

Governance Models for Sustainability: Comparing B Corps and Cross-sector Partnerships

Eduardo Ordonez-Ponce

Assistant Professor at Athabasca University, Faculty of Business, Canada.

eduardo.ordonez@fb.athabascau.ca

Verónica Devenin

Adjunct Professor, School of Business, Universidad Adolfo Ibáñez, Chile.

Visitant Fellow, ICTA, Universidad Autónoma de Barcelona, Spain.

veronica.devenin@uab.cat

Introduction

Sustainability is a wicked problem (Dentoni, Bitzer, & Pascucci, 2016) that no organization can solve alone (Bryson, Crosby, & Stone, 2006), a grand challenge that requires collaboration (George, Howard-Grenville, Joshi, & Tihanyi, 2016), as a key condition of governance.

Sustainability includes human and social progress beyond economics and the environment, requiring the participation of diverse stakeholders towards action to achieve multiple values (Kates, Parris, & Leiserowitz, 2005). It implies equity between and within generations led through political systems that allow citizen participation and democracy in decision-making processes (Dresner, 2008). All challenges that require the leadership and responsibility of organizations from across sectors (Sachs, 2012).

Governance is a model of social coordination used by organizations as a collaborating platform to achieve common purposes (Francis, 2003). It is about how organizations act, through what types of interactions, and how they adhere to collective decisions (Kemp, Parto, & Gibson, 2005). Governance refers to how the different interests of stakeholders are translated into agreed policies and actions that represent their aims on common issues in a coordinated manner (Kohler-Koch & Eising, 1999). While several governance approaches are implemented for addressing sustainability challenges, this research aims to assess B Corporations in comparison to Cross-sector Social Partnerships (CSSPs), two models in vogue and claiming to contribute to sustainability that have lately increased in numbers, but are still under studied (Branzei & Le Ber, 2014; Buerkle, Chang, & Storto, 2018; Clarke & MacDonald, 2019; Stubbs, 2017b).

This research uses the city of Barcelona (Spain) as a case study, where there is an emerging B movement and which partners with a large number of organizations from across sectors for its sustainability, including business.

B Corporations

B Corps aim to produce a positive societal and environmental impact rather than just maximizing profits, influencing the business community and public policy (Stubbs, 2017a). B Corps are informally organized through local and regional B organizations, with a spontaneous external model governance shaping the constitution of the B movement (Bauer & Umlas, 2017).

It seems that the B Corp movement has a global and local structure, which is articulated but is also independent and flexible. However, while its structure and governance enable the emergence of bottom-up initiatives that promote alignment and synergy, the centralized

certification, which only B Lab provides, implies a sort of control mechanism and a figure of authority since they were at the origins of the B Corps. This is a completely unexplored topic, and this research contributes to understanding better the external governance of B Corps and their potential impact on sustainability.

Cross-sector Social Partnerships

Partnerships are a coordinating configuration of stakeholders from different sectors collaborating for the achievement of common goals, a “pluralistic approach” to address societal problems (Glasbergen, 2007, p. 1). Partnerships are a new form of collaborative governance (Crane & Seitanidi, 2014) representing an opportunity for businesses to comply with expectations on socially responsible behaviour, improve their reputation and reduce their environmental footprint (Gray & Stites, 2013; Selsky & Parker, 2005). CSSPs, in particular, have been identified as a key for addressing sustainability challenges (Worley & Mirvis, 2013).

Cities is one of the scales where sustainability is being practiced by organizations sharing common interests (Clarke & Ordonez-Ponce, 2017). Hence, thousands of local governments address their sustainability challenges through partnerships (Rok & Kuhn, 2012), understanding that issues such as climate change, poverty or economic development are too large and multifaceted to be addressed by them alone (Bryson et al., 2006). Examples of cities addressing their sustainability strategies in partnership with cross-sector organizations are Barcelona (Ayuntamiento de Barcelona, 2012), Bristol (Bell, Croft, & Sear, 2016), and Montreal (Ville de Montréal, 2016).

