Behavioral Perspectives on B Corps

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1 Context

The Friedman doctrine[1] asserts that a company's primary responsibility is to maximize shareholder wealth. For decades, it has been the core of the most influential ideas behind modern Western economics, shaping the private sector, particularly in the US. Leveraged at a time of uncertainty, it quickly gained corporate and political traction and became the dominant business mindset until recently. The doctrine prevailed over competing contemporary proposals, such as corporate social responsibility (CSR) advocated by Bowen, who stated that businessmen's obligations are to pursue policies and make decisions that are desirable and of value to society.[2] Friedman's doctrinal influence embedded itself into corporate cultures and emerging management styles, and concerns related to consumers, workers, and the environment remained secondary or even neglected as managers focused on profit maximization.

Hestad[3] highlights that this still-widespread managerial culture—in which workers are conceptualized as economic agents, placed in a competitive environment, and incentivized to become increasingly productive, efficient, and profitable—generates false dichotomies. Specifically, dichotomies between present and future (i.e., maximizing profit each quarter while often disregarding long-term negative consequences), management and employees (i.e., establishing and maintaining a top-down culture of control and hierarchy), and lastly economy and nature (i.e., prioritizing financial growth at the expense of preserving the environment, frequently without adequate damage management and prevention). Recent studies highlight how these tensions are not actual intrinsic properties of business activities but rather mistaken human conceptualizations, as there are no real boundaries between organizations and the socio-ecological systems in which they are embedded.[4] Transcending such artificially defined boundaries entails a shift in the cultural and value systems of enterprises and the development of integrated perspectives on business, society, and the environment, which considers their effects from a systemic perspective and goes beyond profit motives. In a limited-resource system bound by natural laws, pursuing perpetual growth in a framework of false dichotomies is not only unsustainable but actively damaging to human health and well-being, as well as to biodiversity and ecosystems.

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[1] Friedman M (1970) A Friedman doctrine-- The Social Responsibility Of Business Is to Increase Its Profits. The New York Times. Available at: https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html.

[2] Bowen (1953), p. 6.

[3] Hestad et al. (2020).

[4] Muñoz et al. (2018).

As a concrete example of the ineffectiveness of previous paradigms, pitting employees against each other in a quest to increase competition and efficiency resulted in the near-complete dissolution of Sears.[5,6] Expecting that pure competition would stimulate highly rational decision-making and lead to the most profitable and efficient outcomes, Sears CEO Eddie Lampert divided the company into 30 units; however, this action backfired when unit executives attempted to undermine each other to boost their performance-dependent bonuses. As everyone became focused on self-interest and competition with other units, the importance of cooperation was forgotten, which actively led to overall brand damage.[7] This case adds to unequivocal evidence from the behavioral sciences demonstrating that humans do not behave like rational economic agents, but rather frequently follow predictable heuristics (also known as *biases*) resulting from cognitive and affective decision mechanisms rooted in evolutionary adaptations.[8,9] Not only is the assumption of rationality unsuitable, but additional evidence from social neuroscience emphasizes that the brain's intrinsic social wiring drives humans to cooperate and bond.[10,11] Thus, an environment dominated by overcompetition and disregard for human instincts is more likely to result in reduced efficiency and trust as well as increased unethical behavior. This combination has negative implications for well-being and team performance and ultimately for firm profitability. For instance, on well-being, reports have shown an increased prevalence of mental health conditions related to work stress (such as anxiety and burnout): 44% of employees in 2018 reported work had caused or aggravated a mental health condition, representing a 10% increase from 2008 and an annual cost of £42–£45 billion to the UK economy.[12] Ripple effects have also been observed at other levels of society, prominently widespread public distrust resulting from high corporate executive pay, managerial corruption,

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[5]Kimes M (2013) At Sears, Eddie Lampert's Warring Divisions Model Adds to the Trouble. Bloomberg. Available at: https://www.bloomberg.com/news/articles/2013-07-11/at-sears-eddie-lamperts-warring-divisions-model-adds-to-the-troubles.

[6]Paramore LS (2013) Ayn Rand Killed Sears. Salon. Available at: https://www.salon.com/2013/07/18/ayn_rand_killed_sears_partner/.

[7]For a detailed discussion on the caveats of extreme efficiency, see Roger Martin's article in the *Harvard Business Review*: https://hbr.org/2019/01/the-high-price-of-efficiency.

[8]See Kahneman (2011).

[9]See Samson (2014).

[10]See Raihani (2021).

[11]See Lieberman (2013).

[12]Deloitte (2020) Mental Health and Employees - The Refreshing Case for Investment, p. 12. Available at: https://www2.deloitte.com/uk/en/pages/consulting/articles/mental-health-and-employers-refreshing-the-case-for-investment.html.

and unsuitable treatment of the workforce.[13] Taken together, these findings portray various shortcomings of a shareholder wealth-maximizing economy. In parallel to the realization of these shortcomings, past years have seen a growing societal sentiment that both individuals and the private sector should not focus solely on profit maximization but also on ensuring a sustainable future. For instance, in 2016, only 19% of Americans aged 18–29 identified as capitalists according to a Harvard Institute of Politics study, a drop from 49% in 2010.[14,15,16] Furthermore, mainstream media have increasingly raised awareness on the current climate and biodiversity crisis.[17,18]

Thus, at the turn of the millennium, scholars[19] and business leaders began questioning the validity—and more importantly the sustainability—of the notions of value, wealth, and efficiency. This reevaluation, along with a growing frustration with the *"growth at all costs"* mindset, has led to the reconsideration of alternative business doctrines, such as that proposed by Bowen.[20] It comes in the form of new frameworks for assessing performance, such as the triple bottom line (profit, people, planet),[21] environmental, social, and governance (ESG) investment criteria,[22] and hybrid companies or social enterprises,[23] such as B Corps[24] and benefit corporations,[25] all underlain by one common principle: purpose-driven strategy. Both the

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[13]GFK (2011) State of Distrust: New Survey Indicates Corporate Trust Waning Among the Influential Americans. Available at: https://www.prnewswire.com/news-releases/state-of-distrust-new-survey-indicates-corporate-trust-waning-among-the-influential-americans-123761169.html.

[14]Guarna (2019), p. 6.

[15]Harvard Institute of Politics (2016) The Millennial Agenda for the Next President. Available at: https://iop.harvard.edu/sites/default/files/content/docs/160718_Harvard%20IOP%20Poll%20Convention%20Summary.pdf.

[16]We suspect this result also occurred because of a conflation of the meaning of capitalism, either as an economic system or as an implicit connotation of shareholder wealth maximization.

[17]WWF (2016) Living Planet Report 2016: Risk and Resilience in a New Era. Available at: https://awsassets.panda.org/downloads/lpr_2016_full_report_low_res.pdf.

[18]IPCC (2021) AR6 Climate Change 2021 - The Physical Science Basis. Available at: https://www.ipcc.ch/report/ar6/wg1/.

[19]See Edmans (2020); Martin (2020) and Raworth (2017).

[20]Bowen (1953).

[21]See Elkington (1997).

[22]Introduced by the International Financial Corporation in 2005, see: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_report_whocareswins2005__wci__1319576590784#:~:text=The%20Who%20Cares%20Wins%20conference,in%20asset%20management%20and%20financial.

[23]In this chapter, "social enterprise" is an umbrella term referring to any company that provides socio-environmental benefits to stakeholders and not just shareholders.

[24]"B Corp" is a certification given by B Lab. See https://www.bcorporation.net/en-us/certification/.

[25]A "benefit corporation" is a legal structure. For the difference between B Corps and benefit corporations, see: https://benefitcorp.net/businesses/benefit-corporations-and-certified-B Corps.

NGOs	Income-generating NGOs	B Corps	General social enterprises	For-profits with CSR policies	Traditional for-profit organizations
Mission & Stakeholders			Profit & Shareholders		

Fig. 1 The spectrum of nongovernmental organizations (NGOs) and traditional for-profit organizations (Adapted from Alter (2007))

frameworks and company certifications revolve around a similar core concept, that of moving away from shareholder capitalism and toward stake holder capitalism, in which other agents participating in or affected by the system are considered. These companies differ from traditional philanthropic or other nonprofit organizations as they still aim to generate a profit, and they are also distinct from traditional companies as they seek to create social and ecological value (e.g., sustainable resource use, worker well-being, protection of biodiversity) alongside financial returns (see Fig. 1 for a visual representation). It is worth noting that traditional companies have long incorporated purpose-driven practices under the most widely known form of CSR. CSR practices, however, are typically unverifiable, and while some companies have adopted them genuinely, inauthentic CSR used for advancing profit-maximization motives in disguise has faced repeated media coverage and public backlash. This phenomenon, often labeled "greenwashing," has eroded public trust in CSR claims.[26] Thus, there is a need to differentiate honest social enterprises from greenwashers and create standards for firms aspiring to be considered social enterprises.

In this spirit, the California-based nonprofit organization B Lab launched B Corp certification in 2007. Since then, more than 4500 companies have been certified in over 75 countries and across 150 industries.[27] Notable global brands that have become certified include Patagonia, Danone, Ben & Jerry's, and Seventh Generation. B Corps' hybrid approach entails the pairing of economic motives with a social or environmental purpose and holistically considering all stakeholders and aspects that may be impacted by the company. B Lab evaluates potential applicants through the B Impact Assessment, which comprises five areas of evaluation: *governance, workers, customers, community*, and *environment.* To become certified, a company must obtain a minimum of 80 points out of 200. *Governance* primarily addresses ethics, mission, and transparency; *workers* evaluates aspects such as financial security, health and wellness, engagement, satisfaction, and employee career development; *customers* considers stewardship and whether the product or service provides a solution to a socio-ecological problem; *community* is concerned with diversity and inclusion, supply-chain ethics, engagement with local communities, and charity; and lastly *environment* focuses on sustainable practices, such as

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[26]Hamza and Jarboui (2020).

[27]Data from B Lab. Available at: https://www.bcorporation.net/en-us/ (as of January 2022).

recycled materials and renewable energy, alongside waste reduction and wildlife conservation.[28] B Corps are also subject to random on-site audits by B Lab, meant to enhance company accountability. Overall, the B Corp certificate is not just another label attached to a product, instead it represents a bottom-up effort to shift the status quo of corporate misbehavior to re-establish public trust[29] while creating a novel economic sector.[30] Interestingly, there are more emerging B Corps in industries that exhibit strong hostile shareholder-centric tendencies (e.g., mass layoffs, excessive income inequality between executives and employees) than in less hostile environments,[31] further supporting the movement's driving ethos to counteract the negative consequences of a pure profit motive.

Much of the B Corps literature, reviewed by Diez-Busto and colleagues in 2021,[32] focuses on conceptual analysis or review,[33] legal discussions,[34] financial or growth-oriented aspects,[35] and evaluating sustainability achievements.[36] There is, however, little scholarly work analyzing the benefits and challenges of B Corps from a behavioral perspective, as it is a rather young field. The few existing studies examine employee productivity,[37] entrepreneur and firm motivations,[38] and consumer motivations to purchase from B Corps.[39] Crucially, B Corps success is driven in part by placing humans and their values at the center of their entrepreneurial project. Given those behavioral sciences are intrinsically focused on understanding human behavior, they represent the foundation for analyzing how B Corps can, likely positively, influence workers, consumers, communities, or what factors determine successful policies. Therefore, to provide an informed overview of the behavioral aspects, we engage with interdisciplinary literature across the behavioral sciences, as well as sustainability investigations, consultancy research, and case studies. Together, these illustrate the ways in which B Corps positively contribute to society and how they can make use of insights from behavioral sciences to leverage their certification.

