

RESEARCH ARTICLE

Certified corporate social responsibility? The current state of certified and decertified B Corps

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Abstract

In the age of accountability, companies are asked to communicate the social impact of their operations. Assessed by a nonprofit organization, B Lab, the B Impact Assessment (BIA) score is a rapidly growing third-party evaluation for for-profit companies. Using the publicly available 4061 company data provided by B Lab that spans across from 2007 to early 2020, this study provides the current state of the certified and decertified B Corps. The results show that the majority of the companies revisited the BIA every 2 years to recertify. Companies were likely to recertify especially after the third recertification, suggesting that earning the B Corp status can become routinized. The current study shows that the average attrition rate over the entire history of B Corps is 23.7% and the majority of the decertified operate with less than 10 employees. The currently certified companies had a higher overall BIA score than the decertified companies. However, other differences were not apparent.

KEYWORDS

B Impact Assessment, B Lab, certified B Corp, corporate social responsibility, third-party certification

1 | INTRODUCTION

Companies often make investments to meet various stakeholders' expectations regarding social and ethical responsibilities that go beyond fulfilling their economic and legal responsibilities (Carroll, 1979). The literature points to two different types of company motives when it comes to engaging in corporate social responsibility (CSR) activities. From a public-serving view, firms act as good corporate citizens for philanthropic reasons (Forehand & Grier, 2003). From a self-serving perspective, engaging in CSR activities and communicating it to the public can be used as a competitive advantage that differentiates one company from another (Du et al., 2010). Firms engage in CSR activities because if the two motives are balanced well, a win-win situation is established: the companies can fulfill their social and ethical responsibilities and the public can form favorable perceptions about companies that support social value and solidify loyalty (Lacey & Kennett-Hensel, 2010; Lichtenstein et al., 2004). Furthermore, the resultant financial return for the companies increases confidence in investing in environmentally friendly companies, resulting in

so-called "impact investing" (Höchstädter & Scheck, 2015). Therefore, paying close attention to the social and environmental ramifications of a firm's operations is an important business strategic move made by current companies.

As a firm's CSR activities have become an important information to various stakeholders, companies have begun to take interest in communicating and publicizing their efforts with respect to business operations that have social and environmental concerns (Du et al., 2010; Sen & Bhattacharya, 2001). CSR report is one form of documentation that companies share to convey such information (Nielsen & Thomsen, 2007; Rim et al., 2019). Some companies disclose and communicate such information through company websites (Tagesson et al., 2009). Another way to verify a company's commitment to the society and the environment is through earning certifications (De Magistris et al., 2015; Etillé & Teyssier, 2016). Third-party certification is not a legal requirement but it is often used to validate and communicate a company's voluntary commitment to the internal and external stakeholders. Therefore, when certified through a third-party organization, companies are able to demonstrate their



dedication to creating societal value. As a result, third-party certification is observed as a growing trend and there are multiple organizations that certify companies for being socially and environmentally responsible.

The purpose of this study is to examine a widely used sustainability certification called B Corporation (“B Corp”) launched in 2007 and awarded by a non-profit organization called B Lab (B-Corporation website, 2020). Although B Lab is an organization founded in the United States, it has rapidly expanded its scope in the past decade and has awarded the B Corp certification to for-profit organizations across the globe. With the growing interest in certifying CSR activities, studies have begun to examine the practices of certified B Corps (Gehman & Grimes, 2017; Moroz et al., 2018). The early studies focused on defining and explaining what certified B Corps are and how they relate to CSR (André, 2012; Hiller, 2013). More recently, studies have started to examine what it communicates to the stakeholders and the value companies may gain in return (Cooper & Weber, 2020; Poponi et al., 2019; Villela et al., 2021).

However, many of these studies are geographic specific, examining B Corps in a particular region such as investor perception in the United States (Poponi et al., 2019) and female representation in the boards of directors in B corps in Europe and the United States (Ardito et al., 2020). While these studies contribute to the literature by examining the outcome of going through the certification process, there is a lack of understanding of the key trends regarding certified B Corps. For example, how many firms get certified and decertified, which regions of the world take interest in the B Corp certification, and the characterization of the B Corp certified/decertified companies over time. One study has examined the geographic and industrial landscape of certified B Corps, however, the analysis was confined to companies in the United States and did not analyze decertified companies (Cao et al., 2018). This is the first study to explore all 4061 company data to explain the key patterns of certified and decertified B Corps. By examining the characteristics of the certified and decertified B Corps, theoretical and practical implications are provided.

