The Sustainability Journey

An exploration into small and medium-sized enterprises’ quest for legitimacy

The B Corp case

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Statement of Originality

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Abstract

This qualitative study contributes to the research field on legitimacy theory and creating shared value (CSV) in small and medium-sized enterprises (SMEs), regarding helping entrepreneurs and business owners better understand the journey of engaging with social and environmental issues. Recent years have seen a growing number of organisations engage in CSV, which builds on identifying societal needs and approaching these as business opportunities. A standard that purports to uphold these values and is comprised of for-profit companies committed to sustainability-related initiatives is the B Corp label. We consider B Corp certification and explore how sustainably oriented SMEs engage with their wider community in a way that fosters corporate credibility and legitimacy.

Empirical data about five SMEs organisational narratives working with CSV, implementation of social and environmental activities, and effects of B Corp certification were collected through in-depth semi-structured interviews with company representatives and a range of secondary data materials. Analysing the data from these five interviewed companies established them to be engaging with the notion of CSV and regard addressing societal or environmental issues as the purpose of their business. Furthermore, findings suggested that values and beliefs incorporated by the SMEs supersede the generally adopted values in society, thereby representing a paradox with legitimacy theory. As a result, these businesses aim to close the perceived legitimacy gap by trying to raise awareness and engage the public with the appropriateness of their business, thereby slowly providing citizens with a more conscious mindset.

Keywords: legitimacy, B Corp certification, sustainable management, small and medium-sized enterprises (SMEs), creating shared value (CSV), qualitative research, narrative writing
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<th>Description</th>
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<tbody>
<tr>
<td>B Corp</td>
<td>Certified benefit corporation</td>
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<td>B Lab</td>
<td>Non-profit organisation overseeing B Corp certification</td>
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<tr>
<td>BIA</td>
<td>Benefit Impact Assessment</td>
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<tr>
<td>CEO</td>
<td>Chief executive officer</td>
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<td>CSR</td>
<td>Corporate social responsibility</td>
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<td>CSV</td>
<td>Creating shared value</td>
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<td>GRI</td>
<td>Global reporting initiative</td>
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<td>MNC</td>
<td>Multinational corporation</td>
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<td>SMEs</td>
<td>Small and medium-sized enterprises</td>
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Chapter 1: Introduction

1.1 Background

The last two decades have witnessed a burgeoning industry of global governance institutions, characterised by non-legal forms of regulation which are voluntary in nature and have exerted increased pressure on corporations to take into account social and environmental impacts (Bartley, 2007; Gilbert et al., 2011; UNFSS, 2015; Vigneau et al., 2015). Following the major economic crisis of 2008, public debate on the problems that caused the crash fostered the contestation of existing institutional arrangements – a so-called ‘legitimation crisis of the existing regime’ (Blyth, 2002, p. 5). Gaining in traction are alternative and perhaps further-reaching theories of broadening the purpose of businesses as well as implementing accountability in business models, such as; stakeholder theory (Wood and Jones, 1995), legitimacy theory (Suchman, 1995), the triple bottom line (Elkington, 1994; Elkington, 1998), and creating shared value (Porter and Kramer, 2011). These approaches to corporate governance offer a counter narrative to Friedman’s profit maximisation as the raison d’être of corporations (Orock, 2013). Companies are increasingly expected to do good for society and are experiencing external pressure by their stakeholders who demand for more transparent and responsible ways of conducting business (Bromley and Powell, 2012). One of the new organisational models this trend in corporate governance has fuelled, one that aims to combine economic, environmental and social concerns, is the certified Benefit Corporation otherwise referred to as B Corp.

B Corps are so called as they are businesses which pursue a public benefit as well as returning profit to their shareholders. They are similar to traditional businesses in that they generate revenues and profits by selling a product or service, however the mission of B corps is specifically targeted on community driven values (B Corp, 2018). A B Corp is a benefit corporation assessed by the non-profit B Lab and certified by meeting high standards on social and environmental performance, transparency, and accountability (Wilburn and Wilburn, 2015). Stubbs (2017) suggests that B Corps pursue profits to enable them to create positive social and/or environmental outcomes and engage in advocacy and education activities in a bid to legitimate the business model. These corporations voluntarily strive to meet social sustainability and environmental performance measures and are subject to a comprehensive set of standards to guarantee accountability and transparency (Hiller, 2013).

Firms face increasing societal pressures to adopt standards by global governance institutions such as the United Nations Global Compact, the Global Reporting Initiative (GRI) and B Corp certification (Vigneau et al., 2015). These can be considered as macro-level institutions as they are operating at an international scale, influencing the micro-level processes of the participating organisations (Vigneau et al., 2015). The macro-level standards themselves according to Brunsson et al. (2012) can be defined as voluntary, commonly used, and specific sets of rules. These have emerged to help corporations implement, manage and report their corporate social responsibility (CSR) activities (Vigneau et al., 2015). However, little is known about the trajectory of such standards within small and medium-sized enterprises (SMEs) and their influence on intra-organisational motivations, practices and outcomes. Furthermore, how these standards fit within the context of SMEs quest for legitimacy is yet to be fully understood.
1.2 Problem formulation

Importance of corporate credibility

The field of CSR is a relevant area for providing context to standardisation processes, as the number of sustainability standards has multiplied in recent years forming ‘standards markets’, where standard organisations compete and collaborate for adoption (Reinecke et al., 2012). Not only does CSR address public concerns by applying ethical standards to corporate practices but it also tends to enhance corporate reputation and goodwill, improve employee and customer satisfaction, and ultimately loyalty (Skarmeas and Leonidou, 2013). In order to reap the strategic benefits of CSR, organisations need to communicate their efforts efficiently. It can be challenging for companies to shine a light on their CSR activities in such a manner that will be perceived as credible, genuine, and positive. Especially in the field of corporate social responsibility, corporate credibility is of vital importance, as consumers become increasingly conscious in their behaviour and prefer to engage with values-aligned companies (Clark and Babson, 2012; Fernley, 2013).

Legitimacy is defined as ‘a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions’ (Suchman, 1995, p. 574). Corporate credibility is linked to legitimacy, as it signifies how likely a stakeholder will trust the information provided by a company and whether it consistently delivers on what they promised (Erdem et al., 2002; Goldsmith et al., 2000). Corporate credibility is an important tool for businesses, as it adheres legitimacy to its reputation and is influential for persuading consumers (Goldsmith et al., 2000).

From an institutional perspective, DiMaggio and Powell (2002), and Meyer and Rowan (1977) suggest that organisations need legitimacy in order to continue their operations (Vigneau et al., 2015). The B Corp certification, by providing standardised environmental and CSR reporting guidelines and assessment, is one way in which organisations can work towards achieving legitimacy. Achieving B Corp status may help in forming an identity as an organisation which shows interest in both shareholder and stakeholder success (Kim et al., 2016).

SMEs legitimacy through corporate credibility

It can be argued that SMEs are not, at least to the same extent as their larger corporate counterparts, able to invest the time and resources for comprehensive CSR strategies and reports. SMEs are companies with fewer than 250 people as defined by the European Commission (2018, see appendix 1) and may be more effective at executing real CSR practices. In fact, a study conducted in Swiss companies suggested that although SMEs may lack external communication and reporting skills, they are better equipped at promoting internal implementation of CSR practices within the business (Baumann-Pauly et al., 2011). The study highlights how SMEs are responsible for creating significant value, as they represent more than half of employment opportunities. Furthermore, their research established that SMEs are genuinely dedicated to CSR and potentially better able to implement it when compared to MNCs, due to their flat hierarchies and low organisational complexity. Additionally, the workforce within the SMEs was shown to have a high awareness of and connectedness to CSR issues (Baumann-Pauly et al., 2011).

Another study stresses how SMEs require a different approach for CSR, because of the more informal nature and entrepreneurial character (Fassin, 2008). However, it also emphasizes that the essence of CSR lies in the implementation of responsible business activities and the corporate culture, rather than in the formalisation of detailed reports (Fassin, 2008). Porter and Kramer (2011) propose the idea of creating shared value (CSV) to surpass CSR and these
reports associated with gaining positive reputations by intertwining economic and social value as one strand for the company’s competitive position. Reports are representative but do not act as sufficient proof of CSR activities as substantive translation throughout the organisation is required (Vigneau et al., 2015). Although it is often suggested that SMEs can learn a lot from larger companies, this study states that management in big companies can follow the example of small business leaders assuming genuine social responsibility (Fassin, 2008).

B Corp and shared value
This focus on doing business in a positive way has received extensive attention in academic publications (Wilburn and Wilburn, 2015; Gehman and Grimes, 2017; André, 2012; Stubbs, 2017a; Chen and Kelly, 2015). Over the past decade a novel corporate responsibility infrastructure has been addressing companies’ engagement with accountability, social responsibility, transparency, and ecologically sustainable behaviour (Waddock, 2008). It is argued that over time this new governance structure can reshape corporations’ attitudes and what is necessary to do to maintain legitimacy and market position (Waddock, 2008).

The assessment provided by B Lab is a reliable and innovative manner of measuring CSR and holding an organisation accountable for a number of reasons. First, the assessment is more extensive than other standardization bodies, as it takes a wide range of business activities into account, such as corporate governance, worker policies, transparency, local involvement, and environmental impact throughout the value chain (Honeyman, 2014). Second, it focuses less on the control of companies, but rather on the commitment of companies to contribute to a wider cause in society. Third, the assessment guidelines are freely available, and a great number of organisations use the standards to improve their business and benchmark themselves (B Lab, 2018).

Since its inception the B Corp community has grown to include over 2,440 companies in more than 50 different countries (B Corp, 2018). These range from well-known multinationals, such as ‘Ben & Jerry’s’ and ‘Patagonia’, to small and local businesses (B Corp, 2018). Moreover, it is estimated that over 100,000 businesses worldwide make use of the standards to assess themselves (Honeyman, 2014). Considering that this social movement only commenced in 2006 in America, it is remarkable to see how widespread it has become, the support it has generated thus far, and the potential it could offer for the future of business.

The importance of such a business model in modern society is growing, as consumers are increasingly leaning towards ethical companies to associate with (Clark and Babson, 2012). A study in 2013 by Cohn and Wolfe (Fernley, 2013, p.8) found that ‘half of consumers would stop buying a product or service if they found out the company did not reflect their personal values, whilst 30% would encourage their friends and families to do the same’. Furthermore, consumers will take similar measures when finding out that companies deal poorly with environmental and social issues (Fernley, 2013). Besides preference for responsible companies with regards to purchasing behaviour, the public also value working for corporations that are dedicated to social and environmental causes (Clark and Babson, 2012). The third-party certification for B Corps is an essential aspect, as it has been shown that consumers regard third-party certification as more trustworthy than mere company claims or self-assessments (Clark and Babson, 2012).
Problem properties

Businesses have an impetus to efficiently communicate their social and environmental strategy and attempt to obtain or maintain corporate credibility. With greenwashing being a common accusation associated with CSR reporting and communication, it is important for companies to have the tools and values to present their sustainability strategy as genuine, credible, and actually ‘doing’ positive work (Chaudhri, 2016). On the other hand, the limitations and potential of SMEs engaging with such strategies is also found in the discourse on the topic. SMEs are typically limited in time and resources to effectively invest in extensive CSR strategies and reporting (Sen and Cowley, 2013). It is often the founders’ vision which propels the organisations’ sustainability strategies (Sen and Cowley, 2013). An opportunity for SMEs to serve as a catalyst for positive change in the market and as an example for larger businesses thereby presents itself.

1.3 Aim of research

This study aims to delve into the journey of SMEs engaging with their wider community in a way that fosters corporate credibility and legitimacy. The phenomenon through which we achieve this is the B Corp certification, which it is proposed functions as a source of legitimacy for sustainably oriented SMEs. This standard, brought forward by B Lab, has in recent years been gaining traction amongst companies purporting ethical practices. The standard is yet one more certification model within a capitalist market economy designed to govern the ethical principles of an organisation. We look at organisations with missions to do some form of good and explore the pitfalls and peaks they encounter, in an attempt to shape common values shared in these SMEs. These commonalities may be used by future entrepreneurs looking to engage in sustainability, be it as a start-up or a more mature organisation’s shifting their practices, to help paint something of a roadmap. Also, we attempt to discover what these particular standards mean to them by way of impact on practices and for their relationships with stakeholders.

