



Socially Responsible Sector:
B Lab Certification of For-Benefit Organizations

Lucy Leavy

Supervisor:

Dag Ingvar Jacobsen

University of Agder, 2019
Faculty of Social Science
Department of Political Science and Management

Acknowledgements

The first thanks goes to the faculty and administrators that orchestrated the NORDIG program of Innovative Governance and Public Management. Years of planning led to the collaboration of the some of the Nordic countries' best and brightest researchers cultivating an innovative and cohesive learning experience for the first graduating cohort. My greatest thanks and appreciation goes to Dag Ingvar Jacobsen for his generous insights and guidance as a supervisor during this thesis process, even across the Atlantic Ocean.

Norway, Sweden and Finland would not have felt so much like home without the wonderful cohort of students I am honored to call myself a part of. Traveling through a multitude of courses and Nordic adventures with all of my colleagues has been the most wonderful time of my life. We continuously supported each other throughout our studies, not only academically, but in all aspects of life. I am so thankful for this experience.

Abstract

This is a study of the motivations of organizations to become certified B Corps through the non-profit B Lab. The Abilities, Motivations and Opportunities framework, rooted in behavioral and organizational management literature is applied to the certified B Corp model, and theoretically compared to corporate social responsibility. Empirical data collected compares common language used to describe 3,508 organizations and self reported motivations to become certified through survey responses of 279 active certified B Corps. The results of the study show the difference between corporate social responsibility and certified B Corps and their role in the development of the fourth sector.

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1. Introduction

The fourth sector is a developing concept globally. It can be viewed as a trend, a movement, and at times hints at the beginning of a new type of economic system. Its goals are sustainable environmental and social responsibility. Virtually every organization has the opportunity to employ corporate social responsibility (CSR) practices, but the administration of the fourth sector applies more stringent conditions to claiming CSR. Existing research is limited to a preliminary examination of developing patterns and webs of cross sectoral blending, because the fourth sector is still budding. One measurable impact of the fourth sector's development is the study of certified benefit corporations through the non profit B Lab and public empirical records of certification. B Lab also provides information as to how to get certified as a legal for benefit organization in the twenty three countries that offer certification. The certification of an organization as a CBC is quite similar to the processes attributed to becoming a legal for benefit organization in the countries that host a legal fourth sector. Therefore, this study will analyze existing information of CBCs to project a future for B Lab's role in the development of the fourth sector.

This study compared the well versed literature on corporate responsibility and its functions in an organization to certified B Corps (CBC) acts of social and environmental responsibility. CBCs are organizations that have passed an evaluation proving social and environmental sustainability. The Abilities, Motivations and Opportunities framework (AMO) was used to describe the global environment that is priming itself for the development of the fourth sector. A quick a break down of the abilities and opportunities of B Corps was examined for context, but the main goal of this study is to examine the motivation factor of the AMO equation. The goal of this examination was to further define social responsibility in light of a green economy that embraces socially responsible and environmentally sustainable business practices and its role in the development fourth sector.

B Lab implements an evaluation to measure social and environmental responsibility, certifying over 2500 B Corps in its thirteen years of operation since 2006. B Corps are represented in over 150 industries in 60 countries. B Lab is the leading voice of promoting the legal status of for benefit organizations. Twenty three countries worldwide have adopted a fourth sector, including 36 out of the 50 United States. This movement of certification has helped to define the terms and conditions governments use to determine what it means to be a fourth sector entity. In the United States, many benefit organizations use their CBC status as a template for their application for legal status. Organizations that have molded themselves into a CBC have already made the changes and represented themselves in such a way that is easier to prove to governing legal bodies.

This study applies the AMO framework deriving from behavioral and organizational management literature to the development of the fourth sector through a case study of the non profit B Lab's CBCs. Abilities and opportunities are explored theoretically and then applied to the development of the fourth sector compared to classic CSR. Motivation is the main focus of empirical data collected. The data shows the use of language to perpetuate the mission of the fourth sector through descriptions of 3,508 CBCs. Survey data collected from 279 CBCs was examined to find motivations the organizations had to become CBCs and their interest in gaining a legal status of a benefit corporation.

Times are changing for social responsibility and environmentally sustainable practices. The public, private, and non profit sectors have established their normative standards in society through public policy and public relations. Sectoral lines are blending to fight the threat of climate change, human rights, and the balance economic development. Corporate social responsibility is not a new concept. The fourth sector is an emerging sector of for benefit of organizations, that has yet to be fully defined, but is already in practice in specific contexts. For-benefit organizations are expanding in twenty three countries and its impacts have yet to be seen. Fourth sector organizations purport various goals: corporate social responsibility,

sustainability, cause-oriented marketing and purchasing, venture philanthropy, social investing, microfinance, civic and municipal enterprise (Sabeti, 2011). Sectoral blending is highlighted by FourthSector.net as new organizations emerge, stating they might be “ corporate social responsibility, microfinance, venture philanthropy, sustainable businesses, social enterprise, privatization, community development and others.”

Organizational motivations vary based internal and external factors that fall into the abilities and opportunities categories of the AMO framework. The abilities and opportunities of any organization in a given spatio temporal reality are somewhat similar. CBCS rely on the same infrastructure and markets as any other sector. For the purpose of these study, only the abilities and opportunities unique to CBCs will be discussed. Organizations’ motivations to make a public commitment to the transparency and accountability about sustainability through becoming a CBC will be examined thoroughly. B Lab creates evaluative standards that are agreed upon by all parties involved to provide transparency to consumers that the company is not only talking the talk but walking the walk. These standards are similar to many government’s adoption of evaluations for for benefit organizations.

Motivation can be derived from individual, organization or external societal pressure. While motivation can occur at the level of the individual employee, organizational culture and managerial support can promote sustainability as whole. Internal and external motivations can be identified in any change process, and it would be mountainous task to learn the nuances of every CBCs decision to certify. This research project focuses on the organizational level of motivations for becoming a CBC. A cursory google search provides immediate access to interested parties about how and why to become a CBC through B Lab promotional literature and publications for the media promoting the certification. A comparison of these two sources provides insight into what B Lab offers as incentive for certification compared with how independent sources view the pros and cons of being certified. Are the reasons for certification that are being touted actually why businesses want to certify or do they seek alternative goals? This study seeks to find the

reasons why CBCs are becoming certified, and compare those reasons to PR about B Corp certification.

The objective of this research project is to expand the knowledge of the driving factors of becoming certified as a B Corp, and if this has given momentum to the development of the fourth sector. To do so, B Lab and the fourth sector will be defined through existing literature and publications. The nonprofit B Lab's influence in defining the fourth sector through its certification of CBCs will be examined in comparison to existing literature of CSR. This will lead to a quantitative study of the language used to describe the motivations of B Corp certification. The question answered by this study is: What are the motivations of an organization to become a certified B Corporation?

2. Theory

2.1 Background

2.1.1 Rise of Corporate Social Responsibility

Corporate social responsibility can be imagined as extending back to the very first corporation, perhaps before the history of such a corporation was recorded. CSR likely played a role in society before the language existed to describe it, but its modern era begins in the 1950's, born out of a definition given by the father of CSR, Howard R. Bowen. Bowen, said to be the father of CSR, defines CSR as a businessman's obligation to pursue goals that align with the needs of society at large (Bowen, 1953). He cites a Fortune magazine claim that 93.5% of businessmen feel an obligation to social responsibility as early as the 1950's (Carroll, 1999, as cited in Bowen, 1953). Of course, at this time, business women were not part of the vernacular. CSR is mostly discussed in developed nations, as an afterthought to profit driven top down decision making (Carroll, 1999).

Further down the theoretical line, Davis and Blomstrom's "Iron Law Of Responsibility" states that overtime leaders will be held accountable by society for their impact, and only those firms favored by the public will survive (Davis & Blomstrom, 1971). While this accounts for society's demands, it still places ultimate agency to managers. It is management's obligation not only for themselves but for the employees of the organization as well as the community at large to have a multiplicity of interests, including CSR (Johnson, 1971). Responsibility for CSR is often projected down from the top as a consideration for bottom level employees, and as retribution to the community at large. CSR can also be considered utility maximization, a product of economic prosperity that allows for long term growth within the community as a benefit for the company itself (Ibid.).

Change is a process which occurs over time. The global growth and development of the fourth sector is likely to experience both radical and incremental changes. The movement of CSR and greening is a slow moving incremental social change in which small changes over time lead to a large social movement and change of normative standards for a group or whole society (Sablonnière, 2017). Change processes might occur in different theoretical paradigms, explaining and the defining the change theoretically rather than phenomenologically. Cross-disciplinary study is the best approach to trace social trends that aim to solve wicked problems. In the social and environmental responsibility movement virtually every living entity could be considered an actor or stakeholder, and therefore a contributor or hinderer.

CSR started as management's decision to make an impact on the community, now mega-corporations' lobbyists stronghold legislation leaving a distrust globally. According to Wartick and Cochran both "businesses exist at the pleasure of society" and "business acts as a moral agent within society" (Wartick and Cochran, 1985). The boundaries between who gives and who takes in the social contract and moral agency are often blurred (Ibid.). The 2017 "Edelman TRUST BAROMETER™- Global Results" found that global trust hovers around 50% for NGO's and business, but falls to 43% and 41% for media and government, respectively. These numbers are in decline from 2016. If CSRs goal is to provide trust and unity between the private sector and its community, it is not succeeding.