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[28] This overview is non-exhaustive.

[29] Romi et al. (2018) p. 398.

[30] Roth and Winkler (2018c) p. 15.

[31] Kim S et al. (2016) Why Companies Are Becoming B Corporations. Harvard Business Review. Available at: https://hbr.org/2016/06/why-companies-are-becoming-B Corporations.

[32] Diez-Busto et al. (2021).

[33] Stubbs (2017); Mion and Adaui (2020); Kurland (2017); Harjoto et al. (2019); Bauer and Umlas (2017).

[34] Woods (2016).

[35] Paelman et al. (2020); Paelman et al. (2021); Patel and Dahlin (2022).

[36] Wilburn and Wilburn (2015).

[37] Chen and Kelly (2015); Romi et al. (2018).

[38] Roth and Winkler (2018a); Pollack et al. (2021).

[39] Bianchi et al. (2020); Bianchi et al. (2022).

Considering the five aforementioned areas of the B Impact Assessment, the remainder of this chapter explores the first four categories, as these represent aspects wherein human behavioral phenomena are most evident. Section 2 evaluates *governance*, specifically the influence of ethics, transparency, and accountability on the internal and external relationships of B Corps, as well as the implications of managerial style on interpersonal relationships and work culture. Section 3, *workers,* explores the relationship between working with purpose and employee performance and the effects of social inclusion on employees' health, presenting some examples of B Corps with leading practices in this regard. Next, Sect. 4 on *customers* (which we extend to consumers more generally) covers the synergy between consumer motivations and B Corp activity, caveats of moral behavior, and techniques to influence more sustainable consumer behavior; we also present our research regarding public awareness and perceptions of B Corp trust and greenwashing. Lastly, Sect. 5, *community,* discusses some of the ways in which B Corps engage with their communities through social media, corporate volunteering, and charity work, among others.

2 Governance

Governance represents the set of governing principles a company bases its activity on. While not a direct behavioral measure, it can greatly influence the behavioral dynamics within a company via corporate culture and subsequent team dynamics. The B Impact Assessment evaluates, among other aspects, governance ethics, accountability, and transparency, which are of particular relevance to behavioral outcomes.

2.1 Ethics, Transparency, and Trust

Ethics refers to the set of moral principles guiding integrity and honest behavior. In examining the relationship between implementing an ethics code, corporate philanthropy, and employee engagement and turnover in the hospitality sector, Lee and colleagues[40] found that awareness of a code of ethics positively contributed to corporate philanthropy and organizational engagement. Further, they found an effect of corporate philanthropy on job and organizational engagement, both of which were negatively correlated with turnover. Overall, a code of ethics and a culture of

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[40]Lee et al. (2014).

corporate philanthropy increase employee morale[41] and commitment.[42] Conversely, employees in work climates lacking a code of ethics experienced greater conflicts and increased turnover.[43] B Corps who excel in governance, particularly if they implement an internal code of ethics, would likely see similar benefits.

Accountability represents the obligation of being able to justify one's actions to those who may be affected by them[44] and can extend to requiring rectifying one's behavior in case of misaction. Similarly, transparency concerns reducing information asymmetry between managers and stakeholders,[45] which, in the business context, refers to openly communicating operating practices and reparatory actions with concerned stakeholders. Emerging literature suggests that B Corp certification can positively impact accountability and transparency, increasing the quality of corporate governance.[46] Across industries (e.g., hospitality,[47] telecom,[48] and finance[49]), transparency has been consistently associated with higher stakeholder trust. In turn, higher trust is associated with higher predictability, representing a met expectation of the other party's good will,[50] both of which lay the foundation for mutuality of intention and enhanced cooperation. The importance of transparency in building trust is no longer a novel concept—in PwC's annual CEO survey,[51] the percentage of CEOs who considered transparency critical for trust-based relationships in business increased from 37% in 2013 to 60% in 2018, indicating a shift in values at the highest corporate levels. Interestingly, the percentage decreased to 50% in 2019, suggesting a shift from simple concern to proactive action, as leaders started implementing trust-building strategies based on transparency to meet stakeholder expectations.[52] When trust is eroded, accountability can be a means of restoring it; however, displays of accountability should not be used solely as instruments to repair a company's self-image. Similarly with how strategic CSR negatively impacts trust when it is used for self-interested motives, tactical accountability is detrimental

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[41] Porter ME, Kramer MR (2002) The Competitive Advantage of Corporate Philanthropy. Harvard Business Review. Available at: https://hbr.org/2002/12/the-competitive-advantage-of-corporate-philanthropy.

[42] Collier and Esteban (2007).

[43] Lee et al. (2014).

[44] Swift (2001). p. 17.

[45] Farvaque et al. (2011).

[46] Nigri et al. (2020).

[47] Shafieizadeh and Tao (2020).

[48] Islam et al. (2021).

[49] Augustine (2012).

[50] Swift (2001).

[51] PricewaterhouseCoopers (2019) Transparency key to building trust in business. Available at: https://www.pwc.com.au/ceo-agenda/ceo-survey/2019/transparency-key-to-building-trust-in-business.html.

[52] Ibid.

to an organization's trustworthiness. [53] When examining how B Corps integrate these principles with their operations, future research should assess whether B Corps and benefit corporations are indeed more transparent and accountable than matched peers and the subsequent implications for mutual relationships with stakeholders, as well as public perceptions of trustworthiness.

2.2 Implications of Entrepreneurs' Value Structures

Beyond the aspects evaluated by the B Impact Assessment, we posit that several other facets remain relevant when exploring governance's influence on behavior. As previously mentioned, governance plays a role in defining a company's culture, particularly via their leaders' personality and behavioral tendencies. It follows that the particular personality types of both founders and managers will further influence team dynamics. Good governance would thus consider the influence of leaders' personality types on organizational functioning, specifically considering interpersonal relationships.

Concerning entrepreneurs, Roth and Winkler[54] created a taxonomy of profiles by investigating personal motivations and values of B Corps entrepreneurs in Chile and categorizing them based on their social, environmental, and profit motivations. Four profiles emerged: (1) the *social idealist*, (2) the *sustainable impact seeker*, (3) the *hybrid achiever*, and (4) the *self-sustaining hedonist*. The first is characterized by defining success based on generated social value and a strong motivation to include both in-group and out-group members in the process.[55] *Social idealists* always prioritize social impact over financial gain and use profit only as a tool to support the continued activity of the B Corp. They are distinguished by their strong sense of community belonging and a desire for deeply connected relationships with others. *Sustainable impact seekers* define success as a combination of financial and social value generation metrics but continuing to show a strong motivation for welfare creation for everyone.[56] They value close, harmonious work relationships and include employee well-being as an indicator of success, which is measured by both financial and social impact indicators. *Hybrid achievers* also define personal achievement in a mixed manner similar to the second profile; however, the hybrid achiever's definition of success is more closely aligned to profit metrics when compared to the first two. Moreover, personal achievement is a primary motivator for this kind of B Corp entrepreneur. Nonetheless, they are unwilling to generate profit if negative consequences exist, as they value ethical business practices and

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[53] For a review or corporate transparency literature, see: Ardigó IA (2019) Corporate Transparency: Overview of Issues and Literature Review. Available at: https://www.jstor.org/stable/resrep20480.

[54] Roth and Winkler (2018b).

[55] Ibid. p. 92.

[56] Ibid. p. 93.

transparency. Lastly, *self-sustaining hedonists* are driven by their profit-oriented definition of success and have no particular expressed motivation for social value creation for in-group or out-group members. Pursuing personal passions is their primary motivator. This type was the least common among the sample.

Studies have suggested that, generally, the motivation underpinning value creation reflects internal value structures[57] and that social entrepreneurs are more likely to be motivated by inherent personal values regarding a social or environmental cause.[58] It follows that internal value structures will influence work priorities and organizational culture. With the increasing use of greenwashing because of its potential as an avenue for higher profits, we argue the *self-sustaining hedonist* is more likely to diverge from the fundamental purpose of creating a B Corp than the other profiles and thus would pursue certification for self-gratifying motives. B Corps led by this type of leader could potentially threaten the credibility and trustworthiness of the B Corp label. Further, a self-interested leader is more likely to neglect the social harmony necessary for effective teamwork, which may be more important for B Corps than for standard companies given the former's focus on mutual value creation and stakeholder engagement. While no particular research has been conducted on the influence of the aforementioned profile types on B Corp culture, insights from social and organizational psychology support the idea that prosocial behaviors elicit positive outcomes such as creativity and innovation in organizational settings.[59] For example, ethical leadership (characterized by honesty, altruism, and trustworthiness) has been associated with positive organizational citizenship behavior,[60] employee creativity,[61] and job performance.[62] It also encourages employee participation and fosters an environment of openness and collaboration.[63] These effects can be explained using social exchange theory,[64] which posits that if the cost–benefit evaluation of a social interaction is positive (i.e., rewards are higher than costs), the interaction will be mutually beneficial. In the case of organizations, subordinates who perceive a strong positive exchange with their leaders will experience feelings of gratitude and trust, which elicit motivation to return the favor through their work behaviors.[65] Unsurprisingly, B Corps in Latin America that exhibit strong managerial support have higher rates of innovative work behavior.[66] Conversely, leaders exhibiting a lack of empathy or concern for others (e.g., as seen in subclinical psychopathy or narcissism), often induce psychological distress and

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[57] Miller et al. (2012).

[58] Mody et al. (2016).

[59] Yaakobi and Weisberg (2020).

[60] Shareef and Atan (2019).

[61] Javed et al. (2018).

[62] Mo and Shi (2018).

[63] Ibid.

[64] Wang et al. (2020).

[65] For further discussion on prosocial behavior in organizations, see Reizer et al. (2020).

[66] Contreras et al. (2021).

distrust in their subordinates and generate unhealthy interpersonal relationships, which affects job performance and even individual health.[67]

Taken together, we argue that, given their heightened prosocial tendencies, the first three profiles described above are more compatible with the B Corp philosophy as opposed to the *self-sustaining hedonist*. To avoid abuse of its label and increase the likelihood that B Corps reflect the movement's values, B Lab could include evaluating the individual value structure and motivations of B Corp certification-seekers in the B Impact Assessment. Future research should investigate the prevalence of leaders' prosocial tendencies among certified B Corporations and matched non-B Corp companies to identify whether differences exist. Other studies should attempt to identify the causal relationship between varied motivational profiles and their corresponding effects on organizational culture and stakeholder relationships in B Corps vs. standard firms.

In summary, governance encompasses several factors that have behavioral implications. First, the implementation of a code of ethics promotes internal coherence, employee morale, and reduced risk of conflict. Second, transparency facilitates stakeholder trust, and accountability can serve as a means of repairing trust in case of misaction. Lastly, because the intrinsic value structures and personality profile of B Corp leaders likely shape the development of B Corps, their internal functioning, and their credibility over time, B Lab could consider implementing a profile evaluation of B Corp certification-seekers to ensure compatibility between B Lab's goals and the philosophies of emerging B Corp entrepreneurs.