Over the course of an organisations’ lifespan, multiple pressures, responsibilities and milestones are encountered. Inherent within the capitalistic structures is the establishment of businesses to meet a need or want of customers or simply to answer a problem. This research looks at organisations which go beyond the mere meeting of a certain need to those which take a holistic approach to how they impact their stakeholders, including the environment in which they operate. Specifically, those businesses which have sought B Corp certification along their journey as an enterprising entity. We consider B Corp certification, whose vision for companies adhering to the standard is to utilise ‘business as a force for good’ (Honeyman, 2014), and explore how this certification functions as a source of legitimacy and goodwill for SMEs. Moreover, we explore the benefits gained by B Corps after acquiring the certification from the business perspective.

Based on this objective, the research question of this paper is formulated as **how does the certified B Corp standard influence legitimacy at SMEs committed to creating shared value?**

1.4 Academic and managerial relevance

Over the past two decades a growing amount of research centred on business and social responsibility has been conducted (Hiller, 2013; Wilburn and Wilburn, 2014; Lozano, 2006; Blowfield and Murray, 2011). Scholars are exploring corporate social responsibility initiatives, new business models, and market tactics, gradually recognising that an alternative corporate form may be better equipped to serve society’s best interest (Stubbs, 2017a). The B Corp
The framework is relatively recent against the backdrop of CSR development and does not yet enjoy a vast amount of research. Legitimacy is comprised of many aspects and chronicling how a sustainably oriented organisation pursues legitimacy is a difficult undertaking. The complexity of factors which feed into the ways in which an organisation finds meaning and relevance in society are wide-ranging. We have endeavoured to limit the scope somewhat by examining the impact of B Corp certification on SMEs overall journeys. Therefore, this study will build upon the existing literature and provide new insights into the impacts of B Corps on organisational development.

The B Corps aim, to drive societal change by acting as a catalyst for a socially and environmentally beneficial economy, can potentially redefine the business sphere. Given the increased importance of businesses’ CSR activities, managers of SMEs could use the results of this study and find parallels with their own sustainability journey.

An increasing number of SMEs are attempting to tackle societal problems alongside their business activities through their business practices. The B Corp structure may help companies struggling to prove their ethical stance on the market, by utilising the external third-party assessor to aid in goal setting and providing accountability through standardisation. Considering scepticism and doubts as to the authenticity of business efforts, becoming certified could be a way of proving legitimate attempts to be a more environmentally and socially conscious company, leverage a network of like-minded organisations, and gain competitive advantage.

‘The rise of B Corps is a reminder that the idea that corporations should be only lean, mean, profit-maximizing machines isn’t dictated by the inherent nature of capitalism, let alone by human nature. As individuals we try to make our work not just profitable but also, meaningful. It may be time for more companies to do the same’.

Surowiecki, 2014
Chapter 2: Theoretical framework

In this chapter we will explore legitimacy theory, stakeholder theory, and creating shared value (CSV). Both legitimacy theory and stakeholder theory stem from the political economy perspective and are typically referred to as underlying motivation for companies to engage in corporate social responsibility (Laan, 2009; Deegan, 2002). The political economy perspective argues that society, politics, and economics are conjoined; in that when examining economic issues, the existing political and social institutional framework should also be taken into account to come to an appropriate and holistic solution (Deegan, 2002).

Stakeholder theory centres on the dynamic links among companies and their stakeholders and recognising the level of responsibility and accountability towards those stakeholders that comes with operating a business (Laan, 2009). Furthermore, stakeholder theory allows for analysis of the relevant stakeholders and prioritising their needs and wants. Legitimacy theory operates more on the conceptual level, defining the existing norms and limits within which a company should operate in order to gain a legitimate status from their respective surroundings (Laan, 2009). We argue that CSV is relevant to the topic, as SMEs identifying as B Corps make it their prime objective to contribute positively to society alongside their business activities and policies – a very literal way of creating shared value for the company and broader environment.

Fernando and Lawrence (2014) assert that it is always better to gain deep insights through more than one single theory to obtain a more complete understanding of the practice and that theories should not be considered as competing but as complementary to each other. This literature review constructs a theoretical framework by integrating stakeholder theory into legitimacy theory, acting as a basis for engaging with responsible business practices and to elucidate CSV. When putting the theoretical framework in the context of the SMEs, the nexus which exists, and the interconnectedness of the ideologies can be interpreted. It is our intention to portray an understanding of CSV within the overarching scope of legitimacy theory which encompasses the motivations for engaging in socially and environmentally responsible behaviour. These models aren’t without opposition and thus, a critique of shortcomings is explored in order to offer a more rounded argumentation.

2.1 Legitimacy theory

Numerous studies have looked into the question of what makes companies engage in CSR, consider stakeholders, or attempt to create shared value (Suchman, 1995; Thomas and Lamm, 2012; Schneider et al., 2017; Wiggill, 2014; Corazza et al., 2017). Research by Bansal and Roth (2000) argues that firms are motivated to engage with corporate social responsibility through three separate drivers: ecological responsibility, competitiveness, and legitimation. As many managers adopt legitimising strategies, legitimacy theory has become an extensively used theory to explain disclosure of corporate social activities (Laan, 2009; Mousa and Hassan, 2015). Yet, as the theory is so widely used, a succinct and agreed-upon term is lacking, resulting in legitimacy being constructed of various theoretical and empirical layers (Suddaby et al., 2017). Generally, the most widely accepted definition comes from Suchman (1995, p. 574) and states that ‘legitimacy is a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions’. The theory focuses on the supposition that an organisation must maintain its social position by responding to society’s requirements and giving society what it wants (Islam, 2017). In this sense, legitimacy theory shows certain similarities to stakeholder theory. Likewise, according to Deegan (2002), the theory shows overlap with notions of ‘social contract’ and ‘institutional theory’. These notions present the idea that
organisations exist because of the status given to them by society, and organisations will alter their structure or activities in order to align their actions with what is deemed acceptable by society (Deegan, 2002). It can be argued that consistent with legitimacy theory and ‘social contract’, a company agrees to perform desired actions in return for approval and ultimate survival in society (Mousa and Hassan, 2015). They often do so by disclosing information, so as to let society assess whether they qualify as a good corporate citizen (Mousa and Hassan, 2015). Engaging in CSR activities can be seen as a method to establish an organisation’s value system as congruent with that of the larger social system to which the organisation belongs (Islam, 2017). Consequently, it is often mentioned that the creation and publication of CSR activities are a manner of obtaining legitimacy for a company.

Many authors have tried to categorise the different forms of legitimacy (Aldrich and Fiol, 1994; Scott, as cited in Suddaby et al., 2017; Suchman, 1995; Weber, as cited in Suddaby et al., 2017), but the different classes defined by Suchman are considered influential in the literature. Suchman (1995) distinguishes between pragmatic, moral, and cognitive legitimacy. Pragmatic legitimacy is derived from an organisation’s ability to achieve tangible outcomes in its surroundings, moral legitimacy refers to the congruence between the actions of the organisation and the beliefs and values of its immediate social environment, and cognitive legitimacy depicts such synergy between the organisation and its environment that its actions and characteristics are taken-for-granted and unquestioned (Suchman, 1995).

Besides the different typologies, one can also distinguish between three different configurations of legitimacy, namely legitimacy as a property, as a process, and as a perception (Suddaby et al., 2017). Legitimacy as a property corresponds with a contingency view of constructing legitimacy, which entails that legitimacy is an intangible asset that can be attained by ensuring a fit with the normative expectations of the external environment. Legitimacy as a process adopts an agency approach, wherein the focus lies on the processes used to create legitimacy and maintain it. This form of legitimacy is more fluid and relies on continuous negotiation, interaction between social actors pursuing their own self-interest, and changing constituent elements. Thirdly, legitimacy as a perception builds on the idea that legitimacy originates from individual assessments, judgments, and opinions that individual actors form of social entities. Suchman’s manner of describing the phenomenon of legitimacy is in line with the view of legitimacy as a property and considered the dominant approach used in management research (Suddaby et al., 2017). Throughout this thesis, the legitimacy as a property and as a process perspective are used in framing the SMEs journey.

Businesses can face a so-called ‘legitimacy gap’ when their corporate performance does not fit with the expectations upheld by society (Laan, 2009). When this occurs, companies may attempt to regain or improve the status of legitimacy in a number of ways. First, a company may choose to change their production, objectives, or business methods to be of better alignment with society’s expectations and inform them of the changes made. Second, rather than changing their business production or methods, companies may instead focus on greater awareness regarding the appropriateness of their produce within the society through education and information. Third, organisational legitimacy can be improved through association with symbolic actions that have previously acquired high status among society, thus building on a pre-existing public image. Fourth, a company may attempt to change the general expectation in society to better align with the business objectives and methods. CSR activities can be regarded as congruent with these manners of gaining organisational legitimacy, as CSR strategies are often communicated to the public and tend to highlight norms and values already present in society in order to garner support (Laan, 2009). Being that an organisation can be
perceived as legitimate when their actions are approved by society (Islam, 2017). It can be argued that the process of B Corp certification can be seen as extending legitimacy; ‘at a point where an organisation enters new markets or changes the way it relates to the current market’ (Tilling, 2004, p.7).

2.1 Stakeholder theory
Stakeholders are the ‘groups and organisations that are affected by or can affect a company’s operations’ (Wood and Jones, 1995, p. 231). In a way, it can be argued that stakeholder theory is in line with legitimacy theory, as both are directed at gaining approval from external parties such as government, media and customers to some extent. The stakeholder theory as introduced by Wood and Jones (1995) defines multiple complex relations between business and society. Stakeholder theory suggests that stakeholders have three roles with regards to corporate social responsibility in business. First, they function as the origin of expectations about what desired firm behaviour entails. Secondly, stakeholders experience the consequences and effects of the firm behaviour. Thirdly and lastly, they are the judge of whether the business has met the expectations and how it has influenced its environment.

It can be said that stakeholders have a normative role when concerning corporate behaviour, as businesses have to change their approach if stakeholders do not accept their behaviour. Typically, when the behaviour of businesses does not correspond with the expectations consumers imposed on them, they will let the companies know by providing feedback or by changing consumption patterns (Wood and Jones, 1995). Companies and managers will usually act on such feedback mechanisms, to ensure operation income and maintain their position. When tracing this back to Friedman (1970) it can be argued that even if a business’s only purpose is to generate profits, if they fail to meet the stakeholders’ expectations, they may go insolvent. Hence, it is at least equally important for businesses to take the stakeholder interests into consideration when making business decisions.

2.2 Creating shared value (CSV)
The CSV concept is defined as ‘policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates’ (Porter and Kramer, 2011, p. 66). CSV proposes to transform social problems relevant to the corporation into business opportunities, contributing to the solving of critical societal challenges while simultaneously benefiting the organisation by driving greater profitability (Crane et al., 2014). CSV is a slightly more modern concept which encapsulates the interrelatedness between societal and economic progress (Porter and Kramer, 2011).

Porter and Kramer (2006) developed their thinking, on observing obstacles inherent to businesses wanting to achieve social and financial progress simultaneously. First, they noticed that in the majority of firms CSR was not connected with the firm’s core strategy (Porter and Kramer, 2006), which resulted in little long-term beneficial impact on society or the company’s financial performance. Secondly, they observed that society and businesses tended to view each other as a limiting factor towards reaching their goals (Porter and Kramer, 2011). Each considered the other an obstacle in their progress and primarily focused on the friction between the two. Porter and Kramer argued that ‘companies should operate in ways that secures long-term economic performance by avoiding short-term behaviour that is socially detrimental or environmentally wasteful’ (Porter and Kramer, 2006, p.4). In order to do so, they suggested the notion of CSV for business and society. Solving social issues has traditionally been the role of NGOs, governments, and a few social entrepreneurs, but can also be considered an
opportunity for businesses to re-evaluate their operations and look for possibilities to expand their operations. Businesses should no longer view social concerns as obstacles to overcome, but rather recognize that they encompass business opportunities. In that way, businesses can expand social and economic value through innovation and working on local solutions across markets.

CSV is a perspective, as contrary to many previous CSR concepts, that manages to connect social responsibility with the business’s economic imperative. Porter and Kramer (2011) shift the focus from profit to value creation but by highlighting that the interests of business and society may well overlap, they offer a combined approach to CSR. They argue this value creation represents a higher form of capitalism that can address the plethora of human needs that remain unmet by governments and the third sector.