2.1.2 The Nordic Model

CSR came first, but environment and social responsibility is the overarching social trend that branches out into virtually all aspects of discussion of future development. The push for a green economy from G20 countries are directing the study of green energies and technologies to push for sustainable practices going forward. An exemplary leader of innovation and energy production, Norway, is on both sides of the transition from the second to the third industrial revolution. According to the European Commission, 67% of Norway's exports and a fifth of their overall GDP is in the gas and oil industry (European Commission Directorate-General for

Trade, 2019). However, as of 2016 98% of their internal energy comes from renewable sources (Ministry of Petroleum and Energy, 2019). Sweden is developing an international reputation through Smart Cities, which according to their websites promote projects of clean air, bioenergy, smart grids and mobility, and the Internet of Things (see: smartcitysweden.com). Finland has eight steps enacted by the program “The Finland We Want by 2050 – Society’s Commitment to Sustainable Development” to fulfill social and environmental goals moving forward. The Nordic countries have countless projects, strategies, and social momentum pressuring government agencies to pursue only sustainable goals. The public sector of the Nordic countries has adopted these laws and practices setting normative standards for the private sector to adhere to. Outside of the social welfare system of the Nordic countries, where the government has less role in higher education, healthcare, and energy technologies NGO’s have typically bridged the gap between the aims and goals of the public and private sector. The Nordic countries have put into practice a green economy based on sustainable social and environmental development. International criticisms about the cost of the Nordic system have not stymied the innovative approaches towards sustainability (Iqbal & Todi, 2015). The Nordic model is admired globally, and through social and news media the world is discovering how successful the model can be. The implementation of policies modeled after the Nordics in other nations is still unfolding. The development of the fourth sector is limited in these countries, with a possible, but not verified hypothesis that the wide reach of the Nordic public sector and a population committed to social and environmental goals will already demand and expect practices that are what distinguishes B Corps in less sustainable economies. A direct comparison of the Nordic movement to the development of the fourth sector globally would provide valuable insight into that hypothesis, once the fourth sector has more time to develop.

2.2 Rise of the Fourth Sector

The trajectory of the fourth sector has yet to be determined. The most measurable steps taken so far have been adoption of the fourth sector as for benefit organizations in 23 countries worldwide. The US adopted legal status for for benefit organizations in the state of Maryland in

2010, followed by thirty five other states to date. The second country to allow the fourth sector became Italy in 2016 (Sherbakov, 2017). The legal certification process taken in many countries, especially in the United States, is very similar to the evaluation process provided by B Lab to certify B Corps. For the purpose of this research study the rise of the fourth sector is defined as the motivations of organizations to become a CBC, and their subsequent interest in becoming a legal for benefit corporation in the future. The practices of CBCs and requirements for biannual evaluation through an overarching agency is quite established and measurable. In recent years literature mentioning B Corps has risen, with 226 publications on the topic between 2009 and 2018, and CBCs have piqued the interests of scholars of a multitude of disciplines, including law, business and ethics(Gehman et al, 2019).

B Lab was developed in the United States by three private sector friends who started the nonprofit with the goal of forging a path for mission based private companies. Noticing a global trend of environmental, economic and humanitarian aims of private companies, B Lab provides assessment of private companies to track their social and environmental impact and align with the nonprofits goal of a sustainable private sector. The first 19 B Corp companies joined in 2007 and now there are over 2,000 B Corps globally. According to their website, “Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.” B Lab also developed and publicized instruction for organizations wishing to become a for benefit organization in the countries that allow it.

B Lab provides a evaluation for for-profit and publicly traded entities to certify their social responsibility. The nonprofit does not provide a direct path to the legal representation of a Benefit Corporation, but maintaining certification with B Lab for a set amount of time increases the likelihood of qualification of a company as a legal benefit corporation recognized by governing bodies. A firm looking to gain legal status as a benefit corporation would benefit from acquiring and maintaining a B Corp certification, as the resources spent to become a CBC have

already been allotted. This research project aims to examine the motivations that are self reported from CBCs when conforming to the B Corp set of standards.

The CBC model offers an evaluation for companies who plan, monitor and report their social and environmental impact. Categories available on their website for browsing include governance, workers, community, customers and environment and the full assessment where they must score at least 80 out of 200 points. The evaluation takes about 90 minutes provides a report on those categories. The companies who pass are required to pay fees and remain accountable to for their progress to the organization for their time as a CBC and provide impact reports and resources to continue their mission. The fees are based on organizational sales and range between \$500 and \$25,000 USD (see: bcorporation.net).

B Lab provides a certification process for a sliding scale fee which has the potential to provide the documentation to prove transparency and accountability it terms of organizational sustainability. The service provided includes an evaluation complete with suggestions to maintain and improve responsibility and monitoring of this process. This study does not possess the resources needed to explore the financial, managerial, or PR benefits of holding such an accreditation. It also will not dive deeply into individual management structures and practices of existing B Corps. Instead, an overview of the context of existing B Corps on a macro level and a comparison to the literature regarding organizational changes and corporate social responsibility will compare the movement of B Corps, and the fourth sector to preconceived notions of CSR.

2.2.1 Changing Economy: Green Economy

The term green economy was developed in 1989 in the UK (Bina, 2013). The movement is strongly tied to developed nations in the West after the second industrial revolution. It's resurgence in the early 2000's is led by global organizations focusing on policy development to tackle the wicked problems including climate change and development disparities (see:sustainabledevelopment.un.org). A host of projects, programs, incentives and deterrent

programs have been launched globally which perpetuate the “greening” of the Earth. Instances of greening range from leaf patterned or brown paper packaging to international treaties to reduce global emissions. Movements within the green economy examined for this study include the IoT, shared economy and the Third Industrial Revolution. There is no shortage of similar movements of equal value and interest. Qualities of the green economy and the aims of CBCs seamlessly integrate and overlap. Chronologically, as B Lab’s mission to promote attributes of the green economy is a product of the green movement itself, in its many titles, labels and facets. Exactly how this happened and the extent of the relationship could be a study in and of itself, but the correlation between similar goals of the green economy and CBCs will be assumed in this study.

2.2.2 Changing Economy: Shared Economy

The development of a shared economy has brought to attention a shift in perspective in ownership. Sharing organizations like Uber, AirBnB or co-ops take a social need and match people who have a product with someone who needs that product. While there are many complications to this type of industry, its basic intent is to utilize “reuse and recycle” philosophies to create economic success. Shared enterprises have virtually transformed transportation, lodging and employment. Apps like TaskRabbit allow any individual to become independent contractors to complete tasks for profit on a day to day basis. While this business model threatens the human rights standards that unions took decades to develop, it also provides individuals with the freedom to create their own schedule and specific interests into account.

The shared value economy expands on the shared economy theory. Shared value, developed by Michael Porter, emphasizes lateral movement of versus typical hierarchical capitalist economic structures (Porter & Kramer, 2011). Porter claims that normative standards hold specific sectors responsible to social change, but that the private sector and for-profit businesses create the entirety of the wealth for an economy. It is their duty to give back to the community that supports them. For Porter, philanthropy was a great tool used in the past, like CSR, but currently neglects the impact it ought to have on development and social responsibility. He claims that it is

the responsibility of the private sector to participate in a socially responsible manner. Like the founders of BLab, he emphasizes the role of the community in the private sector and a duty of acting for the benefit of society. The future of the shared economy is an extension of the green economy. As the aforementioned companies rose as global giants within recent decades, a case can be made that the shared, as part of the green economy, is a paradigm shift rather than an extension of classic CSR.

Three pillars of shared value include (1) reconceiving products and markets (2) redefining productivity in the value chain, and (3) enabling local cluster development. The B Lab model evaluates organizations' abilities to perform in these categories. As companies meet the demands of their industry in cognisance of the three principles of shared value in a green economy, they will inherently be following a path that adheres to the mission of CBCs. Developmentalism is prevalent throughout fourth sector industries as it has an affinity to promote local development, especially in developing nations, although most CBCs are located in developed nations.

2.2.3 Changing Economy: IoT

The Internet of Things (IoT) is an emerging field of Machine to Machine (M2M) communications that eliminate human interactions with machines to facilitate personalized and mechanical interactions through all sorts of existing technologies that connect the physical world to the internet (GSMA, 2014). The leading developments in the IoT in terms of M2M communications have occurred in the Nordic countries, holding steadfast to their commitment to lead global innovation (Global Innovation Index, 2018). The internet of things aims to use sustainable practices to unite the people physically to their environment. It can be used to enable safety, tailor advertisement, and reduce energy consumption by tracking traffic. The IoT is based on the idea that the consumer should have a personalized experience with their environment. It's development aims to help people unite seamlessly with technology. The consumer is at the heart of IoT which led to a semantic shift in the term *prosumer*, which gives consumers having a say in the production, marketing and consumption of goods and services

(Gunelius, 2011). When examining the social and marketing perspectives of the development of the fourth sector the wellbeing of society, including the consumer, and all stakeholders, are considered in organizational management. Companies targeting the prosumer would look at the motivations of the human components driving a movement of social and environmental change. Individual organizations have the power to incite or inhibit change, but all organizations in this study have taken the B Lab plunge to commit to publically to social change.

Due to the extreme commitment to solving society's problems as a main goal rather than a side project, the fourth sector pulls more weight than classic CSR. Rather than projects which are side projects of an organization's otherwise profit motivated bottom line, the fourth sector incorporates CSR into each department and action. CBCs are founded on CSR principles, but expand the reach of responsibility into all practices of the organization, as shown by the categories of evaluation of B Lab. The prosumers desire for green, shared, or IoT economic practices needs to be monitored if greenwashing is to be avoided and public trust is maintained. B Lab is the means to that end.

2.3 Comparison of the Fourth Sector and CSR

The difference between classic CSR and the fourth sector is growing with the expansion of the capacity of the new sector. The most important distinction is the evaluative process that monitors and tracks organizational adherence to overall sustainability in the fourth sector. CSR covers a wide array of projects, goals, and implementations with or without accountability and transparency. Classic CSR is subject to the perception of greenwashing because it is unchecked. The development of CBCs came first, followed by the more recent introduction of legislation protecting for benefit organizations and the former can be examined more thoroughly than the latter. Independent evaluation of CBCs through B Lab's evaluation ensures, internally and externally, that adherence to sustainable principles is maintained.

In all developed countries laws protect human rights, safety and accessibility in organizations forcing at least minimal corporate adherence to CSR. In the United States, leadership of private

organizations is legally required direct all decision making towards increasing profits for shareholders. Private organizations are intrinsically money making organizations. The government and NGOs are normatively responsible for the wellbeing of society. From this perspective stems the long upheld belief that environmental and social responsibility comes at a detriment to profits. This is being challenged as resources dwindle, and companies find savings in sustainable development (Haanaes et al, 2013).