2 | LITERATURE REVIEW

2.1 | CSR and CSR reporting

Socially responsible companies are more likely to be perceived trustworthy. One of the reasons for such perception is that companies have been subject to blame for failing to advance issues that govern our society (Villela et al., 2021). Therefore, companies have become better at paying attention to keeping their business operations adhere to the socially responsible standards. Making progress in gender inequality and diversity issues (Grosser, 2009) and taking steps to manage CO₂ emission in response to climate change blame (Weinhofer & Hoffmann, 2010) are some examples of corporate initiatives taking social responsibility. The notion of CSR is gaining attention not only because it is an ethical practice but also because there is a growing body of studies demonstrating financial return for the

companies. For example, using a companies' corporate environment responsibility score and financial data, a study has shown that a company's commitment to environmental responsibility influences economic growth (Choi et al., 2019).

One potential barrier to the success of implementing CSR and communicating a company's effort is external stakeholders' perceived authenticity of the acts (Miras-Rodríguez et al., 2020). Although consumers have high expectations for companies to be socially responsible, a study found that consumers were skeptical of CSR activities (Schröder & McEachern, 2005). When the company's motive is perceived to be insincere and a discrepancy between a brand and CSR activities exists, savvy consumers do not reward the companies (Forehand & Grier, 2003; Torelli et al., 2012). Therefore, strategic use of CSR reporting is becoming increasingly important for companies (Hahn & Kühnen, 2013; Pérez, 2015), and the decision to invest in various ways to implement corporate responsibilities have called for research to better understand how to communicate such effort to their stakeholders.

2.2 | Third-party certification of ethical standards

While companies can voluntarily opt to follow industry standards for socially responsible operations, being officially certified for good deeds is one way to communicate to the stakeholders that they are socially conscious corporate citizens. Instead of companies advocating for themselves, a third-party certification verifies that the company meets a set of benchmark standards in certain areas (environment, workers, foody safety, etc.) and serves as an objective marker (Darnall et al., 2018). Studies have shown the positive appeal of certification labels, and signaling theory (Connelly et al., 2011) is often used as a theoretical framework to explain the positive effect of communicating a company's social and environmental commitment using certification or seals of approval such as eco-labels (Atkinson & Rosenthal, 2014; Bickart & Ruth, 2012; Thøgersen, 2000). As an evidence of objective approval, certification reduces information asymmetry between companies and the receivers of information (Connelly et al., 2011) by providing information about a company's decisions that influence social and environmental consequences that otherwise consumers may have overlooked.

For any type of third-party certification, companies must voluntarily apply to be assessed. The third-party organization then assesses the company against a set of standards. Going through the certification process gives companies some rigor to how they manage and monitor their social and environmental impact as they do with their financial returns (B Corporation, 2020). There are multiple certification systems that help organizations substantiate their social, environmental, and ethical standards. For example, Fair Trade and organic labels imply that the products are grown without harming the environment, the International Organization for Standardization's ISO 14001 standards focuses on setting environment-friendly management. Social Accountability International offers SA-8000 and audits a company's compliance with creating a socially acceptable workplace.

Companies pursue these initiatives as the certified label is expected to act as a credible signal to the audience (Connelly et al., 2011). With a third-party certification, organizations provide consumers the confidence that their consumption does not lead to harming the social or environmental causes (Parker et al., 2019). It can also be used as a point of differentiation, which may lead to a favorable reputation in the long run (Villela et al., 2021). The certified label can serve as a cue to consumers especially when they believe that they can make a difference by choosing products with the label (Thøgersen, 2000). With this line of reasoning, B Lab explains that similar to Fair Trade Certified coffee or USDA Organic food, the B Corp certification for companies can help consumers make informed decisions. Indeed, an interview with consumers in Chile revealed that they purchase products from B Corps to achieve a sense of socio-environmental responsibility, to fulfill self-satisfaction as an agent of supporting responsible businesses, and to improve health and quality of life (Bianchi et al., 2020). In addition, knowledge about B Corp certification is found to influence consumer willingness to pay a premium for socially responsible goods (Ivanova et al., 2018).

