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Social Impact Certifications: The Effect of B Corp on Social Enterprises

Frederic Schilch

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Abstract

Title: Social Impact Certifications: The effect of B Corp on Social Enterprises

Author: Frederic Schilch

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The goal of this dissertation is to understand how the certification B Corp issued by the non-profit organization B Lab can support social enterprises in growing their impact and business and how being certified with B Corp affects the behavior of consumers. In order to answer the established research questions a mixed-methods research approach was developed, consisting of qualitative expert interviews and a quantitative web-based consumer survey. The analysis of the results showed that becoming B Corp certified is associated with various opportunities like improved hiring, talent retention and investor relations, access to a large, benevolent community as well as a comprehensive guideline to build a socially and environmentally sustainable business. Moreover, existing prejudices like unhealthy time commitment and process complicatedness could be attenuated. Additionally, it was found out that B Corp can positively influence the perceived brand reliability and trustworthiness of a certified social enterprise. However, a significant positive relationship between becoming B Corp certified and the consumers' purchase intention could not be confirmed.

Sumário

Título: Certificações de Impacto Social: O efeito da B Corp nas empresas sociais

Autor: Frederic Schilch

Palavras-chaves: Impacto Social, Impacto Ambiental, Empreendedorismo, B Corp, Certificações

O objetivo desta dissertação é compreender como a certificação B Corp, emitida pela organização sem fins lucrativos B Lab, pode apoiar as empresas sociais no crescimento do seu impacto e negócio, e como esta afeta o comportamento dos consumidores. A fim de responder às questões de investigação estabelecidas, foi desenvolvida uma abordagem de investigação de métodos mistos, com base em entrevistas qualitativas a indivíduos experientes sobre o tema, e um inquérito quantitativo ao consumidor realizado online. A análise dos resultados mostrou que a obtenção da certificação B Corp está associada a várias oportunidades, como, uma melhor contratação, retenção de talentos e relações com investidores, acesso a uma maior e mais benevolente comunidade, bem como uma orientação determinante para construir um negócio social e ambientalmente sustentável. Além disso, os preconceitos existentes, como o compromisso exaustivo de tempo e as dificuldades do processo, poderiam ser atenuados. Adicionalmente, descobriu-se que a B Corp pode influenciar positivamente a percepção de credibilidade de uma marca e confiança em ser uma empresa social certificada fidedigna. Contudo, não foi possível confirmar uma relação positiva significativa entre a obtenção da certificação da B Corp e a intenção de compra dos consumidores.

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List of Abbreviations

BIA	B Corp Impact Assessment
CSR	Corporate Social Responsibility
QCA	Qualitative Content Analysis
SE	Social Enterprise
SROI	Social Return on Investment
UN	United Nations

1. Introduction

“Some things simply can’t be measured, and social value is one of them.” – (Emerson, 2003).

This critical quote by Emerson implies that it is not possible to measure social value. However, this paper wants to comprehensively examine one subcategory of social impact measurement methods – a social and environmental certification, namely B Corp. In recent years, the call for an overall more sustainable society has grown (Alexius & Furusten, 2019). Also, creating value beyond financial profit, e.g., social value, has become more and more of a goal for both entrepreneurs and investors (Daggers & Nicholls, 2016; Battilana et al., 2020). Economic actors on the supply side pursuing these dual goals are sufficiently known as *Social Enterprises* (SEs) (Doherty et al., 2014). The activity of investing in SEs with the aim of having a social or environmental impact and possibly foregoing the usual market financial returns is called *Impact Investing* (Hehenberger et al., 2019; O’Donohoe et al., 2010). An essential tool for SEs is social impact measurement since it serves accountability purposes, is crucial for obtaining financial and corporate support, and provides important insights for further business development and improvement (Ebrahim et al., 2014). Certifications are another medium through which SEs express their organizational identity and provide comfort to skeptics. A well-known example of those certifications is the B Corp certification, issued by the non-profit organization B Lab.

The academic interest in social entrepreneurship is continuously expanding (Dacin et al., 2011). Also, among scholars, there exist multiple calls for further research in the field of social and environmental impact. Choi & Majumdar (2014) state that the nature of social impact is still ambiguous. This is in line with the findings of Molecke & Pinkse (2017) that there exists a lack of definitional clarity in the field, leading to frictions between SEs and their stakeholders. Furthermore, there are no generally acknowledged methods or units for measuring social impact accurately. (Kroeger & Weber, 2014; Nicholls, 2009). A call for papers and panels in the context of the 13th International Social Innovation Research Conference even invited scholars to contribute research on certifications like B Corp, which is the aim of this paper.

On the managerial side, social impact measurement is a relevant topic. Most of the time it is expected by investors that the investee is able to prove its social impact (Molecke & Pinkse, 2017). Since SEs strive to publicize their organization's identity and aid individuals in recognizing it (Kim et al., 2016), certifications like B Corp seem to be a fitting solution for this purpose. Some academics have begun to challenge possible negative externalities of certifications, though (Parker et al., 2019).

The topic this thesis strives to understand is how the certification with B Corp can help social enterprises build and sustain a socially and environmentally impactful business. Therefore, the following research question was developed:

Research Question 1 (RQ1): “How can the B Corp certification support social enterprises in growing their impact and business?”

Furthermore, this thesis wants to examine what effect the certification with B Corp can have on the perception of the brand as well as the purchase intention of consumers. Accordingly, a second research question was established, which reads as follows:

Research Question 2 (RQ2): “How does the certification with B Corp affect the brand perception and the purchase intention of consumers towards products from social enterprises?”