CSR has been studied extensively with mixed results as to efficacy and intention. Nearly two thirds of executives believe that CSR is more important now than it was a few years ago, but only 43 % of the public believe that organizations take CSR to heart (McAllister, 2016). The motivations of B Lab are corporate social and environmental sustainability and forcing responsibility through evaluation of corporations that tout these claims. The proposed difference in structure of this movement compared to previous research is that B Lab establishes a path to legal certification of a for benefit organization in some countries which would protect organizations that both make a profit and have a social mission. The mission of these organizations and all of their constituent parts and actions actively promote social and environmental responsibility or else lose their status.

2.3.1 Greenwashing

Of course, in pursuing a green economy, there are bound to be those who take advantage of not being monitored and purport green economic claims that their practices contradict.

Responsibility and sustainability are buzzwords trendy to the twenty first century. Firms that don't promote wouldn't be wise to oppose it. Nations strategize and unite through treaties to promote environmental, social and economically responsible policy making. Poverty is rampant, wealth gaps growing, and a plastic waste island larger than continental Europe floats in the ocean (Loria, 2018). Opposition to climate change exists at alarming rates (Collomb, 2013). Despite public awareness and government action, scientists are united on the front that detrimental weather patterns and destructions are coming sooner rather than later. The damage is done, and the legal jury is still out on the culprit. However, stakeholders, private and government, are

already looking for solutions for society's wicked problems. Organizations have a long standing history of community engagement and responsibility through CSR. Organizational theory studies who has the strong arm in business' relationship with society. The development of the fourth sector might tip the scales to society, if organizations are able to track and measure real gains towards CSR. Here comes the important distinction between meaningful and superficial changes towards CSR, the superficial and falsified changes are labeled "greenwashing".

Nils Brunsson looks at the difference between talk and action of organizations and the dissonance between the two (Brunsson, 2012). He describes action organizations and political organizations and in relation driving factors of the adoption of new structures (Ibid.). The decoupling of talk and action is a divisive factor in the development of CSR. According to Bromley and Powell (2012) there are two different ways to decouple. The first is a decoupling of creating the programs and putting them to work. The second decoupling is between the programs work and its actual impact in society (Graafland & Smid,2016). Many companies are moving towards CSR in various ways but there is a research gap for both of these de-couplings that can be explored (Ibid.). Graafland and Smid's research paper uses a framework developed by Magali A. Delmas and Vanessa Cuerel Burbano to analyse the two way that firms decouple their CSR. Delmas and Burbano define greenwashing as "engaging in poor environmental performance while simultaneously communicating positively about their environmental performance"(Delmas & Burbano, 2011). Graafland and Smid find that the more vocal and accountable firms are held to their CSR goals the more they are actually accomplished, in contrast to many suggestions that greenwashing is a prominent aspect to corporate culture. The study uses a framework highlighting environmental and social impacts like renewable energy, water consumption, waste, diversity, discrimination, health and safety to measure empirically the CRS of an organization. Similar categories are used by B Lab to evaluate CBCs.

Greenwashing, when discovered, is a problem for public relations. An organization caught in this conundrum could face serious public backlash. A now infamous talking point on the subject has been Volkswagen's scandal of corporate culture of deception that allowed the leading producer

of diesel vehicles in the U.S. to advertise clean diesel cars while actively falsifying emissions tests (Hotten, 2015). The company's corporate social responsibility was tarnished in the billion dollar scandal, still the company's value continues to rise in spite of the allegations. The oil giant BP iconic green sun and hundreds of millions of dollars spent on green campaigning was proved to be surface level changes after their tragic Deepwater Horizon oil spill which left eleven people dead and dumped 4.9 million barrels of oil into the Gulf of Mexico (Cherry & Sneirson, 2010). After the incident, BP's green impact was challenged and studied and determined by the public to be insufficient, forever tarnishing the organization's reputation. Organizational management literature about greenwashing has increased steadily in the past decade, and leading research points to external evaluators, such as B Lab, as the solution for organizations to rid themselves of the public perception of greenwashing through transparency and accountability (Lyon & Montgomery, 2015).

2.3.2 PR vs Greenwashing

The language used to communicate about a trend ends up defining it. The fourth sector movement is defined by social and environmental responsibility, which leads to shared keywords that unite the movement. Language is an important tool used to communicate through public relations the efforts of CSR put forward by CBCs. Creating a shared language fighting against traditional capitalism and shareholder driven management has been a motivating factor for CBCs (Kim & Schifeling, 2016). All of the categories of motivation for becoming a CBC fall under the umbrella of publicity and commitment to community action. CSR is often linked to an organization's reputation and public relations (Aksak et al, 2016). The four theories of the relationship between reputation and CSR according to a conceptual analysis include stakeholder, value, attribution and postcolonial. The stakeholder theory holds that an organization will be socially responsible for the sake of its stakeholders. The value theory is that CSR is based on an organization's core values, and will act accordingly as they are built upon CSR principles. The attribution theory states that people attribute skepticism an organization's motives, as they attribute CSR to still stand for the betterment of the organization. The final theory is that of postcolonialism which states that development has been appropriated by the west as a dynamic

form of power (Ibid.). These theories are not exhaustive or mutually exclusive, but can shed light on perceptions of the development of the fourth sector.

2.4 Organizational Change Theory

Regulative pillars, through the development of the fourth sector, normative pillars, through the development of a green economy and cognitive pillars, through public relations and greenwashing, are come together to form impactful organizational change and a change in the capacities and practices of organizations wishing to remain competitive in the green economy (Palthe, 2014). Change process is not linear, it's dynamic and many factors are at play at once (Jacobsen, 2018). CSR is implied as a corporate responsibility to allocate resources to impact society positively in relation to their existing capabilities. The content and scope of change relying upon existing factors in the organizations, community, and world at large. B Corp provides a service to organization to evaluate and track their social impact. In order to meet the standards this non profit requires a company could potentially make internal or external changes to suit their new goals. As B Lab is a relatively new regulatory agency, and the legal status of for benefit corporations is still being developed, there is a gap in research pertaining to the public policy stemming from the social demand for corporate responsibility.

The change might be an action chosen by the leader of an organization or reaction to the social climate of a particular region, or the exploitation of existing socially responsible practices or the exploration of new and improved responsibility. The internal organizational structure, external factors, spatiotemporal reality, and accessibility to B Corps product could lead many different types of organizational changes. However, in the interest of producing a functioning, well oiled product for B Corps to offer, research into any overarching similarities, path constructions, or theoretical likeness might benefit the organization providing the service.

Each B Corp has its own narrative of driving forces, content, context and process (Jacobsen, 2018). The where, what, why and how are indicators of the roots of the movement of social responsibility in its own sector. The movement of a socially responsible sector is a behavioral

change of society, led by the management of organizations to meet a demand given by society in different ways as they become part of the green economy. This behavioral trend will be analyzed under the AMO framework. The result of the correlation of AMO in CBCs is the behavior of leadership to employ the strategy of B Lab's certification. The outcome of the three driving forces of opportunity, motivation, and opportunity is the behavior, leadership and strategy to move towards B Corp certification and fourth sector organizations. For the purpose of this study, the behavior is examined is organizational change to meet the changes of corporate social responsibility as it is adapting to the prosumers new demand for a green economy.

Organizations are subject to changes in their environment. External forces changing the environment can push for coercive, immediate change in markets. A leading voice in the change of global industry is Jeremy Rifkin and his projection of the Third Industrial Revolution (TIR). His influence has led to European leaders adopting policies in line with his predictions for the revolution of energy sources in the upcoming decades. In 2007 the president of the European Commission, José Manuel Barroso, proposed a commitment to policy making lowering reliance on fossil fuels and endorsing TIR (Barroso, 2007). Fossil fuels are depleting, and could be replaced by an energy grid of shared power (Rifkin, 2013.) Other projections show that the likelihood of complete abandonment of fossil fuels is unrealistic, especially because this is the most effective way for developing countries to bring themselves into the competitive market already developed in the West (Covert et al, 2016).

An organization's decision making processes are subject to adaptations necessary because of environmental creep (Dunphy & Stace, 1988). As the environment changes, the ability to detect these changes and act accordingly is important to stay relevant. Discontinuities may or may not be able to be predicted, but climate change, as a result of an over reliance on fossil fuels, would be neglectful to ignore (Ibid.). Normative standards hold the government responsible for making the rules for the private sector to follow. The European Commission makes no secret of its goals for sustainability, with such projects as 20-20-20 by 2020. If firms purport adherence to environmental responsibility a task force of its own might be required to enforce and monitor

adherence to the standards. Independent evaluation is a requirement for the success of the green movement.

The speed and driving forces behind the changes in CSR are also up for consideration. This is directly correlated to the varying perspectives on the time frame projected for climate change. A coastal village in the arctic circle and a CEO for a fossil fuel company likely worry about different time scales of rising sea waters. The choice still remains for organizations to make incremental or radical changes. Perhaps choosing a green process due to cost efficiency as opposed to altruistic motives is perpetuating a self interested private sector. The study of individual motivations, factors or drivers of organizations choices to make sustainable changes to their business models is an extremely broad topic. Contemporary research is lending itself towards the economic impact of sustainable development and driving up profits while maximizing a public image of commitment to a healthy planet.

The AMO framework is used in this study to analyze the quantitative big data and survey data regarding motivations of CBCs. The AMO framework was introduced by Bailey in 1993, widely accepted as true by 2000, and used in hundreds of studies since (Bailey, 1993; Marin-Garcia & Tomas, 2016). It is “largely accepted for explaining the linkage between human resources management and performance”(Marin-Garcia & Tomas, 2016). According to Blumberg and Pringle’s model of performance is equal to the function of opportunity capability and willingness ($P = f(O \times C \times W)$) (Blumberg & Pringle, 1982). Their model suggests that the AMO factories are multiplicative, and function together, inseparably in performance outcomes. This study takes a second view of AMO that the factors are summative and can be studied independently from one another (Marin-Garcia & Tomas, 2016). AMO theory is used to fill in the void of the “black box” of human resource management, which is the missing link between HRM and performance (Ibid.). The relationship between the AMO factor relationship is not definite, but the correlation between them is important (Siemsen et al, 2007). For the purpose of this study, opportunity and abilities will be introduced as a common factor of all CBCs, and motivations will be isolated and expanded upon through empirical data analysis.

