

**2019 B Corp Academic Roundtable
- Working Draft -**

**Initial Title – June 2019:
COMPARING EUROPEAN vs. USA vs. LATAM CERTIFIED B-CORPS**

**New Proposed Title- September 2019:
B CORP CERTIFICATION: THE GRAND EQUALIZER? COMPARING EUROPEAN
vs. USA vs. LATAM CERTIFIED B-CORPS**

1. Introduction

We are witnessing businesses of all sizes engaging more and more in socially oriented activities that have evolved from peripheral, ancillary, random one-time events, such as the traditional end of the year philanthropic donation, or paid volunteer time for workers to social and environmental activities that are strongly aligned to the companies' core expertise. Companies are using their core competencies to integrate social/environmental principles into their day to day operations (Porter & Kramer, 2011). See for instance the social business Grameen Danone (Humberg, 2011; Peerally, De Fuentes & Figueiredo, 2018) where Danone, the French multinational corporation in conjunction with Grameen Trust created a new company in 2006 that sells fortified yogurt to children in Bangladesh. Danone brings its expertise in dairy product manufacturing to alleviate malnourishment in rural Bangladesh. Instead of making a hefty donation they opted for using their core competencies to address a social issue (Yunus, 2010).

This vision of the role of business in society is aligned with the stakeholder theory (Freeman, Harrison, and Wicks, 2007) and the triple bottom line perspective (Elkington, 1997). *Managing for stakeholders* has emerged as a view of business that takes into account the interest of different internal and external stakeholders, such as customers, suppliers, employees, communities and of course, shareholders. This business philosophy, in sharp contrast with the *shareholder supremacy* displayed on the now famous Friedman' essay in the New York Times (Friedman, 1970) has left the academic boundaries and it is becoming a prominent topic in business and mass media. See for instance the new Statement on the Purpose of a Corporation issue by the Business Roundtable on August, 2019 (Business Roundtable, 2019) in which 181 CEOs declared to “commit to lead their companies for the benefit of all stakeholders – customer, employees, suppliers, communities and shareholders” (Business Roundtable, 2019)

In this evolving context, the B Corp certification has surfaced as a material objective distinction to recognize the work done by for-profit entities that embody that triple line perspective (Moroz, Branzei, Parker, & Gamble, 2018). This B Corp status is a certification awarded by the B-Lab nonprofit to businesses that achieved a minimum of 80 points on the B Impact Assessment (BIA). This certification recognizes for-profit organizations for their commitment to workers, community, customers, environment, and governance.

As of September 2019, there are more than 2900 Certified Benefit Corporations (CBC) worldwide. Despite the relatively small number of CBCs, this business certification has attracted the interest of academics as evidenced by the B Corp Academic Roundtable activities, and the accelerated growth in B Corp related papers published in the last years - 191 papers and book chapters written on B Corps between 2009-18, (Gehman, Grimes, & Cao, forthcoming), including a special Journal of Business Venturing issue (Branzei, Gamble, Moroz & Parker, eds. 2018).

As the BCorp movement has expanded geographically so has expanded the academic interest to explore and understand differences in B Corp's performance and attributes across geographical areas. In this growing context our research aim to fill the gap in the academic literature interesting in exploring differences based on geographical context. Specifically we address the following research question: Is there any significant difference in the BIA scoring between CBC located in US vs. Europe vs. Latam? To address this question we use a manually created database with 180 CBCs including a balance geographical representation and conducted a t-test.¹

The paper is organized as follows. First, we provide the theoretical background, explaining the gap in the extant CBC [and mission statement literature- pending]. In the methods section we explain in the detail the challenge of obtaining CBC data and the process we follow to create our data sample, as well as the use of independent-samples t-tests for the analysis. We follow with a discussion and conclusions, as well as a reflection on the limitations and future research opportunities.

2. Theoretical Background

Corporate Social Responsibility (CSR) scholarly literature has extensively explored differences in strategies implementation across geographical areas. Specifically, using institutional theory as the backdrop numerous studies have identified differences in CSR approach based on the "country of origin". These differences can be explained by coercive pressure from laws and rules and normative institutional pressures created by cultural values embedded in the business context. That way Nordic countries' companies, as welfare states, emphasis politics that impact employees and interest group. Southern European companies prioritize environmental reports and those in the North American countries give priority to ethical issues (Amor-Esteban, Galindo-Villardón and Fátima, 2018).

However, given the "youngness" of the CBC movement worldwide, especially scarce is the literature that explores differences in performance across regional boundaries. Existing B Corp research focuses either on CBCs from a specific region (see Parker, Gamble, Moroz, & Branzei (2018) for US, Munoz, Cacciotti & Cohen (2017) for LATAM or Stubbs (2014) for Australia) or provides a global perspective. Cao, Gehman & Grimes (2017) in Chapter 1 of their Hybrid Ventures book established a typology of certification promotion strategies for hybrid ventures based on the relative prevalence of other hybrid ventures in the same regions and industries. Our

¹ Additionally we explore the presence of an explicit mission statement in each of the CBC in order to understand if there were significant regional differences. But we haven't incorporated related literature or discuss the results in this manuscript yet.

study depicts the first comparison in the literature between the US, the Latin American (Latam) and the European CBCS.