2.3 | Certified B Corps

This study focuses on certified B Corps, a third-party certification provided for sustainability. In the literature, the terms benefit corporation and certified B Corps often appear simultaneously and, thus, the following distinction is made between the two (Kopaneva & Cheney, 2019). A benefit corporation is one form of for-profit corporate entity, a legal status authorized by 35 states in the United States and in Italy (Gazzola et al., 2019). Under corporate law, companies have to place the highest priority to profit and interests of shareholders over others even if it requires sacrificing the social and environmental values. However, passing benefit corporation legislation gave entrepreneurs to pursue and give precedence to other values and unlike traditional corporations, a benefit corporation can make executive decisions that prioritize protecting the environment, for example, even if it means sacrificing shareholder values.

On the other hand, a certified B Corp is a company that has been audited by B Lab and has successfully met the requirements set by B Lab. A non-profit enterprise called B Lab began the movement with the vision that companies work to “be not just best in the world but also best for the world” (B Corporation, 2020). To become a certified B Corp, the first step the companies are required to take is to complete a “B Impact Assessment (BIA).” BIA assesses the company's overall impact on its stakeholders. Companies submit supporting documentation and are assessed by B Lab. The standards set by B Lab are not legally enforceable, but earning the certification shows a company's commitment to sustainability. Considered nonfinancial performance of companies, environmental, social, and governance (ESG) are commonly referred to as the central criteria to sustainability. The BIA questions reflect this and the score indicates how a company creates a positive impact in five areas: the governance, the company's workers, the community, the customers, and the environment. A

company's overall BIA score is based on their answers to roughly 200 questions, and the company earns points for positive answers to each question. To be B Corp certified, companies must achieve a score of 80 points on BIA out of 200 possible points.

The governance dimension measures a company's engagement with its mission and the transparency of its policies and practices. It considers feedback solicited from its stakeholders and the inclusion of social/environmental mission in employee training and performance review of management. The workers dimension assesses issues such as the pay gap, worker benefits, training and education, job flexibility, and corporate culture. The community dimension measures local involvement, diversity and inclusion, civic engagement and giving, and community practices. The customer dimension assesses whether the company contributes to providing products and services for underserved populations. The environment dimension assesses the environmental consciousness of the company's operations such as the use of renewable energy, recycling, and water conservation.

Some studies have questioned the utility and the value of B Corp certification. For example, a study has shown that companies with B Corp certification experience an average of 20 percent short term growth penalty (Parker et al., 2019). This argument certainly needs to be thoroughly examined, but prior to that, it is worthwhile to examine the general trend of the B Corp certification to observe the sustainability of the certification itself. There are many other third-party certifications available—more than 450 sustainability related certifications exist (Gehman et al., 2019). Some are only relevant to a specific industry, focused on the environmental aspect only, or confined to a specific region. On the other hand, B Corp is known to be a comprehensive certification that provides social and environmental audits and has been attracting companies across the globe. This wide appeal and inclusiveness make B Corp certification stand out from other certifications. Therefore, the number and the characteristics of companies that recertify and decertify over the years, the attrition rate of the B Corps, and a comprehensive analysis of the geographic distribution and the size of the companies might provide some clue to the utility of B Corp. In addition, examining the scores evaluated by B Lab may help reveal the current state of sustainability in the five dimensions measured. Against this backdrop, the following research questions are asked:

RQ 1 *What is the current state of the certified B Corps? Specifically, (a) how many companies have recertified and decertified? (b) how extensive are the geographic locations of the certified companies? and (c) what type of companies take interest in certified B Corps?*

RQ 2 *When do companies decertify?*

RQ 3 *How have the B Impact Assessment scores changed over the past 10 years?*

3 | METHOD

The data set made publicly available in February 2020 by B Lab was obtained from data.world (<http://data.world/blab/b-corp-impact-data>). A certified B Corporation itself, data.world is a platform that



allows users to share data sets and collaborate. The accessed data included certification records that date back to 2007, which is the inception of the certification, to as recent as January 2020.

The data set included the following information for each company: the current status of the company (0 = decertified, 1 = certified),¹ the first date of certification, the number of times (and the date) certified, the size of the company measured by the number of employees (1 = companies with 0 employee or sole proprietorship, 2 = 1–9, 3 = 10–49, 4 = 50–249, 5 = 250–999, 6 = 1000+ employees), the location, and the overall BIA score and scores and for the five dimensions.

