ABSTRACT
This article focuses on certified B Corporations in Atlantic Canada and attempts to understand the benefits in being certified. Telephone interviews and a questionnaire were used to solicit recipients' feedback on the delivery of their brand promises and overall satisfaction of the benefits to being certified. The study finds that the main motivation behind being certified is validation in the market that the business is adhering to certain social and environmental standards. Interviewees view certification as a strategy to demonstrate that their corporate social responsibility activities are being performed as promised. This article shows how organizations that have opted in to holding the certification as a unique differentiator distinguish themselves from other companies in the marketplace.

RÉSUMÉ
Cet article porte sur les entreprises du Canada atlantique ayant obtenu la certification « B Corp ». Il cherche à comprendre les avantages de celle-ci. Des entrevues téléphoniques et un questionnaire ont été utilisés pour solliciter les commentaires de représentants d’organismes certifiés sur la réalisation des promesses de la certification « B Corp » et leur satisfaction globale relative à celle-ci. L’étude montre que la principale motivation pour obtenir la certification est de se faire reconnaître sur le marché comme une entreprise qui adhère à certaines normes sociales et environnementales. Les personnes interrogées considèrent la certification comme une stratégie visant à démontrer que leurs entreprises réalisent leurs activités de responsabilité sociale comme promis. Cet article montre comment les organisations qui ont choisi de détenir la certification comme un facteur de différenciation unique se distinguent des autres entreprises sur le marché.

Keywords / Mots clés : B Corporation, B Lab, environmental standards, social standards, corporate social responsibility / B Corporation, B Lab, normes environnementales, normes sociales, responsabilité sociale de l’entreprise
INTRODUCTION
B Corporations have recently emerged in the global market economy as a way for businesses to proclaim their commitment to social and environmental goals. B Corporations are companies that are certified through B Lab, a non-profit organization. The “B” in B Corp stands for “beneficial” (BDC, 2020); they are for-profit entities that are certified based on meeting certain social and environmental performance standards.

The purpose of this study is to understand certified B Corporations more deeply, specifically if companies are finding value in being certified. We will look at B Lab’s brand promise and the benefits it markets for certification, which have not been well studied in the literature. This article concludes with avenues for future research in this new and emerging field of study.

Defining B Corporations
A certified B Corporation, or a B Corp, is a for-profit company that is committed to social and environmental objectives. According to the B Lab website, B Corporations are purpose-driven and defined as, “businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy” (B Lab, 2019). B Corps are also defined as “a community of leaders, driving a global movement of people using business as a force for good” (Marquis, 2020b). There are currently more than 2,500 B Corps across the world representing over 150 industries (B Lab, 2019). In 2019, B Lab reported it had certified 264 B Corps in Canada.

The ascent of B Corporations started on July 5, 2006, a date the B Lab Community calls “Interdependence Day” (Cao, Gehman, & Grimes, 2017), when Jay Coen Gilbert, Bart Houlahan, and Andrew Kassoy founded B Lab. B Lab is a nonprofit organization that is funded through several foundations, a board of directors, wealthy individuals, private sector companies, as well as the United States Agency for International Development (USAID) (Magdaluyo, 2012). As B Lab notes, the vision is to “use business as a force for good” in a way that all companies “compete not just to be the best in the world, but to be the best for the world” (Stubbs, 2016, p. 334).

Today, businesses are making efforts to be more socially responsible or practice some form of corporate social responsibility (CSR) and being a certified B Corp is potentially one way to pursue this endeavor. The Business Development Bank of Canada (BDC), a certified B Corp defines CSR as “a company’s commitment to managing the social, environmental and economic effect of its operations responsibly and in line with public expectations” (Business Development Corporation, 2019). As large firms have increased CSR, smaller firms that have always committed to social and environmental issues are sometimes using B Corp certification to stand out “in the midst of a greenwash revolution” to help their customers distinguish who is truly socially and environmentally responsible (Kim, et al., 2017). Traditional green and ethical businesses are uniting to claim their authentic difference and better communicate their commitment to environmental and social values (Kim et al., 2017).