There are many different frameworks across theoretical backgrounds that theorize how organizations conform to societal demands and explore if changes are top down or bottom up. Classic CSR tends to move top down, while positive social change (PSC) tends to move bottom up, from an employee's decision to act in the best interest of his or her organization, community or society (Stephan et al, 2016). Instances of PSC have been studied from sociological, psychological and political perspective, but few studies target the directly the difference between deep and surface level changes in PSC. Organizations with an affinity for CSR have an easier time implementing PSC. For example, CVS pharmacy was able to prohibit the tobacco sales as a PSC, and perhaps even CSR, as a member of the “health and wellness” industry. They promoted the claim that a health and wellness company would not also support the poisoning of its consumers, despite losing profits of tobacco sales. Interestingly, CVS’s PSC decreased tobacco sales across the United States, it appeared their customers transitioned to smoking cessation products rather than purchasing from a new retailer (Japsen, 2017).

Organizations are subject to exterior and interior changes and the ability to adapt or transform, depending on the theoretical perspective. In practice, a changing environment without conforming to the new needs of the society can be the end of a firm. The environment is literally changing at a pace faster than scientists have the ability to anticipate. Unforeseen consequences on the widely accepted impact of climate change have the ability to alter a city, region or entire country at the blink of an eye. The center focus of socially responsible enterprises is its impact on humans and their experience and ability to fulfill their basic human needs. For some firms this means providing life saving water clearing straws to simply prevent diseases to sustain life. For some, it provides microloans to get small businesses started that banks might otherwise reject. These organizations are constituted upon aiding society rather than focusing solely on profits for shareholders.

2.4.1 Abilities

An organization's abilities to produce a certain product or outcome are individualized to each institution. Abilities are described as KSA: knowledge, skills and abilities (Fu et al, 2013). Possessing the skills, tools, and knowledge to develop a socially responsible product is required for the capability to do so. The ability to utilize green and socially responsible methods to develop and produce a service or product is crucial to passing B Lab's certification to become a CBC. The capability for change is dependent on many factors, and organizations in with similar capacities in similar environments can have completely different capabilities (Meyer & Stensaker, 2006). Innovative organizations are successful due to their ability to adapt to external environment stimuli (Krapez et al, 2014).

Most organizations develop a product or service to fill a need for a consumer. Abilities are developed through learning a particular trade or skill and mastering it. Organizational change and development is important to keep up with a changing environment. Adapting to environmental changes can be incremental or radical. Deep changes rock an organization to its core and surface level changes, although easier to create, might not have enough of an impact to withstand lasting, meaningful change. An organization's abilities rely on its capacity for change. A reluctance to embrace the capacity to change stems from an organization's normative standards (Greenwood & Hinings, 1996). Abilities can be limited by path dependence, a lack of research and development, or an inability to perceive external changes. Even if an organization is able to interpret external changes in a timely manner, their own abilities might prevent them from reacting efficiently or effectively (Meyer & Stensaker, 2006).

The abilities of an organization to become a CBC depend on the internal structures of particular institutions. Abilities of existing CBCs represent 150 different industries. The industries represented are often intrinsically representative of the fourth sector wave, however they are not limited to such industries. Excluded completely from the represented industries are industries reliant on carbon-era technologies. Study of 249 North American B Corps found that smaller, newer companies have a more difficult resource distribution when meeting the requirements for B Lab certification which slows their growth. Larger, more established companies do not

experience halting of growth, probably because they have management systems in place already to give the workload of certification to (Parker et al, 2019).

2.4.2 Opportunities

Opportunity is necessary for an organization's ability to pursue their goals. An idiom or colloquialism of good business skills says that one could sell ice to a person indigenous to arctic regions. Having a market willing to accept a product, an infrastructure ready to distribute it, and a consumer able to afford that product is crucial to the opportunity to develop a firm (Asheim, 2011). Regional industrial development can lead to knowledge sharing of successful growth promoting path extension to innovation (Ibid.). A politically divisive mantra from Barack Obama stated, "You didn't build that." He was alluding to a reliance of individual business on the existing infrastructure provided by the government. Without society, businesses cannot exist.

Opportunity must exist for the success of an organization in any industry. Opportunity can be viewed as basically as infrastructure like roads, telephones or the postal service. Opportunity is the client who needs a product, an environment that requires a solution, or an emerging technology. Organizational opportunity can be described in the time and place context that allows for the flourishing of a particular institution. The first and second industrial revolution used the pairing of new tools of communication and energy production to allow the opportunity for all sorts of new industries to develop (Rifkin, 2013).

For the development of the fourth sector legal parameters developed to set the bar of qualifications for meaningful social and environmental responsibility are developing. Some studies suggest that infrastructure must be in place to develop new technologies, while critics suggest that it is easier to start with a blank slate, or little to no development, when moving creating new, green technological infrastructure (Ibid.). The TIR is speculated to rely on green energies and new technologies such as the Internet of Things to connect the physical world through wireless technologies utilizing sustainable resources (Ibid.).

2.4.3 Motivations

Motivation theory has roots in behavioral science starting with Maslow's hierarchy of needs. Maslow's pyramid theory recognizes that basic needs must be met before metamotivation can be met (Koltko-Rivera, 2006). Metamotivation is a sense of responsibility related to educating oneself and participating in the needs of the global community, outside of what benefits only the individual. If applied to an organizational setting, CBC's would fall in the top category, a final acquisition of self-actualization for the benefit of society. Most CBCs are located in already developed nations and many focus on providing services to aid less developed areas. Both sustainability and CSR are aspects of existing corporations to give back and gain a relationship with the community. CBC's practice these maxims inherently, but rely on a structure of existing systems to meet basic needs. These existing needs being met are the A and O of the AMO framework. Certification of B Corp's requires an organization that already exists in a web of development that allows for them to meet the qualifications. This is even further limited and restricted by the limited availability of for benefit legalization.

Attribution theory, developed by Fritz Heider, claims that what we do is attributed to our personality or to the situation around us. This distinction between motivating forces is still prevalent in ideology today, particularly in macro level politics. Two opposing ideological paradigms seem to be that an individual determines his own circumstances or environmental circumstances overpower a person's own disposition (Malle, 2011). To oversimplify, either an individual has the power to pull himself up by the bootstraps and be successful regardless of external forces, or the individual requires an environment suitable for success. In practice, a person might consider themselves an environmentally responsible person but their town doesn't provide recycling facilities. The person therefore blames the cognitive dissonance between thought and action on external factors. They are the person who would recycle but don't have to opportunity to do so. In reality, both internal and external causes at a variety of level of relevance can be attributed to an individual's decision making process (Ibid.). This can be applied to

organizational management in that normative standards require private firms to place profits as their strongest motivator, placing environmental and social responsibility on a tier below their ultimate goal. CBCs have the power to rely on environmental and social responsibility as a main motivation for all organizational decision making, with profits coming second. This is a critical distinction between classic CSR and the B Lab model.

Prosocial behavior are actions that benefit an entity other than the individual themselves. These actions are necessary for a community or societies cohesiveness (Klein, 2016). Giving back to society can make the individual feel a sense of pride for helping others, or get rid of the feeling of isolation as part of a group (Ibid.). Prosocial behavior can be seen as “bad evolutionary bookkeeping” as there is no obvious scientific benefit to helping the fitness of others (McCollough & Tabak, 2010). A criticism of the fourth sector is the mantra of the private sector, that an organization’s success is measured monetarily. A green economy promotes the acceptance of prosocial behavior.

Normative social influence is the power of peer observation to influence one’s own actions for the sake of belonging (Nolan et al, 2008). People are more likely to feel powered up about social change after speaking to like minded individuals, which is made immediately available by social media and this could lead to social change (Sunstein,1999). Memes, a play on word gene, spread through society as social changes just like genes are self replicating (Pech, 2003). Positive social change projects tend to work better in organizations that have an affinity for social competencies and when the projects are more vocalized in their mission (Stephan et al, 2016). Social loafing is when people rely on the anonymity of a group effort to hide their lack of effort, and people are more likely to participate valuably when their name is attached to a piece of work (George,1992). The importance of owning and promoting an organization's commitment to sustainable goals is a support of the organization's own mission. Altruistic motivations for practicing sustainability are not examined in this case study, because if that was purely motivation there would be no need for transparency or a sticker of approval that a CBC can tout.

Memeology tracks how trends spread through society in a manner similar to genealogy. In early 2019 a Saudi woman was granted refugee status after gaining attention of twitter while she barricaded herself in a Thai hotel room, refusing to be deported back to her home country citing her own humanitarian rights (Mahtani & Fahim, 2019). Social media has the power to draw social change near instantaneously. A single tweet can lead to a revolution involving immediate government action or swift social justice. Consumers are active social media users and therefore their perceptions of an organization can change immediately as information spreads like wildfire on the internet. An organization's motivation to promote sustainability must take into account how that message will reach the consumer. A greenwashing scandal can move globally through social media in hours, and is always a threat to organizations which don't track their impact and meet their consumers expectations of sustainability.

3. Methodology

3.1 Methods

Using the terms defined in the previous section all of the descriptions of that CBC's gave to B Lab to self describe their organization and their motivations. Using a big data set provided by B Lab the description section of each CBC was isolated, duplicates were removed, and the above terms were translated into common descriptive factors. Using language derived from B Lab's own literature as well as news reports promoting how and why to become a CBC, a set of ten keywords of motivations were isolated. The ten terms collected in the table below were counted to illustrate how frequently organizations tout the phrases common to literature about motivations for becoming a CBC. This information gleaned from this examination is not exhaustive or analytical, but it can be used to show the frequency of language describing the motivations and goals of CBCs as the organizations would describe themselves.