2.3 Criticism towards legitimacy theory and CSV
The theories mentioned above have received much acclaim and discussion amongst practitioners and academia, however, these are not universally accepted approaches in moving forward within the broad spectrum of CSR. This, at best, can stem from the understanding that these are not new concepts but are instead perhaps more nuanced and contoured versions of pre-existing theories; or at worst, that these are lacking in depth and even set the direction backwards by reinventing the past. The imperative for business to go beyond answering to their myriad of stakeholders has been around a long time and this section brings forth critique in the literature surrounding legitimacy theory and CSV.

Thomas and Lamm (2012) voice doubt as to whether the current trend in CSR represents a genuine change in executive attitude or if it is rather a reactive approach aimed at avoiding greater accountability and retaining organisational legitimacy. It can be argued that legitimacy theory as an underlying motivation for corporate social responsibility practises is flawed. That is, legitimacy theory would be redundant if it weren’t for a proportion of society second-guessing the appropriateness of a corporation’s production, mission, and objectives (Laan, 2009). Thus, if a company was to adhere to society’s perception of what is appropriate, rather than striving to align the society’s awareness or perception with the companies’ activities, there would not be a legitimacy gap and no need to take such measures to obtain approval or legitimacy. Furthermore, it’s important to reiterate that legitimacy is extremely context dependent. Defining legitimate actions is a delicate undertaking since society is comprised of several sectors, sub-groups and so on, with widely varying value systems (Meyer and Rowan, 1977). A corporation may become legitimate in one region or industry, but when transferring their business activities or the scope of their activities to other regions or markets they may experience the need to regain a legitimate status in the new environment. In that sense, it seems probable that the legitimacy obtained by a corporation is only temporary, as most companies are due to extend the scope of their business sooner or later.

What further complicates the issue, is that literature thus far has lacked insights into whether certain groups in society are more likely to be convinced by legitimising procedures and if managers target their legitimising strategies to particular groups (Deegan, 2002). Also, with the popularity of the concept comes the wide (mis)use of it. An extensive range of different definitions, traits, and components of legitimacy exists, but there is no clearly set common definition, and few of the contemporary terms are tested empirically (Suddaby et al., 2017). This results in the concept of legitimacy being a multi-level social phenomenon, consisting of different assumptions between researchers. Yet another point of debate with regards to legitimacy theory is whether it should be regarded a dichotomous concept, where firms either
possess legitimacy or not at all, or whether it is more of an ordinal variable wherein firms can have more or less legitimacy compared over time and to their peers (Suddaby et al., 2017). This lack of consensus forms a limitation as it could potentially hinder the formulation of what constitutes legitimacy at SMEs.

Crane et al. (2014, p. 130), in contesting the value of CSV, highlight certain shortcomings of the CSV model, namely that ‘it is unoriginal; it ignores the tensions inherent to responsible business activity; it is naïve about business compliance; and it is based on a shallow conception of the corporation’s role in society’ The challenge involves resolving tensions and paradoxes inherent when integrating the apparent contradictory elements of social and economic values (Corner and Pavlovich, 2016). It is suggested that CSV is merely a rehashed simplified version of corporate CSR, wherein CSR is integrated into a company’s core strategy and thereby ignores the broad literature which already exists (Crane et al., 2014). Dembek et al. (2016) analysis of over 400 articles that reference CSV found little consistency regarding definitions, measurement, and empirical use of the term indicating epistemological and ontological fragility. Hence, they claim that CSV as a theoretical concept is at a nascent stage and remains a buzzword rather than an esteemed concept. Regardless of the shortcomings of the aforementioned models it is important to recognise the discussions they have brought up across the discourse in the field. These are highly graspable, if overly simplified, terms which can set in motion organisations looking to improve their overall impact on society.
Chapter 3: Research methodology and design

This chapter begins by outlining the research philosophy to lay the foundational framework for the investigation. This section is followed by providing a rationale for the design of the multiple case studies developed through narrative writing, and an explanation of the types of data used, collected, and analysed. The choice of method of qualitative interviews and secondary data analysis are presented as the empirical research element, followed by a short outline of our coding strategy in structuring our dataset, and lastly narrative writing and its connectedness to the storytelling approach of our findings is introduced.

3.1 Research philosophy

Research conceptualisations and approaches are shaped by our philosophical positions and operating paradigms, thus the ontology is a critical aspect for discussion (Bass and Milosevic, 2018). The relatively recent phenomenon of the certified B Corp for SMEs provides ample room for further research, such as why companies are driven to join the movement, how they attempt to tackle the myriad of issues presented in modern society, and what is driving the growth of the social movement to which they belong. The philosophic approach used in this research paper is based on the ‘social constructivist’ theory in order to evaluate the value systems behind SMEs working to engage social and environmental issues and what B Corp certification means to their legitimacy journey.

The term social constructivism was first coined by Berger and Luckmann (1966) who writes about how individuals and groups create mental interpretations of each other’s behaviour, and these personal representations then influence the interaction between individuals in relation to each other. In doing so, individuals create a variety of unique perceptions about the attitudes of others. People’s conceptions and knowledge of these representations further become embedded in society, and consequently it is reasoned that reality is socially constructed. This research philosophy also corresponds with the theory of legitimacy as a process, which stems from social constructivism and typically adopts an interpretivist approach (Suddaby et al., 2017).

Following the social constructivist line of thinking, the world is independent of human minds, but the knowledge we have of the world is constructed in a human and social manner. The constructivist approach is typically associated with qualitative methods, and places value on communication and interpretation of social interaction. Language, communication, and interaction are considered central in the process of understanding ourselves and the world.

The epistemological research philosophy of social constructivism employed here aims to create understanding around the social worldview of individual actors (Saunders et al., 2009). It thus makes use of an exploratory approach to generate a wider set of interpretations of different actors in the industry and seeks to explain the motivational factors of both corporations and consumers with regards to B Corp certification.

3.2 Research design

The aim of the research is to examine how B Corp certification influences SMEs that are already committed to CSV. The multiple case studies explore the journey towards legitimacy of SMEs in their approach to CSR, and where the B Corp standard fits within this journey. Thereby, investigating the value of the B Corp certification as a means towards positive change for the SME.
3.2.1 Multiple case study
We have opted for an exploratory multiple case study method. The case study is one of the many branches which comprise social science research, and is most appropriate for answering the scope of this research, i.e. ‘how’ and ‘why’ questions (Yin, 2009). In selecting appropriate companies for our cases, we took three criteria into consideration; eligibility, prioritisation, and feasibility. First, we opted for a population that is relevant to our theoretical domain, this implies representatives of SMEs that are committed to CSV. In order to analyse the benefits that companies perceive by becoming certified, it is of essential value that our sample is certified by B Lab. Furthermore, we have chosen the time frame of at least one year since B Corp certification, as we feel that this is the minimum time needed for SMEs to reflect upon their decision to become certified and analyse the impact. Secondly, we prioritised a type of population that has not been featured in research extensively before (B Corps), so as to ensure a valuable contribution to the literature. Lastly, in considering feasibility we took into account the convenience of data collection from the selected population. This includes the availability and accessibility of data as well as potential time constraints that may be encountered from the respondent or researcher (see appendix 2).

We approached 16 different companies by e-mail addresses obtained either through their website or via representatives of B Lab UK and B Lab Europe to ask them to participate in our research and attempt to schedule an interview. Out of these 16 companies, we received 5 negative answers due to time constraints, 4 failed to respond, 2 positive answers but unfortunately too late to be considered and 5 companies willing to cooperate.

3.3 Research method
We decided on using a mixed-methods approach in a deductive manner consisting of semi-structured interviews to obtain data from our five case SMEs, as well as analysing archived data. The interviews were rooted in the framework of legitimacy theory, with exploratory questions probing the organisational narrative. The experiences and motivations of becoming a B Corp were explored alongside how they interact with other firms in the B Corp network and what the certification has brought these SMEs. This is the preferred method to overcome the rigidity associated with predetermined questions which may inhibit access to the participants’ perspectives and understandings of the world (Merriam, 2009). However, a comprehensive interview question list has been prepared so as to guide the conversation (see appendix 3). The nature of the methodology presented also brings forth some limitations. Generally, there is a risk of misunderstandings due to knowledge, difference in native language, or culture gaps between the researchers and the respondents. Although from our side, the misunderstandings and limitations regarding language were minimal, we could notice that some of the respondents used overly simplified language or were searching for words at times. Still, when this occurred it was resolved by allowing them to explain it in Dutch if necessary, and then translating it to English ourselves. The data set, comprised of both primary and secondary data, is outlined below.

3.3.1 Primary data: B Corps
The primary data of this study consists of the responses collected through interviews with five certified B Corp members. To gather insights from the actors within the B Corp movement, we have conducted in-depth case interviews with well-positioned employees of certified B Corps, ranging in level from account executive to chief executive officer (CEO) (see appendix 4).
Initially, we aimed to conduct interviews in person with respondents from our selected population. Our goal was to visit a number of certified B Corps across the Netherlands and the United Kingdom, however, we noticed that representatives of the businesses we reached out to were short on time or unavailable completely. Due to this as well as the disadvantage of our location in Sweden wherein there is a comparatively minimal number of B Corps operating, interviews were managed over distance through video telephonic platforms.

Geographic considerations could be perceived as a limitation of the study since it mainly focuses on two countries, England and the Netherlands, of the over 50 countries in which B Corps operate. These two markets are purposely chosen as B Lab UK is headquartered in London and B Lab EU is headquartered in Amsterdam, both countries show a relatively high concentration of certified B Corps, and due to our personal affinity with these regions. Thus, it should be mentioned that it is not our intention to make these results generalisable to all organisations seeking B Corp status, but instead indicative of the particular organisations within this study and their unique journey.

Each interview lasted between 30-60 minutes; four interviews were managed through Skype, and one interview was done via Zoom. We both completed one interview individually due to time constraints and conducted the other three together. We divided the roles during the interviews, wherein one of us would be leading the interview and the other taking notes. All interviews were recorded and transcribed verbatim afterwards.

3.3.2 Secondary data: documentary data
To enhance this understanding of the SME we employed multiple secondary sources of evidence with the intention for the data to converge in a triangulating fashion (Yin, 2009). This use of triangulation amongst different sources and diverse forms of data improves the robustness and credibility of the resulting findings (Bass and Milosevic, 2018). Especially as we were interested in building rich explanations of the journeys the SMEs in our sample undertook, we noticed that we required more background information and data on these organisations. Hence, not only did we feel the need for secondary data to frame a bigger picture of the B Corp movement and provide further support to our findings, it was also essential in order to build rich and comprehensive stories. To obtain appropriate secondary data we have listened to additional podcast interviews with well-positioned individuals at the SMEs, read articles and sustainability reports, and watched documentaries and TED-talks on the topic (see appendix 5).

3.3.3 Interview design
The research question was answered through conducting semi-structured interviews around the overarching themes: legitimacy, CSV, and the influence of the B Corp standard on organisational development. The questions proposed to the respondents reflect the storytelling aspects of our research approach and the below looks at how this integrates with the theoretical framework. While our interviews were of a semi-structured nature, we did make use of a set of guiding questions, which were phrased or expressed differently per interview, but did have overlap and gave relevant answers and information. This interview guideline consists of 13 main questions, out of which four questions have sub-questions. In our question set, we included five different categories; general information and introduction, social responsibility and sustainability, pre-certification, post-certification, and the B Corp community.

This research started as described above by delving into organisational legitimacy and CSV for SMEs. On analysis of the literature, legitimacy theory can be seen as a motivation for SME
engagement with CSV and helped to frame the organisational narrative. Specifically addressing legitimacy in our guiding interview questions, we sought to understand what the SME representative perceived as a sustainable business, past experiences with communicating CSR efforts and what these social/environmental activities look like to them and the most important relationships to the organisation. To help us in creating the organisational journey we asked about the SME from their perspective and role, the process behind getting certified as a B Corp and if sustainability has been embedded in the strategy from the outset. Being that B Corp is composed of profit making organisations working towards some form of purpose beyond profit, it aligns with the principals of shared value. Relating to this CSV concept, as we were concerned with the influence in our study of the standard itself, we aimed to find out when they first became aware of the B Corp movement, we questioned the benefits and/or changes since becoming certified and whether/how they engage with the worldwide network of B Corps. Hence, we attempted to translate the theoretical framework into the interview guideline through the use of the variables ‘legitimacy’, ‘CSV standard’ and ‘journey’, with the concept ‘influence’ framing the inquiry (see appendix 6).

3.4 Constructing the analysis
By relying on case interviews and story-telling in obtaining and presenting the data, it is imperative to structure and organise the acquired information appropriately. We attempted to do so by making use of coding. More specifically, we made use of open coding for the interview process and axial coding thereafter. Before conducting the interviews, we created a shortlist of a priori codes, the common concepts based on our own knowledge gained through the literature review and research. These codes are depicted in Table 1 below.