While B-Lab has been conferring the certification to companies based in the USA since 2007, it was not until 2014 that a European company was awarded the certification. B Corp Europe celebrated its first summit in the summer of 2016 (Clifford, 2016); as of September 2019, there are more than 5xx CBCs (*pending final confirmation by Marcello Palazzi*). In Latin America, Sistemas B was founded by Maria Emilia Correa (Triciclos), Juan Pablo Larenas (Late!) and Pedro Tarak (Guayaki) in 2012 with the goal of spreading the B Corp movement in Latin America. As of September 2019, there are more than 4xx CBCs (*pending Maria Emilia’s confirmation*). This growing body of European and LATAM CBCs and the lack of published articles that aim to understand differences between the US-based and their European and South American counterparts motivates our research.

3. Methods

In order to unveil different in performance across the five BIA dimensions, we used an independent-samples t-test to compare the mean of scores for each dimension and each of the geographical regions under study.

Accordingly, our research question can be stated as follows: are there significant differences in BIA performance across CBC in LATAM vs. Europe vs. USA?

Data Gathering

To address these questions, we use a manually built sample of 60 CBCs located in the US, 60 CBCs located in Latam and 61 CBCs located in Europe respectively (total n= 181). For each of these organizations, information of interest, such as the presence of an explicit mission statement was gathered from different sources. Data referring to each B Corp dimension’s score were obtained from the official B Lab website (bcorporation.net) in the spring of 2018. It is important to notice that not all dimensions were present in all companies in the sample. Specially, the dimension called ‘Customers’ where data were not available in 26 cases in Europe, 28 cases in USA, and 24 cases in Latam. Similarly, ‘Workers’ data were missing in 4 cases in Europe, 12 cases in USA, and 10 cases in Latam (see Table 5). It is important to notice that the BIA used by these companies was the version 5². This version 5 has limited questions for the Customer section and most of them related to having a product that serves the needs of a disadvantaged population. That been the case, no many companies could score in that category.

Table 1: Sample Europe (n=61)

Continent	Region	Country	Number of CBCs
Europe	North	UK	16
	Centre	Germany	4

² In January 2019, B Lab released version 6 of the BIA. This newest version expands and improves the existing five categories, specially “customers”.

		Netherlands	4
	South	Italy	13
		France	14
		Spain	10
Total			61

Table 2: USA (n=60)

Continent	State	Number of CBCs
USA	Arizona	1
	California	16
	Colorado	5
	District of Columbia	1
	Florida	2
	Illinois	2
	Maryland	1
	Massachusetts	5
	Minnesota	1
	Montana	1
	New Hampshire	1
	New York	3
	North Carolina	3
	Ohio	1
	Oklahoma	1
	Oregon	4
	Pennsylvania	1
	South Carolina	1
	Texas	3
Utah	1	
Vermont	2	
Virginia	1	
Wisconsin	1	
Total		60

Table 3: Latam (n=60)

Continent	Country	Number of CBCs
Latam	Argentina	9
	Bolivia	1
	Brazil	11
	Chile	15
	Colombia	5
	Equator	3

	Paraguay	6
	Peru	6
	Uruguay	4
Total		60

Table 4: Explicit mission statement

Region	Yes, explicit mission statement	%	No explicit mission statement	%
Europe	15	25%	46	75%
USA	29	48,3%	31	51.7%
Latam	17	28%	43	72%

Table 5: Available data of each region

Region	Environment	Workers	Customers	Community	Governance
Europe	61	57	35	61	61
USA	60	48	32	60	60
Latam	60	50	36	60	60

Data Analysis³

Our preliminary results show no significant differences among the three samples analyzed. In general, the mean of the each CBC's dimension are consistent by geographical area.

Table 6: Overall Score by Region comparison

a.

Prueba de muestras independientes										
		Prueba de Levene para la igualdad de varianzas		Prueba T para la igualdad de medias					95% Intervalo de confianza para la diferencia	
		F	Sig.	t	gl	Sig. (bilateral)	Diferencia de medias	Error tip. de la diferencia	Inferior	Superior
OVERALLSCORE	Se han asumido varianzas iguales	2,336	,129	-1,367	118	,174	-3,9667	2,9019	-9,7132	1,7798
	No se han asumido varianzas iguales			-1,367	116,707	,174	-3,9667	2,9019	-9,7138	1,7805

b.

³ As we start getting the first results we are also considering extending the research design into a mixed approach, specifically an *explanatory sequential design* (Creswell & Plano Clark, 2011) that allows us to explain the quantitative results in more detail giving voices to CBC's managers from all three regions.