The process
B Corps must complete a rigorous certification process through B Lab. The certification assessment process through B Lab is known as B Impact. B Impact is a free tool that assesses companies who
are seeking B Corp certification by looking at their community impact, customer relations, employee relations, environmental impact, and governance. The B Impact Assessment (BIA) process is available publicly and the recurring assessment process helps keep companies focused while highlighting specific strengths and weaknesses and helping them to understand and manage their company better (Marquis, 2020a). The holistic assessment of governance, workers, community, environment, and consumers requires a minimum score of 80 points out of 200 and recertification is required every three years. It measures the ability to generate returns but also how value is created for its customers, employees, community, and the environment. The assessment used is dependent on the industry, size, and geography. Questions are weighted according to targeting specific outcomes. As of 2020, there were about 200 questions, and the BIA is on its sixth iteration. The online platform allows users to compare their impact among peers and to learn from other solutions for improving their impact. Reaching likeminded companies helps to share ideas and solve challenges with collective resolutions as a community and focus on promoting larger change in the world (Marquis, 2020a). All certified B corporations are eligible for a random on-site audit every two years. One in five corporations are selected for an audit as a way for B Lab to verify the accuracy of the BIA. Companies are informed about the review months in advance and provided with guidelines for this process (Magdaluyo, 2012).

As noted by B Lab, B Impact focuses on the way community impact, customer relations, employee relations, environmental impact, and governance are handled by an organization. Regarding community, certified B Corps must engage with their community at a local level. This includes the way in which a company’s policies are community-driven, for instance, if the company participates in charitable giving, or if their product or service aims to resolve a social or environmental issue (B Lab, 2019). Customer assessment looks at if a B Corp certified organization sells a product or service that promotes public benefit and/or serves to benefit underrepresented populations (B Lab, 2019). Also measured in the customer assessment is whether a company’s product is solving an environmental or social issue. B Impact assessment of worker relations looks at the way that a company upholds a relationship with its workforce. This includes the way that a company treats its employees in terms of compensation, training opportunities, benefits, as well as the overall occupational environment of the firm (B Lab, 2019). As one of its main values, B Lab measures environmental impact focusing on overall environmental performance in every aspect of business operations, including the product supply chain, whether a company’s product or service has the intent to solve an environmental issue or educates on environmental issues in some way (B Lab, 2019). Governance, as noted by B Lab, is an important element and B Impact assesses whether or not there is employee access to the organization mission, financial information, and to the board itself as well as whether a company allows customers to provide feedback and information on the overall diversity of the governing board or structure (B Lab, 2019).

In 2015, most certified B corporations were small and medium sized businesses, and it was that year that B Lab began to develop ways to certify companies with more than $5 billion in annual revenue with more rigorous standards to match the larger companies’ environmental and social impacts. In 2019, new certification requirements included an additional pre-screening process to demonstrate that the company has conducted a materiality assessment (used to identify the most
material issues within the firm’s operations), to ensure that its management strategies included specific and aspirational goals for identified issues, to ensure that it had issued public statements regarding its approach to government affairs and tax philosophy, to articulate a human rights policy, and to ensure the board of directors is monitoring all of these requirements while also publicly publishing annual impact reports. B Lab carefully reviews the company’s structure and management to determine the number of BIAs that must be completed for each of their subsidiaries and operations so that the BIA score reflects all the business units. At least 95 percent of overall operations must pass the BIA for a company to become certified (Marquis, 2020b). Danone was certified in 2018 and since that time, more multinational companies have been interested in engaging in the certification process, which lead to the B Movement Builders program to assist such companies.

The Declaration of Interdependence must be signed to join, immediately beginning with the BIA process. A minimum of three goals related to the UN’s Sustainable Development Goals (SDGs) should be set. Danone has already done this by describing its focus of SDG 2 (zero hunger), SDG 3 (good health and well-being), and SDG 6 (clean water and sanitation) and tying these to its corporate mission to “bring health through food to as many people as possible” (Danone, 2021). To create a wider impact, B Movement Builders must work with their peers and attend corporate leadership sessions and roundtables. Once a company is B Corp certified, the business is required to pay a certification fee as outlined in the B Corp agreement. According to the B Lab website, annual fees are determined based on a company’s annual sales and range from $2,000 up to $50,000. Companies over $1B in annual sales are determined on a case-by-case basis.

**Brand promise and benefits**

Stakeholders cognitively categorize businesses according to their similarities and differences. Alam, et al. (2018) demonstrate how categorization can take place in the social economy. In the market economy, a distinction such as B Corp certification helps a business assert its place in the market economy but also reveals its values and objectives. Displaying the universal B logo also shows the customer that the business is socially conscience.