Table 1. A priori codes based on theoretical framework and literature

<table>
<thead>
<tr>
<th>A priori codes</th>
<th>Focus on the value of B Corp certification as a source of legitimacy for SMEs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legitimacy for SMEs</td>
<td>Focus on the value of B Corp certification as a source of legitimacy for SMEs.</td>
</tr>
<tr>
<td>Value of movement and network</td>
<td>The motivation to become B Corp certified because of the added value of belonging to a movement and network of like-minded companies.</td>
</tr>
<tr>
<td>Mission of business is to create shared value</td>
<td>Case companies demonstrate an intrinsic drive and mission to create greater good for their surroundings, rather than solely being profit-driven.</td>
</tr>
<tr>
<td>Equality of stakeholder importance</td>
<td>Case companies regard the different stakeholders relevant to their business as equally important, rather than targeting to maximize shareholder value.</td>
</tr>
<tr>
<td>Impact of MNCs becoming B Corp certified</td>
<td>What is the perception amongst respondents with regards to recent multinational conglomerates joining the B Corp movement in terms of legitimacy and trustworthiness of the label.</td>
</tr>
</tbody>
</table>

After the interview process, we used open coding to highlight and categorise the concepts brought up regularly into different units of analysis. These concepts consist of expressions, ideas, key words or phrases that are repeatedly brought up by the different research participants.
(Turner, 2010). This has been done by highlighting portions of the transcribed interviews according to the various initial broken-down units of analysis. Next, we used the process of axial coding by verifying whether the concepts and theories we proposed in the theoretical framework are aligned with the defined categories based on the interview responses. We then continued to evaluate how the previously established theoretical framework and open coding categories were related, and what the related effects were. Thereafter, we created structured tables outlining the main categories, but ultimately these merely served for our own understanding. It gave us insights into what concepts required more research and data for a full understanding, as a result we added more literature and secondary data to the study in an attempt to build our cases. Although the categories and associated concepts provides us with an overview and in-depth submersion into our data, in the end we decided to approach the analysis from a chronological and narrative standpoint. In that sense, we were able to link the theories to different stages of the SMEs development, which led to a clearer analysis.

3.5 Narrative writing

As touched upon above, in exploring the process of obtaining legitimacy for SMEs and presenting the findings we follow the lines of narrative inquiry, and thus are furthering the research into this relatively contemporary research methodology. This in itself helps narrative inquiry in its own quest for legitimacy as a complementary disciplinary approach (Thomas, 2012). Chase (2005) describes narrative as not only providing what happened, but also insight into people’s thoughts, emotions and interpretations. Narrative is thereby one of our most fundamental ways of making meaning from experience (Thomas, 2012), even ‘constitutive of humanness’ itself (Adams, 2008, p.176).

We adopted this approach in our interview style by asking the respondents open-ended questions, allowing them to tell their story as is typical in narrative inquiry research. Furthermore, rather than pin the respondents down on a pre-set questionnaire outline, we allowed them space to talk about what they thought was relevant and then press on certain areas to keep the conversation within the scope of research. We then took their answers and created a storyline around how the organisations engage with their wider community and their journey to gaining a legitimate status in their social environment. Due to the interpretive nature of stories and the large degree of co-construction which happens in the narrative process, it cannot be claimed that the presented narrative is absent of bias. The narrative is construed based on video telephonic interviews which limits our observational capacity and the informal conversational pieces of information which may arise organically ‘offline’.

Caine et al. (2017) purport that the most important defining feature of narrative inquiry is that it is the study of experience, as it is lived and told. Narrative inquiry is appropriate for the purposes of this research to add a layer of richness to the B Corp story. Yet, although adopting a narrative style to presenting the case studies leads to accurate and rich case descriptions, it is likely not appropriate to transfer or generalise to a wider set of SMEs (Langley, 1999).
Chapter 4. Findings

In this chapter, the process of undergoing B Corp certification is given based on secondary data. A more comprehensive understanding of the B Lab story and how it came into being along with a further look at the certification is expanded upon. This helps to outline the reasoning and rationale behind the five SMEs seeking B Corp status. The organisational narratives based on primary data collected through our multiple case approach offer insights into the underlying motivations and background to becoming B Corp certified. The accounts are composed as stories about the SME journey and as is common in such organisations revolve around a key figure, often being the founder.

4.1 B Lab

The non-profit standards body B Lab was founded in July 2006 by Jay Coen Gilbert, Bart Houlahan, and Andrew Kassoy who all attended Stanford University together in the late 1980s (Harriman, 2015). Coen Gilbert and Houlahan founded AND1 in 1993, an athletic footwear and apparel company that they grew while embodying the founders core values centred around socially responsible business concepts (Honeyman, 2014). Kassoy went to work in private equity on Wall Street after Stanford and was one of the first investors in AND1 (Harriman, 2015). By 2001 the company had grown to more than $250 million in U.S. revenues (Honeyman, 2014). Still, in 2005 the pair was forced to sell AND1 but were shook to notice that, under new ownership, the company values and practices in which it was founded were quickly stripped away in a bid towards profit maximisation (Harriman, 2015). During Kassoy’s time working in large corporate investments, he became a mentor for several social entrepreneurs in the non-profit space. He found many of them struggling with the same issue: how to scale their ideas while maintaining their mission. Therefore, rather than Coen Gilbert and Houlahan starting a new company or Kassoy founding a social investment fund, the three decided to pool their expertise and develop infrastructure for socially and environmentally responsible business to thrive. In the unlikely beginnings of basketball and Wallstreet, the idea to harness the power of business to solve social and environmental problems was borne.

4.1.1 B Corp certification

The B Lab team works with many leading businesses, investors, and legal representatives to create a comprehensive set of measurements and requirements (Honeyman, 2014). The B Corp certification is composed of standards adhered to through the so-called benefit impact assessment (BIA), which is set by a group of independent experts in business and academia, known as the Standards Advisory Council (B Lab, 2018). To become certified, companies pay an annual fee relative to their revenues, undergo a certification process measuring impacts on which they must achieve a minimum score of 80 from a total 200, and alter their articles of association to reflect B Lab’s values and commitment to workers’ rights and sustainability (Wilburn and Wilburn, 2015).

The BIA consists of hundreds of questions on for example the environmental impact, transparency, employee benefits, and company mission, and most questions require supporting documentation (see appendix 7). In this point-based system, every single point refers back to one of the stakeholder groups, and points are only awarded to positively contributing activities at the organisations (Honeyman, 2014). As a result, obtaining the minimum threshold is considered quite the challenge, and the mean score at companies wanting to be certified is between 40 and 100 (B Lab, 2018). On the other hand, this point-ranked system also means that the score is expected to improve over time, as it can be assumed that the initial activities on which the score was based will become better as the organisation progresses. The specific
stakeholders that are taken into account in the assessment are corporate governance, workers, community, environment, and customers (Honeyman, 2014), thereby taking into account a wide variety of aspects wherein the firm can create positive impact.

4.2 Case I: Kin&Co

‘Help organisations find and communicate their purpose beyond profit’
Jess Shivji, account executive at Kin&Co

What happens when you bring together a team of creative people dedicated to sustainability? We spoke with Jess Shivji, an account executive at Kin&Co, who told us how they are exploring that question as a ‘culture and communications consultancy’ working to ‘help organisations find and communicate their purpose beyond profit’. When Rosie Warin, CEO and founder, brought together a small collective of sustainability consultants and those who had ‘done time in the traditional agencies’ back in 2015 (Kin&Co, 2018), she sought to ‘take sustainability beyond what can be quite dry reports and embed it in an organisation by making them more people focused and then having engagement to the rest of the sustainability strategy’. They have three key values on their website, ‘to believe in people, to move the needle for both commercial success & driving social change, and to stay playful’ (Kin&Co, 2018).

Jess told us about how Kin&Co are still ‘finding our way’, depicting the beginning of their journey as a start-up with bright ambition. On being asked if Kin&Co is a sustainable business, Jess thought so yet working in a shared office space means conceiving certain battles. The ‘hardcore sustainability stuff’ is outside the realm of control given limited decision power around key resources such as energy, water and furniture of the physical office space in which they reside. Their ‘sustainability credentials sit on top of something else’ meaning that they work towards ‘finding the things that we can definitely commit to making really good solid choices on and then somethings that are slightly out of our hands’ they have to accept. Working within these constraints Kin&Co manage to be a paperless office and commit to the wellbeing of their employees. The ‘Wednesday Break’ wherein staff leave the office at 13:30 and a wellbeing plan held annually are some of the ways in which Kin&Co address stress, self-care and better overall balance.

Outside of the physical environment of the office the ‘WeAreEurope’ social media campaign co-founded by CEO Rosie in 2016 for the remain vote in the Brexit elections brought the agency international acclaim. Feeling strongly that businesses should be partisan about the EU referendum, she motivated the Kin&Co team to get behind the pro-EU campaign, with its nine staff managing communications (Bearne, 2017). Despite being told that ‘we’d lose business or put staff off, it turns out the opposite has been true’ and instead attracting a number of new staff, winning awards and clients explicitly expressing respect for the clear and strong convictions Kin&Co demonstrated (Bearne, 2017; O’Donnell, 2017).

Having been borne out of a desire to ‘create a better world, because it’s needed and because it makes good business sense’, the B Corp certification was on the Kin&Co radar (Kin&Co, 2018). However, it wasn’t until a pitch for large food production company Danone consultancy work that they were ignited to achieve the certification. They had ‘slowly started the process’ according to Jess but in order to win the contract, they needed to be a B Corp, and therefore ‘a couple of colleagues worked flat out’ over Christmas 2016 to get it completed.
Since certifying in January 2017, Jess told us that Kin&Co are increasingly using ‘B Corp as a really helpful signpost, in terms of people who have made a really solid commitment to a cause and to being better for the planet and being better for everyone’. 2017 saw Kin&Co receive more press coverage for work as diverse as local initiatives aimed at encouraging people to enjoy their gardens for Somerset Garden Day (Radley, 2017); to winning County Council work around recycling behaviour change campaign (Griggs, 2017; Dillon, 2017). Although this start-up is still at a nascent stage, they take a clear and courageous stand committed to purpose. A lot can be learned from their willingness to engage with controversial areas such as politics, pioneering staff health initiatives, and client selection processes.

4.3 Case II: Generous Minds

‘Helping social enterprises through various life stages’
Ronald Beuk, founder and CEO of Generous Minds

In 1995 Ronald Beuk, founder and CEO of Generous Minds, woke up in the middle of the night with a higher purpose to ‘happenize the world’. This lofty ambition saw him approach the CEO of the advertising agency he worked for at the time and demand a ‘carte blanche’ to change the company culture to that wherein people are happy to go to work, or he would resign. Given free rein to go about changes he told us saw the company culture rise from that of ‘80% of the people working without pleasure’ to an empowered and dignified workforce with Ronald going as far as saying, ‘the best company in the Netherlands’.

In 1999, Ronald faced another fork in his journey wherein he was asked to become CEO of the agency however with a personal philosophy of ‘willing to give up everything for a higher purpose’, he decided instead to go and ‘change the world’. In making this decision, he did forfeit on his own financial compensations, as rather than opting for the security of a management role at a successful company, he decided to start working independently. After a successful stint in consultancy to help brands find their purpose, Ronald set up Generous Minds in 2009 in Amsterdam to wholly focus on social enterprises. In doing so, Ronald combined his prior knowledge of the consultancy world with that of investment, according to him ‘taking only the good things from both’. This practice Ronald coins ‘co-vestment’, with its overall ‘higher goal to make the world a better place and to leave a positive legacy’. According to the company website, their mission is to enhance and accelerate the success of good business by meeting social challenges with an entrepreneurial spirit (Generous Minds, 2018). Ronald is striving towards achieving this legacy by ‘helping social enterprises through the different life stages’ and doing so without a single person on the pay roll. Instead, Generous Minds operates as a cooperative with 40 co-owners, who are experts in their fields, engaging with projects in both the Netherlands and abroad.