Comparing Governance Models for Sustainability

The aim of this research is to analyse and compare B Corps and CSSPs with the purpose of contributing to their improvement towards the achievement of goals. Table 1 summarizes the governance dimensions of B Corps and of CSSPs based on a literature review.

Table 1: Governance Dimensions of B Corps and CSSPs

| Dimension | B Corps | CSSPs |
|--------------|--|--|
| Purpose | Positively impact a particular social or environmental problem through each company business model (Stubbs, 2017a). | Address issues of common social concern for the partners (Glasbergen, 2007). |
| Role | The B Corps arise as an activist movement, using companies as a force for good (Stubbs, 2017a). Businesses become a social actor (Westman et al., 2019) capable of addressing sustainability. | The role of CSSPs is to address sustainability challenges by engaging organizations from across sectors. The role of the partners is to contribute with their strengths to the success of the CSSP (Glasbergen, 2007). |
| Stakeholders | The B Corp movement considers business leaders, investors, academics and researchers, politicians, big market players, and the civil society as their stakeholders (B Lab, 2019). | Organizations from the private, public, and civil society sectors (Selsky & Parker, 2005). CSSPs are usually led by local governments under the Local Agenda 21 scheme (United Nations, 1992). |
| Motivation | Each company has its own motivation, which may correspond to a broad, narrow, or circular purpose (Muñoz, Cacciotti, & Cohen, 2018). The B Corp movement aims that purpose-driven companies become mainstream. | CSSPs are motivated by sustainability challenges (Clarke & MacDonald, 2019), and partners aim to solve problems they cannot solve alone, which are of common concern for them (Bryson et al., 2006). |
| Scale | Almost all B Corps are SMEs with local impact. However, the B movement is trying to influence big companies to adopt the B Corp model, which is essential to institutionalize the model (Battilana & Lee, 2014). | Organizations from diverse sizes join CSSPs and the scale of the CSSPs varies from two partners on a specific initiative to thousands addressing the sustainability challenges of a city (Clarke & MacDonald, 2019). |
| Success | At the company level, to reach and increase the expected social or environmental impact (Stubbs, 2017a). | The types of partners and their relationships (Glasbergen, 2007), gaining something larger than the costs of participating (Waddock, 1991), with agreements, tasks, and roles assigned (Trist, 1983). Partners must be engaged with each other around a problem domain through rules, norms, and structures (Gray & Wood, 1991), sharing power, decisions, resources, values, strategy, and a sense of mission, their legitimacy and |

| Dimension | B Corps | CSSPs |
|--------------------|--|---|
| Impact measurement | B Corps use the BIA ¹ tool, which is constantly evolving. The total impact should be the aggregated impact of each company (Nigri, Michelini, & Grieco, 2017). Right now, the B movement has an alliance with the UN to improve the BIA tool to measure the contribution of companies to the Sustainable Development Goals. | interdependence, as well as the importance of the issue, and their roles and values must reflect the complexity of the problem (Huxham, 1993). Although there is not a specific tool to measure the impact of CSSPs, they report on their relative progress with respect to the goals set for the partnership (Ajuntament de Barcelona, 2015; Ville de Montréal, 2014) |
| Keys to success | The design of an effective sustainable business model (Joyce & Paquin, 2016) and governance in view of the condition of creating simultaneous value (Hahn, Spieth, & Ince, 2018). | The existence of an oversight body, partner organizations actively engaged and growing in numbers, focused on community-wide actions, with measuring and monitoring systems, and communication mechanisms (Clarke, 2012). |

The B Corp Movement in Barcelona

Barcelona has almost 50% of the certified B Corps in Spain, and in terms of the B Corp movement, B Corps from Barcelona have been recognized globally, being part of the European B Lab.

This research focuses on Barcelona's external governance model at the movement level, and its expected impact on sustainability. The governance of the B movement is multi-scalar, with an informal vertical and horizontal dynamic that this research aims to clear up. Furthermore, this research tracks all interactions of the Barcelona B Corps and the B Corp movement to identify the governance of the B movement and its dynamics.