3 Workers

3.1 Working with Purpose, CSR, and Employee Performance

Time at work comprises nearly a third of a person's life, so making work meaningful through purpose is an increasing priority for many. In a survey by McKinsey,[68] 70% reported that work is important for their sense of purpose, yet 49% of frontline workers disagreed that their purpose is fulfilled at work, with a further 36% being unsure. Interestingly, this response contrasts with that of top executives, among whom 85% reported that their sense of purpose aligns with work. Employees who feel more aligned with their work purpose are more likely to report higher levels of energy, resilience, and commitment, in addition to improved physical health, a claim

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[67] Spencer and Byrne (2016); Choi and Phan (2021); Erickson et al. (2015).

[68] McKinsey (2020) Help your employees find purpose - or watch them leave. Available at: https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/help-your-employees-find-purpose-or-watch-them-leave#.
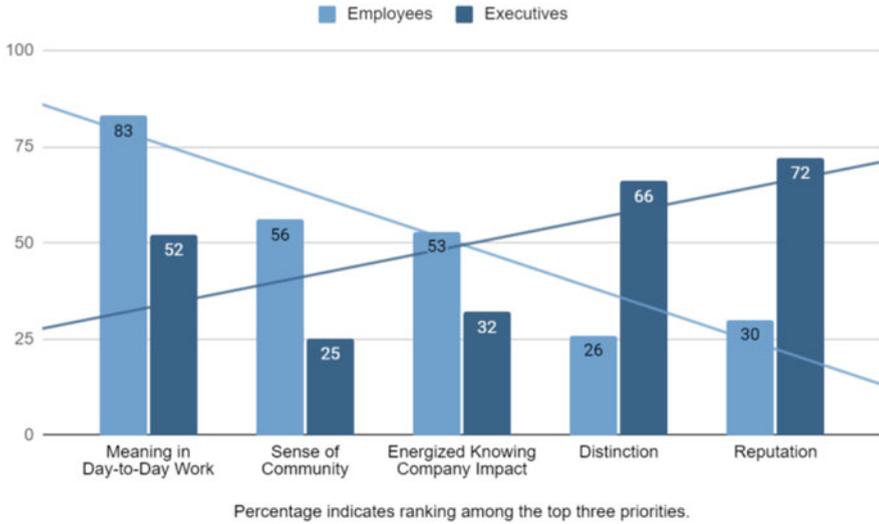
Fig. 2 Value of purpose at work among employees and executives (Adapted from PricewaterhouseCoopers (2016) Putting Purpose to Work: A Study of Purpose in the Workplace)

supported by medical research.[69] PwC's research[70] highlights another intriguing gap between employees and executives (see Fig. 2): employees value a sense of purpose for daily meaning, a sense of community, and the energized feeling of genuine impact, while executives prioritize it as means of gaining more distinction and improved reputation. Overall, there is widespread demand for purpose-driven work with 74% of people surveyed believing a successful business needs to have a genuine purpose that resonates with people, and 75% caring to work for a business that matches their values.[71] Importantly, these trends are even stronger in younger generations: 10% more millennials (born between 1981 and 1996) care about making a positive difference in the world through their careers compared to Gen Xers (born between 1965 and 1980).[72]

There is no doubt that employees have intrinsic motivations that keep them engaged beyond financial compensation and that conducting purposeful business comes with behavioral benefits at the worker level. Extensive research has explored the relationship between CSR and employee job satisfaction, performance, retention,

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[69] Kim et al. (2020).

[70] PricewaterhouseCoopers (2016) Putting Purpose to Work: A Study of Purpose in the Workplace. Available at: https://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-putting-pur pose-to-work-purpose-survey-report.pdf.

[71] American Express (2017) Redefining the C-Suite: Business the Millennial Way. Available at: https://www.americanexpress.com/content/dam/amex/uk/staticassets/pdf/ AmexBusinesstheMillennialWay.pdf.

[72] Ibid.

and commitment. [73] CSR programs and prosocial incentives show positive correlations with satisfaction,[74] commitment,[75] and effort and productivity.[76,77] Indeed, such results are consistent with theoretical arguments positing that prosocial incentives would motivate those who have intrinsic prosocial preferences.[78] This is also supported by real-world data showing that 71% of respondents to an IBM survey[79] exhibited prosocial preferences, stating they were more likely to both apply and accept a job from a company demonstrating social responsibility. Other important empirical findings suggest that CSR policies both attract and increase retention of better talent,[80] thereby lowering turnover[81] and increasing engagement.[82] Indeed, these trends in the more general CSR literature have begun to emerge in the nascent B Corp literature, as well. Romi and colleagues[83] found that for B Corps who scored highly (i.e., is an "area of excellence") on treatment of workers on the B Impact Assessment, employee productivity was significantly higher compared to matched standard companies, and the relationship held true for sales growth, as well. Therefore, a work environment in which ethical concerns are evident and characterized by a broader consideration of its relationship to its surrounding systems is more positively perceived by employees and generates considerable behavioral benefits. However, the intention behind such prosocial policies matters. If they are used instrumentally, that is, as a proxy to achieve profit-centered goals and not for their intrinsic social or environmental value, they tend to backfire and lead to a negative perception of the firm and a loss of the desired behavioral improvements.[84]

Having purpose at work and working in a prosocial and considerate environment are intrinsic to the aims of B Corp certification. The certification can appeal to prospective employees' sense of purpose and social identity (i.e., positioning themselves in a social environment of shared values), thereby attracting mission-aligned talent. Unsurprisingly, B Corps are the first employer choice for millennials in the US.[85] Because the B Corp mission and employees' ideological needs align, not only

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[73] For an overview, see: Romi et al. (2018). p. 398.

[74] Vlachos et al. (2013).

[75] Viswesvaran and Ones (2002).

[76] Ibid.

[77] Tonin and Vlassopoulos (2015).

[78] Bénabou and Tirole (2003).

[79] IBM Institute for Business Values (2021) Sustainability at a turning point - Consumers are pushing companies to pivot p. 7. Available at: https://www.ibm.com/downloads/cas/WLJ7LVP4.

[80] Bhattacharya et al. (2008); Bode et al. (2015).

[81] Du et al. (2015); Carnahan et al. (2017).

[82] Loor-Zambrano et al. (2022).

[83] Romi et al. (2018).

[84] Cassar L, Meier S, (2017) *Intentions for Doing Good Matter for Doing Well: The (Negative) Signaling Value of Prosocial Incentives*. Available at: https://www.nber.org/papers/w24109.

[85] American Express (2017) Redefining the C-Suite: Business the Millennial Way. Available at: https://www.americanexpress.com/content/dam/amex/uk/staticassets/pdf/AmexBusinesstheMillennialWay.pdf.

is job satisfaction increased,[86] but affective commitment, which refers to an emotional bond to a cause's values or ideals that elicits the desire to pursue congruent actions,[87] is enhanced. Bingham and colleagues[88] posit that affective commitment is one of the strongest predictors of employees' behavioral support of an organization's cause, alongside (although to a lesser extent) normative commitment (employees feeling ethically obligated to support a cause because it is the normatively correct course of action and continuance commitment (employees being aware of the cost of not following the organizational cause).[89] Further, start-up B Corps or those that cannot match pay rates of standard for-profit businesses can still attract motivated talent, with research showing that employees are willing to accept a lower pay if working for genuinely responsible companies.[90]

Together, the mission and purpose of B Corps have the potential to attract mission-aligned and committed talent with higher motivation and engagement to support a given cause. Additionally, B Corp leaders are more likely to value purpose at work for similar reasons as employees (i.e., day-to-day meaning, sense of community, making an impact) rather than for recognition and status, given their intrinsic social motivations (as described in Sect. 2).

3.2   Social Inclusion and Well-Being at Work

Moving on from work-related benefits to a more people-centric perspective, the interpersonal component of socially aware companies is equally important for generating a healthy and supportive environment. The United Nations (UN) World Happiness Report[91] finds that social support explains the highest variance in measured happiness, ahead of GDP per capita, which ranked second. Social support is a powerful buffer against both work stress[92] and negative affect more generally.[93] This is relevant both at the individual level, given that higher levels of work stress increase the risk of immune system and cardiovascular disorders and worsen mental health, and at the organizational level, as it decreases performance while increasing absenteeism and turnover.[94] Another central factor contributing to healthy and

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[86] Du et al. (2015).

[87] Meyer and Allen (1991).

[88] Bingham et al. (2013).

[89] Ibid.; Meyer and Allen (1991).

[90] Burbano (2016); Krueger et al. (2020).

[91] Helliwell JF, Huang H, Wang S, Norton M (2020) "Social Environments for World Happiness," Chapter 2, United Nations World Happiness Report. Available at: https://happiness-report.s3. amazonaws.com/2020/WHR20_Ch2.pdf.

[92] García-Herrero et al. (2013).

[93] Uchino et al. (2016).

[94] García-Herrero et al. (2013).

supportive work environments is trust, which is a predictor of subjective well-being and social cohesion[95] and maintains its influence across environments (i.e., both in day-to-day life and at work). Moreover, a 10% increase in trust management corresponds to an increase in life satisfaction equivalent to a 36% increase in income.[96] Together, social support and trust represent a foundation for social capital, defined as *"a combination of interpersonal links, shared beliefs and identities, and norms that together reduce the incidence of distrust in economic exchange and teamwork."*[97] Considering it as capital is appropriate because, just like financial capital, the weight of social networks accumulates over time and yields benefits such as reinforced trust, mutuality of intention, and efficient cooperation.

Interestingly, Culture Amp, a B Corp concerned with improving corporate cultures, has identified that B Corp employees express more trust regarding company commitment to positive social impact: 82% of employees agreed that their company's commitment is genuine compared to 70% at non-B Corps.[98] While not a direct measure of interpersonal trust, this finding does reflect higher trust in management compared to non-B Corps, which has been shown to facilitate team performance.[99] Moreover, Culture Amp found a 12% difference between B Corp and non-B Corp employees on whether employees felt they could make a genuine impact, and overall, B Corp employees perceived their leadership as more inspiring and motivating.[100] This is consistent with case studies of B Corps[101] that identified that such companies have empathetic leadership, implement democratic governance, and promote a collaborative work environment based on trust and equality.

Another example comes from Forster Communication, a UK-based company featured in B Lab's Best for The World honorees list[102] for their worker- and governance-related performance and named one of Britain's Healthiest Workplaces.[103] Tackling formerly stigmatized topics such as mental health, this company seeks to create inclusive cultures wherein discussing employees' emotional and personal needs is not prejudicial or puts their job at risk but rather is encouraged and welcomed.[104] To contextualize the importance of workplace mental health,

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[95] Helliwell and Wang (2011).

[96] Helliwell and Huang (2010).

[97] Mayer and Roche (2021). p. 155.

[98] Sloan J (n.d.) The Data Is In: Here's What Matters to B Corp Employees. Available at: https://www.cultureamp.com/blog/the-data-is-in-heres-what-matters-to-b-corp-employees.

[99] de Jong et al. (2015).

[100] Sloan J (n.d.) The Data Is In: Here's What Matters to B Corp Employees. Available at: https://www.cultureamp.com/blog/the-data-is-in-heres-what-matters-to-b-corp-employees.

[101] Hankammer et al. (2021).

[102] Data from B Lab: https://bthechange.com/best-for-the-world-2018-all-honorees-f30a880f8ac0.

[103] Jack A (2019) Britain's Healthiest Workplace winners. Financial Times. Available at: https://www.ft.com/content/d0043cf6-9cbc-11e8-88de-49c908b1f264.