The accountability in their work begins in the selection process of their clients, the social enterprises. Ronald says it starts from ‘does it (the project) make my heart tick, can I help the client, and can I do it in a qualitative way’. He further described that the co-owners should be ‘motivated intrinsically for social enterprises they strongly believe in’ and failing to receive a minimum rating (7 out of 10), Generous Minds won’t be able to invoice the client. According to Ronald, this rigorous method of self-evaluation ensures quality and accountability in their work in the short term and a commitment to reinvest protecting the longevity of the organisation.
Ronald first heard of the B Corp certification in 2010 thinking that ‘maybe it is a good network with like-minded people’. When B Lab entered Europe some five years later and approached Ronald if it would be something for his business, he made it his mission to get certified. In case he couldn’t deliver he didn’t tell any co-owner about it and instead invested the time and energy into attempting to achieve the certification. Generous Minds became one of the first B Corps in Europe in 2015 and recertified in 2017 with Ronald stating that ‘it was pretty logical that I did it’. The B Corp status has embedded into the Generous Minds journey as a natural progression point, as it is ‘about delivering the things we’re doing’ according to Ronald.

4.4 Case III: Nextview

‘Support customers in making more positive impact’
Huub Waterval, founder and CEO of Nextview

The roots of Huub Waterval, founder and CEO of Nextview, work ethic and dedication can be traced back to him assisting in the early mornings on the farm near the Belgian border where he grew up. His entrepreneurial spirit also surfaced early on during his primary and secondary school years, where he sold farm eggs to his teachers and organised and managed events for his fellow students. After graduating he filled some positions at large Dutch corporations, and during his second job he was given the task to write a personal development plan that stated, ‘to create beautiful things with inspiring people surrounding me’ as his core objective. It was also during this job he got acquainted with SAP technology and noticed his affinity with information technology (Podtail, 2017).

Together with a team of four others from his previous employer, he joined a fast-growing company in Rotterdam, the Netherlands in 2007. He was told that he would become a shareholder at this firm within a couple of years, but instead he was fired at one point. Two years later that company went bankrupt, and Huub bought it and it grew into a holding consisting of various smaller companies under the name ‘We Accelerate People’. As the company continued to experience growth and the processes became increasingly complex, rather than hiring someone external, Huub decided to invest in himself and take up an MBA degree part-time to enhance his own skillset (Podtail, 2017). It was during his time at Nyenrode School of Business that he heard about the B Corp movement and his interest was sparked. As the company flourished and expanded, Huub noticed he wasn’t feeling motivated by mere growth and profits any longer. This led him to the conviction that the company should do more and in his words ‘become the sort of Patagonia in their business’. He then proposed to his team to try to get certified as a B Corp, even going as far as saying ‘either you try to fix that, or I am going to sell my shares and going to do something else’. Subsequently, Nextview became a certified B Corp in January 2017.

Over the past years, Nextview has aimed to align their business activities with the mission to ‘help customers make more positive impact’ by actively seeking out clients and projects that fit their purpose. A well acclaimed project they have been working with is ‘Waterwatch’, a company utilising satellite information to deliver detailed information about the weather, crops, and harvesting periods to small-hold farmers in emerging countries. On a local level in the Netherlands, they have set up the ‘Designweek in Schools’ project, in which consultants from Nextview are active in a class room setting at primary schools for one week, teaching children how to code, use computational skills and design thinking to find solutions for modern-day challenges.
4.5 Case IV: Pukka Herbs

‘Connect people to the power of plants’
Vicky Murray, sustainability manager at Pukka Herbs

Pukka Herbs originates from a leap of faith between co-founders Tim Westwell and Sebastian Pole. Sebastian had a degree in ‘Hindi and Religious Studies’, travelled and lived in India, and fostered a dream to become an Ayurveda practitioner and herbalist, which then made him return to university in London to pursue ‘Ayurvedic, Chinese, and Western herbal medicine’ (Demetriades, 2016). Tim had a background in sales and marketing, climbing the corporate ladder and changing companies every two years to continue challenging himself. Ultimately, he felt that he wanted ‘more out of life than just working to make someone else’s company flourish’ and he took six months off to reconsider his next move (Loizou, 2012). At that time, Sebastian had been working as a yoga teacher and living on a herb farm, when he noticed an advertisement in a local Bristol magazine, offering ‘strategic advice for ethical business ideas or start-ups’ by Tim. He was the only one to respond to the ad, the two met, and Tim’s business talent combined with Sebastian’s vision spurred the creation of Pukka Herbs in late 2001.

We spoke with Vicky Murray, the sustainability manager at Pukka Herbs who emphasized their mission is to ‘connect people to the power of plants’. From the outset the business was always focused on creating mutual benefit, where everyone exposed to Pukka Herbs would profit in some way. They aim to drive ‘profit through purpose, and conservation through commerce’ (Lowtox Life, 2017). Vicky told us that through the growth of Pukka, more organic trees and plants will be kept, allowing for increased biodiversity, life for insects and animals, work and livelihood opportunities for farmers, and nurturing the end consumer with tea blends and healthy produce. They safeguard the organic properties of their products through the ‘Fair for Life’ and ‘Fair Wild’ certifications, wherein the former guarantees ethical production throughout the supply chain and the latter ensures that the environment and biodiversity aren’t impacted by mapping the available resources and consciously harvesting the required herbs and plants. Furthermore, Pukka advocates for ‘1% for the Planet’, wherein 1% of their annual profits is donated to local charities, and they have recently taken on volunteering possibilities within their community.

Although Pukka Herbs was making use of a number of certification bodies and labels to demonstrate the standards in the supply chain and the community efforts they took on, what lured them into becoming a B Corp was how it represents accountability and ethics for the entire company. Or according to Vicky ‘it says our governance, the way we treat our employees, our environmental impact, we are taking care of it all and this certification verifies that’. Moreover, the aspect of becoming part of a movement with like-minded businesses using their aggregated power for the better attracted them: ‘It is great to be part of a group of businesses that are all on that mission and can help each other do it’. By the time they started considering certification, Pukka was already an established business and the process of getting certified took a mere couple of months.

With their bold and global ambitions and the urge to have as big as possible a positive impact, Pukka Herbs started looking for ways to accelerate their growth and potential. They considered opting for private equity or venture capital, but as they preferred a strategy focused on safeguarding the company objective for the long-term rather than maximizing value and return in the near future they decided against it. Ultimately, this resulted in them being acquired by
Unilever in September 2017. This move led to great controversy and shock in the organic goods sector similar to that of when fellow certified B Corp Ben and Jerry’s were acquired by Unilever. Tim and Sebastian explain, a mere 1.4% of the food sold in the United Kingdom is organic, and although they serve these grassroots minorities, their mission is bigger than that – to serve the people, plants, and planet in its totality. Pukka ensured tight contractual obligations that commit both sides of the agreement to the SMEs initial values and objectives. Vicky reiterated this saying ‘there has been no change...in the agreement we’ve maintained that we are organic’. She continued by saying ‘it’s still early days, it’s only been six months... I think it’s going to be extremely positive in a way where we’re in the driving seat’.

4.6 Case V: MUD Jeans

‘We were a circular business model right from the start’
Bert van Son, founder and CEO of MUD Jeans

After his education in the Netherlands, Bert van Son moved to China aged 23, where he lived and worked in the textile industry for thirty years. It was during his time in the flourishing factories in China, that he was first exposed to the realities of the textile industry (Sustainable the Podcast, 2017). The working conditions, low wages, and above all, ecological effects of manufacturing the garments all play their part in the fashion industry being regarded as the second largest polluter on the planet (Hackett, 2015). Later on, in his career as the CEO of a French textile company that mainly produced children’s pyjamas he came across organic cotton and sustainability initiatives in the textile industries. In 2008 he sold his shares and left that company to take some time off to travel, relax, and think about his next steps. With his experience and network in the industry, he decided to invest his money in a new idea. He acquired ‘MUD Jeans’ in 2010, a sustainable denim brand that had recently gone bankrupt. He opted for the denim industry, as it is by far the most popular item in the fashion industry (Sustainable the Podcast, 2017). ‘Jeans is one of the most polluting items if you think of the dyeing and the washing and all the chemicals that are needed. We felt that there was much room for improvement. And cotton is also a nice fabric, as cotton can be recycled’ according to Bert.

The denim industry uses a huge amount of pesticides to grow large quantities of cotton, requires 200 tons of water per 1000 kilograms of denim produced, and the indigo-coloured dyes increasingly lead to discoloured rivers and water resources across Eastern regions (Hackett, 2015).

Bert van Son told us ‘we were a circular business model right from the start’ and continued by saying ‘if your company is built on a linear model, it is extremely hard to change’. Initially, the main business plan was to ensure circularity and closing the loop through a ‘lease-the-jeans’ program. Consumers could lease a pair of jeans for a fixed price every month for a year, and after this period exchange the jeans for a new pair. Although the idea received a huge amount of attention from the press, the plan did not catch on and as a result the financial situation worsened. MUD Jeans ended up selling only 5,000 pairs in 3 years and needed to reconsider their business proposition (Betlem, 2015).

Since 2015, the business model also offers the opportunity to purchase a pair of jeans upfront, with a discount offered if you return it to the store once worn-out. Bert relayed a number of challenges he encounters with his circular business model denim brand including ‘that it is more expensive today to use recycled cotton than to use virgin cotton, so that is stupid maybe, but on the other hand it has to do with the volume. Because when the volume starts increasing, then the relative price will go more towards virgin cotton’. Furthermore, he went on to say
that ‘it is not always in the beginning an economically better way to do it, but since this is the way that we want to run our company, it is in the mission statement of our company, that we want to use organic cotton’. Regarding sourcing challenges Bert mentioned ‘we want to source cotton closer to home, we don’t want to go to the Middle East. That is also a challenge, because it is also a lot cheaper there’. The recycling element in their sourcing arrangement was also mentioned as a challenge as ‘to get all jeans back is also more expensive’.

Although the main proportion of their sales continues to take place over the internet, they are also aiming to build a network of conscious retailers all over the globe. Furthermore, the product portfolio has grown to include sweaters, hats, and t-shirts, all manufactured primarily from recycled fabrics. However, in terms of competitors Bert still believes he has relatively little because ‘few other companies are doing what we are doing’. Qualifying this Bert says ‘that means, honestly and totally being circular, fair trade, and transparent. We don’t put a layer of green around our company to make it look like it is green, we adopt full transparency; you can come to our office, you can come to our factories, everything’.

With fellow certified B Corp ‘Patagonia’ and their well-known ‘Worn Wear’ tours in mind, MUD Jeans has been on the so-called ‘Recycle Tour’ in 2016, followed by the ‘Production Tour’ in 2018 with the aim of showcasing accountability and transparency of their production processes. In 2016 the team drove to the recycling factory in Valencia, Spain to hand-deliver 3,000 worn pairs of jeans. Followed by a trip to their main manufacturer in Touza, Tunisia in 2018 to meet their colleagues and check the labour circumstances and processes throughout the supply chain. During these tours the team also raises awareness about circularity and waste management by organising seminars on the road, joins local initiatives such as beach clean-up sessions or sets up collaborations with local artists.

4.7 Overview
All of the cases presented above were founded in the 21st century, with Pukka Herbs being the ‘oldest’ in existence since 2001, and Kin&Co the youngest as it has only been operating since 2015. Furthermore, all five organisations are considered an SME, with Pukka Herbs and Nextview having 125 and around 100 employees respectively, and the other three companies having between 1 and 25 employees in their workforce. These companies have been established out of the deep-rooted sense of contributing to something bigger which the founders of these companies exhibited, and in all cases the founders continue to be strongly involved with the day-to-day business activities. For four of these companies, the founders experienced some time off before commencing these organisational journeys. The founders of Pukka Herbs, MUD Jeans, and Generous Minds all had voluntary sabbaticals to reflect upon their next career steps and themselves, whereas the founder of Nextview was unexpectedly laid off by the company he later acquired and built up. Moreover, an aspect that came up throughout the conversations was the willingness of the interviewees, be it employees or founders, to agree to lower financial compensations when compared to the industry standard in order to work for a purpose-driven organisation towards a bigger societal or environmental goal.
Chapter 5. Analysis and discussion

In this chapter, the input from the qualitative research and empirical background are analysed using the conceptual frameworks of legitimacy theory and CSV. The analysis will be guided in a narrative manner depicting the chronological journey of the SMEs towards becoming certified and what it means to them.

5.1 Analysis

5.1.1 Borne from the aim to create shared value

From the outset, the companies we interviewed demonstrated a very strong drive to contribute to something bigger through their founding. The respondents experienced a very clear catalyst and motivation for launching these companies or becoming part of them. Bert van Son of MUD Jeans mentioned how ‘I saw the textile industry change from something that you wear, something to protect yourself, towards obsolete design and disposable clothing. I would like to see clothing go back again to a more normal thing, a more normal way of taking care of products’. He continues by saying that ‘My company and I are contributing to something that will aid future generations and that doesn’t just involve my own little world. I don’t want to have to explain to my children that I have done something that is finite. The linear economy’. Generous Minds founder Ronald Beuk also repeatedly refers back to the initial spark mentioned in the findings chapter as ‘the moment that I woke up and I realised that I wanted to do that, I decided to make the world a better place in small steps’.

