide 	Reputation building & visibility	
1	<ul style="list-style-type: none"> • Improving the company's storytelling 	Brand communication	
2	<ul style="list-style-type: none"> • Wanting to be the first brand in the industry to have the certificate • Certifying before the label reaches more publicity to be unique as a pioneer in the movement 	Pioneering the movement	Support through BIA
3	<ul style="list-style-type: none"> • Believing that if sustainability cannot be measured, it's all relatively theoretical • Measuring the values that are talked about internally 	Making impact measurable	
2	<ul style="list-style-type: none"> • Wanting support to live the expectations they have on themselves • Having support to turn around the company and create economically sound products 	Support on improvements	
4	<ul style="list-style-type: none"> • Having a 360-degree view of sustainability and getting an impression about the company • Looking for something more holistic that supports the whole business • Liking the idea of certifying the entire company and people in it instead of one particular item 	Holistic certificate	Long-term success strategy
2	<ul style="list-style-type: none"> • Believing that suppliers that are not looking at these things today will lose business relevance in two years • Living up to the highest standards to avoid paying a higher price • Making the business bulletproof for the future 	Success philosophy	
1	<ul style="list-style-type: none"> • Wanting to go internationally, hoping to influence retailers through an international certificate 	Expansion across borders	
1	<ul style="list-style-type: none"> • Liking the idea of teaching each other and being together 	Community exchange	Community shaping
1	<ul style="list-style-type: none"> • An opportunity to then inspire and encourage others to become B Corp 	Power to inspire others	
4	<ul style="list-style-type: none"> • Worked with a company that certified and encouraged partnering businesses to do the same • Company in the same shared office certified 	Certification of affiliated company	Influence of individuals
1	<ul style="list-style-type: none"> • Biggest motivation was CEO being passionate about B Corp movement 	Leadership motivation	

1	<ul style="list-style-type: none"> • The man responsible for B Corp in the country is a friend of the co-founders and insisted on certification 	B Corp connection	
1	<ul style="list-style-type: none"> • Low certification costs for a small company 	Low relative costs	Pricing structure
2	<ul style="list-style-type: none"> × There were no financial expectations behind the certification × It is not about making money 	No financial motivation	No financial effects expected
2	<ul style="list-style-type: none"> × The point was not to get more customers through the certificate × Not doing it because it sells 	No change in customer base	

Appendix L,2: Discussion of companies' motivations to certify

Initial motivations to certify (including implications)

To understand the extent to which the impacts experienced correspond to the expectations of European hybrids, their initial motivations were examined. As shown in the table above, the primary aims were to 'signal' what the companies stand for, and to engage with the holistic BIA to make impact measurable and improve. Apart from that, multiple companies consider the B Corp certification important to ensure long term success. While some companies were also hoping to enhance their brand image and awareness, expectations on market benefits that would arise from the reputational enhancements were mostly low from the beginning. However, the general motivations to certify largely matched what was found in previous literature, e.g., Kim et al. (2016) and Villela et al. (2019, 343–357). In four cases, a specific person or institution was described as highly influential in this decision, including a partnering company, a business working in the same shared office, a befriended person working for B Lab, and the company CEO. As previously found, the role of the leadership is highly critical (Kim et al., 2016). Generally, this finding stresses once more that also certified B Corps themselves can influence the certificate's future by spreading the word to people and institutions around them to grow the young movement in Europe and with this increase the certificate's value.