All of the descriptions were read and analyzed for intent and keywords. The most frequently recurring topics were extracted and then keywords related to the topic were used to search for similar frequencies. The document was searched for key terms and then categorized into words of similar essence. This area of data collection is presented to highlight the language used by CBCs to describe their organizations and become part of the movement. The movement defined here is the B Corp certification, as the final question on the survey was intended to identify if organizations considered themselves part of the fourth sector movement by their desire to obtain for benefit status. Consistency in language can be attributed to the source of the description, similar goals, and the description is sent to a common audience as it is used as a part of the application to obtain certified B Corp status. The main goal of this descriptive language analysis was to create relevant topics to create the survey questions in the following section.

3.1.2 Research Question

What are the motivations of an organization to become a certified B Corporation?

3.1.3 Research Design

This is a macro level analysis of motivations to become a CBC. 3,508 CBCs were analyzed for use of language common to other CBCs in relation to the goals of B Lab as well as motivations claimed in publications targeting potential candidates for certification. First, a contextual review of CSR, the fourth sector and existing literature of B Lab's process of certification for CBCs was conducted to understand the roots of the sector and the future economy that CBCs are motivated to become a part of. Then B Lab's big data spreadsheet documenting all CBCs industry, location, evaluation scores and descriptions was analyzed for a big picture of what was happening globally in this industry. A quick glance at the industries and locations of CBCs and countries with laws protecting for benefit organizations shows the pervasiveness of the movement. Next, the self reported organization descriptions, or mission statements, from the same data set were isolated and searched for recurring keywords highlighting common terminology used to describe an organization's mission. Finally, empirical data from a simple random sample survey sent by email 1166 CBCs receiving 279 responses through Google Forms.

3.1.4 Survey Data Collection

The second empirical data collection was designed by using B Lab's own evaluative criteria, publications promoting certification and the frequently referenced topics from the descriptive language data analysis. The B Lab public data spreadsheet contains a link to the website of all CBCs. Each company is listed again each time they submit an application for an evaluation. The list also contains a number of CBCs that no longer exist as organizations. Several websites did not list contact information, were under construction, or the email address was returned to sender. An attempt was made to send the survey to the correct department, and was often forwarded to the most knowledgeable individual of the B Corp process. Many organizations expressed regret that they did not have the resources to respond, and many organizations did not respond at all. The number of respondents is limited by these factors. The survey was designed

on Microsoft Forms and sent via email and contact pages on the selected organizations websites. The data collected was anonymous and not shared with any third parties.

3.2 Case Study: B Lab

3.2.1 Abilities and Opportunities

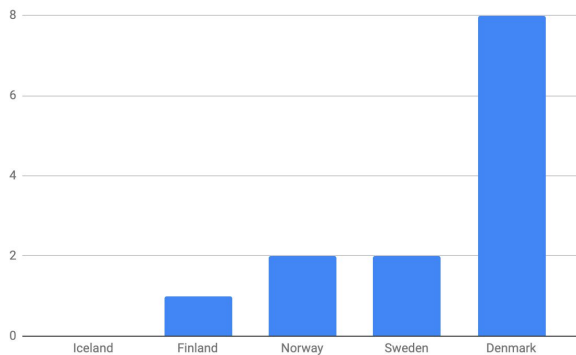
The abilities and opportunities of CBC's are only examined in this study briefly in the areas that they differ from any other organizations abilities and organizations to practice CSR. The topics listed are stepping stones to needed before crossing directly into analysis of CBCs motivations, to give a context to answer the questions "What?" and "Where?" before delving into why. The abilities of the organizations presented were analyzed through the use of common language between all CBCs. The abilities of what an organization can do are represented from the goals and missions presented to B Lab when describing the organization. B Lab uses specific terms to refer to the movement that they help organizations to become a part of. After reading through all of the organization descriptions, trends and common language were dissected and categories. Although the syntax varied greatly between descriptions, common semantics emerged upon examination. Closely related to the topics developed for motivations, key themes and sentiments arose in ten categories. The opportunity to become a CBC is available worldwide, but perhaps limited by accessibility, language, or existing government structures. The opportunity to develop a legal for benefit organization is limited to the 23 countries where the fourth sector has rooted itself so far.

CBCs are spread over 150 industries of all varieties as seen in the table. Many industries lend themselves directly to certification by being rooted in sustainability intrinsically, such as microlenders who aim to give funding directly to marginalized communities to start small businesses or a glass straw producer. Some industries are able to make sustainable decisions in production, like restaurants using organic, fair trade foods. Some of the largest organizations have purported sustainable goals since their inception, and therefore only used the B Corp certification for transparency and accountability to their consumers, as mentioned before, are

weary of greenwashing. The most noteworthy information gleaned from this table is the virtual absence of any organization reliant on carbon-era practices.

Most B Corps are located in the United States, likely due to regional clusters and sharing of information and media. However, 60 countries around the world now share access to the same network of resources to promote organizational sustainability. Developed countries are overrepresented in the distribution of CBCs. Interestingly is the very small number of CBCs located in the Nordic countries, despite their global commitment to being leaders in social and environmental development. There are 13 Nordic B Corps.

Figure 1: Nordic B Corps



3.2.2 Motivations

The motivations to become a CBC for the purpose of this study have been derived from publications of the non profit B Lab as well as from third party sources promoting how and why companies can or should become a CBC. The motivations were chosen specifically to see if CBCs believed in the causes that B Lab touts as a reason to become certified. The relevance of public opinion at this stage of development of the fourth sector is very important because it will determine whether CBCs are a trend or extension of classic CSR or the start of a new sector. The last question of legal status is the main source of data for respondents perspective on being part of the fourth sector movement. Only 23 countries offer legal status, and 22 of them have only had the option for a couple of years. Therefore, the information that is available to prospective

CBC candidates or fourth sector entities relies on the validity of the public relation claims of the current state of affairs. The responses might be influenced by lack of knowledge of the respondent about the fourth sector due to its novelty.

The ten topics used for the survey were developed through content analysis, B Labs publications, and a snowball effect of terms gleaned through extensive research of the development over time of B Lab. The first phase of collecting these terms began when understanding the origins and goals of the B Lab movement. Through understanding what a CBC was, it's strategies to maintain social and environmental responsibility, and the Green Economy, certain buzz or keywords were consistently utilized. The consistent use of certain terms was the catalyst for this type of content analysis. This hypothesis proved to be true after the data was collected, as many of the derived keywords were mentioned most mission statement descriptions of the companies. This is in itself interesting, as it shows an identity to the B Lab movement through using a common language.

Step one data collection process was obtaining enough information through a literature review to develop a C2 proficiency of speaking B Lab language. A mind map was created with the five topic that B Lab evaluates from, with keywords related to each topic stemming out from them. Then, the strongest, or most common themes of importance were extracted and consolidated into similar ideas. In order to create a short, easy survey to get the most responses, some categories from B Labs evaluation were combined. For example, both the consumer and employee question are umbrellaed under social responsibility. Next, Figure (Categories of Survey Questions) was developed to ensure that most categories were represented equally. The category of legal status is not related to methods of collection just described. It is it's own free standing question, and aimed to be the most interesting talking point about this study. However, this question proved to be quite preemptive for its time. All CBCs contacted were well versed on the first nine questions under the governance, social and environmental responsibility, and community topics, while legal status of for benefit organizations does not seem to be a common vernacular for CBCs.

Table 1: Derivation of Categories for Survey Questions

Governance	Social Responsibility	Environmental Responsibility	Community	Legal Status
Protect the organization's mission	Increase employee satisfaction	Promote environmental sustainability	Join a network of shared resources	Gain legal status as a for benefit corporation
Increase accountability and transparency	Meet consumer demands		Stand apart from the competition	
Attract investors			Lead a Movement	

3.2.3 Descriptions of Survey Questions:

The following section will describe the intention behind each question on the survey.

Protect the organization's mission

The legal status of a CBC in areas where legal recognition exists allows the constituting documents of the organization to hold social and environmental responsibility higher than profits. This breaks from the normative standard that a private organization’s main function is to generate fiscal profits for shareholders. To prevent legal action taken against managers decision making process allows the CBC to uphold its philosophy, even through transfer of power or redistribution of organizational authority.

Increase accountability and transparency

Greenwashing is a phenomena permeating consumers perceptions of organizations typical CSR goals. If an act is intended to promote a positive CSR performance its negation through the perspective of greenwashing might neutralize the goal. An evaluation from a third party provides public transparency and accountability to consumers that the company is actually practicing what they preach. Organizations of all types and sizes practice corporate social responsibility in a plethora of actualizations.

Attract investors

Attracting investors is touted as a great reason to become B Corp certified. Blackrock investments is only giving investments to verified CBC. The US based billion dollar investment corporation BlackRock's CEO Larry Fink sent out a letter highlighting the importance of and dedication to invest only in organizations that promote social and environmental sustainability.

Increase employee satisfaction

According to a study by Brookings, by 2025 seventy five percent of the workforce will be millennials (Dews, 2016). Millennials want to work for organizations that are doing good for the world and feel more connected to their job if they feel like they are contributing to the larger good (Dailey, 2016). Amazon recently set their minimum wage to 15 USD per hour, and not without the public's dismay. Critics tout some employees will actually lose money because of this new "socially responsible policy" but a supporter of the change, Bernie Sanders, said the increase may be "the shot heard around the world" (Shepard, 2018).

Meet consumer demands

According to a Nielsen study in 2015 of 30,000 participants in 60 countries, people are 66% more likely to buy products that come from a sustainable source (Nielsen, 2015). Products from a CBC might appear more attractive to a population seeking to make the world a better place. Social norms and environmental factors might drive consumers to pick products developed sustainably or through fair trade methods.

Join a network of shared resources

B Lab provides a network of like minded individuals, tools to increase all of the qualifications CBCs must maintain, and hosts global events uniting continents for the goal of global sustainability. Information can be shared through buzz, where information floats throughout industrial development or pipelines which directly connect interested parties to the information needed for development. B Lab provides a global pipeline of information to interested organizations, and the buzz of social and environmental responsibility is buzz spreading through the media to all industries (Tödting& Tripl, 2011).