¹ B Impact Assessment

Barcelona + Sustainable (CSSP)

Barcelona has worked on sustainability since it signed the Aalborg Charter in 1995 (Ayuntamiento de Barcelona, 2012), committing to the implementation of Local Agenda 21 and developing long-term sustainability programs (Hernández, 2003). Since then, Barcelona has worked with its citizens and organizations from across sectors to contribute to its sustainability. Currently, Barcelona city and its partners work under a Public Commitment towards Sustainability for the period 2012-2022, with objectives on biodiversity; public spaces and mobility; environmental quality and health; efficiency, productivity, and zero emissions; rational use of resources; good governance and social responsibility; well-being; progress and development; education and citizen action; and resilience and planetary responsibility (Ayuntamiento de Barcelona, 2012). This commitment has become the roadmap for Barcelona, involving more than 1,000 organizations from across sectors, working together to achieve its objectives (M. Cuixart & T. Franquesa, personal communication, January 18, 2018).

Methods and Timeline

This research comprises two stages. Stage 1 is exploratory and runs until September 2019, and the second stage will follow thereafter². A summary of methodological details including a timeline are as follow:

² The scope of this stage is subject to funding

Stage 1:



Stage 2:



Stage 1 starts with the design of a questionnaire to be approved by Athabasca University Research Ethics Board prior to the beginning of the study, which also reviews the method of selecting participants to avoid coercion and ensure voluntary involvement. Semi-structured interviews (McCracken, 1988) will be used targeting randomly selected companies and representatives of both models, for which agreements have been made with B Corps Barcelona and Barcelona + Sustainable. Interviews will be done by phone and in person aiming at the companies' highest possible executives plus Mr. Pablo Sánchez - representative of the B Corp movement, Mr. Marcello Palazzi - Co-Founder of B Lab Europe and Global Ambassador, and Barcelona + Sustainable coordinator, Ms. Marta Cuixart from the Barcelona City Council. Qualitative content analysis of data will be done and results compared to ensure reliability (Spiggle, 1994).

References

- Ajuntament de Barcelona. (2015). *Barcelona's Commitment to the Climate*. Retrieved from Ajuntament de Barcelona website:
<http://ajuntament.barcelona.cat/ecologiaurbana/sites/default/files/Barcelona%20Commitment%20to%20Climate.pdf>
- Ayuntamiento de Barcelona. (2012, December). *Compromiso Ciudadano por la Sostenibilidad 2012-2022*. Retrieved from
<http://ajuntament.barcelona.cat/ecologiaurbana/sites/default/files/Compromiso%20Ciudadano%20por%20la%20Sostenibilidad.pdf>
- B Lab. (2019). A Global Community of Leaders. Retrieved from Certified B Corporation website: <https://bcorporation.net/>
- Battilana, J., & Lee, M. (2014). Advancing Research on Hybrid Organizing - Insights from the Study of Social Enterprises. *The Academy of Management Annals*, 8(1), 397–441.
- Bauer, J., & Umlas, E. (2017). Making Corporations Responsible: The Parallel Tracks of the B Corp Movement and the Business and Human Rights Movement. *Business and Society Review*, 122(3), 285–325.
- Bell, H., Croft, T., & Sear, Z. (2016). *Citywide Review: The Story of Bristol's Green Capital Year*. Bristol, UK: Bristol Green Capital Partnership.
- Branzei, O., & Le Ber, M. (2014). Theory-Method Interfaces in Cross-Sector Partnership Research. In M. M. Seitanidi & A. Crane (Eds.), *Social Partnerships and Responsible Business* (pp. 229–266). London, UK: Routledge: Taylor & Francis Group.