This idea of having one’s business have a positive impact on a multitude of stakeholders is also expressed by the interviewees as leaving a ‘positive legacy’. Or to quote Ronald Beuk at Generous Minds: ‘It is our higher goal to make the world a better place and we want to leave a legacy... a positive legacy’. Helping people outside of the organisations is central to all those interviewed, be it through ‘1% for the planet’ charitable donations, volunteering programmes or impact driven operations. Understanding the role of shareholders as merely one stakeholder in the organisation is important for their corporate outreach. Leaving a positive legacy for workers is what Vaccaro (2008, p.72) describes as a ‘contribution to its (the organisation’s) growth that they can look upon with pride and self-satisfaction’. The positive legacy goes beyond the remit of the organisation’s boundaries, having a desire to contribute to a better world, deliver impact over money and help the system. It builds on the belief that a convincing narrative or rationale can engage stakeholders and inspire the surrounding community to join the movement in becoming a more conscious consumer. They are human beings who wish to engage in the lasting conversation and broad narrative that shapes the very identity and culture of their organisation (Vaccaro, 2008).

The drive to set up a business with the aim to do good is very much in line with the core notion of creating shared value (Porter and Kramer, 2011). It seems like these companies are abiding closely to Porter and Kramer’s (2011) suggestion to operate in a manner that secures long-term economic performance by avoiding behaviour that is socially or environmentally destructive. Furthermore, that they regard social and environmental concerns as a basis for business opportunities.

5.1.2 Aspirations for legitimacy as a property

Once these businesses were firmly established, a number of them got acquainted with the B Corp standards because of their business structure and purpose. Some companies, such as Generous Minds and MUD Jeans, were approached by B Lab inquiring if they would be
interested in joining the network, whereas Pukka Herbs and Kin&Co became aware of the movement through events and businesses in their respective industries. The process of becoming certified and passing the assessment set by B Lab can be lengthy and reaching the minimum threshold of 80 points proves challenging. Some of the respondents also referred to other companies in their surroundings that use the predetermined standards of the Benefit Impact Assessment merely as a way of scrutinising their own business activities. This is used in regard to their corporate social responsibility activities, to explore how to positively change business practises, and benchmarking progress; without necessarily completing the entire assessment to potentially qualify as a B Corp. This highlights the opportunity to solely regulate one’s own business activities through the standards set by B Lab, without external assessment and the consequential changes in business structure and paying the fee to join the B Corp network. Still, the five respondents decided to complete the entire assessment process, to devote time and effort and achieve the certified status, suggesting that simply using the standards as a tool for accountability was insufficient for them. Respondent Bert van Son at MUD Jeans even shone a light on the requirement that companies wanting to become a certified B Corp have to legally change their articles of association to display their commitment to all stakeholders: ‘You have to sign the ‘Declaration of Interdependence’, which I liked a lot because it states that your company really wants to do it’. It could be implied that the commitment and perseverance of the respondents in acquiring the certification stems from the fundamental motivation to earn a legitimate status for their businesses.

According to Vicky Murray from Pukka Herbs ‘we use a lot of certification around our supply chain but what we didn’t have was something that said, “hello world, we’re ethical”’. For them it is the ‘cherry on top certification’ that ‘says our governance, the way we treat our employees, our environmental impact, we’re taking care of it all and this certification verifies that’. The cherry on top refers to the finishing touch for the responsible businesses in getting credit for their efforts in the form of the certified B Corp label. The respondents all mentioned how becoming certified allowed for a certain guaranteed ‘status’ or ‘proof’, that the entire scope of their business activities is deemed ‘ethical’ and what these businesses are trying to achieve is with the best intentions for their stakeholders. Two of the respondents specifically stated how becoming B Corp certified has contributed to their legitimacy: ‘It did give me some legitimacy’ (Ronald Beuk from Generous Minds, interview) and ‘so I think the biggest benefit is that it gives some legitimacy to trying to do things that you are trying to achieve’ (Huub Waterval from Nextview, interview). Founder of Generous Minds’ Ronald Beuk even went as far as saying that the main reason he wanted to become certified was because of the social proof it would provide the business with: ‘Because then an external certification will prove that it is no bullshit, that it is right. So that was my main driver, to have something certified which represents change-making and which was hard for me to prove by myself, because it was theoretical. And I thought well, give me the certification, and it will give me some authority, and then let’s go and do some business’.

Similar to the reason to create B Lab in the first place, Vicky Murray at Pukka Herbs highlights another motivation for certifying: ‘there is a reassurance that we will remain an ethical company’. Referring to the inevitable turbulent times a business faces and the knowledge that a guarantee is in place to ensure their values remain in perpetuity. A similar strategy was adopted by fellow B Corp Ben & Jerry’s when they were faced with acquisition by Unilever.

Although some of the respondents also explained how becoming a certified B Corp was not a requisite goal per se, and that the main focus of the business remains on the impact of the activities rather than being a B Corp or maintaining that status. Still, going through the process
of obtaining certification then signals to the external environment that one’s business activities can be deemed legitimate and could be considered a strategy of gaining the approval from stakeholders, such as customers, investors, or potential employees. This notion of getting a label on one’s activities in order to become more congruent with societal expectations very much fits with the idea of ‘legitimacy as a property’ as brought forward by Suddaby et al. (2017).

5.1.3 Encountering challenges

Purpose is a reoccurring phrase across the interviewing process and data, being truly embedded into these SMEs narratives. A ‘higher purpose’, ‘social purpose’, ‘purposeful brands’ and simply ‘purpose’ are all present but congruently ‘purpose washing’ (Jess Shivji from Kin&Co, interview) is also a concern mentioned taken from the risk of ‘greenwashing’ in CSR efforts by businesses. This also comes up when talking about the ups and downs of the certification itself. The interviewees mentioned winning business specifically for their B Corp status, having a hierarchy of client selection, deciding to pursue business wherein purpose and impact was integral, and avoiding where it is not. Not only because it may contradict the desire to leave a positive legacy but also because of the ‘reputational damage’ and detrimental effect to the organisation’s legitimacy. The ‘Pukka’ in ‘Pukka Herbs’ means ‘authentic’ in Hindi. Authenticity is vital for the successful implementation of any initiatives aimed at garnering legitimacy. It is this overlap between legitimacy and CSV which is important, that internal drive for sustainability being built into the core business model. A key element is the integration between the activities of the business and a social purpose, thereby avoiding the dichotomy which exists when CSR is a siloed component. This notion of prevailing CSR with purpose laden business practices aligns with Porter and Kramer’s (2011) idea that CSV is integral to a company’s competitive position. This also represents a shift from Suchman’s (1995) place of moral legitimacy wherein philanthropy is engaged with little in return other than normative approval, to pragmatic legitimacy being based on self-interest and a greater return for all stakeholders.

Still, although engaging stakeholders beyond that of the shareholders including behaviour change campaigns for customers to use less energy in the case of Pukka can seem like unattainable objectives, a shift in mindset can be seen in the internal employees described as ‘ambassadors for your business’ for Kin&Co, and how ‘purpose’ has helped in making Nextview a ‘much more attractive business partner for our strategic partners’. Both Pukka Herbs and MUD Jeans have experienced an increase in publicity and interest around their business practises, and ironically, highlight the dilemma between scaling up the production whilst staying true to their core values of maintaining a low impact. That is bearing in mind that more production comes with more negative consequences as well and justifying that increasing production capacity in order to reach better margins by telling themselves that increasing their market share may well take away some of the even worse social and environmental impacts competitors have. Bert van Son of MUD Jeans voices this by saying ‘the only thing we can do now is try to grow quickly and make a revolution (…), or we can be an example for a big company to do what we are doing’. This notion of him mentioning the opportunity to lead as example for larger companies or competitors in the industry supports the idea of Fassin (2008) that management of bigger companies should follow the lead of small business leaders in assuming genuine social responsibility.

An interesting finding that surfaced during the research process is that many of the values upheld by the SMEs and the issues they aim to address with their business models, are generally not widely adopted by society at large. Vicky Murray at Pukka Herbs explains how ‘we have
done a piece of work that maps our carbon footprint all the way from which we call ‘crop to cup (…) We have also done a bit of work looking at our carbon footprint at the manufacturer, our buildings here, and the people boiling kettles to make tea. Basically, that kettle boiling is 50% of our total carbon footprint’. This quote provides a very practical example of how even though a business can be extremely committed to lowering their overall impact, there is still a lot to gain at the consumer side in terms of raising awareness and stimulating conscious behaviour. The same can be said at MUD Jeans, where CEO Bert van Son explained that although sourcing organic materials from a more-or-less local supplier is beneficial to the impact of the business, it is much costlier. Moreover, the majority of consumers are not yet willing to pay a higher price for jeans that are organic or upcycled when the stores still offer more affordable products from cheaper factory sites. This notion suggests a paradox to legitimacy theory, as it seems that the values and convictions that can be found in society are superseded by the beliefs the SMEs incorporate in their business model. Tilling’s (2004) idea of extending legitimacy theory can be perceived as relevant to B Corps in this sample. The ‘legitimacy gap’ (Laan, 2009) that businesses face by not having exact alignment in their corporate performance and societal expectations thus exists in this case. The B Corps in this sample are attempting to bridge this legitimacy gap by focusing on the awareness of the appropriateness and function of their products and services to society, as well as altering the general expectations in society to become better aligned with the business objectives and values, which is in line with what Laan (2009) presents as solutions to overcoming a legitimacy gap.

5.1.4 Legitimacy as a process within the movement
In line with raising awareness about the appropriateness of the products and services these organisations bring to society, they also aim to leave the B Corp standard better and more robust so as to help spread the movement. Nextview didn’t place the label on their website on the grounds that ‘we’re being a B Corp because of the stuff that we do, not of the stuff that you show around’ (Huub Waterval, interview) and it was therefore seen as an internal source of validity or even a ‘hidden badge of honour’ (Gehman and Grimes, 2017). Yet after attending events, Huub Waterval saw ‘part of our responsibility is also about promoting the B Corp’ and opted instead to showcase the label prominently. Vicky Murray states that Pukka Herbs too see their role more as ‘raising the awareness of what B Corp means to consumers’ and all of the participants saw themselves as occupying a role to inspire stakeholders such as employees, competitors, and clients to join. As one interviewee also mentions and what has been touched upon in the introduction of this research paper, the social and business environment is changing fast and consequently ‘any company that doesn’t directly contribute to a better world will no longer work in the system’ (Ronald Beuk from Nextview, interview). This result provides an interesting dynamic to the beginning of the journey towards legitimacy experienced by these SMEs. It seems that whereas the initial desire to become certified was aimed at attaining legitimacy as a property, over time this develops into a legitimacy as a process perspective (Suddaby et al., 2017). The member organisations jointly try to raise awareness, build and grow the movement, share best practises and create partnerships, and combine forces to ensure development and survival. The collaboration and knowledge-sharing between certified B Corps throughout Europe could even be seen as a means of garnering internal legitimacy within the movement; by aligning the organisations towards business as a force for good. Contrary views to the direction of B Corps future narrative is natural when incorporating a multitude of stakeholders. The difficulty of managing and weighing up varying perspectives is a central criticism of the stakeholder theory approach (Sen and Cowley, 2013). Still, if the organisations within the B Corp movement successfully negotiate their position in society, interact with different actors and institutions, and alter the perception and constituent elements, they could
potentially positively enhance the status of the standard and the awareness of the business model. Or as Honeyman (2014) predicts, there should come a point where businesses undergoing the assessment and joining the movement of certified organisations makes them a legitimate player in themselves.

5.2 Critical discussion
In the section above, we have connected the raw data to the concepts and variables defined throughout our study. We will continue with critically assessing some findings and exploring the areas of friction between the different data sources.

As no organisation is the same, so too no one’s journey is the same. Different catalysts for entering the sustainability space exist. Ronald of Generous minds describes an almost spiritual connection, a ‘source code’ within his DNA to deliver a positive impact. Huub of Nextview also links his efforts to that of a spiritual idea, that of karma, in saying ‘doing business as a force for good, you always get something in return’. Pukka Herbs Vicky Murray described ‘sustainable health’ as the ‘holy grail’ in relaying a piece of research they conducted highlighting that if the herb is carefully sourced and grown with consideration to the people, that the end product is even better. This spiritual connection was at first a surprising finding as we had not deemed it a prevalent theme in the literature, however on further reflection it is quite aligned with the idea of having a ‘higher purpose’.