All data points were included in the analyses (a total of 6465 cases). The data set includes information about the first time companies were certified and all ensuing records of recertification. To maintain the certified B Corp status, companies are required to complete the BIA periodically every 2 years (as of 2018, this policy has been changed to 3 years). Therefore, if a company was first certified in 2016 and recertified in 2018, there are two data entries for the company. However, not all companies completed the assessment on a regular basis. Some waited three or more years to go through the next round of assessment. Due to these irregularities, the following analyses are either based on the year the companies were first certified or the most recent year each company was certified.

4 | RESULTS

4.1 | The state of the certified B Corps

Over the years, companies recertify or be decertified. Among the companies that have gone through the BIA at least once, 3100 companies are currently certified and 961 have been decertified (see Table 1). The number of companies has rapidly grown between 2009 and 2016, but at the same time, the number of companies that chose to decertify have increased as well, especially up until around 2013. Interestingly, 69.6% of the companies that were in the first cohort of certified B Corps in 2007 still maintain their certified status, which is quite high compared to later cohorts. Those companies have been recertified 4 to 5 times over the past decade or so.

Demonstrating the global expansion of the certified B Corps, the names of 136 countries were listed in the data. Among them, companies from 72 countries maintain the current status of certified B Corp. To make the analysis manageable, the countries were recoded into continents (Africa, Asia, Australia/Oceania, Europe, South America) and the United States and Canada were kept separate as both countries had a sizable number of certified B Corps—close to 50% of the companies are from the United States and Canada.

The data was further examined to see whether certain regions of the world were more likely to opt to decertify. The vertical percentage is calculated by dividing *n* by the total number of companies certified or decertified to examine the composition of the regions among the certified and decertified companies. The horizontal percentage is calculated by dividing *n* by the total number of companies from the

TABLE 1 Current status of the B Corps

First certified	Current status				Total
	Certified		Decertified		
	<i>n</i>	%	<i>n</i>	%	
2007	32	69.6	14	30.4	46
2008	23	59.0	16	41.0	39
2009	18	41.9	25	58.1	43
2010	46	54.8	38	45.2	84
2011	59	56.7	45	43.3	104
2012	113	51.6	106	48.4	219
2013	149	50.0	149	50.0	298
2014	223	59.0	155	41.0	378
2015	307	65.0	165	35.0	472
2016	456	73.4	165	26.6	621
2017	536	90.1	59	9.9	595
2018	547	96.0	23	4.0	570
2019	572	99.8	1	0.2	573
2020	19	100.0	0	0.0	19
Total	3100	76.3	961	23.7	4061

region to examine what percentage of the companies in a particular region are certified and decertified.

As shown in Table 2, companies based in the United States not only have the highest number of companies that decertify in absolute terms but also proportionately as well. Among the companies in the United States that have gone through BIA, 30.1% are currently decertified. European companies are smaller in number but among the European companies, less than 15% of them are currently decertified, which is half the attrition rate of the U.S. companies. Overall, 23.7% of the companies that have experience with BIA at some point are currently decertified.

Table 3 suggests that smaller companies are more likely to take interest in the certification. More than half of the companies had less than 10 employees and more than 80% of the companies had under 50 employees. The largest segment was the companies with 1 to 9 employees with 37.1% of the companies having gone through the certification process. In addition, one can expect to see a higher percentage of those smaller companies decertify than the larger companies. For example, attrition rates for the companies with 0 and 1 to 9 employees are 34.8 and 26.5%, respectively, compared to 5.9% for the companies with more than 1000 employees.

4.2 | When do companies decertify?

Among the decertified, 65.6% stopped the certification process after the first cycle; about 90% stopped after the first two rounds of certifications. Among the companies that have gone through the certification process once, about a quarter of them have decertified. As companies go through more rounds of certification process, they seem to be less likely to decertify. This implies that perhaps by the

TABLE 2 The numbers of companies certified and decertified by region

Region	Current status						Total	
	Certified			Decertified				
	<i>n</i>	Vert % ^a	Horiz % ^b	<i>n</i>	Vert %	Horiz %	<i>n</i>	%
United States	1248	40.3	69.9	537	55.9	30.1	1785	44.0
Europe	646	20.8	85.4	110	11.4	14.6	756	18.6
S. America	519	16.7	82.0	114	11.9	18.0	633	15.6
Canada	270	8.7	74.4	93	9.7	25.6	363	8.9
Oceania	279	9.0	81.8	62	6.5	18.2	341	8.4
Asia	99	3.2	74.4	34	3.5	25.6	133	3.3
Africa	39	1.3	78.0	11	1.1	22.0	50	1.2
Total	3100	100	76.3	961	100	23.7	4061	100

Note: $\chi^2(6) = 93.48, p < 0.001$.