[104] Forster Communications (2018) Shining a light. Available at: https://www.forster.co.uk/insight/shining-a-light/.

Fig. 3 Percentage of people who agree with the specific statements, by company type (Adapted from: BCG (2021) Inclusive Cultures Have Healthier and Happier Workers. Available at: https://www.bcg.com/en-ch/publications/2021/building-an-inclusive-culture-leads-to-happier-healthier-workers)
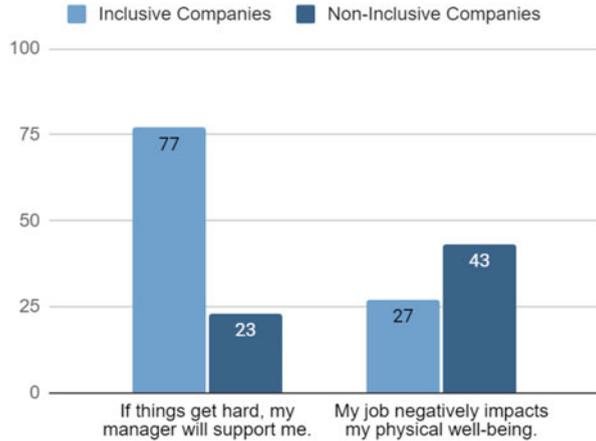
Deloitte[105] estimates that in the UK alone, poor mental health currently cost employers £42–£45 billion a year in 2018, compared to £33–£42 billion in 2017, representing an approximate 16% increase. Despite this considerable impact, it remains a largely taboo topic, with as many as 300,000 people losing or quitting their jobs due to a mental health condition.[106] Furthermore, BCG's research[107] shows that a lack of perceived social support adversely impacts employees' work and private lives and that overall, employees whose work environments feel inclusive are 3.3 times more likely to feel supported by their managers and 2.6 times more likely to feel safe making a mistake (see Fig. 3). These results are complemented by insights from social neuroscience that show that social rejection activates similar brain networks to physical pain,[108] impairs high-order cognitive abilities such as problem-solving,[109] and increases risk of stress related disorders such as depression and anxiety. Conversely, social support is linked to cognitive resilience,[110] enhanced global cognition,[111] and higher likelihood of good physical and mental health.[112]

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[105] Delloite (2020) Mental health and employers: Refreshing the case for investment. https://www2.deloitte.com/uk/en/pages/consulting/articles/mental-health-and-employers-refreshing-the-case-for-investment.html.

[106] Stevenson D and Farmer P (2017) Thriving at Work: The Independent Review of Mental Health and Employers. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/658145/thriving-at-work-stevenson-farmer-review.pdf.

[107] Krentz M, Dartnell A, Khanna D, and Locklair S (2021) Inclusive Cultures Have Healthier and Happier Workers. BCG. Available at: https://www.bcg.com/en-ch/publications/2021/building-an-inclusive-culture-leads-to-happier-healthier-workers.

[108] Eisenberger et al. (2003); Morese et al. (2019).

[109] Campbell et al. (2006).

[110] Salinas et al. (2021).

[111] Kelly et al. (2017).

[112] Eisenberger and Cole (2012).

In this context, Forster Communications' advocacy for destigmatization of mental health and wider social inclusion is not simply about following B Lab's health and well-being guidelines but is the scientifically sound course of action. It also sets an industry example for approaching mental health and inclusion and encourages other companies to follow suit. The company further proves its comprehensive understanding of the multifactorial determinants of health and well-being by, for instance, advocating for physical activity and balanced nutrition. Specifically, it incentivizes employees to bike to work [113, 114] by offering equivalent time off from "pedal points," a policy that both lowers individual carbon footprints and improves personal physical health, further promoted by free on-site healthy breakfast options. Unsurprisingly, their health-related absenteeism and presenteeism is 15–30%[115,116] lower than the UK average.

Other B Corps also show consideration for their workers' health as well as carbon footprints. US-based Dr. Bronner's offers free vegan and vegetarian food and subsidies for electric vehicles to its employees. Dr. Bronner's is particularly committed to B Lab's vision, having been included on B Lab's Best for the World honoree list several times and attaining a B Score of 178 out of 200.[117] The company's most striking stance is its position on wage inequality; it limited top management's earnings at five times that of an entry level employee[118] (compared to a US average of 351-to-1 in 2020[119]) and offers a minimum wage of almost US$19 per hour,[120] 160% higher than California's US$11 per hour in 2018.[121, 122]

[113] Forster Communications (2018) Our people – our impact. Available at: https://www.forster.co.uk/insight/our-people-our-impact/.

[114] Parker K (2019) Creating a Healthy Workplace By Listening to the People Who Matter. Available at: https://www.tbd.community/en/a/creating-healthy-workplace-listening-people-who-matter-yes-its.

[115] Forster Communications (2018) Our people – our impact. Available at: https://www.forster.co.uk/insight/our-people-our-impact/.

[116] Parker K (2019) Creating a Healthy Workplace By Listening to the People Who Matter. TBD*. Available at: https://www.tbd.community/en/a/creating-healthy-workplace-listening-people-who-matter-yes-its-employees.

[117] Data from B Lab: https://www.bcorporation.net/en-us/find-a-B Corp/company/dr-bronners/.

[118] Dr. Bronner's (2016) Progressive business practices. https://www.drbronner.com/about/our-employees/progressive-business-practices/.

[119] CEO pay has skyrocketed 1,322% since 1978: CEOs were paid 351 times as much as a typical worker in 2020. In: Economic Policy Institute. https://www.epi.org/publication/ceo-pay-in-2020/.

[120] Dr. Bronner (2019) All One Report https://www.drbronner.com/allone-reports/A1R-2019/all-one-report-2019.html#p=8.

[121] California Department of Industrial Relations (2021) Minimum Wage. Available at: https://www.dir.ca.gov/dlse/faq_minimumwage.htm.

[122] It is beyond the scope of this chapter to review the many other CSR achievements of B Corps, for more information see: Wilburn and Wilburn (2015); Hankammer et al. (2021); B Lab's website (https://www.bcorporation.net/en-us/find-a-B Corp/search) which lists certified companies across the globe and their respective B Scores.

In summary, now that purposeful work is more important than ever, B Corps' holistic value creation missions appeal to mission-aligned talent, which leads to increased retention, engagement, satisfaction, and performance. Emerging evidence demonstrates the movement's commitment to offering not just career opportunities and development but also its concern for workers' health and well-being through inclusion and social acceptance. In addition, B Corps consider fair wage distribution and employee financial security. Overall, B Corps are 55% more likely to cover at least partial health insurance costs and 45% more likely to offer bonuses regardless of employees' company rank, and 54% have reported their intention to share profits with employees.[123] Lastly, they acknowledge their influence on employees beyond arguably self-interested measures (e.g., employee performance), seeking to incentivize workers to become more responsible citizens through sustainable behaviors.

3.3 Future Research

In our literature review, we identified a lack of systematic studies comparing B Corp environments to those of companies with varying degrees of CSR commitments and of standard for-profit organizations as a baseline. Behavioral data specific to B Corps is sparse, and while the CSR literature is partially applicable, it is important to identify specific B Corp-related effects on employee behavior. The B Corp environment offers ample opportunity for research, particularly because a standardized framework of assessment is available, contrary to the CSR literature, which lacks rigorous and consistent definitions of CSR meaning and policies. Indeed, B Corps also differ in terms of individual area scores; however, certified companies with similar scores in one category will certainly be more comparable given the homogeneity of evaluation criteria. Future research can consider comparing B Corps and traditional companies on employee trust in management, self-reported fulfillment, mental health measures, and productivity and engagement. Findings would serve as a foundation for identifying what specific B Corp characteristics are most effective in driving a particularly desired behavioral outcome and which could inform future corporate policies aiming to tackle current challenges in the work environment.

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[123] Wilburn and Wilburn (2015).

4 Customers and Consumers

This section considers the relationship between B Corps and customers and consumers,[124] focusing on six components: (1) the consumer landscape and the general demands of current consumers; (2) consumer motivations to purchase from B Corps; (3) moral licensing and the caveats of ethical consumerism B Corps should consider; (4) inspiring consumer change, which highlights some behavioral insights B Corps can leverage to incentivize a shift in consumption patterns; (5) exploring public awareness and perceptions of B Corps; and (6) methodological notes and future research.

4.1 The Consumer Landscape

Consumer preferences are trending toward increased awareness and concern for social ethics and sustainability, following wider exposure through digital media (among other sources) to the need for more sustainable consumption. This trend has been further strengthened by a number of corporate scandals such as oil spills and plastic pollution. Accenture's 2018 Global Consumer Pulse Research[125] revealed that 62% of consumers "*want companies to take a stand on current and broadly relevant issues*" (e.g., sustainability, transparency, fair employment practices). IBM's research[126] mirrors this trend, with two out of three global respondents expressing deep concern for environmental issues and three out of four for social issues. This shift in consumer concerns has also been observed in the financial world, with an increased demand for sustainable investments, which resulted in a 96% growth between 2019 and 2020.[127] More recent data from Accenture's 2021 Global Consumer Pulse report[128] also found that 50% of consumers strongly agreed that the COVID-19 pandemic made them revise their personal purpose and what they deem as important in life (labeled *reimagined* consumers), while only 17% maintained the same attitudes (labeled *traditional* consumers). Of reimagined consumers, 70% believed private companies were just as responsible as elected governments for societal health compared to 40% of traditional consumers, a perspective that

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[124] The B Impact Assessment evaluates "customers" specifically; however, we extend our exploratory overview to consumer behavior more generally, including examples of B Corp customers.

[125] Accenture (2018) From me to we: The rise of the purpose-led brand, p. 2. Available at: https://www.accenture.com/_acnmedia/Thought-Leadership-Assets/PDF/Accenture-CompetitiveAgility-GCPR-POV.pdf.

[126] IBM Institute for Business Value (2021) Sustainability at a Turning Point p. 2. Available at: https://www.ibm.com/downloads/cas/WLJ7LVP4.

[127] Ibid, p. 5.

[128] Accenture (2021) Life Reimagined: Mapping the motivations that matter for today's consumers. Available at: https://www.accenture.com/us-en/insights/strategy/_acnmedia/Thought-Leadership-Assets/PDF-4/Accenture-Life-Reimagined-Full-Report.pdf.

correlates with their increased emphasis on categories such as *health and safety*, *product origin*, and *trust and reputation* when choosing products or services. In other words, for most individuals, price and quality are no longer the primary drivers of their decision-making. Intriguingly, reimagined consumers seem to have shifted their social attitudes as well, with 42% recognizing the importance of focusing on others and not just themselves, marking a shift toward empathy. Lastly, 57% of reimagined consumers were ready to switch from their current providers to alternative ones more aligned with their views on pandemic, economic, or societal issues. Importantly, 50% actually took action to change, a stark contrast with the so-called intention-action gap finding that captures a discrepancy in consumers behavior (i.e., 65% indicate they care to buy from purpose-driven brands, but only 26% act on their intention[129]). This suggests the COVID-19 pandemic has been a catalyst for behavior change.[130]

While all factors that became more important to consumers (*health and safety*, *product origin*, and *trust and reputation*) are aspects that B Corps can capitalize on when marketing themselves to consumers, the latter two are particularly relevant. First, product origin encompasses supply-chain ethics, an area where B Corps have potential to excel given that supply-chain ethics is a core determinant of whether a company receives B Corp certification. Delivering ethical products while being transparent about product origins is a major competitive advantage, as 94% of consumers report they are more likely to be loyal to brands that deliver complete transparency.[131] As discussed in Sect. 2, transparency has implications for trust and reputation; specifically in the context of consumer decision-making, it has been found to promote customer loyalty. For example, the B Corp Ben & Jerry's found that consumers are 2.5 times more loyal to purpose-driven and trustworthy companies.[132] Most importantly, trust safeguards against greenwashing skepticism, which is increasing together with conscious consumerism. Greenwashing suspicions are, predictably, inversely correlated with brand trust,[133] and faced with growing CSR claims across a wide spectrum of companies, consumers have difficulty differentiating between genuine CSR and CSR for self-interested purposes such as financial

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[129]White K et al. (2019) The Elusive Green Consumer. Harvard Business Review. Available at: https://hbr.org/2019/07/the-elusive-green-consumer.