Another interesting area that developed during our research process was that of large conglomerates, specifically Unilever and Danone, becoming increasingly interested in the B Corp movement. The perceptions on this recent development were mixed among the interviewees. Jess Shivji mentioned ‘that as more diverse organisations seek to certify they (B Lab) might have to be a bit more robust and I think that the process for us is very different to say an organisation like Danone and I know that they're doing it on a business unit by business unit basis rather than the whole organisation trying to certify’. This is somewhat of a two-tiered system idea wherein a different process happens for the MNC versus that of the SME. On further probing Shivji described Danone as ‘such a great organisation and they're really committed to it so it's a great initiative’. This positive perception of the B Corp direction is reiterated by Vicky Murray of Pukka Herbs which six months prior to the interview was acquired by Unilever and sees the scale at which they operate as a platform to help amplify positive change in the corporate arena and beyond.

This positive sentiment towards MNC involvement is not a shared belief amongst all interviewees. Instead, Ronald Beuk at Generous Minds stated ‘I think maybe some more companies that are not built for making impact, they want to use B Corp certification to legitimise a bit what they are doing and that is also where I think the tension might be’. Referring to the friction that exists when the company beliefs and impacts of the organisation are not aligned. As a number of the respondents repeatedly focus on the importance of building your company around a core product that aims for positive impact, a conflict advances between SMEs having that core product in place and MNCs that consist of a larger product portfolio that is not necessarily entirely sustainable or beneficial. Huub Waterval targeted this precise point of friction by saying ‘I think that the assessment could point more towards using and utilising those core competences, instead of just innovating on the edges of the business’. Reiterating again the notion of your core product having all the positive impact. He continued to back this premise stating, ‘a lot of companies are just seeing this as a sort of marketing mechanism’. This can be traced back to Suddaby et al. (2017) who touch upon the risk of firms responding to pressures from their social environment in a superficial manner in order to appear
legitimate. In reality, they solely create a protective buffer for their economic activities, or in the words of Bert van Son from MUD Jeans ‘we do not put a layer of green around our company’. Unilever being ‘one of the largest sugar manufacturers in the world,’ is at odds to what the respondent believes ‘really makes impact, and that is the core of their business’ (Huub Waterval from Nextview, interview).

In line with this view centred on the core product, some respondents also provided some critical reflection on the benefit impact assessment itself. Interviewees also emphasised the importance of updating the requirements every two years to meet the needs of B Corps ranging from small to large organisations and ensure internal development. This could function as an answer to the concerns raised by some, that the notion of B Corps as ‘a movement of companies that are like us, all having missions as part of our purpose’ is contested with the introduction of certain MNCs. Thus, the need for stringent certification standards is essential. What we can draw from the available data is that this issue can progress in two ways. Either, as advocated by Vicky Murray from Pukka Herbs and Jess Shivji at Kin&Co, the engagement of larger multinationals will accelerate the positive impact and scope of the certified B Corp movement. Or, as other respondents fear, the interference of MNCs could be perceived as ‘greenwashing’ or ‘purpose washing’ and the perceived legitimacy of the B Corp will diminish.

A final interesting and unexpected outcome of the interviews was to see that there is a clear distinction between the main benefits as perceived by the respondents of becoming a certified B Corp. Whereas in the United Kingdom both Vicky Murray and Jess Shivji regard the value of the network as the prime benefit, in the Netherlands the respondents name the flow of qualified and talented potential employees to the workforce as the most beneficial. Unfortunately, we do not know what the underlying reasons for this difference are, but logical explanations could be discovered in the contextual spheres of the different regions.
Chapter 6. Conclusion

This study was based on five in-depth cases and has produced more nuanced insights into sustainably oriented SMEs, and the applicability of CSV and legitimacy theory to their organisational narrative. The sustainability journey of SMEs is a haphazard, wide-ranging and multifarious series of activities bringing both challenges and opportunities. In this concluding chapter the implications and limitations of the research are presented, suggestions for further research is given, and finally some closing remarks.

6.1 Implications

The globalized society of today demands greater transparency and creates complexities for organisations navigating their sustainability journey. What do the analysed findings mean for businesses and what ideas can be taken from them? As stated in the theoretical framework, Islam (2017) suggests that an organisation must maintain its social position by responding to society’s requirements and establishing a value system congruent with the values upheld by the larger social surroundings of the organisation. By not aligning corporate performance with society’s expectations, the organisation risks facing a ‘legitimacy gap’. Whereas the B Corp certification can be regarded as extending legitimacy. Based on our findings, it becomes clear that the values and drivers inherent to the sustainably oriented SMEs we interviewed are often superseding the predominant values adopted in society. It seems that the certified B Corps share values and utilise their time and effort to tackle issues that individuals in society are generally unaware of. This implies that although the B Corp standard could function as a source of legitimacy for the different SMEs, this is not necessarily because of them meeting the precise expectations of society but rather due to them raising awareness and proactively and positively impacting issues in society. Thus, it can be concluded from the empirical data that the notion of ‘social contract’ (Deegan, 2002) implying that organisations will alter their structure or activities in order to align with activities deemed acceptable by society does not apply to the interviewed SMEs. This is because the respondents are so convinced of their company’s mission and are intrinsically purpose-driven, that they feel they have the potential to ‘lead a revolution’ and ‘accelerate change from within the industry itself’ (Bert van Son, interview).

A second interesting proposition that was supported by the majority of the respondents, was the willingness to sacrifice personal financial income to try and make the business succeed. Although it is argued in the theoretical framework that creating shared value manages to connect social responsibility with businesses economic imperative, in practice the data has shown that value creation can often bear a financial burden for the founders and shareholders of the organisation. In a similar vein, Ronald Beuk from Generous Minds referred to ‘the poverty of business’, expressing the monetary wealth obtained in business, but it is in purposeful business where he has found richness and prosperity. Thus, he suggests that although he receives a lower financial compensation for his professional activities, he feels wealthier because of the intrinsic purpose it provides him.

Even though most respondents do acknowledge that, in line with Porter and Kramer’s train of thought, societal and economic progress can go hand in hand and that CSR can be successfully embedded in the core strategy of a firm; they often faced challenges obtaining funding or support from external actors who did not share their views. This consequence is in line with the conditions often seen in the social entrepreneurship sphere. Of course, it must be noted that a number of the SMEs in the sample were still in the start-up phase of their organisational journey, and foregoing financial incentives is highly common amongst organisations in their early phase regardless of if they are sustainably oriented or not. It will be fascinating to see
how they develop over the years and if they succeed to garner greater support for these types of business models in the future.

6.2 Limitations
In this research paper, limitations of the different sections have been presented continually. An underlying assumption throughout this study is that B Corp certification is a natural fit for some company’s sustainability journey. The standard is yet one more certification model within the recent ‘standards market’ developing in a capitalist market economy to govern the ethical principles of an organisation. Once a company achieves the minimum threshold on the B Lab scale, they are deemed a B Corp. Where this can be seen as limiting is if an organisation which may have a low amount of legitimacy in the eyes of many, can in theory receive B Corp status if they manage to excel in certain areas. Davis (2018) exemplifies this perspective when questioning Jean-Cristophe Laugee, vice-president of ‘Nature and Cycle Sustainability’ at Danone, over their ambition to work towards becoming B Corp certified despite ethical uncertainties regarding the plastic usage in their operations. This view also appeared in the interviews when some respondents expressed doubt as to whether involvement of MNCs with B Corp certification could lead to a weakened status of the standard itself.

As our research progressed we became aware of the limitation that B Corps are a phenomenon that are disproportionately witnessed in developed countries. Even there, they are far from the norm, as supported by Vicky Murray’s statement that ‘obviously in the UK no one really knows what a B Corp is’ (interview, Pukka Herbs). It can be said that CSR and the organisational practices that stem from it are a development mostly limited to the global North, which implies that this study will be less relevant for developing countries. Still, SMEs all over the globe likely face the challenge of gaining legitimacy, so it would be interesting to see how the approaches to do so differ per geographical area.

Lastly, a limiting factor that we noticed as we conducted interviews and that should be taken into account is the influence of individuals in SMEs. Three out of our five respondents were the founder, and it can clearly be argued that the founder identity and motivations affect the business practices. When dealing with SMEs that have a relatively small employee base and low hierarchical structure, the influence individual employees can wield on the decision-making and business activities is often significant. Thus, even in the other two cases the employees we interviewed would most likely have a considerable impact in their company. That is for smaller companies, the company culture and support from the workforce in decision-making are important and rely on all employees being aligned and like-minded. Hence, for other companies considering B Corp certification, this could imply that if one single individual in the company is unsupportive or against the idea, the likeliness of successfully proceeding through that journey is slim.

6.3 Suggestions for future research
For future research, a suggestion would be to increase the number of cases or aim to interview multiple individuals at the same case company in order to include a larger number of perspectives and organisational journeys. Similarly, it would be interesting to broaden the scope to other geographical areas, such as Oceania or South America for the B Corp movement, or consider conducting research towards SMEs and their legitimacy journey in emerging economies to evaluate the differences in the institutional context. Furthermore, to give the journey of an organisation the appropriate attention it deserves, observations and interviews
could be taken over a longer period of time to paint a broader picture and include a wider range of challenges, victories, and learning points.

The lens of ‘institutional theory’ could also be applied to the B Corp movement and the network aspect. In institutional theory, it is brought forth that organisational habits become guidelines or the status quo in an industry. Subsequently, disclosing (social and environmental) information or organisational changes can take place in order to fit in with the ‘norm’ in the institutional environment (Scott, 2008). Businesses organising their activities and practices similarly due to the comparable institutional constraints they face is also considered a way of seeking legitimacy (Sharma et al., 2018). Hence, building on this research from an ‘institutional theory’ perspective could potentially offer additional support or depth to the findings.

6.4 Closing remarks

The purpose of this research was to evaluate the effects of the B Corp standard on the legitimacy of SMEs committed to creating shared value through their activities. B Corp certification is becoming an important stage of consideration for an organisational narrative committed to a sustainable future. However, it can be said that as these SMEs are sustainably oriented from their founding, and even established with the objective to create shared value in their wider surroundings, they already exceed that which society expects of them. Thus, whereas the literature goes as far as suggesting that companies derive their continued existence based on their ability to align their actions with societal expectations, the data showed that these sustainably positioned SMEs go beyond the general awareness, values and beliefs upheld by society and aim to lead for change. This is in line with what Stubbs (2017b) mentioned on B Corps pursuing profits in order to create positive social and environmental outcomes, and to engage their wider surroundings in advocacy and education in a bid to legitimise the business model and foster change.

The research presented how most respondents are focused on creating positive impact rather than qualifying as a certified B Corp, but still a number of benefits resulted from becoming certified and they all aim to get recertified indefinitely. Respondents primarily enjoyed the added value of the network of likeminded companies, the attraction of high potential and socially-aware employees, and the possibility to use the assessment as a way of raising the bar for their own performance. And all with the overarching goal to create change throughout their respective industries and shake up the status quo of business in society. Nevertheless, keeping in mind the scepticism as to the authenticity of business efforts with regards to social and environmental issues, becoming certified could be a seen as a way of proving legitimate attempts to be a conscious and committed company.

As the B Corp movement and the businesses incorporating CSV in their strategy, are both at nascent stages, it will be fascinating to see how the trend will develop in the future. With the burgeoning interest of MNCs into the B Corp movement, this trend in responsible corporate governance looks set to continue. As has been expressed by the interviewees, it seems probable that this interest could leave the B Corp to progress in two distinct directions. Either the engagement of larger multinationals will accelerate the impact of the certified B Corp movement, or it could be seen as ‘greenwashing’ or ‘purpose washing’ and the perceived legitimacy of the B Corp label will diminish. Especially in the latter’s case, the question arises as to what tools sustainably oriented SMEs will look for to gain legitimacy next.