Stand apart from the competition

Before legal certification, CBCs had only a paid sticker of approval to show their customers their dedication to sustainability. Now, on websites such as Grove Collaborative, a household item delivery service, it is possible to search products specifically in the CBC category. As social media and news agents are able to create a narrative of an organization's public relations, corporate social responsibility becomes a relationship between the organization and the community. Tweeting at a major corporation in order to receive immediate, such as an airline when flights are delayed, is an example of immediate and public communication. Despite recent scandal, Amazon, Gillette, or Facebook have come out unscathed. Are they too big to fail? Critics of the legitimacy of sustainable and socially responsible initiatives might highlight these cases, but this study will delve into the development of a sector that is challenging the role that organizations play within society.

Lead a Movement

Becoming part of the global momentum to save the planet is echoing in many PR departments, on college campuses, and in educational facilities like Jeremy Rifkin's Third Industrial Revolution. The world is changing, and many CBCs claim innovative business solutions to meet the demands of corporate greening. Innovation is a factor important to all organizations that wish

to interact with ever changing external entities such as society or markets. CBCs identify as leaders in the green movement.

Promote environmental sustainability

As one of the most public pillars of B Lab's movement, environmental sustainability permeates all CBCs as they deliver services and products. By definition, as a promoter of "social and environmental sustainability"

Gain legal status as a for benefit corporation

As the fourth sector develops through the development of the defining impact reports of B Lab's evaluation process of certification, it is interesting to trace whether organizations who want to obtain CBC status are also interested in legally institutionalizing their practices into the constitution of their organization. This category is particularly difficult to study at this time as the status is only legal in 23 countries, however a large portion of CBC's are in these countries.

4. Results

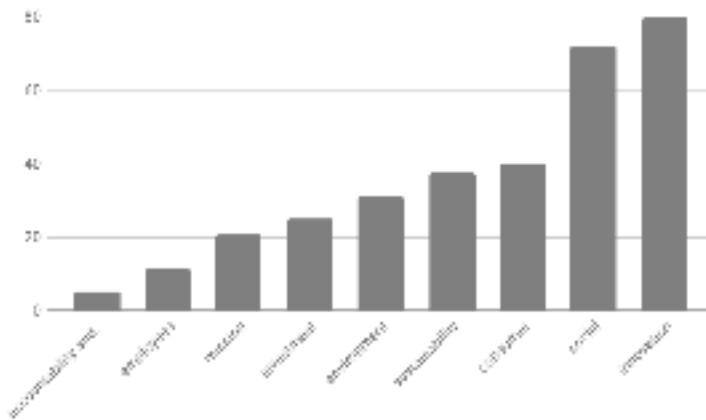
4.1 B Lab Language

Table 2: Instances of Common Language in B Lab Descriptions

Language	Total	Keywords	
sustainability	1320	sustainable	871
		sustainability	449
investment	884	investor	159
		profit	678
		shareholder	47
accountability and transparency	190	accountability	66
		transparency	124
mission	734	mission	734
employees	403	employee	322
		worker	81
consumer	1410	consumer	290
		customer	440
		client	680
innovation	2806	innovation	264
		innovate	37
		change	980
		new	733
		lead	629
		movement	163
environment	2263	environment	1100
		eco	1163
social	2529	social	1221
		stakeholder	180
		community	875

Nine main categories were chosen to search for a common language among CBCs self reported descriptions. Synonyms for the nine main categories that appeared frequently were included in the synonymous category and listed adjacent to the main categories. The length of each description varied from 50-500 words, and the results are limited because longer descriptions have more common language than a more basic description. The short length of the descriptions prevented repeated phrases, so each word is touted only once per organization. 3,508 descriptions were analyzed. Phrases which might held a synonymous essence were ignored to preserve the actual common language descriptors chosen by each organization. However, as seen in Table 2, significantly synonymous words were included in the total number representing each category.

Figure 2: CBC Language Usage Percentages

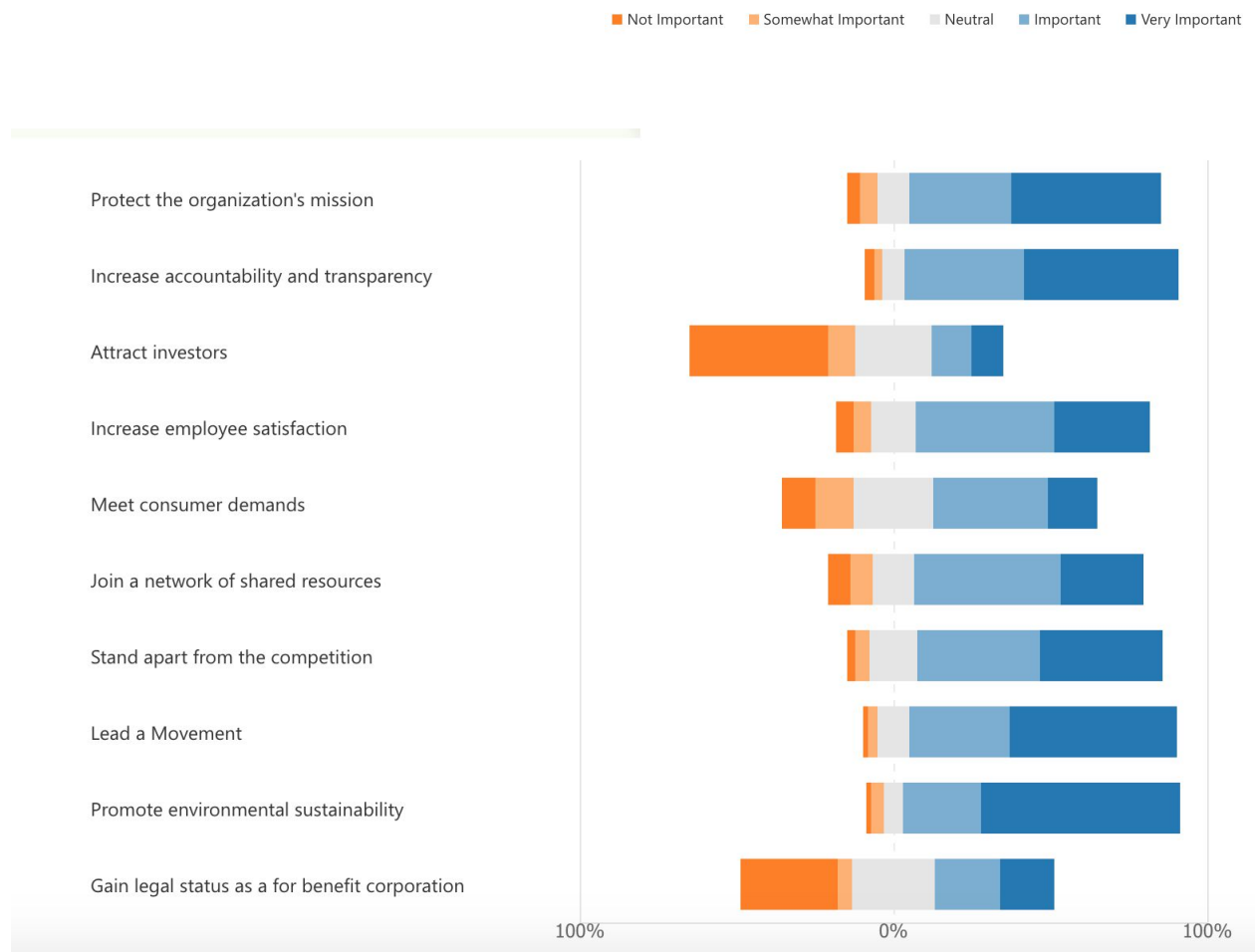


The frequency of usage of the nine main categories was divided by the total number of organizations (3,508) to show the percentage of organizations that use a common language descriptor. The categories are not mutually exclusive, with each organization using on average 3.24 common language descriptors.

4.2 Survey Results

Survey data was collected from March 22nd, 2019- May 20th, 2019. 1500 organizations were randomly selected in alternating selections of groups of 100 from B Lab's big data spreadsheet of all CBCs. Some organizations in the list were duplicates, were no longer in operation, or did not provide contact information, resulting in a final total of 1166 surveys sent. The survey received 279 survey responses. The data was collected anonymously, though many organizations did send notice that the survey had been completed and this was not recorded. Ten topics were rated on a five point scale of importance: Not Important, Somewhat Important, Neutral, Important, Very Important.

Figure 3: Motivations to become a Certified B Corp Survey Data Results



The final question of the survey, the importance of gaining legal status as a for benefit organization was not intended to be included in the comparison of CBC language to surveyed motivations. The other nine survey questions were directly comprised of similar topics and keywords related to the common CBC language so they could be compared to each other. This comparison isn't direct. Due to the differences in languages created to provide insight into specific categories, it wouldn't be logical for a direct comparison. A few selected comparisons did provide very interesting findings and will be explored further in the analysis.

Figure 4: Mean and Standard Deviation Results of Survey Data

Question	Mean	Variability
Lead a Movement	4.32	0.89
Promote environmental sustainability	4.44	0.91
Increase accountability and transparency	4.27	0.94
Stand apart from the competition	4.08	0.96
Protect the organization's mission	4.15	1.06
Increase employee satisfaction	3.88	1.08
Join a network of shared resources	3.77	1.12
Meet consumer demands	3.34	1.19
Attract investors	2.36	1.41
Gain legal status as a for benefit corporation	2.88	1.47

The standard deviation shows that meeting consumer demands, attracting investors and gaining legal status as a for benefit corporation have the greatest variability. The remaining factors are consistent throughout CBCs.