[130]See more consumer insights in: Nielsen (2015) The Sustainability Imperative: New Insights in Consumer Expectations. Available at: https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/Global20Sustainability20Report_October202015.pdf.

[131]Label Insight (2016) Driving Long-Term Trust and Loyalty Through Transparency. Available at: https://slidelegend.com/driving-long-term-trust-and-loyalty-through-label-insight_5b0290778ead0e800b8b4574.html.

[132]Lomonaco (2018) Be Nice Or Leave: The Pragmatic Case For B Corps. In: Forbes. https://www.forbes.com/sites/forbesagencycouncil/2018/01/22/be-nice-or-leave-the-pragmatic-case-for-BCorps/?sh=405a8dea4621.

[133]Chen and Chang (2013).

gain.[134] Parguel and colleagues[135] suggest independently generated sustainability ratings as a possible solution. Thus, B Corps could educate and inform consumers more generally about B Impact Assessment scores and use their scores as performance markers in target marketing areas to differentiate themselves from competitors while ensuring scores genuinely reflect their practices. A limitation of this approach, however, is that in the case of various ratings, most companies could pick and choose to find one that provides "proof" of their positive impact. So, it is crucial for B Corps to clearly communicate their scores in a consistent and structured manner and to emphasize their accountability to B Lab's assessment and on-site audits. Demonstrating accountability to a consistent third-party evaluator in a standardized manner will most likely increase trust and company reputation among consumers; however, a prerequisite of the success of this process is that consumers are aware of the certification itself and its rigorous standards.

4.2 Consumer Motivations Behind B Corp Purchases

To date, only two studies[136] have investigated consumer motivations and intentions to purchase specifically from B Corps; one is qualitative and the other quantitative, and both were carried out in Chile, a growing hub for B Corps.

The first study [137] relied on semi-structured interviews to identify decision chains that underlie participants' purchase motivations. An analysis of which attributes of B Corp products or services are most often mentioned found that *recyclable, reusable, or recycled products,* and the *B Corp accreditation* itself were the main factors. When prompted on *why* these were important, participants responded by linking them to impacts such as *reduced pollution and waste*, *helping local communities*, and, more interestingly, a strong association between the *accreditation* label and *increased trust*, as mentioned in Sect. 4.1. At the very core of participants' rationales behind the mentioned attributes and impacts, the researchers identified two overarching consumer values: (1) *intrinsic socio-environmental responsibility* and *(2) self-satisfaction*. Interestingly, the relationship between positive impacts (e.g., reduced pollution) and the *self-satisfaction* motive was interlinked by participants' feeling they are an *agent of change (*i.e., on *reducing pollution*, *helping others/local communities*, or *being part of a purposeful movement*) and feeling gratified their actions to have an *actual positive impact.*

These two governing values are consistent with results from behavioral science suggesting that conforming to social norms and a desire to live in accordance with an

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[134] Parguel et al. (2011).

[135] Ibid.

[136] Bianchi et al. (2020); Bianchi et al. (2022).

[137] Bianchi et al. (2020).

idealized self are powerful catalysts for behavior change.[138] Implicitly, if social norms favor heightened environmental responsibility, they will influence individuals' acceptance of these values as well, thus increasing the likelihood that individuals will develop an internal moral compass guided by sustainable-behavior norms. In turn, as their reference of what constitutes personal moral behavior changes, it precipitates behavior change such that they adhere to their own moral compass, ultimately leading to self-satisfaction. Thus, B Corps can appeal to various consumer values and motivations when promoting themselves. First, they can emphasize the role consumers play as *agents of change*, thereby eliciting *self-satisfaction* as well as appealing to their *intrinsic socio-environmental responsibility*; second, they can emphasize social norms by, for example, outlining the proportion of consumers who engage in ethical consumerism, thus incentivizing individual consumers to follow these social norms.

The second study[139] replicates the finding that intrinsic socio-environmental responsibility and increased self-satisfaction are related to consumer intentions to purchase from B Corps. In addition, they also find that perceived behavioral control is significantly correlated with purchase intention. Perceived behavioral control the belief that one is able to execute a particular behavior. Financial resources are often necessary for sustainable consumption and are thus tied to the perceived behavioral control that one can indeed purchase from B Corps. It follows that the perceived behavioral control of consumers intending to purchase from B Corps will be influenced by their financial resources and willingness to pay. On sustainable consumption more generally, surveys have found that between 45%[140] and 57%[141] of consumers were willing to pay a premium for sustainable brands or brands matching their values. However, we believe that B Corps, because of their commitment to consumers and communities at large, should also consider lower-income groups and attempt to make their products or services more accessible where possible. Inaccessible B-certified products or services would be demotivating to this demographic, caused by a loss of perceived behavioral control, which would likely result in lower adoption rates. In Sect. 4.5.2, we further present consumer insights on the price perception of B Corps in lower-income demographics.

Insights from Sects. 4.1 to 4.2 highlight several important aspects: (1) growing consumer demand for conscious providers, (2) a diversification of consumer priorities on what they value when making purchasing decisions, (3) growing greenwashing skepticism due to failed CSR claims, and (4) the need for trustworthy and credible companies that deliver on their commitments. These represent a vast

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[138] Dolan et al. (2012); White et al. (2019).

[139] Bianchi et al. (2022).

[140] Accenture (2021) Life Reimagined: Mapping the motivations that matter for today's consumers, p. 30–33. Available at: https://www.accenture.com/us-en/insights/strategy/_acnmedia/Thought-Leadership-Assets/PDF-4/Accenture-Life-Reimagined-Full-Report.pdf.

[141] IBM Institute for Business Value (2021) Sustainability at a Turning Point p. 4. Available at: https://www.ibm.com/downloads/cas/WLJ7LVP4.

opportunity for B Corps to leverage their certification to reaffirm customer trust, avoid greenwashing skepticism, and highlight their contributions through B Impact Assessment scores.

4.3   Moral Licensing

While an upward trend in ethical consumerism may appear strictly beneficial when taken at face value, its actual effects may be more complex. Behavioral research points to important considerations when evaluating the macro impact B Corp consumerism has on the environment, namely, moral licensing and single action bias. Moral licensing is the idea that a good deed may give individuals leeway to engage in subsequent unethical or immoral behavior.[142] A similar concept is the single action bias posited by Weber,[143] which describes how decision-makers faced with a risk are likely to take a single action to reduce it, after which they are far less likely to take further actions. The action taken is not necessarily the best or most effective at achieving their goal, merely the first. Thus, consumers concerned with climate change may shop at a B Corp committed to reducing carbon footprint, consider their dues paid, and feel justified in continuing to engage in other harmful practices. Consequently, a mere increase in the number of B Corp customers is not necessarily reflective of an overall improvement in environmentally friendly actions. As Mazar and Zhong[144] notice, sustainable products do not automatically imply a greener, better consumer.

Numerous studies have found evidence of moral licensing in social and environmental domains; for example, a controlled field study followed a campaign to reduce water consumption[145] and found a successful decrease in water consumption was offset by an increase in electricity consumption by the same households. In a laboratory experiment in which participants shopped in either a green store or a conventional store, Mazar and Zhong[146] found that green-store shoppers were subsequently less generous and more likely to cheat and steal than their counterparts. Importantly, this effect was found only for those who actually shopped in the store, while mere exposure to the store actually led to more generosity, pointing to the importance of the action itself. Alongside moral licensing, ample evidence has been found for moral cleansing, the desire to perform a good deed after one deemed immoral,[147] which may lead to an increase of B Corp consumerism. Indeed, a recent

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[142] Merritt et al. (2010).

[143] Weber (1997); Weber (2006).

[144] Mazar and Zhong (2010).

[145] Tiefenbeck et al. (2013).

[146] Mazar and Zhong (2010).

[147] E.g., Jordan et al. (2011); Sachdeva et al. (2009); Conway and Peetz (2012).

study by Schlegelmilch and Simbrunner[148] found that people who had recently bought a luxury item, potentially considered wasteful and immoral, donated significantly more than those who had not.

Drawing on research of companies with CSR practices may also shed light on how moral licensing may be displayed by those working for B Corps. List and Momeni[149] found that, when randomly assigned to different company types, those hired to do a task by a company with notable CSR practices were more likely to misbehave on the job than people hired by companies without them. This was especially the case when CSR practices were framed as prosocial acts of the workers themselves, that is, "a donation to charity on behalf of the worker" rather than "a donation to charity." Encouragingly, these effects disappeared when participants chose which kind of company they entered into contract with, which may indicate that those choosing to work for B Corps are less likely to use their employment as moral licensing for immoral actions. This finding highlights narratives that conflict with moral licensing, namely consistency and positive spillover effects. The consistency effect[150] refers to people's desires to act in ways that are consistent with their long-term goals and personality traits. Thus, those who have strong environmental concerns are more likely to choose actions that are consistent with this ideal rather than using good deeds as justifications for bad ones.[151] Similarly, positive (and negative) spillover effects[152] describe how engaging in one action may act as a gateway for choosing similar actions in the future. These findings suggest that the mere implementation of CSR standards is insufficient to drive positive behavior change but should be matched by strategies to develop intrinsic motivation for prosocial behavior, which leads to consistent prosocial actions.

Overall, a concern for both consumers and workers who engage in ethical behavior is moral licensing (the tendency to feel justified in engaging in an unsustainable behavior after having performed an "ethical" action). However, this phenomenon is paralleled by that of consistency and spillover effects, which may reflect differing underlying values driving one's action. For example, consumers or workers who engage in sustainable behaviors because of their intrinsic value structure are less likely to engage in moral licensing (and thus exhibit consistent actions). Conversely, those who engage in sustainable behavior as an external social sign of their own virtue are more likely to engage in moral licensing (and thus not display consistent actions). This process is also modulated by individuals' perceptions of their action: namely, if they view it as *commitment* to a goal or as *incremental progress* toward a goal.[153] If the sustainable action is viewed as a *commitment* to a goal, they are likely to choose actions consistent with previous ones to honor the

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[148] Schlegelmilch and Simbrunner (2019).

[149] List and Momeni (2021).

[150] E.g., Conway and Peetz (2012).

[151] Meijers et al. (2019).

[152] E.g., Thøgersen (1999).

[153] Miller and Effron (2010).

commitment. Conversely, if they view it as *incremental progress*, a feeling of accomplishment might facilitate their moral licensing of a less sustainable choice. Taken together, this highlights the importance of how sustainable choices are presented. B Corps whose pitches appeal to people's long-term commitment to sustainability and pro-sociality may be more successful in attracting those who have performed similar actions in the past and are driven by intrinsic values.