^aVertical % is calculated by dividing *n* by the total number of companies certified or decertified.

^bHorizontal % is calculated by dividing *n* by the total number of companies from the region.

TABLE 3 The size of the certified and decertified companies

Size	Current status						Total	
	Certified			Decertified				
	<i>n</i>	Vert % ^a	Horiz % ^b	<i>n</i>	Vert %	Horiz %	<i>n</i>	%
0	438	14.1	65.2	234	24.4	34.8	672	16.6
1–9	1106	35.7	73.5	398	41.5	26.5	1504	37.1
10–49	986	31.8	81.4	225	23.5	18.6	1211	29.8
50–249	410	13.2	85.1	72	7.5	14.9	482	11.9
250–999	112	3.6	81.2	26	2.7	18.8	138	3.4
1000+	48	1.5	94.1	3	0.3	5.9	51	1.3
Total	3100	100.0	76.4	958 ^c	100.0	23.6	4058 ^a	100.0

Note: $\chi^2(5) = 101.34, p < 0.001$.

^aVertical % is calculated by dividing *n* by the total number of companies certified or decertified.

^bHorizontal % is calculated by dividing *n* by the total number of companies in the same size category.

^cThe data set had three missing values.

TABLE 4 The number of times companies have been certified

Frequency	Current status						Total	
	Certified			Decertified				
	<i>n</i>	Vert % ^a	Horiz % ^b	<i>n</i>	Vert %	Horiz %	<i>n</i>	%
1	1799	58.0	74.0	630	65.6	25.9	2430	59.8
2	825	26.6	77.5	240	25.0	22.5	1065	26.2
3	330	10.6	82.3	71	7.4	17.7	401	9.9
4	110	3.5	87.3	16	1.7	12.7	126	3.1
5	34	1.1	94.4	2	0.2	5.6	36	0.9
6	2	0.1	66.7	1	0.1	33.3	3	0.1
Total	3100	100.0	76.3	961	100.0	23.7	4061	100.0

^aVertical % is calculated by dividing *n* by the total number of companies certified or decertified.

^bHorizontal % is calculated by dividing *n* by the total number of companies with the same number of frequency.

third renewal, companies develop stronger commitment to the certified B Corp status and are likely to continue with the process as a routine exercise for their business (see Table 4).

To take a closer look at the data, companies that did not recertify after earning their first certified B Corp status were examined by the year they were certified, the region, and the size. Table 5 shows that

Year certified	n	%	Region	n	%	Size	n	%
2007–2008	3	0.5	United States	296	47.0	0	163	26.0
2009–2010	7	1.1	Europe	98	15.6	1–9	259	41.3
2011–2012	58	9.2	S. America	90	14.3	10–49	145	23.1
2013–2014	183	29.0	Canada	56	8.9	50–249	42	6.7
2015–2016	296	47.0	Oceania	51	8.1	250–999	16	2.6
2017–2018	82	13.0	Asia	31	4.9	1000+	2	0.3
2019	1	0.2	Africa	8	1.3			
Total	630	100		630	100			100

TABLE 5 The characteristics of the companies that decertified after their first BIA

Status	BIA	n	Mean	SD	Min	Max	Median	Mode
Certified	Overall	3100	95.02	16.01	16.60	183.00	89.90	80.50
	Governance	3100	12.71	3.99	2.60	27.9	12.80	14.10
	Workers	2667	23.73	8.28	0	67.3	23.73	23.80
	Community	3100	31.26	16.01	0	125.4	89.80	80.5
	Customers	2878	14.32	16.31	0	79.40	8.40	0
	Environment	3100	17.29	13.37	0	96.90	11.90	7.20
Decertified	Overall	961	93.38	14.42	78.2	162.50	88.10	80.80
	Governance	961	12.14	3.86	2.6	23.50	12.00	10.00
	Workers	845	21.65	9.93	0	72.10	23.10	0
	Community	961	31.57	15.68	6.5	110.0	27.10	173.30
	Customers	881	14.79	16.85	0	75.20	8.60	0
	Environment	961	17.02	12.95	0	80.90	11.70	8.30

TABLE 6 BIA scores of currently certified B Corps and decertified

the largest number of companies decertified after their first certification during 2015 to 2016. Companies from the United States are by far much more likely than the companies from other regions of the world to not renew their certified B Corp status after their first certification. Similar to the observation made in Table 3, the attrition rates for the companies with more than 50 employees seem to reduce considerably.