- Bryson, J. M., Crosby, B. C., & Stone, M. M. (2006). The Design and Implementation of Cross-Sector Collaborations: Propositions from the Literature. *Public Administration Review*, (Special Issue), 44–55. <https://doi.org/10.1111/j.1540-6210.2006.00665.x>
- Buerkle, A., Chang, K., & Storto, M. (2018). *Just Good Business: An Investor's Guide to B Corps*. Retrieved from https://cbey.yale.edu/sites/default/files/Just%20Good%20Business_An%20Investor%27s%20Guide%20to%20B%20Corps_March%202018.pdf
- Clarke, A. (2012). *Green Municipal Fund. Passing Go: Moving Beyond The Plan*. Retrieved from Federation of Canadian Municipalities website: https://fcm.ca/Documents/tools/GMF/SS_PassingGo_EN.pdf
- Clarke, A., & MacDonald, A. (2019). Outcomes to Partners in Multi-Stakeholder Cross-Sector Partnerships: A Resource-Based View. *Business & Society*, 58(2), 298–332. <https://doi.org/10.1177/0007650316660534>
- Clarke, A., & Ordonez-Ponce, E. (2017). City Scale: Cross-Sector Partnerships for Implementing Local Climate Mitigation Plans. Speak Your Mind Symposium on Climate Change and Public Administration. *Public Administration Review*, 2(7). Retrieved from http://faculty.washington.edu/aseem/Public_Administration_Review_climate_change_symposium.pdf
- Crane, A., & Seitanidi, M. M. (2014). Social Partnerships and Responsible Business. What, Why and How? In M. M. Seitanidi & A. Crane (Eds.), *Social Partnerships and Responsible Business. A Research Handbook* (pp. 1–12). London, UK: Routledge: Taylor & Francis.

- Dentoni, D., Bitzer, V., & Pascucci, S. (2016). Cross-Sector Partnerships and the Co-creation of Dynamic Capabilities for Stakeholder Orientation. *Journal of Business Ethics*, 135, 35–53. <https://doi.org/10.1007/s10551-015-2728-8>
- Dresner, S. (2008). *The Principles of Sustainability* (2nd ed.). London, UK: Earthscan Publications Ltd.
- Francis, G. (2003). Governance for Conservation. In F. Westley & P. S. Miller (Eds.), *Experiments in Consilience Integrating Social and Scientific Responses to Save Endangered Species* (pp. 223–243). Washington, DC: Island Press.
- George, G., Howard-Grenville, J., Joshi, A., & Tihanyi, L. (2016). Understanding and Tackling Societal Grand Challenges Through Management Research. *Academy of Management Journal*, 59(6), 1880–1895.
- Glasbergen, P. (2007). Setting the Scene: The Partnership Paradigm in the Making. In P. Glasbergen, F. Biermann, & A. P. J. Mol (Eds.), *Partnerships, Governance and Sustainable Development: Reflections on Theory and Practice* (pp. 1–25). Cheltenham, UK: Edward Elgar.
- Gray, B., & Stites, J. P. (2013). *Sustainability Through Partnerships*. London, ON: Network for Business Sustainability.
- Gray, B., & Wood, D. J. (1991). Collaborative Alliances: Moving From Practice to Theory. *Journal of Applied Behavioral Science*, 27(1), 3–22.
- Hahn, R., Spieth, P., & Ince, I. (2018). Business Model Design in Sustainable Entrepreneurship: Illuminating the Commercial Logic of Hybrid Businesses. *Journal of Cleaner Production*, 176, 439–451.