A study conducted in 2017 found that alignmentment with an organization’s pre-existing mission, purpose, value, or identity was the most common reason for pursuing the certification. Interviewees also stated that B Corp membership provided external validation and legitimization of its sustainability commitments, and the assessment process yielded innovations and practice improvements. Belonging to the B Corp community enables companies to learn from and interact with other B Corporations while validating their identities (Gehman & Grimes, 2017). Another study conducted by Kim et al. (2017) found that businesses pursued B Corp certification for two main reasons: to differentiate themselves from the increasing volume of companies boasting broad corporate social responsibility efforts and to “join the movement of creating a new economy with a new set of rules” and “redefine the way people perceive success in the business world” (Kim et al., 2017). Interestingly, Park found no subjects report an increase in sales as the result of certification (2018). While many of these studies make notable contributions, none have investigated whether B Corps are able to deliver on their promise, from the perspective of the individual business, which poses a gap in the literature.
This study attempts to understand if B Lab can deliver on the following areas as outlined on the B Lab website:

1. **To Lead a Movement**: B Corps set the gold standard for good business and inspire a race to the top, creating performance standards and legal structures being used by thousands of other businesses around the world.

2. **To Build Relationships**: When your company certifies as a B Corporation, you join a community of business leaders who share your belief that business can solve social and environmental problems. Connect online, meet in person at events, or build client and vendor relationships within a powerful community of practice.

3. **To Attract Talent**: More and more of the workforce makes decisions about where to work based on the positive impact their work creates and how well an employer treats their team. There’s no better way to attract and engage mission-aligned talent than to verify your values with B Corp Certification.

4. **To Improve Impact**: Maintaining B Corp Certification through the B Impact Assessment is a powerful mechanism to help your company set goals for improvement, create more positive social and environmental impact, and track performance over time.

5. **To Amplify Their Voice**: The third-party validation that comes with B Corp Certification helps your company stand out and stand by your mission. The B Corp seal on a product, website, sales materials or business card instantly communicates that a company is a verified leader when it comes to positive impact and empowers individuals to confidently vote with their dollars.

6. **To Protect Their Mission**: Make sure your company is built on a solid legal foundation for the long term. The B Corp legal framework helps you protect your mission through capital raises and leadership changes and gives you more flexibility when evaluating potential sale and liquidity options.

Our approach is to use these six categories outlined by B Lab to understand if companies in Atlantic Canada are finding any benefit in these areas.

**METHODS**

For this research, all certified B Corporations in Atlantic Canada were contacted. A survey questionnaire was distributed to management level staff. The survey items addressed various aspects of the business as it related to the certification including marketing, documentation, benefits, and investments. The sample size consisted of $n = 8$. The online survey (questionnaire is available upon request) consisted of 32 multiple-choice questions and respondents were asked to specify their level of agreement to the questions.

B Lab provides a search tool to identify certified B Corporations based on geography and industry type (see notes). Using this resource, certified B Corporations were identified for the provinces of
Nova Scotia, New Brunswick, and Prince Edward Island. There were no certified companies in Newfoundland at the time of this research. The identified certified B Corporations were as follows:

1. Nova Scotia:
   - Made With Local, www.madewithlocal.com
   - Trufaux Films Inc., www.trufaux.ca
   - Ocean Sonics, www.oceansonics.com
   - Wired Flair Inc., www.wiredflair.com
   - Ecoadvisers, www.ecoadvisers.org
   - Common Good Solutions, www.commongoodsolutions.ca

2. New Brunswick:
   - NBTA Credit Union, https://www.nbtacreditunion.ca/
   - Assomption Vie, https://www.assomption.ca/fr/Home
   - OMISTA Credit Union, https://www.omista.com/Home/
   - Simplicity Designs, https://symplicity.ca/
   - WICKEDIDEAS, https://wickedideas.ca/

3. Prince Edward Island:
   - Upstreet Craft Brewing, www.upstreet.ca

Telephone interviews were also conducted with senior management of eight B Corps in Atlantic Canada. The telephone interviews focused on the six categories outlined by B Lab above.