4.3 | The B Impact Assessment over the past 10 years

The most recent BIA scores of the companies from the certified and decertified groups were used. Descriptive statistics are provided in Table 6. A series of t-tests were conducted to see if there are any mean differences between currently certified and decertified companies. The currently certified companies had slightly higher overall BIA score [$t(4,059) = -2.85, p < 0.001$], governance [$t(4,059) = -3.95, p < 0.001$], and workers dimensions [$t(3,510) = -6.05, p < 0.001$] than the currently decertified companies. However, there were no significant differences for community, customers, and environment scores.

Overall, it is difficult to conclude that there is a meaningful difference between the two groups. Therefore, all the BIA scores for each

year were aggregated and, thus, all cases were included in the analysis to examine any noticeable trend from the scores over the years. There were some patterns such as a negative relationship between the year of the certification and the overall score ($r = -0.11, p < 0.001$) and between the year and the customers dimension ($r = -0.15, p < 0.001$), a positive relationship between the year and the community ($r = 0.07, p < 0.001$) and governance ($r = 0.07, p < 0.001$) dimensions. However, the strengths of the relationships were negligible to affirm any patterns.

5 | DISCUSSION

5.1 | Major findings and implications

In addition to making profits, companies have started to place high value on sustainable growth. Sustainable growth means that a company is operating based on a trusting relationship with its stakeholders including its customers, employees, and the government, and there is a widespread interest in understanding how companies can contribute to achieving this corporate value. According to Gehman et al. (2019), scholarly interest in certified B Corps is gaining momentum with legal and management scholars taking different approaches to scrutinize this phenomenon. An emerging line of research in this area explores

why and what type of companies earn B Corp status (Grimes et al., 2018; Stubbs, 2017). For a third-party certification to exercise influence on the stakeholders, it needs to be recognized by them and perceived trustworthy. Therefore, scholarly attention is an important part of contributing to the promotion and the support for CSR, and for the companies to find value in going through the certification process, studies on the certification itself is essential especially on one such as B Corp that has a global appeal (Gehman et al., 2019).

The philosophy behind BIA and earning the certified B Corp status can be explained by stakeholder theory. Stakeholder theory views that a company is accountable to its shareholders and to all stakeholders who are affected by its business activities including employees, customers, communities, and suppliers and that all stakeholders are equally important (Freeman & Dmytriiev, 2017). Thus, meeting the needs of all stakeholders should maximize company value, and as an evaluation tool, the governance, the company's workers, the community, the customers, and the environment dimensions assessed with BIA seems to be an effort to reflect this.

Based on the review of the literature, a study depicting the overall trend of B Corps was absent, perhaps due to lack of access to the comprehensive data. The only study that is close to serving the purpose was by Cao et al. (2018), but the analyses were mostly focused on certified U.S. companies. Therefore, the purpose of this study was to provide a high-level snapshot of the current state of the certified B Corps and make observations about both currently certified and decertified companies.

Earning a certified label is only the start of an achievement and commitment for the companies. From 2007 until most recently, more than 4000 companies across the globe have gone through the certification process with B Lab. Supporting the stakeholder theory, companies that repeatedly return to recertify seem to be satisfied with the BIA and some have been recertified 4 to 5 times over the past decade or so. The observation that companies are likely to recertify especially after the third recertification suggest that the companies are likely to continue to work on earning the certified B Corp status once it becomes routinized. On the other hand, in contrast to the fact that the overall number of B Corp certified companies has rapidly grown, the number of companies that chose to decertify have increased as well. While the companies that have undertaken the stakeholder theory and patiently applied it in their mission may have benefited from the change, perhaps the certification did not produce any of the expected benefits in the short term for the 65.6% of the companies that stopped the certification process after the first cycle. For the B Corp certification to thrive, the outcome of applying the stakeholder theory in the long run needs to be better communicated to the companies.