4.4 Inspiring Consumer Change

This section highlights how B Corps can inspire consumer change by promoting sustainability practices such as degrowth thinking and reduced consumption of unnecessary goods, as well as by applying "nudges"[154] and other techniques that influence behavior.

4.4.1 Sustainable Mindsets: Degrowth Thinking

Hankammer and colleagues[155] advocate for degrowth and identify principles that hybrid companies (which include B Corps) can employ to educate and incentivize consumer behavior. One such principle pertains to promoting social and business acceptance of degrowth thinking—that is, rejecting the idea that continued growth is a prerequisite for success or well-being and supporting a perspective beyond mainstream consumerism and materialism.[156] Separately, and inspired by Bhutan's Gross National Happiness measure,[157] alternative or complementary measures of GDP per capita have been developed, which include psychological health, population health, and sustainability (e.g., the UN Human Development Index; the OECD Better Life Index), among others. Together these suggest a growing awareness of the need to redefine value and wealth beyond economic measures, to include metrics that reflect human and environmental well-being. In this context, B Corps can promote acceptance of degrowth thinking by communicating their corporate values and conducting educational campaigns. Another principle related to degrowth thinking is that of sufficiency; in other words, educating consumers to moderate their net demand of goods and services that are not necessary for survival (e.g., reducing clothing

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[154] See Thaler and Sunstein (2009).

[155] Hankammer et al. (2021).

[156] Schneider et al. (2010); Lorek and Fuchs (2013).

[157] See *Oxford Poverty and Human Development Initiative* for more details: https://ophi.org.uk/policy/gross-national-happiness-index/.

demand, as fast fashion is a major freshwater pollutant[158]). By combining degrowth and sufficiency, B Corps can also help facilitate the reuse and sharing of products in the transition from a linear to a circular economy (e.g., support of the 7R principle: rethink, refuse, reduce, reuse, repair, regift, and recycle).

4.4.2 Capitalizing on Decision-Making Research: MINDSPACE and SHIFT

Based on decades of aggregated decision-making research influenced by both cognitive and affective factors, scholars have formulated two powerful frameworks that can guide interventions on consumer behavior: MINDSPACE[159] and SHIFT.[160] MINDSPACE stands for: Messenger, Incentives, Norms, Defaults, Salience, Priming, Affect, Commitment, and Ego; SHIFT stands for: Social Influence; Habit Formation; Individual Self; Feelings and Cognition; and Tangibility. Each of these represent a set of principles that can be implemented at different levels (e.g., social norms, habits) to generate behavioral results with the potential to reduce consumers' intention-action gap. Tables 1 and 2 present a summary of each framework.

Noticeable overlap exists between the two frameworks; for example, Social Influence, which includes social norms, corresponds to Norms, and Individual Self corresponds to Ego. The scopes of the two frameworks are not mutually exclusive but complementary, each taking slightly different approaches. SHIFT demonstrates a more applied approach (e.g., tangibility, habits), while MINDSPACE focuses more on fundamental modalities underlying information processing (e.g., salience, priming), and both converge on complex information processing (e.g., social influence, affect). While discussing each principle in depth is beyond the scope of this chapter, we will highlight the principles we consider most relevant for B Corps to incorporate into their activities to positively influence consumer behavior. We strongly encourage those interested to read the cited articles for each framework.

Social Influence (Messenger and Norms) and the Individual Self (Ego)

The relationship between social norms and internalized values and their influence on acting in accordance with an ideal moral self was already introduced in the context of consumer motivations for B Corps purchases (see Sect. 4.2). These aspects represent a keyway B Corps can inspire consumer change. The B Corp label can encourage consumers who are not intrinsically motivated by ethical consumption to purchase

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[158] World Economic Forum (2020) These facts show how unsustainable the fashion industry is. Available at: https://www.weforum.org/agenda/2020/01/fashion-industry-carbon-unsustainable-environment-pollution/.

[159] Dolan et al. (2012).

[160] White et al. (2019).

Table 1 Summary of MINDSPACE

MINDSPACE	
Messenger	People are heavily influenced by who communicates information to them (e.g., they give more weight to voices of people similar to them, or they complying to authority figures)
Incentives	People's responses to incentives are influenced by mental shortcuts (heuristics) and cognitive biases (e.g., strongly avoiding losses [loss aversion]; tendency to overestimate small probabilities)
Norms	What others do and think (social norms) strongly influences individual behavior
Defaults	People's tendency to "go with the flow" of preset options (defaults)
Salience	Attention is drawn to the most relevant or novel stimulus
Priming	Cognition and subsequent behavior are influenced by subconscious cues, particularly if these cues were presented repeatedly before (e.g., if one has seen the logo of a company multiple times without knowing what it stands for, they might be more likely to purchase an item that displays that logo later on, without being aware of it)
Affect	Emotions and emotional associations are powerful drivers of content and depth of thought, which subsequently shape behavior
Commitments	Making commitments and consistently honoring them increases self-efficacy and self-satisfaction, so seeking commitments can positively alter behavior
Ego	A tendency for people to act in ways that elicit positive self-feelings and/or are in accordance with their self-concepts

products by appealing to their sense of social identity or community pride (provided they recognize the label and are aware of what it stands for). This behavior is a form of signaling, that is, communicating one's values and preferences to other community members, thus using the label for its functional utility (gaining social recognition) rather than its intrinsic value. Regardless of motivation, the net result of this kind of behavior is positive. Similarly, consumers who intrinsically value ethical consumption will act according to their idealized self-concept and self-defined moral compass;[161] therefore, in this case, the label would appeal to consumers' internal value system and lead to feelings of self-satisfaction or self-interest and help maintain a positive self-concept (again, provided the consumer recognizes the label's meaning).

A second way social norms can promote change is through peer comparison or peer relatability (which relates back to social identity). For example, when a hotel room displayed a sign asking people to recycle towels, 35% complied; however, when the sign included that *most guests* recycled towels at least once (thus including a social cue), 44% recycled.[162] Similar results have been seen in other sectors,

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[161] Sunstein and Reisch (2013). p. 3.

[162] Cialdini (2003).

Table 2 Summary of SHIFT

SHIFT	
Social influence	Comprises three aspects: (1) social norms: Beliefs about what is socially appropriate and approved of in a given context (2) social identity: Feelings of belonging to a certain group that create a social self (3) social desirability: The inclination to act in ways that make oneself feel socially desirable, as influenced by both norms and social identity (similar to norms in MINDSPACE)
Habit formation	Habits are persistent and automatic behaviors elicited by contextual cues. After having formed sustainable habits, behavior will be easier to maintain; however, a change in habits requires a catalyst (similar to commitments in MINDSPACE)
Individual self	Comprises several aspects, among which are: (1) A tendency to act to maintain a positive self-concept and/or (2) in one's self-interest(3) An inclination for self-consistency (repeating a positive action) to maintain (1) and (2) (4) The belief that one is capable of engaging in said action (i.e., self-efficacy; similar to Ego in MINDSPACE)
Feelings and cognition	Feelings: Both negative and positive feelings will influence decision-making and behavior change (similar to affect in MINDSPACE); the kind of emotion that is elicited will result in differentiated behavioral outcomes Cognition: The quantity and way in which information is presented matters (similar to framing in MINDSPACE).
Tangibility	Communicating the outcome of sustainable behaviors in a concrete, temporally close, and measurable fashion, in a local/proximal context, to counteract the often abstract, vague, and temporally distant mainstream communication

including energy saving,[163] charity donations,[164] and seatbelt wearing.[165] By including social norm cues in their promotion, packaging, and websites, B Corps can influence their customers (and consumers who come across the information randomly, for example on social media).

Lastly, *messengers*, or the parties who deliver the message, have tremendous influence on how much consumers consider and integrate information in their decision-making. Research has identified that signals of authority can influence people both positively (to integrate information) and negatively (to discard it), likely based on one's personality structure. Other strong influencers include indicators of prestige, socioeconomic status, competence, attractiveness, whether the communicator is similar or an in-group member, and displays of leader vulnerability.[166] When B Corps engage in public communication or promotion, they can decide what kind of communicator they want to employ, and which factors will influence their audience based on the audience's aggregate values. For example, if most of the

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[163] Allcott (2011).

[164] Frey and Meier (2004).

[165] Linkenbach and Perkins (2003).

[166] For a detailed account see: Martin and Marks (2019).

audience is concerned with prestige, they are more likely to integrate information if someone famous supports a sustainable behavior. Likewise, if the audience's primary concern is environmental conservation, an authority figure (e.g., expert in the field) highlighting tangible actions that can be taken would be more suitable.

Feelings and Cognition (Affect)

Just as the assumption decision-making is a purely rational process dictated by utility maximization is incorrect, research has shown that assuming decision-making relies entirely on cognitive processes (and biases) is also inaccurate. Emotions are an integral part of decision-making and affect thinking in several ways, for example by influencing content and depth of thought and goal activation.[167] Content of thought refers to the type of information emotions elicit at a cognitive level, depth of thought to the thoroughness of analysis incited by different types of emotions, and goal activation to emotions' ability to activate the desire or motivation to attain a certain goal. Further, emotions can be characterized beyond their valence (i.e., positive or negative); for example, they can be associated with appraisals of high or low certainty (*"certainty is the degree to which future events seem predictable and comprehensible"*).[168] Specifically, fear is associated with appraisals of low certainty and anger with high certainty. A low-certainty emotion (e.g., fear) will elicit a systematic and thorough type of thinking, while a high-certainty emotion (e.g., anger or happiness) is more likely to lead to heuristic thinking, thus altering the content and depth of thought. Concerning goal activation, anger represents a powerful catalyst by activating a desire to change a situation.[169] In the context of B Corp activities, an interesting example is Patagonia's "The president stole your land" campaign, which was a response to Donald Trump's reduction of protected national parks land in Utah. It frames the act as an injustice and is likely to trigger the public's anger and subsequent goal activation, increasing the likelihood that the public will engage in rectifying actions and mount political pressure. Concerning positive emotions, engaging in sustainable behaviors often leads to a "warm glow" (overall positive feelings characterized by the satisfaction and fulfillment of having done something considered good), which leads to perceiving the action in a positive light. Another example is that of pride, which results from achieving something one deems as moral and responsible and relates to the maintenance of a positive self-concept as exemplified in Social Influence (Messenger & Norms) and the Individual Self (Ego). Both pride and warm glow have been identified as precipitants of continued sustainable behaviors.[170]

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[167] Lerner et al. (2007, 2015).

[168] Lerner et al. (2015). p. 806

[169] For more details on emotions and appraisal tendencies, see: Lerner et al. (2015); Lerner and Keltner (2000); Lerner and Keltner (2001).

[170] Bissing-Olson et al. (2016); van der Linden (2018).

To summarize, B Corps can strategically design their campaigns (whether promotional or activist) to elicit specific emotions that will shape their consumers' content and depth of thought and goal activation. For example, in the context of reducing plastic pollution, B Corps can leverage fear of the effects of microplastics on human health to motivate consumers to reduce their plastic consumption and demand, given that fear is characterized by low certainty of future outcomes and can thus promote actions aimed to reduce uncertainty (in this case, reducing consumption). Similarly, B Corps can trigger a sense of pride in consumers who have achieved a specific target, further motivating them to continue engaging in that behavior and maintain a positive self-concept.