FINDINGS

When asked to elaborate on category 1 (Lead a Movement), while many interviewees agreed certification was the future of business and was necessary to move the business forward “for good,” one respondent stated the movement was more on a local level but that there was still a lack of awareness of the B Corp movement in Atlantic Canada. While the majority of respondents felt they were part of something “bigger than their company,” one respondent felt the movement was slowing down in momentum. The respondent also stated “when it first started, we were all excited and enthusiastic, so we pursued the certification. After some time, it slowed down, perhaps because we weren’t really organized as a group in Atlantic Canada.”

Regarding category 2, Building Relationships, all respondents felt they were part of a B Corp community. Two respondents mentioned the conferences and meetings allowed us to “meet likeminded entrepreneurs and share best practices.” One interviewee stated that the certification allowed them to become a known brand in the B Corp community in the United States, which has led to some more work in that country, enough to make an argument that the certification has paid for itself.
several times over. The respondent also mentioned they would like to see more of this, stating that there are “definitely benefits to a network of companies that want to support each other.” On the contrary, another respondent expressed disappointment: “I have been disappointed with the way B Lab has not been able to grow the community faster and the way they have been unable to foster business opportunities within the community. There is much to be gained from simply having other B Corps grow together.”

For the category *Attract Talent*, most respondents stated that while it has not helped to attract talent, it has attracted new customers. One respondent also mentioned “our prospective employees do not apply because of the certification directly, but it does promote our values to them.” Another respondent mentioned that “employees are really not aware until they join our company” and that “there is no talk about this in the job interviews.” Two respondents did state that employees “joined us because we follow CSR principles and treat our employees well” but did not feel the B Corp certification was part of the decision making to take a position at the company.

In terms of *Improve Impact*, all respondents stated that the certification did help shape the goals, mission, and vision of the company moving forward, thereby improving impact. Many stated that it did help them to track performance and progress across time, but one respondent discussed the difficulty in doing so: “The certification process was lengthy, we hired an external consultant who has taken other companies through the assessment tool.” Another respondent stated there were difficulties because of the company’s organizational form: “We provide a mostly intangible service so some of the questions/metrics were awkward to answer as we didn’t really fit in their scales in some ways.” Another respondent echoed this statement and mentioned that processes were still being adapted to Canada and some were also designed for more traditional corporate forms and companies that provide tangible services.

In category 5, *Amplify Their Voice*, many respondents stated the certification did help to amplify the company’s mission which aligns with the certification. All the companies interviewed market themselves as B Corp certified in some way; five out of eight respondents market via their website and two respondents use their storefront windows. One interviewee said, “the certification is not really beneficial for marketing, we have not expanded our client base because of the certification,” while another said, “we had our strategic meeting yesterday and most of us I think have it [the logo] on our email signature, but none of us have it on our business cards and I thought we did.” All respondents discussed validity of “place” in the market, stating “it allows customers and our partners to see who we are and what we stand for.” One respondent also stated, “we are happy that a certifier exists so we can exemplify who we are truthfully and make good on those promises.” More than one respondent mentioned that they have activities they would pursue in any case (the measures needed to pass the BIA tool), but that “it was nice to get recognized for it.” Another point mentioned is that customers may be attracted to a business because of the outcomes of being B Corp certified, but they might not recognize that the certification is the reason for these outcomes. Moreover, the pressure to re-certify generally comes from within the business and not from customers. In any case, the certification reinforces that the companies are making a real commitment. The certification gave one respondent a sense of purpose and helped them understand new language surrounding CSR type businesses, as well as educate their team about how to do business better.
B Lab’s mission often meshed with respondents’ personal values and provided a framework to ensure companies are doing what’s best for the company and employees, which encouraged certification. In understanding if the certification allowed companies to Protect Their Mission, category 6, all respondents stated they were not sure at this point, but five respondents believed it would in the future. One respondent mentioned they did not develop their businesses to obtain B Corp certification but rather sought certification as a way of legitimizing the CSR work that they claimed they were already doing and to protect their mission. One respondent also mentioned that the B Lab guidelines “act as a guiding light, helping them decide what projects to do, where to focus, it guides their employee benefits and compensation program and, helps to steer them towards working with other companies that are aligned with their mission.”