According to a study that analyzed the rate of decertification, 34% of the companies certified in 2014 were no longer certified by 2017 (Cao et al., 2018). The current study shows that the average attrition rate over the entire history of B Corps (from 2007 to January 2020) is 23.7%. While the overall attrition rate still remains quite high, it seems that there is a downward trend in attrition. Similar to the argument made by Cao et al. (2018), assessing why companies

decertify is not possible with the currently available data. Some companies might not exist anymore (Cao et al., 2018) or perhaps this is a result of shortage of human resources as revealed in interviews with the decertified companies (Moroz & Gamble, 2021). The fact that the majority of the companies are operating their business with less than 10 employees whereas larger companies were less likely to decertify provides some evidence to this. To work on a comprehensive assessment like the BIA, the size of the company matters. For small business, the number of questions asked in the BIA needs to be adjusted and/or some dimensions may have to be waived.

The results and the findings extracted from this study offer some important practical implications and directions for future research. Based on this general overview of the companies involved with B Corp certification, future studies can examine the following issues.

First, why do companies decertify even after several rounds of certification process? Companies may decide to stop renewing the certified badge for several reasons. For example, the human resources, the fee, and the need for continual modification to company policies might become a burden. Perhaps earning the certification once is the goal and companies do not find it necessary to continue with the same process every couple of years. Or, do companies stop finding value after a while? There are other guides that companies can utilize and companies can possibly turn to those. For example, ISO 26000 provides an International Guidance Standard on Social Responsibility and sets principles akin to B Corp dimensions. While ISO 26000 is only presented as a guide and not an audited certification (Hahn, 2013; Moratis, 2018), stakeholder's perception of the two might be similar. For instance, a study has found that willingness to pay for certified products is greater than for products without certification, but consumers did not necessarily act differently upon two different types of certification (De Magistris et al., 2015).

Second, examining the snapshot of the current state of the B Corps revealed that companies in the United States, especially, are proportionately more likely than companies from other regions to decertify. Companies that originate from Europe and South America are less likely to decertify. Delving into the reason the relatively higher attrition rate in the United States is needed. One possible explanation is the growing adoption of benefit corporation legislation in the United States. Perhaps the decertified companies have assumed the benefit corporation structure and, thus, find that the certified B Corp title does not bring additional value to their company.

Third, studies on B Corps found that the primary motivation for obtaining certification is matching value—when companies find that the values promoted by the B Lab match theirs, companies are likely to apply for the certification (Gehman & Grimes, 2017). The results of summarizing the scores of the BIA seem to show that companies that were certified had higher scores on average than those certified in the later years. The implications of this is not clear, and a better understanding of the process of scoring is needed especially since B Lab explains that BIA can be used for educational purposes to use it as a guide to track the impact the company is focusing on. If that is the case, companies should observe that their scores rise over the years.



Perhaps simply aggregating the scores might have blurred the patterns for individual companies. Future studies might find a better way to understand the score patterns.

5.2 | Limitations

Some limitations of the study should be noted. First, B Corp is only one of the many certifications companies can earn and, thus, limits the interpretation of the results. However, more than 4000 companies have experience with BIA suggests that it is certainly a well-accepted measure. Second, through a thorough examination of the dataset, the researcher was able to correct some of the errors (e.g., the size of the company, incorrectly labeled certified cycle, duplicate measures). While the data provided by B Lab had minimal missing values, with over 6000 cases, the analyses may be subject to potential inaccurate values.

In conclusion, it is admirable that companies commit to evaluating sustainability of the business operations, but a certified B Corp title is about adding to the branding of a company to communicate its commitment to sustainability (Ivanova et al., 2018). For the certification to add value and become the norm, it needs to be promoted and the consumers have to have an understanding of what the certification represents. One way to achieve this is through attracting more scholars to vet different aspects of the certification. Therefore, B Lab's decision to provide the data set to the public is commendable. This study provided the first effort and calls for future research for further extensive analyses.

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ENDNOTE

¹ The *decertified* status could mean that the company did not seek recertification when it was up for recertification or perhaps the company no longer met the standard set by B Lab and did not earn the *certified* status. However, the data set does not provide information on this.

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