Commitments and Habit Formation

Behavior change is a resource demanding goal-directed process that requires cognitive control in the form of cost-benefits calculations to estimate optimal choices. Conversely, once a habit has been formed after repeatedly engaging in a goal-directed action through exposure to a cue, actions become automatic (i.e., transitions from a goal-directed system to a less computationally intensive "model free" system)[171] and bear considerably lower cognitive costs, thus facilitating sustainable engagement. One way to facilitate the habit formation process is by creating commitments that serve as a cognitive guide during goal-directed behavior, potentially increasing the likelihood of sustained sustainable behaviors. B Corps can leverage three techniques to promote both commitments and habit formation: (1) prompts/nudges (succinct messages about what ought to be done to achieve a goal); (2) targeted incentives (e.g., rewards, gifts, matching donation schemes); and (3) feedback that positively reinforces a consumer behavior (e.g., through personalized consumer messages). All of these can be successfully implemented in addition to social comparisons. For example, a prompt can say "*60% of our customers have reduced their plastic use by switching to our reusable water bottles*" or, to increase relatability, "*70% of customers in your age group have switched to reusable water bottles.*"

Decision Fatigue, Priming, and Salience

The phenomenon of choice overload has been widely documented[172] and refers to the diminishing returns of increasing choice; in other words, there is an optimal point at which multiple options are beneficial, after which having many options becomes detrimental and has been associated with dissatisfaction and decision avoidance and

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[171] O'Doherty et al. (2017).
[172] See Schwartz (2004).

paralysis.[173] With numerous brands claiming various degrees of CSR and with consumers unsure which are genuine or not, having an easily perceivable and trustworthy visual cue can facilitate decision-making. Here, priming is achieved through repeated exposure to the B label or B Corp-related visual cues. After repeated priming to this cue, it is likely the label will become more salient (i.e., more easily recognizable and evident). Thus, the B label can guide ethics-concerned consumers into choosing a product more easily and serve to mitigate the costs of choice paralysis and avoid decision fatigue. B Corps can ensure they routinely prominently display the certification and do their best to prime their consumers with related visual cues that create positive associations (e.g., a smiley face, a green symbol, or succinct information about CSR achievements in addition to the label).

4.5   Exploring Public Awareness and Perceptions of B Corps

Public awareness is paramount to ensuring the success of the B Corp movement: if consumers do not recognize the B certification label, the behavioral phenomena outlined above are unlikely to be effective, as consumers would not be able to use recognition or rely on take-the-best heuristics. To date, there has been only one estimate of public awareness of B Corps, which resides at an astonishingly low of 7% in 2017,[174] far from levels required to capitalize on the aforementioned benefits. The lack of awareness on what a B certification means can impact several other factors, such as perceptions of trustworthiness or, inversely, greenwashing skepticism, thus undermining one of the main motives for establishing standards, as discussed at the end of Sect. 1. As already mentioned, trust is paramount to building mutual and lasting relationships with all concerned stakeholders. It follows that if consumers intuitively perceive the B label as a marketing gimmick to sell more under the guise of sustainability, the movement's future development will be negatively impacted. Likewise, without a nudge to incentivize consumers to switch to more sustainable alternatives, they are likely to continue using the default or status quo option. Thus, both recognition and trust of the label are necessary for adoption and successful nudging. B Corps could learn from other types of labeling, such as "bio" or "organic" labels in the food industry, for which marketing studies[175] demonstrated a significant relationship between the use of food labels, knowledge, and consumer choice. Further, no research to date has investigated public perceptions of trust and greenwashing concerning B Corps nor compared perceptions of B Corps and other types of companies (specifically, for-profit companies with generic CSR programs). Thus, we conducted a survey to generate novel data to evaluate

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[173] Iyengar and Lepper (2000); Adriatico et al. (2022); Manolică et al. (2021).

[174] Guarna (2019), p. 24.

[175] Miller and Cassady (2015).

these aspects. The sections that follow discuss the survey methods, results, and implications.

4.5.1 Materials and Methods

We implemented an online survey in the UK and US with 620 participants (recruited via the online platform Prolific[176]). Of these participants, 312 were in the UK (MedianAge = 41.7, MinAge = 18, MaxAge = 73, SDAge = 13.8, 49.3% female) and 308 in the US (MedianAge = 33, MinAge = 18, MaxAge = 80, SDAge = 14.3, 48.7% female). The survey comprised several sections, including: (1) a sociodemographic questionnaire; (2) a 7-point Likert scale to measure self-reported B Corp familiarity; (3) an objective knowledge quiz about B Corps; (4) a 7-point Likert scale to measure perceptions of whether B Corps provide societal benefits, as well as their perceived trustworthiness and likelihood to engage in greenwashing compared to for-profit companies with CSR policies, and (5) what factors (e.g., better environmental practices, ethical treatment of labor force, transparency, etc.) would be important to respondents when choosing a company's product/service. Between sections (3) and (4), participants were presented with detailed information on B Corps (and its distinction from benefit corporations), alongside a short video summarizing what a B Corp is. In the middle and at the end of the survey, participants had the opportunity to answer an open question regarding their general perceptions of B Corps. The online survey was designed in Psytoolkit[177] and can be accessed online.[178]

4.5.2 Results and Discussion

Public Awareness

Consistent with the previous data,[179] our results showed that familiarity with B Corps is still low: across both samples, only 15% of the respondents agreed (with just 3.5% strongly) with the statement, "I am familiar with B Corps," while the majority (83%) disagreed. However, although still low, this result indicates that public awareness of B Corps has slightly increased compared to the 2017 survey. The lack of familiarity with B Corps was further reflected in the questions measuring participants' level of knowledge of B Corps. In a multiple-choice question where participants had to choose three out of five statements that correctly defined B Corps, fewer than 3% identified all three, and only 15% identified at least two, with the rest

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[176] https://www.prolific.co/.

[177] See Stoet (2017) for details.

[178] http://tiny.cc/BP_Survey.

[179] Guarna (2019), p. 24.

identifying a mixture of both correct and incorrect answers. It was also reflected in additional qualitative data obtained through participants' open-ended responses, which indicated they desired more access to information about B Corps, for example: *"I wish there was more outreach to the public to understand which companies have this and which do not"; "I had never heard of them before this study - I am unsure if they are more common in the USA? There is a risk that, with a combination of other ethical standards, that the impact could be diluted by the presence of others (e.g. fair trade etc.)"; "Often as a consumer, it is hard to distinguish what aspects of production are genuinely ethical and what is 'just for show.'"* In sum, our results highlight that more work needs to be done by B Lab, B Corps, and other similarly oriented social enterprises to extensively engage with consumers to raise awareness on these new types of purpose-driven agents, their importance for society in promoting sustainable practices, and for other businesses considering becoming certified.

Perceptions of Societal Benefit, Trustworthiness, and Greenwashing

Despite most respondents' lack of knowledge on B Corps, they tended to have a positive perception of B Corps. After being provided with a description of what B Corps are and what their ethos is (via a freely available video paired with descriptions), the vast majority (74%) indicated they believed B Corps are beneficial for society. Similarly, 60% of participants reported they believed B Corps could be instrumental in improving business ethics practices. Participants also indicated a preference for B Corps over standard for-profit companies with CSR policies regarding trusting their products or services and said they found B Corps more credible.[180] This higher credibility and trustworthiness was further corroborated by responses on the extent participants believed B Corps' CSR policies were genuine or merely greenwashing: 55% of respondents indicated they believe them genuine. Despite these positive perceptions, when asked directly whether these practices were used instrumentally for financial gains, only 42% of participants disagreed, suggesting a majority are either unsure or actively believe so. Interestingly, we found a significant gender difference,[181] with men more likely to distrust B Corps' intentions compared to women. [182] Lastly, when asked to rank from most to least likely to engage in greenwashing (between four options: B Corps, benefit

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[180] Measured on a sliding scale between 1 and 10, with 5 representing no preference between the two and above 5 indicating a preference for B Corps. The average score for credibility was 7 and 6.7 for product/service trustworthiness. Both scores were highly significant compared to a distribution with a mean score of 5 (reflecting no preference); p-value <0.0001.

[181] $p = 0.03$

[182] While attributing this finding to a cause is difficult, we speculate gender-based personality differences, such as lower agreeableness and trust in men compared to women, can modulate their respective perceptions of social enterprises. See Weisberg et al. (2011) for more gender-based personality information.

corporations, standard companies with CSR policies, and social enterprises), 67% of participants ranked B Corps as their third or fourth options, and 63% of participants ranked standard companies with CSR policies as their first or second most likely to greenwash.[183] These somewhat mixed results[184] indicate that better communication on what B Corps are, how compliance with standards is determined, and the motivations of entrepreneurs behind purpose-driven businesses, is necessary to decrease the risk of B Corps misperceptions, which could potentially impact their credibility and success.

Important Factors Consumers Consider When Purchasing from B Corps

In our survey, we also investigated what motivated participants to purchase from B Corps. We found that besides price and quality, environmental, ethical, and social concerns were among the most important factors: 61% were motivated by *ethical treatment of labor force*, 58% by *better environmental practices*, 49% by *transparency,* 36% by *locally produced (if goods)*, 24% by *social/environmental activism*, and 18% by *customer education on sustainable practices.* These results are consistent with information presented in Sect. 4.1. Furthermore, we found a significant[185] gender difference on factors considered most relevant: women were more likely than men to consider (1) *ethical treatment of labor force*, (2) *customer education on sustainable practices*, and (3) *social/environmental activism* when evaluating which brand to purchase from. These results are in line with literature showing that women exhibit more sustainable behaviors[186] and help explain the finding that women are more likely to seek a B Corp certification for their businesses.[187]

Qualitative Responses

Despite an overall inclination by participants to trust B Corps more than for-profit companies with CSR policies, some remained skeptical toward this type of social enterprise. Several participants expressed strong views in optional open-answer feedback questions, for instance: *"B Corp seems like a new way to spin CSR with maybe little to no actual positive externalities"; "Getting logos on goods is a favourite marketing strategy. It's mostly to fool the customer"; "I am very cynical of these kinds of schemes"; "Never heard of B Corps, but all for profit companies*

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[183]Results for benefit corporations and social enterprises were neutral, with 50% of answers on each side.

[184]I.e., with a majority being unsure or agreeing that B Corps might still be engaging in CSR only for-profit purposes.

[185]*p*-values between 0.02 and 0.04

[186]Brough et al. (2016).

[187]Grimes et al. (2018).

put profit first. Most engage heavily in marketing, including greenwashing. None can be trusted"; "Most corporations, no matter what they say, are always in it purely for profit"; "I feel that a lot of companies jump on the 'going green' bandwagon for the wrong reasons and to profit from it." Others also expressed distrust in relation to price: "My concern that B Corps will use their environmental credentials as an excuse to put a higher price on a product that is 'saving the planet'"; "I'm not interested in paying more money to subsidise a marketing gimmick." These attitudes reflect the damage that instrumental CSR and greenwashing have done at a public level and further supports the need for public education campaigns to restore trust discussed throughout the chapter.