The final question was open-ended, asking respondents for their thoughts on the future of business. Many respondents discussed the legal classification, stating that it would be an excellent step for Atlantic Canada; noting that the Atlantic Canada region has a shared value set of work ethic, family, and community. Building Benefit Corporation legislation, as one respondent mentioned, “would be a way to bring the business community even closer together and could act as a growth accelerator.” Another respondent mentioned that they would like to see formal government recognition for the CSR work, acknowledging how these types of businesses are different.

CONCLUSION AND RECOMMENDATIONS
This study outlined the different experiences of B Corp certified companies in Atlantic Canada. The purpose was to understand if companies are finding some value or benefit in being certified by mapping their responses against the six categories B Lab attempts to deliver value on. Many of the businesses interviewed in Atlantic Canada were not built with B Corp certification in mind; however, they did pursue the certification to define their business in the market economy and to be part of a growing movement.

The B Lab lists the following values associated with being a certified B Corporation: leading a movement, building relationships, attracting talent, improving impact, amplifying their voice, and protecting mission (B Lab, 2021). Respondents were partially satisfied in this regard. Indeed, companies felt that B Lab could do more to offer support and connect them with other certified companies. There are resources available on the B Lab website such as the BIA tool to compare impact with that of their peers but according to the anonymous interviews, most companies are unaware of this tool. It is recommended that a mentorship program that matches established B Corp certified companies with newly certified companies would provide much-needed guidance on how to maximize B Lab resources. If businesses felt that B Lab was going above and beyond to support and assist them, they could be more inclined to recommend the certification to others.

From the interviews conducted, the main motivation behind being certified is the validation that the business is adhering to certain social and environmental standards and is accountable to these publicly. Interviewees view certification as a strategy to verify that their CSR activities are being performed as promised/reported. The B Lab website states that “the third-party validation that comes with B Corp Certification helps your company stand out and stand by your mission. The B Corp seal on a product, website, sales materials, or business card instantly communicates that a
company is a verified leader when it comes to positive impact and empowers individuals to confidently vote with their dollars,” but interestingly only five of the eight respondents consistently use the B Corp logo in their advertising materials or website. Without public awareness of the B Lab virtual brand, the strategic relevance may not be communicated as intended and the use of the B Lab logo will not offer a competitive advantage. A campaign by B Lab to increase public education and awareness of its virtual brand is also recommended to attract more companies to the certification but also consumers. As mentioned by Marquis (2021) many consumers do not know about B Corporations or B Lab.

While industry research and mission development are the responsibility of the entrepreneur, there is an opportunity for B Lab to educate entrepreneurs during the start-up phase. For instance, information about the B Lab certification process could be provided during business registration and it could also be a part of the toolbox offered by provincial governments to those starting a business. This may encourage businesses to incorporate as a certified B Corporation while in the start-up phase instead of pursuing this later, especially for founders who are committed to the triple bottom line. The triple bottom line is defined as “a business concept that posits firms should commit to measuring their social and environmental impact—in addition to their financial performance” (Miller, 2020).

FUTURE RESEARCH
As new forms of organizations arise in the next 20 years, future research could explore the potential of Benefit Corporation classification from a legal perspective to support these companies. Some respondents pointed to this. In Canada, efforts are currently underway for legislation as evidenced in the bill that was introduced in British Columbia, allowing for companies to incorporate as Benefit Companies (B Lab, 2019).

A point worth noting is that more than 100,000 companies are using the BIA to measure their impact but only around 3,000 of those are certified B Corps (Marquis, 2020a). Future research could also help discover why this conversion rate is so low and if the availability of a legal certification in areas where none is currently available would encourage conversion to formal certification. As a greater number of investors and stakeholders are redefining success with triple bottom line standards, a legal option to prove that a company is enforcing its ethical practices could be a positive step forward.

NOTE

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ABOUT THE AUTHORS / LES AUTEURS

Jasmine Alam is Assistant Professor of Entrepreneurship & Strategy at Cape Breton University. Email: jasmine_alam@cbu.ca

Mustapha Ibn Boamah is Professor of Economics at the University of New Brunswick. Email: mboamah@unb.ca

Donald MacMullen is Management Lecturer at Cape Breton University. Email: cbu18cbn@cbu.ca

Natasha Kochhar is a graduate student at Cape Breton University. Email: cbu13ffk@cbu.ca

Rebecca Barrington is a graduate student at Cape Breton University. Email: cbu19mxb@cbu.ca