It has been inspiring to delve into company narratives wherein ‘the happily ever after’ wasn’t merely to get listed on an international stock exchange but instead related to a core positive
impact on their stakeholders. As was mentioned from the offset, the atrocities of greed brought to light in 2008 left large parts of the world crippled in debt from commercial ventures gone wrong. Around this time saw the genesis of business operating as a ‘force for good’ stamped with a ‘Certified B Corp’ label. However, unless more companies start adopting these values, be it B Corp or otherwise, the corporate paradigm shift towards that of sustainable business will not have the opportunity to flourish. In accordance with the classical interpretation of legitimacy theory, companies respond and adhere to that which is expected of them from societal values. Thus, responsibility should not only lie with business but with society too, as a more conscious approach to consumption could foster wider change for the greater good. This study shows the potential for a sustainability journey, committed to a purpose beyond financial reward, to thrive and highlights a number of seedlings quickly germinating in this forest of revolution.
Bibliography


Bromley, P., and Powell, W. W. (2012). ‘From Smoke and Mirrors to Walking the Talk: Decoupling in the Contemporary World’ The Academy of Management Annals, vol.6, no. 1, pp. 482-530


Appendices

Appendix 1. European Union definition of SMEs

<table>
<thead>
<tr>
<th>Company category</th>
<th>Staff headcount</th>
<th>Turnover or</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt; 250 employees</td>
<td>≤ €50,000,000</td>
<td>≤ €43,000,000</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50 employees</td>
<td>≤ €10,000,000</td>
<td>≤ €10,000,000</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10 employees</td>
<td>≤ €2,000,000</td>
<td>≤ €2,000,000</td>
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</table>

Source: European Commission, 2018

Appendix 2. Case company details

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Kin&amp;Co (London, United Kingdom)</th>
<th>Industry</th>
<th>Communications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of foundation</td>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year B Certified</td>
<td>January 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall B Impact Score</td>
<td>93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>Circa 20</td>
<td></td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Generous Minds (Amsterdam, the Netherlands)</th>
<th>Industry</th>
<th>Co-vestment (consultancy, impact investment, social entrepreneurship)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of foundation</td>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year B Certified</td>
<td>April 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall B Impact Score</td>
<td>132</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>1 (but over 40 co-owners)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Nextview (Amsterdam, the Netherlands)</th>
<th>Industry</th>
<th>Information Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of foundation</td>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year B Certified</td>
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<td></td>
<td></td>
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<td>Overall B Impact Score</td>
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<td>Number of employees</td>
<td>Circa 100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Pukka Herbs (Bristol, United Kingdom)</th>
<th>Industry</th>
<th>Fast moving consumer goods (FMCG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of foundation</td>
<td>2001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year B Certified</td>
<td>September 2016</td>
<td></td>
<td></td>
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<tr>
<td>Overall B Impact Score</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>125</td>
<td></td>
<td></td>
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<table>
<thead>
<tr>
<th>Company Name</th>
<th>Mud Jeans (Almere, the Netherlands)</th>
<th>Industry</th>
<th>Clothing apparel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of foundation</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Year B Certified</td>
<td>January 2015</td>
<td></td>
<td></td>
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<tr>
<td>Overall B Impact Score</td>
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<tr>
<td>Number of employees</td>
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<td></td>
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</table>
## Appendix 3. Interview guideline

### General information

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Industry</th>
<th>Year of foundation</th>
<th>Year B Certified</th>
<th>Overall B Impact Score</th>
<th>Number of employees</th>
</tr>
</thead>
</table>

### Questions

#### Introduction

1. Can you tell us a little about your organisation and what it does?

2. What is your role at this company (and how did you get involved with the company)?

3. How would you define a sustainable business?
   - Would you consider this company a sustainable business?

4. When did you first become aware of the B Corp Certification?

#### Social Responsibility and Sustainability

5. What activities or projects does the company engage in related to social and environmental aspects?
   - What have been some tangible results of those activities or projects, and how do you actively measure improvement on those aspects?
   - Do any of your activities fall outside of the scope of the B Impact Assessment?

6. What have been the past experiences with communicating CSR efforts in this company? (I.e. sustainability reporting, use of GRI/ISO)

7. How many attempts/how much time has gone into the impact assessment before your company got certified?

8. Do you think the standards in the B Corp assessment are relevant and stringent enough for your market?

9. In general, who do you believe are the most important stakeholders to your organisation?
Pre-certification

10. Has the company always been interested in issues related to sustainability, or was there a certain catalyst?
   o What were the main drivers for your company to become a certified B corporation?
   o Were there any external drivers which led you to join the B Corp Community?

Post-certification

11. What are the benefits you experienced since becoming a certified B Corp?
12. Have you noticed any changes in the organisation from pre-certification to now?

B Corp Community

13. Do you make use of the (inter)national network of Certified B Corporations, and if so, what do you gain from it? (I.e. advice, collaborations, benchmarking, innovation, creativity)
   o Do you think the Certified B Corporation community is well established in this country/region and why?

Conclusion

14. Is there anything else you would like to add about your organisational journey?

Thank you
## Appendix 4. Interview details

<table>
<thead>
<tr>
<th>SME</th>
<th>Interviewee</th>
<th>Date</th>
<th>Duration</th>
<th>Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kin&amp;Co</td>
<td>Jess Shivji, Account Executive</td>
<td>April 13th, 2018</td>
<td>39:51</td>
<td>English</td>
</tr>
<tr>
<td>Generous Minds</td>
<td>Ronald Beuk, CEO and founder</td>
<td>April 18th, 2018</td>
<td>57:34</td>
<td>English</td>
</tr>
<tr>
<td>Nextview</td>
<td>Huub Waterval, CEO</td>
<td>April 19th, 2018</td>
<td>32:17</td>
<td>English</td>
</tr>
<tr>
<td>Pukka Herbs</td>
<td>Vicky Murray, Sustainability Manager</td>
<td>April 30th, 2018</td>
<td>36:19</td>
<td>English</td>
</tr>
<tr>
<td>MUD Jeans</td>
<td>Bert van Son, CEO and founder</td>
<td>May 7th, 2018</td>
<td>39:19</td>
<td>English</td>
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## Appendix 5. Secondary data sources

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<tr>
<th>SME</th>
<th>Type of data</th>
<th>Sources</th>
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<tbody>
<tr>
<td>Kin&amp;Co</td>
<td>Article</td>
<td>Bearne, S. (2017) ‘Activism may be fashionable, but is it Good for Business?’, The Guardian</td>
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<tr>
<td></td>
<td>Article</td>
<td>Lowtox life (2017), ‘#59: Pukka Tea and Herbal Magic with Sebastian Pole’ [54:47]</td>
</tr>
<tr>
<td></td>
<td>Report</td>
<td>Pukka Sustainability Report FY17</td>
</tr>
<tr>
<td>MUD Jeans</td>
<td>Podcast</td>
<td>Sustainable the Podcast (2017) ‘#54: Disrupting the Fashion Industry – Bert van Son, founder and CEO of Mud Jeans’ [46:40]</td>
</tr>
</tbody>
</table>
## Appendix 6. Structured concepts and interview questions

<table>
<thead>
<tr>
<th>Concept Variables</th>
<th>Influence</th>
<th>CSV Standard</th>
<th>Journey</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interview Guide</strong></td>
<td>How would you define a sustainable business?</td>
<td>When did you first become aware of the B Corp Certification?</td>
<td>Can you tell us a little about your organisation and what it does?</td>
</tr>
<tr>
<td></td>
<td>Would you consider this company a sustainable business?</td>
<td>Do you think the standards in the B Corp assessment are relevant and stringent enough for your market?</td>
<td>What is your role at this company (and how did you get involved with the company)?</td>
</tr>
<tr>
<td></td>
<td>What activities or projects does the company engage in related to social and environmental aspects?</td>
<td>What are the benefits you experienced since becoming a certified B Corp?</td>
<td>How many attempts/how much time has gone into the impact assessment before your company got certified?</td>
</tr>
<tr>
<td></td>
<td>What have been some tangible results of those activities or projects, and how do you actively measure improvement on those aspects?</td>
<td>Have you noticed any changes in the organisation from pre-certification to now?</td>
<td>Has the company always been interested in issues related to sustainability, or was there a certain catalyst?</td>
</tr>
<tr>
<td></td>
<td>Do any of your activities fall outside of the scope of the B Impact Assessment?</td>
<td>Do you make use of the (inter)national network of Certified B Corporations, and if so, what do you gain from it? (I.e. advice, collaborations, benchmarking, innovation, creativity)</td>
<td>What were the main drivers for your company to become a certified B corporation?</td>
</tr>
<tr>
<td></td>
<td>What have been the past experiences with communicating CSR efforts in this company? (I.e. sustainability reporting, use of GRI/ISO)</td>
<td>Do you think the Certified B Corporation community is well established in this country/region and why?</td>
<td>Were there any external drivers which led you to join the B Corp Community?</td>
</tr>
<tr>
<td></td>
<td>In general, who do you believe are the most important stakeholders to your organisation?</td>
<td></td>
<td>Is there anything else you would like to add about your organisational journey?</td>
</tr>
</tbody>
</table>
Appendix 7. B Impact Assessment (BIA)

This section provides additional information on the procedure and content of the B Impact Assessment (BIA) (B Lab, 2018). Taking the BIA consists of the following steps:

1. **Take the BIA.** Below you can find some question examples.
2. **Submission of Supporting Documentation.** The BIA randomly selects 6-8 questions that were answered affirmative. The company needs to prove their answers with supporting documentation.
3. **Assessment Review.** A B Lab staff member reviews the questions and documentation.
4. **Additional Documentation.** If the score of a company is more than 80 points, additional documentation has to be uploaded.
5. **Disclosure Questionnaire.** The company confidentially discloses further information to B Lab. If items on this questionnaire are material, the B Lab staff investigates this and may in some cases reject certification.
6. **Background check.** The B Lab staff does a final background check on the company to complete the certification.

The BIA varies for every company depending on the number of employees, sector and location. Therefore, the score weightings are different per company. In any case, the BIA consists of five score categories, four of which are given with sample questions below:

1. **Governance:** These questions cover the best practices that ensure that the company is built to last. It focuses on the company’s core mission, stakeholder engagement, governance structures, ethics, and overall transparency. Examples of questions are:
   - What portion of your management is evaluated in writing on their performance with regard to corporate social and environmental targets?
   - Does the company have a formal process to share financial information (except salary info) with its full-time employees?
   - Has the company worked within its industry to develop social and environmental standards for your industry?
   - Have you ensured that the social or environmental mission of your company will be maintained over time, regardless of company ownership?

2. **Workers:** These questions cover how the company benefits its workers by compensation, training and ownership best practices. It focuses on the overall work environment, for example management/worker communication, job flexibility, corporate culture, worker health and safety practices. Examples of questions are:
   - Based on referenced compensation studies, how does your company's compensation structure (excluding executive management) compare with the market?
   - What is the minimum number of vacation days / sick days / personal days / holidays offered annually to full-time tenured workers?
   - What % of full-time workers were reimbursed for continuing education opportunities in the last fiscal year?
   - What % of the company is owned by full-time workers (excluding founders/executives)?
   - Based on the results of your employee satisfaction assessment, what percent of your employees are ‘Satisfied’ or ‘Engaged’?
Do you have a worker health and safety committee that helps monitor and advise on occupational health and safety programs (please choose N/A if the company does not use warehousing or manufacturing facilities)?

3. **Community**: These questions cover the impact of the company on its community. It focuses for example on supplier relations, involvement in the local community, charitable giving and if a company’s product or service is designed to solve a social issue. Examples of questions are:

   - Which practices apply to the social and environmental performance of Significant Suppliers?
   - What % of management is from underrepresented populations?
   - Are full-time employees explicitly allowed any of the following paid or non-paid time-off hours options for community service?
   - Which of the following underserved populations does your business impact or target (check all that apply)? If you are a business-to-business focused company, think of who the ultimate user of your product or service is.

4. **Environment**: These questions cover the environmental performance of a company and refer to overall environmental stewardship. It focuses for example on materials, resource and energy use, emissions, transportation/distribution channels, the supply chain and if a company’s product or service is designed to solve an environmental issue, such as redesigning traditional practices, reduce consumption or waste, conserve land or wildlife, and educate on environmental problems. Examples of questions are:

   - Which is the broadest community with whom your environmental reviews / audits are formally shared?
   - If you lease your facilities, have you worked with your landlord to implement any of the following programs in the past two fiscal years: (Choose n/a if you do not lease your building)
     - What % of energy (relative to company revenues) was saved in the last year for your corporate facilities?
     - What % of energy used is from renewable on-site energy production for corporate facilities?
     - Does your company monitor and record its universal waste production?

5. **Customers**: The section focuses on the impact of the product/service and the extent to which it benefits underserved communities. It evaluates to what extent the products or services actually manage to address a particular social problem for its customers. However, for many companies this section will not directly apply, and consequently will not be included in some assessments.