Table 3: Comparison of Language Results to Motivation Survey Results

	Survey Results	Percentage of Importance	Language Analysis	Percentage of Term Usage
1.	Protect the organization's mission	79.8	mission	20.9
2.	Increase accountability and transparency	86.7	accountability and transparency	5.4
3.	Attract investors	22.1	investment	25.1
4.	Increase employee satisfaction	74.0	employees	11.4
5.	Meet consumer demands	51.1	consumer	40.1
6.	Join a network of shared resources	72.6	social	72.1
	Stand apart from the competition	77.9	-	-
7.	Lead a Movement	84.5	innovation	80.0
8.	Promote environmental sustainability	88.6	environment	64.5
			sustainability	37.6

Table 3 is a direct comparison of common language that CBCs use to describe themselves to their self reported survey results to see if mission statement motivations are the same as self reported motivations to a third party. There are limitations to this type of comparison due to the way that the mission statement motivations were collected. For example, 74% of survey respondents noted that increasing employee satisfaction was important, but only 11% of CBCs mention employees in their mission statement. This is likely due to nature and context of the description of the organization, rather than any interesting empirical difference. It is noteworthy the strong correlation between similar terms- both sources of empirical data find that attracting investors is only important to a quarter of CBCs. Meeting consumer demands, is also low on the

motivation totem pole in both data sets, with barely 50% of organizations deeming it important. Leading a movement and innovation are similarly high with 84.5% of survey respondents finding it important, and four out of five CBCs self describing as innovative.

5. Discussion

5.1 Analysis

5.1.1 Language

The most commonly used phrases by CBCs were innovation and social, with 80% and 71.2%, respectively, of all CBCs using these terms in their description. The prevalence of innovation as a self description cannot be determined, from this study, to be specifically a product of CBCs or the fourth sector because of the abundance of literature on organizational innovation for all types of private industry. It is unlikely an organization would publicly acknowledge that their production is satisfactory using antiquated practices or that they are path dependent, and do not have a plan for research or development. Practically, innovation was a large category of synonymous terms, which could explain for the highest count, as it also included innovation, innovate, change, new, lead, and movement to get the final figures. However, for the purpose of this study it is an interesting finding that four out of five organizations specifically define themselves using these terms and it does show a commitment to “change”. When paired with their commitment to B Lab’s standards, it shows their perception of innovation is related to the green economy and its social and environmental goals.

The finding of the use of the word “social” as common language is not groundbreaking, as the whole green movement is based on a commitment to the amelioration of macro and micro level societies, or social responsibility. Only 31.3% of organizations used the term sustainability. This might be because it’s an overarching goal and was intentionally described using more specific language by using other descriptors, such as directly referencing social or environmental aims. Environment was mentioned by 64.5% of organizations. This number might be lower than social goals because of the limitations of searching only for specific terms rather than essence of meaning. Some organization’s descriptions describe their products or services using unique

terminology to describe their impact, and fall through the cracks of a literal linguistic analysis. Still, the findings represent a strong commitment to B Lab's purported goals.

Accountability and transparency the least self category represented, and was included only as a comparison to survey data, as the same category was the second most important category to respondents of the survey. It is intuitive that an organization might not proclaim their adherence to these terms as a self description, especially a self description that is presented to the evaluator of those qualities. There were still over a hundred references of these terms, which is worth noting. On the other hand, the common language descriptions report 41.1% of organizations mention their consumer and 25.1% mention investments, which are two of the lowest scoring categories of importance in the survey data. The descriptions is public relations directly for consumers and investors and their importance is acknowledged. Interestingly, the survey data suggests that the mission and goals of CBCs takes precedence over consumer and investor satisfaction, a clear and distinct difference from classic CSR and normative standards of the private sector.

5.1.2 Survey

The data shows consistent association between B Lab's ostensible goals and the missions of the companies it has certified in terms of accountability, environmental and social sustainability, creating a community of resources, leading a movement, standing apart from the competition and increasing employee satisfaction. All of these categories are represented with more than 70% of surveyed organizations thinking the categories are *important* or *very important*. Small variances between important or very important might be attributed to interpretation of the question, industry, personal convictions or many other factors. The main significance is that most of the categories that B Lab evaluates for (governance, social responsibility, environmental responsibility and community) are strongly supported by the organizations applying for certification. CBCs are less likely to be motivated by attracting investors or becoming a for benefit corporation. CBCs are divided on the importance of meeting consumer demands. The survey data suggests that meeting consumers demands is not as important, but still over 50% of

respondents declare it important. Consumers are the least important, although still important category that B Lab evaluates according to the respondents of this survey. It is interesting that for all of the preceding terms, some respondents did claim that these items were *not important*. A more concentrated study of individual organizations might provide insight into these responses that are unusual in that they directly contradict the mission of the organization they have joined.

Attracting investors is not an evaluation criteria for B Lab, but is a talking point from publications promoting or suggesting certifying as a B Corp. Only 25% of respondents claimed attracting investors was important, and more directly, 44.6% of respondents said it was not important. Looking at the consumer and investor scores together, in light of the common language analysis, CBSs are publically describing themselves as interested in the consumer and investors, but when reporting privately investors and consumers are of least importance. This is an interesting comparison of CSR to CBCs. Classic CSR's role was developing a positive relation with the public and ultimately drawing in more money. CBCs are using language that reflects the importance of maintaining the interests of the consumer and investors, but in practice their motivations are more strongly rooted in environmental and social sustainability. This is a strong distinction between CSR and CBCs.

The final question of the survey was intended to gage CBCs motivation to become part of the development of the fourth sector. The analysis of this question is tricky because only twenty three countries have legal status of for benefit organizations. Virtually no organizations used language to suggest their interest in legal status in their self reported descriptions. The random selection of organizations also did not predetermine the country of each respondent, and the anonymous response does not allow for correlation between legal countries and not. This was purposefully omitted because it was expected that those part B Lab's movement have access to publications which explain the status of the fourth sector in terms of for benefit legal status, or the study would highlight that they are not utilizing access to this information. Based on emailed questions and concerns about this specific question- becoming a CBC does not automatically lead one to consider or even have access to information about the fourth sector. This is

particularly interesting because most CBCs are in the United States where in most states there is a legal certification available. There is almost equal weight on each part of the scale regarding this question: 36% of respondents think it is not or somewhat important, 35% think it is important or very important, and this question received the largest percentage of neutral votes at 26%.

5.2 Results in a Green Economy

The theory behind this study was developed under the assumption that time normative standards of the private sector are changing. Due to greenwashing and a public distrust, CSR no longer provides meaningful changes to an organization's public image if the PSC is not evaluated and “proved” by an independent third party, such as B Lab. Therefore, CBCs provide a certification unavailable to previous trends of CSR. A sticker of B Lab’s certification ensures that all stakeholders are taken into account in the organizational practices performed by a CBC. This alone distinguishes classic CSR from CBCs. Even further, the legal status of a for benefit organization provides the government with proof that organizations are meeting new standards of environmental and social responsibility. It remains to be seen if governments will regulate their own government bodies to evaluate organizations for their practices when obtaining for benefit status - or whether they will rely on third party NGOs like B Lab to ensure organizations are walking the walk.

5.3 Conclusion

The most compelling results of the data collected in this study is the clear message from CBCs that their motivations are not to gain investors and that there is mixed interest in, or a lack of knowledge about becoming a for benefit organization. The first conclusion supports the difference explored in the theory section distinguishing CBCs from classic CSR. Another interesting conclusion is the qualifier of evaluation to preserve accountability and transparency as a solution to nix greenwashing the role that that has played in developing a new type of

organization, and potentially, a fourth sector. The data suggests that CBCs are extremely motivated to be innovative. They hope to protect their mission of environmental and social sustainability and prove that to their community through the accountability and transparency that an external evaluation provides.

5.3.1 Impact

Abilities, motivations, and opportunities can be evaluated in many different ways specific to particular organizations, industries, or countries. Therefore, their definitions for the purpose of this research paper are limited to the descriptions provided from the framework previously paved, including the relatively short descriptions of abilities and opportunities specific to CBCs. The assumptions behind the following analysis rely heavily on the leading research on the AMO framework. AMO as described in this study will be used to divide all organizations into three categories. The categories of CBC, CSR organizations and carbon-era organizations. CBCs possess all three of the precursory factors for becoming part of the green economy. CBCs have the ability to create a sustainable product or service. They have the opportunity to access and communicate in a common language with B Lab directly and their community of like minded organizations. They have the motivation to practice environmental and social sustainability, and most notably, to get certified to promote accountability and transparency to their stakeholders and forestall greenwashing.

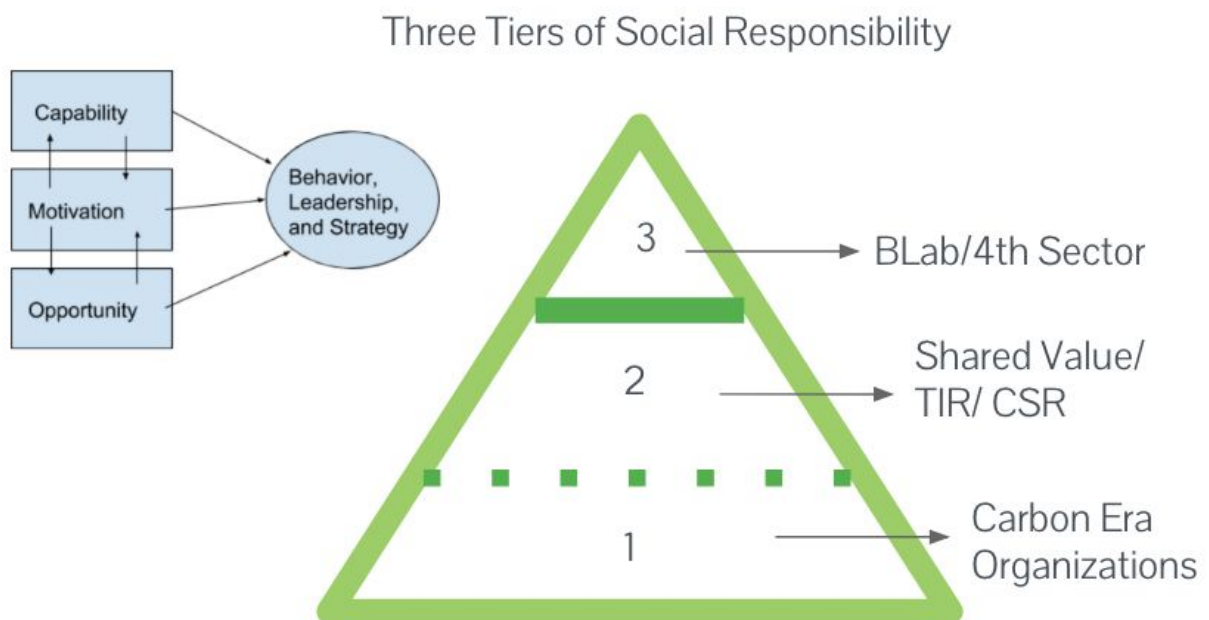
CBCs certification through the B Lab evaluation is the behavior that distinguishes these types of organizations from typical CSR. CSR within private organizations practice social responsibility by exhibiting at least two of the AMO facets, they must have the ability or opportunity to develop a relationship within the community that purports their commitment to those other than their shareholders. These organizations have not been certified in their social responsibility, but publicly acknowledge a commitment to some social responsibility. Without certification, these organizations are not protected from public perceptions of decoupling or greenwashing. An organization without the ability, opportunity or motivations to promote sustainability are represented here as group of organizations are those still reliant on carbon-era industries or

practices. This group is not limited to reliance on diminishing resources such as oil, coal or natural gas but also might allow antiquated social practices such as violating labor laws or exploitation through outsourcing labor to underdeveloped populations.