Prueba de muestras independientes

		Prueba de Levene para la igualdad de varianzas		Prueba T para la igualdad de medias						
		F	Sig.	t	gl	Sig. (bilateral)	Diferencia de medias	Error tip. de la diferencia	95% Intervalo de confianza para la diferencia	
									Inferior	Superior
OVERALLSCORE	Se han asumido varianzas iguales	2,111	,149	,736	119	,463	2,0322	2,7604	-3,4336	7,4981
	No se han asumido varianzas iguales			,735	113,236	,464	2,0322	2,7652	-3,4460	7,5105

C.

Prueba de muestras independientes

		Prueba de Levene para la igualdad de varianzas		Prueba T para la igualdad de medias						
		F	Sig.	t	gl	Sig. (bilateral)	Diferencia de medias	Error tip. de la diferencia	95% Intervalo de confianza para la diferencia	
									Inferior	Superior
OVERALLSCORE	Se han asumido varianzas iguales	,085	,772	-,745	119	,458	-1,9344	2,5977	-7,0781	3,2093
	No se han asumido varianzas iguales			-,744	117,228	,458	-1,9344	2,6000	-7,0835	3,2147

Regarding the BCorp dimensions, comparing Latam vs USA, both countries performs similarly.

Considering USA vs Europe, we only have found significant differences in ‘Workers’. In Europe the levels of this dimension is higher than USA (see Table x).

Table 7: Workers EU vs. USA

Prueba de muestras independientes

		Prueba de Levene para la igualdad de varianzas		Prueba T para la igualdad de medias						
		F	Sig.	t	gl	Sig. (bilateral)	Diferencia de medias	Error tip. de la diferencia	95% Intervalo de confianza para la diferencia	
									Inferior	Superior
WORKERS	Se han asumido varianzas iguales	,782	,379	-2,322	103	,022	-3,3180	1,4287	-6,1514	-,4845
	No se han asumido varianzas iguales			-2,401	98,051	,018	-3,3180	1,3817	-6,0598	-,5761

Finally, comparing Europe and Latam, we have found significant differences in two dimensions: ‘Workers’ and ‘Community’. The tables below show the significant differences found.

Table 8: Workers EU vs. LATAM

Prueba de muestras independientes

		Prueba de Levene para la igualdad de varianzas		Prueba T para la igualdad de medias						
		F	Sig.	t	gl	Sig. (bilateral)	Diferencia de medias	Error tip. de la diferencia	95% Intervalo de confianza para la diferencia	
									Inferior	Superior
WORKERS	Se han asumido varianzas iguales	2,604	,110	-2,403	105	,018	-3,2530	1,3535	-5,9368	-,5692
	No se han asumido varianzas iguales			-2,486	90,763	,015	-3,2530	1,3085	-5,8523	-,6536

Table 9: Community in EU vs. LATAM

Prueba de muestras independientes

		Prueba de Levene para la igualdad de varianzas		Prueba T para la igualdad de medias						
		F	Sig.	t	gl	Sig. (bilateral)	Diferencia de medias	Error tip. de la diferencia	95% Intervalo de confianza para la diferencia	
									Inferior	Superior
COMMUNITY	Se han asumido varianzas iguales	8,683	,004	2,900	119	,004	7,4071	2,5544	2,3491	12,4651
	No se han asumido varianzas iguales			2,891	105,559	,005	7,4071	2,5617	2,3280	12,4862

4. Discussion

The purpose of this manuscript was to understand if there were differences among the BIA scoring of CBC in three different regional areas. Previous CSR literature has established that the country of origin and regional area has a significant impact on the CSR strategies undertaken by companies (Amor-Esteban et al.) As the B Corp certification recognized social and environmental practices that are characteristic of CSR, we aim to understand if CBCs follow the pattern of other companies engaged in CSR in each regional area or they present a homogeneous behavior.

Our results show that there are not significant differences in BIA scoring across all 3 regional areas. Only a few significant differences have been identified in European CBC average scoring in workers vs. USA CBCs as European scoring is higher than USA and LATAM. However LATAM CBC's Community average scores are higher than in Europe.

5. Conclusions

Overall, we aim to strengthen the B Corp arena as a prime research loci for social enterprise and CSR scholars and, in particular, to contribute to the development of a B-Corp stream of literature that analyzes differences between CBC's across different worldwide regions.

We are aware that our sample was manually created and the CBC were selected randomly. Additionally we used scorings from BIA version 5 and has the new current version 6, has expanded significantly some of the dimensions such as customer, the results could be very different if we were to replicate the study using data from BIA version 6.

We hope that distinctive focus on geographical differences encourages other researchers to explore these phenomena under a new prism, opening the door to future research opportunities. For instance, using existing literature related to the presence of mission statements in social enterprises in different regional areas, (Mas-Machuca, Ballesteros-Sola & Guerrero, 2017), scholars could try to understand if CBC's display similar characteristics as the overall social enterprise population in each area.

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