Other respondents expressed aversion to engage with B Corps because of their potential higher prices: "The key driver of how people feel about this is surely income levels - I unfortunately don't have the luxury of being able to shop as 'ethically' as I would like to, due to being restricted by a low income. If money were not a factor, I would do my best to support companies promoting general social values. However, it IS a factor. As it stands, I would prefer not to order from a company like Amazon, and yet sometimes it is all but unavoidable"; "I want to support more sustainable practises, and in theory would be willing to pay more for them. However, just surviving and making it from one month to the next of bills, groceries and supporting a family, can make it harder to care about a B Corp label if it's costing me more money"; "Having a disability and not being able to work means that I have to choose the cheapest products, even though it may not tally with my political beliefs"; "Everything I pay (usually) is based on lowest price alone. I do care about environment, recycling, etc, but I feel like the people in charge don't care about me, and what I can/cannot afford." As presented in Sect. 4.2, ensuring that B Corp services and products are financially accessible is crucial to increasing customer base. With rising inflation and depressed wages caused by the COVID-19 pandemic,[188] it is likely that demographic groups falling behind economically will continue to express such feelings of exclusion. Lowering prices while maintaining high ethical and sustainable standards is undoubtedly difficult for many B Corps, particularly small and medium-sized businesses; however, considering more income demographics in their pricing will benefit everyone. On a more positive note, other participants expressed their gratitude for such initiatives—"Considering how much power and influence corporations have in government, I am greatly relieved such initiatives exist. That there are, surprisingly, some good organisations and corporations that realise their power and influence and seem to genuinely care enough to use it for good, for the betterment of society and the planet we live on. It gives me a little more hope for the future of humanity,"—which shows the impact responsible companies can have at a psychological level, as well.

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[188]Boissay F et al. (2021) Labour Markets and Inflation in the Wake of the Pandemic. Available at: https://www.bis.org/publ/bisbull47.pdf.

4.6   Methodological Note and Future Research

While surveys and studies relying on self-reports (presented and discussed in Sects. 4.1 and 4.2) are insightful, these have some limitations: (1) the evidence obtained is merely descriptive and cannot be used to support causal inference; (2) qualitative interviews typically rely on non-representative small sample sizes, which affects the generalizability of results; and (3) because of the nature of sustainability-related questions (such as those used in Accenture's research and our survey), it is likely that the results are biased, for instance, due to social desirability effects[189] (i.e., the tendency of individuals to answer in a way they think will favor them in the eyes of others). Such biases are persistent even in anonymous online contexts, as they often operate unconsciously.[190] For example, participants may overreport their willingness to use reusable compared to single-use coffee cups if they believe the former is the socially accepted standard. Such biases might be responsible for the intention-action or attitude-behavior gap; often surveys show increasing public interest in sustainability and positive consumer attitudes while behavioral patterns lag behind expressed intentions.[191] We believe such methods can be accompanied by more ecologically valid measures, such as lab or field experiments that entail decision-making processes beyond conscious awareness[192] and offer experimental manipulations that address which factors (e.g., knowledge, experiences) cause preference for B Corps. As discussed in Sect. 3, to determine B Corp-specific effects, future studies should consider systematic comparisons between B Corps and matched for-profit firms to determine whether consumer perceptions and preferences differ. Other aspects of interest would be to investigate if different B Impact scores or a country's legal support of benefit corporations[193] influence consumer preferences.

5   Community

B Corps have the potential to encourage change beyond their immediate stake-holders (e.g., workers, customers), and, similarly to their general influence on consumers, B Corps can leverage their position to drive systemic change in their communities. The possibilities are only limited by each B Corp's motivation, but to name a few examples, they can stimulate civic engagement, charity, education, and activism; enforce ethical labor throughout their supply chain; and design their activities to contribute to the UN's Sustainable Development Goals (SDGs). This

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[189] Crowne and Marlowe (1960).

[190] Dodou and de Winter (2014).

[191] Vermeir and Verbeke (2006).

[192] E.g., willingness-to-pay tasks; see Gao and Schroeder (2009).

[193] Or similar, e.g., Societa Benefit in Italy.

section will briefly overview a few ways through which B Corps have been shown to effectively contribute to communities and society at large.

5.1 Civic Engagement Through Social Media

Social media communication is particularly accessible and beneficial to the predominantly small and medium-sized B Corps given the low entry barriers and access to large-scale audiences. Such communication can be used for self-promotion, education, and CSR reporting and serve to strengthen the relationship with surrounding communities. CSR communications can enhance brand visibility and reputation and positively influence consumer perceptions.[194] It is important to keep in mind that CSR communications need to be matched with appropriate accountability methods to avoid generating greenwashing-related mistrust. Indeed, some companies withhold from communicating their accomplishments due to wariness they might backfire.[195]

To explore how B Corps engage with their communities through social media, one study[196] analyzed Twitter activity throughout the pandemic through the lens of the triple bottom line.[197] They found that communication themes belonged to three principal categories: (1) *social and environmental*, (2) *COVID-19*, and (3) *product and brand promotion*. In the first theme, the most frequent tweet content referred to sustainable practices/materials/products, education, and stakeholder engagement in sustainability. The second's most frequent topics referred to COVID-19-related donations, healthcare worker appreciation, and public health advocacy, while the third's constituted mostly collaborations with influencers and general brand/product promotions. Most interestingly, the frequency of each of the individual topics was approximately equal, suggesting the genuine concern of these B Corps to engage and educate their audience on a wide array of subjects, which is consistent with the movement's overarching ethos. Lastly, when evaluating the social dimension of the triple bottom line (people), specifically in the context of the pandemic, the authors note that B Corps' communications were concerned with building a sense of community by providing emotional support and encouragement, emphasizing the importance of empathy, and consistently showing appreciation for healthcare workers and frontline staff. The latter demonstrates particular consideration given that healthcare workers suffered extensively throughout the pandemic, with burnout

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[194] U.S. Chamber of Commerce Foundation (2017) The CSR Effect: Social Media Sentiment and the Impact on Brands. https://www.uschamberfoundation.org/reports/csr-effect-social-media-sentiment-and-impact-brands.

[195] Ginder et al. (2021); Mann et al. (2021), p. 5

[196] Mann et al. (2021).

[197] See Elkington (1997).

rates being as high as 80%.[198] It remains unclear whether their communication was significantly different from that of non-certified companies. Future research should evaluate whether social media engagement of B Corps differs from that of standard companies matched in size (e.g., does it contain more education/sustainability-oriented content), whether it is more positively viewed by their audiences compared to CSR claims of standard companies, and, more interestingly, whether the presence of a new B Corp in a community increases people's respect toward other people and the environment. Nonetheless, during a global crisis, B Corps showed holistic engagement with their communities.

5.2 Civic Engagement Through Corporate Volunteering and Charity

To benefit local or global communities, B Corp employees can engage in two main activities: corporate volunteering and donating to charity. Corporate volunteering enables workers to experience a sense of belonging by connecting with others[199] and subsequently experience heightened psychological well-being by satisfying intrinsic psychological needs. Such outcomes have been associated with lower negative affect in the workplace,[200] as well as increased work engagement.[201] Presumably, the relationship is reciprocal between employees and the receiving community, insofar as the community would also experience social connection and a sense of belonging with implications for psychological well-being.

Overall, B Corps are 2.5 times[202] more likely than standard companies to offer employees a minimum of 20 hours per year of paid volunteering time for their nearby communities. This contributes to increasing individuals' intrinsic motivations, as they perceive their work as more meaningful and are thus more inclined to join their company's volunteering programs as an expression of gratitude,[203] which might explain B Corps employees' increased proclivity to volunteer. For example, 39% of Forster Communications' staff[204] engaged in 8 h of volunteering per employee above their minimum target, supporting a total of eight charities, while King Arthur Flour (a company certified in the first wave of B Corp certifications in 2007) saw a 500% increase in volunteering hours and a 461% increase in the number

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[198] Leo et al. (2021).

[199] Brockner et al. (2014); Rodell et al. (2017).

[200] Mojza et al. (2011).

[201] Boštjančič et al. (2018).

[202] Wilburn and Wilburn (2015).

[203] Boštjančič et al. (2018).

[204] Forster Communications (2018) Society and the Environment – Our Impact. Available at: https://www.forster.co.uk/insight/society-environment-impact/.

of employees who volunteered between 2007 and 2010.[205] Concerning charity, certified companies are 68% more likely to donate at least 10% of their profits while also incentivizing their employees to do so. For example, Dansko, a footwear company, matches employee donations,[206] while Jelt, a company producing belts from recycled materials, donates all profits to charities supporting veterans and environmental protection.[207] Intriguingly, matching donations have been shown to be more effective in engendering philanthropic behavior, alongside increased net sums donated, compared to other donation schemes such as rebates or standard donations.[208]

5.3 Beyond Immediate Impact

The possible contributions of B Corps to communities and the environment extend beyond those mentioned above. First, they strive to include disadvantaged communities and minority groups: 53% of B Corps reported that at least 40% of staff corresponded to minority or disadvantaged groups, and 18% were more likely to partner with suppliers from low-income communities.[209] An inspiring example is Jelt, which employs people from prisons through the Montana Correctional Enterprise Program, enabling inmates to acquire job experience and earn a wage that can be used for restitution, child support, or savings; this is one of the many initiatives they established to empower disadvantaged communities.[210] Data show that inmate education and vocational training have an instrumental role in reducing recidivism.[211,212] Second, B Corps implement sustainable practices and are 47% more likely to utilize renewable energy: 90% of B Corps reported using recycled materials, which shows awareness and implementation of circular economy practices.[213] Third, emerging evidence from Colombia suggests B Corp activity is contributing to the SDGs.[214] This might be one of the most impactful aspects of B Corp activity,

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[205] Wilburn and Wilburn (2015).

[206] Ibid.

[207] Hankammer et al. (2021). p. 10.

[208] Eckel and Grossman (2006); Bernardic et al. (2021).

[209] Wilburn and Wilburn (2015).

[210] Hankammer et al. (2021).

[211] Northwestern University (n.d.) Benefits of Prison Education – Northwestern Prison Education Program. Available at: https://sites.northwestern.edu/npep/benefits-of-prison-education/.

[212] Bushway S (2016) Reentry and Prison Work Programs. In: Urban Institute. Available at: https://www.urban.org/research/publication/reentry-and-prison-work-programs.

[213] Wilburn and Wilburn (2015).

[214] Tabares (2021).

since achieving the SDGs would require between US$5 to $7 trillion per year,[215] far from current investment levels and unattainable by government spending alone. In fact, experts consider that without private sector involvement, attaining SDGs is impossible.[216] As such, B Corps' involvement in achieving the SDGs both through education and action is crucial. Altogether, the potential for B Corp contribution to society reaches far beyond their local microeconomies comprising their relationships with workers, customers, and local communities; it extends into society at large through their social media education, high rates of corporate volunteering, charity, inclusion of marginalized members of society, and SDG contribution.

6 Conclusion

B Corps are in an ideal position to meet the emerging needs of consumers, employees, and communities with their more holistic, stakeholder-conscious paradigm; more collaborative, purposeful, and healthy work environments; sustainable options for consumers; and practices and mindsets that favor sustainability and social responsibility. Research has shown that younger generations particularly value companies that actively promote these values and practices. Furthermore, the B certification has great potential as a tool to combat the mistrust generated by greenwashing and instrumental CSR, reestablishing trust between for-profit companies and the communities in which they are embedded. However, there are large gaps in the public's understanding of the B Corp label and what the certification entails, and a label is only as powerful as the public's awareness of what it represents. Therefore, it behooves B Corps to invest in education and information campaigns to market their strengths to potential employees and customers. In addition, to date, there is very little research on B Corps and how they compare to similar companies in their practices, communication, and perception by employees and consumers. Future studies in this area would provide valuable insight into B Corp performance and highlight areas for future improvement.

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