One goal of this study was to determine if CBCs are, in fact, a harbinger of the fourth sector. Research is lacking for for benefit organizations, as there are no governing bodies tracking their development. Individual states in the US have no obligation to report the number of for benefit organizations. There is a great deal of research necessary to determine the role that B Lab played in the development of this new sector. Data collected in this study is not sufficient to determine if CBCs are more or less likely to become part of the movement through the desire to become a fourth sector entity. Their motivations to stand apart as an emergent, innovative member of a green economy and sustainability movement is clearly conveyed through the empirical data collected.

The table below shows the AMO framework in relation to the development of the fourth sector. It takes the summative approach of AMO, that all three facets add together to create a whole. CBCs have developed the abilities, opportunities and motivations to distinguish themselves from classic CSR. Organizations can possess 0-3 of the AMO facets, but only the presence of all three solves the problem of greenwashing when moving towards a green economy. Tier 1 and 2 represent the current state of private sector organizations. Tier 1 represents organizations that rely on the carbon era infrastructure. Oil companies, factory farms, and outsourced labor markets might possess either abilities or opportunities but not put them into practice. These organizations, due to their lacking abilities and opportunities, do not have the capacities to claim strong motivations for the behavioral change to become a CBC. Tier 2 organizations possess the capabilities and opportunities of the AMO framework requirements. These organizations might participate in classic CSR, practice sustainable development, or even subsist in an economic market that allows for them to employ sustainable tools. The dotted line between tier 1 and tier 2 represents how easy it is for the organization to be subject to a PR catastrophe if the public finds out about greenwashing, or other deceiving tactics related to false proclamation of sustainability.

If an organization has the abilities and opportunities, they are set up to develop the capacity of motivation to become a CBC, but have not done so. Tier 3 is the focus of this study: organizations that have made the organizational behavioral change to have an external evaluator certify their compliance with normative standards of social and environmental responsibility. Tier 3 organizations have the abilities and opportunities that a tier 2 organization has access to, but they have made the conscious organizational change to become a CBC.



All B Corps have passed an evaluation that ensures the firm has the motivations, capabilities and opportunities to implement a socially responsible enterprise. Their commitment to an annual evaluation which assumes measures will be taken to improve their score shows will ensure their transparency, accountability, and positive PR in this regard. Without a severe disjunction they will maintain a positive CSR and maintain active participation in the development of the green economy. CBCs prove through their certification that they have not decoupled their mission from actions. Greenwashing is a threat to all organizations when prosumers demand sustainable

practices that lead towards the development of a green economy. Gaining certification from a third party evaluator proves to the consumer the commitment to unified mission and action.

Motivations of a B Corp are stated directly in their mission statement and application to obtain the certification. Capabilities tend to be deep structures of the institutions inherent operations. Producing a product or service which is inherently responsible present in most B Corps. The opportunity to exist as a B Corp tends towards economies and countries with existing infrastructure and wealth to allow such services to exist. This might not be true in the future, but tracing the origins of B Lab it certainly is a “developed world” opportunity, despite its ultimately global scope. Anticipators of the TIR make the claim that it is easier for developing nations to develop sustainable practices, as their development starts from a blank slate as opposed to changing ingrained industrial paths (Rifkin, 2013).

Tier one organizations are not actively socially responsible based on the constitution of their industry, practices, or subsistence on non sustainable materials. Tier one organizations actively contribute to sustainability. These companies experience negative PR at the expense of their practices. Gun companies, oil companies, and nuclear weapon facilities might fall into this category. It is possible for a tier two company to fall into this category in the middle of a greenwashing scandal, but those drops in PR tend to have the ability to break back into tier 2 with positive CSR move.

The public sector historically and normatively provides a variety of services meant to protect and serve society. European models of capitalism already include social and environmental responsibility, like Germany’s Social Market Economy (Breurer, 1996). The Nordic model provides a comprehensive example of the world's most prosocial economy. This might have an interesting consequence for the role that the nonprofit sector, and now the for benefit sector plays in the development of social welfare within an economy. The Nordic countries hold only a handful of CBCs, a speculation for this could be that B Lab’s values are intrinsic to their normative standards, expected and socially enforced. As leaders of global innovation of

sustainable development, the Nordic countries have predicted what the rest of the world is coming around to: sustainable practices are necessary for future development or else the world is in serious threat of climate change and economic disparities between marginalized populations. It can be speculated that if a fourth sector is coming, it will rely on independent evaluators to monitor and track impact of organizations, and that this is driven by prosumers avidity to promote a green economy and debunk greenwashing.

5.3.2. Limitations

There are several limitations of this study. The largest limitation of the this study is the self reporting factor. Organizations were studied only from the public information they provide and their own intentions might cloud their actual impact when answering survey questions. Studies show that people are more likely to be honest to admit to normatively negative statements in a self reported survey as opposed to an interview (Brenner & Delameter, 2016). Greenwashing is a particularly difficult phenomena to expose as organizations' PR departments livelihoods depends on preventing scandals of just this sort. The world is not yet a green utopia, and the green economy is fast approaching. The switch from profit driven models to sustainable practices is not clear for most organizations, and if the green economy persits, it is likely some organizations will fail. It is a hypothesis that decades in the future this movement will be evaluated extensively for efficacy and implementation, and this study is only tracing the budding of a plant that could possibly develop roots, a trunk and many branches in the future. For now, even the green economy could be considered a hypothesis, as an abundance of dominant industries rely on carbon era practices. Tesla is an extremely interesting and innovative case study, but the reality is that most of the world uses a combustion engine. Studying the fourth sector is comparable.

The data is also limited by the brevity of the survey and lack of chance for explanation for each of the topics. It is also impossible to determine the catalyst of the organizational change: did they change for B Corp or did B Corp already align with the organization's mission. Inner contexts of a single organization can be studied and analyzed in a reasonable scope. The scope becomes less managale as the number of organizations increase. The scope becomes completely out of reach

when outer contexts' application to thousands of organizations inner contexts attempts to be analyzed. The goal of this paper is not to make positive claims correlating internal and external contexts, but to highlight the change in social responsibility and its juxtaposition to the development of the fourth sector. Time and space do not allow an exhaustive analysis of what it means to be a fourth sector organization. Through a lense of critical realism this paper will examine B Lab's certification of CSR alongside the development of benefit corporations.

5.3.3. Extra Information of Interest

Communication with CBCs was quite easy. Finding contact information for the correct department to answer the survey was always clear. Responding participants often communicated that the survey had been completed. Several respondents sent additional facts about their motivations in responding emails. A recurring statement was that the company had always promoted social and environmental responsibility and became a CBC as a second thought, rather than forming their business model to meet the impact necessities of B Lab. Several organizations also reached out to state that they didn't know what it meant to gain legal status as a for benefit organization or that this was not an option in their country.

5.3.4 Future Research

A recommendation for further research once the fourth sector path has been beaten down more steadily. This study was limited by the lack of information available about fourth sector entities because governments have yet to fully define its scope and report how many organizations are using this new legal status. The growth of B Lab as a path to fourth sector certification has yet to be established, and future successes or failures of CBCs will be interesting to study in terms of the value of obtaining a third party inspection of sustainable impact. This study suggests that government actions across Europe, specifically in the Nordics will continue to progress into the green economy, and the role of private industry in a green economy will be of great interest to the development of a new sector, or perhaps an entirely green economy. Times will continue to

change for CBCs. Classic CSR captured the essence of the importance of giving back to society, and it still holds true that “businesses exist at the pleasure of society” and “business acts as a moral agent within society” (Wartick and Cochran, 1985). CBCs takes the next stepping stone, after CSR, towards a green economy on the other side of the carbon era. The fourth sector, might be the next stepping stone if consumers continue to demand social and environmental responsibility from private industry.

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8. Appendix

Motivations for B Corp Certification Survey

Motivations for B Corp Certification

Thank you for taking the time to complete a short survey of your organization's motivations to become a certified B Corp. The information collected from this survey will be used for my master thesis in the Joint Nordic Master programme in Innovative Governance and Public Management (NORDIG), organized by the University of Tampere, Finland (UTA), the Royal Institute of Technology, Sweden and the University of Agder, Norway, and funded by the Nordic Council of Ministers during 2017-2020. Please feel free to contact me with any further questions or concerns. Thank you very much for your time and participation.

1. Please rate your motivations for becoming a B Corp.

	Not Important	Somewhat Important	Neutral	Important	Very Important
Protect the organization's mission	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase accountability and transparency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Attract investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase employee satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Meet consumer demands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Join a network of shared resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stand apart from the competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lead a Movement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promote environmental sustainability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gain legal status as a for benefit corporation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>