- Hernández, A. (2003, November). Carta de las Ciudades Europeas hacia la Sostenibilidad. La Carta de Aalborg. Retrieved February 12, 2016, from Ciudades para un Futuro más Sostenible website: http://habitat.aq.upm.es/indloc/aindloc_17.html
- Huxham, C. (1993). Pursuing Collaborative Advantage. *The Journal of the Operational Research Society*, 44(6), 599–611. <https://doi.org/10.1057/jors.1993.101>
- Joyce, A., & Paquin, R. (2016). The Triple Layered Business Model Canvas: A Tool to Design More Sustainable Business Models. *Journal of Cleaner Production*, 135, 1474–1486.
- Kates, R. W., Parris, T. M., & Leiserowitz, A. A. (2005). What is Sustainable Development? *Environment: Science and Policy for Sustainable Development*, 47(3), 8–21. <https://doi.org/10.1080/00139157.2005.10524444>
- Kemp, R., Parto, S., & Gibson, R. B. (2005). Governance for Sustainable Development: Moving from Theory to Practice. *International Journal of Sustainable Development*, 18(1/2), 12–30.
- Kohler-Koch, B., & Eising, R. (1999). Governance in the European Union. A Comparative Assessment. In *Routledge/ECPR Studies in European Political Science: Vol. 12. The Transformation of Governance in the European Union* (pp. 266–284). London, UK: Routledge.
- McCracken, G. (1988). *The Long Interview*. New York, NY: Sage Publications.
- Muñoz, P., Cacciotti, G., & Cohen, B. (2018). The Double-edged Sword of Purpose-Driven Behaviour in Sustainable Venturing. *Journal of Business Venturing*, 33(2), 149–178.
- Nigri, G., Michelini, L., & Grieco, C. (2017). Social Impact and Online Communication in B-Corps. *Global Journal of Business Research*, 11(3), 87–104.

- Rok, A., & Kuhn, S. (2012). *Local Sustainability 2012. Taking Stock and Moving Forward. Global Review* (pp. 1–87). Bonn, Germany: ICLEI - Local Governments for Sustainability.
- Sachs, J. D. (2012). From Millennium Development Goals to Sustainable Development Goals. *Lancet*, 379(9832), 2206–2011.
- Selsky, J. W., & Parker, B. (2005). Cross-Sector Partnerships to Address Social Issues: Challenges to Theory and Practice. *Journal of Management*, 31(6), 849–873.
<https://doi.org/10.1177/0149206305279601>
- Spiggle, S. (1994). Analysis and Interpretation of Qualitative Data in Consumer Research. *Journal of Consumer Research*, 21(3), 491–503. <https://doi.org/10.1086/209413>
- Stubbs, W. (2017a). Characterising B Corps as a Sustainable Business Model: An Exploratory Study of B Corps in Australia. *Journal of Cleaner Production*, 144, 299–312.
- Stubbs, W. (2017b). Sustainable Entrepreneurship and B Corps. *Business Strategy and the Environment*, 26(3), 331–344.
- Trist, E. (1983). Referent Organizations and the Development of Inter-Organizational Domains. *Human Relations*, 36(3), 269–284.
- United Nations. (1992). *Agenda 21*. Rio de Janeiro, Brazil: United Nations Conference on Environment and Development (UNCED).
- Ville de Montréal. (2014). *Summary 2012/2013 Progress Report*. Retrieved from Ville de Montréal website:
http://ville.montreal.qc.ca/pls/portal/docs/page/d_durable_en/media/documents/2012-2013_progress_report_summary.pdf

Ville de Montréal. (2016). *Sustainable Montréal. Together for a Sustainable Metropolis*.

Retrieved from

http://ville.montreal.qc.ca/pls/portal/docs/page/d_durable_en/media/documents/plan_de_dd_en_lr.pdf

Waddock, S. A. (1991). A Typology of Social Partnership Organizations. *Administration & Society*, 22(4), 480–515. <https://doi.org/10.1177/009539979102200405>

Westman, L., Luederitz, C., Kundurpi, A., Mercado, A. J., Weber, O., & Burch, S. (2019).

Conceptualizing Businesses as Social Actors: A Framework for Understanding Sustainability Actions in Small- and Medium-sized Enterprises. *Business Strategy and the Environment*, 28(2), 388–402.

Worley, C. G., & Mirvis, P. H. (2013). Studying Networks and Partnerships for Sustainability: Lessons Learned. In C. G. Worley & P. H. Mirvis (Eds.), *Building Networks and Partnerships. Organizing for Sustainable Effectiveness* (Vol. 3, pp. 261–291). Bingley, UK: Emerald Group Publishing Limited.