2. Literature Review

2.1 Social Entrepreneurship & Social Enterprises

When talking about social entrepreneurship, different definitions can be found nowadays, often creating great confusion among both scholars and practitioners (Zahra et al., 2008). Nevertheless, it has become a global phenomenon and makes use of innovative techniques to solve social issues (Robinson et al., (Eds) 2009). Austin et al. (2006, p.1) explain social entrepreneurship can commonly be described as “entrepreneurial activity with an embedded social purpose”. In addition to that, Battilana & Lee (2014) state that economic actors answer social issues by including a mission and a purpose into their strategy as well as a business plan for financial stability. According to Filipe Santos, dean of Católica Lisbon, social entrepreneurship is the creation and evaluation of fresh approaches to significant yet unsolved societal issues (Jornal de Negócios, 2017). Dacin et al. (2011) states that the most promising definition is that the fundamental goal of a social entrepreneur is to create social value through providing solutions to social problems and combining for-profit with non-profit logics. Mair and Marti (2006) as well distinguish social entrepreneurship from other types of entrepreneurship due to a greater emphasis on generating social value and development rather than extracting commercial value. Additionally, social entrepreneurship has far-reaching economic repercussions, including the creation of new industries, the validation of new business models, and the redirection of resources to previously overlooked societal issues (Santos, 2012). Santos (2012) also states that “it is an approach that seems well suited to address some of the most pressing problems in modern society and improve capitalism”. (p. 350)

In this context, the term hybrid organization is often used for organizations that combine features of different institutional logics (Battilana & Dorado, 2010; Doherty et al, 2014) and are “able to handle multiple and conflicting demands such as taking social responsibility, generating profit, and employing sustainable strategies” (Alexius & Furusten, 2019, p. 547). A comprehensive bibliometric study by Hota et al. (2019) comes to the conclusion that, in recent years, the concept of hybridity has been rapidly integrated into the field of social entrepreneurship. According to Mair et al. (2015), hybrid organizations are defined by three characteristics:

- (1) a broad set of stakeholders,
- (2) the pursuit of various and frequently conflicting goals, and
- (3) participation in a variety of activities.

These hybrid organizations are becoming more prevalent, and research on them is expanding, as social interactants investigate how to incorporate ethical goals into their organizational structure, merging in their strategies both a mission and a purpose that responds to ethical concerns and a business plan that ensures their financial sustainability (Battilana & Lee, 2014). Often, this hybridity offers several new opportunities for innovation as well (Padgett & Powell, 2012). SEs on the other hand, are not, as often thought, the same as hybrid organizations but rather a perfect example of them (Battilana & Lee, 2014), with the goal to achieve a social mission through commercial activities (Pache & Santos, 2013). To accomplish this goal, SEs take strategic actions in order to finance their services by making use of economic opportunities in their non-profit venture's core activities (Nicholls, 2009). However, although the general expectations for ventures to pursue financial as well as social goals seem to be growing, this type of organization is still the minority (Battilana et al., 2022).

2.2 Social Impact

The term “impact” is dealing with a lack of definitional clarity as well as often being associated with the more precise “social impact” (Molecke & Pinkse, 2017). In a study by Phillips & Johnson (2021) it became apparent that the respondents could not agree on the real meaning of “social impact” and “social return”. However, this did not affect the frequency with which it is used in the contemporary language of social sector investors (Ebrahim & Rangan, 2014). According to Rawhouser et al. (2019), the majority of definitions define "social impact" as bringing about "positive" societal change. Burdge and Vanclay (1996) define it as follows:

The process of assessing or estimating, in advance, the social consequences that are likely to follow from specific policy actions or project development [. . .] Social impacts include all social and cultural consequences to human populations of any public or private actions that alter the ways in which people live, work, play, relate to one another, organize to meet their needs, and generally cope as members of society. Cultural impacts involve changes to the norms, values, and beliefs of individuals that guide and rationalize their cognition of themselves and their society. (p. 59)

Reasons for a strengthening of the social movement are organizations like the UN Global Compact, a growing social investment and indices sector as well as an increasing number of social reporting tools (Gray et al., 1997). There are numerous means through which actors and organizations can learn how to become more ethical in their missions and how to incorporate it into their organizational culture (Villela et al., 2021).

2.3 Social Impact Measurement

2.3.1 Basic Information

Over the last 40 years, metrics to address social objectives have developed, resulting in hundreds of competing approaches for measuring social impact (Mulgan, 2010). The recognition that accounting and reporting for an organization's social impact is critical for both the organization and society as a whole is still growing (Nicholls, 2009; Arena et al., 2015). Social impact measurement has become an important technique for social enterprises (Nicholls, 2018) since funders are increasingly demanding formal approaches for measuring social impact, based on performance monitoring and reporting practices inherited from the accounting and finance industries (Molecke & Pinkse, 2017). However, a critical stream of literature is forming that exposes the dangers of using financial accounting methodologies to assess social impact because they either do not efficiently generate social impact data or the methods are seen as dysfunctional (Arya and Mittendorf, 2015; Ebrahim & Rangan, 2014). Another reason for the growing interest in social impact assessment by impact investors is the fundamental need for assuring impact when accepting a lower than market rate of return (Reeder et al., 2015). However, valid and reliable social impact data can be remarkably important for SEs because it supports legitimacy and can be of strategic value when interacting with key stakeholders (Nicholls, 2018).

When implementing social impact measurement, a major task is to isolate “the effect of the program from other factors and potential selection bias” (Khandker et al., 2009, p.4). In addition to that, according to Khandker et al. (2009), the evaluation of social impact can be distinguished in between two categories: *ex ante*, which describes approaches that forecast a project’s impact before implementation and *ex post*, which describes approaches that use collected data to evaluate the outcomes afterwards.

One well-known approach for impact measurement is the *logic model*. It indicates that inputs flow into activities that produce rapid outputs, resulting in medium- to long-term outcomes that have impacts on both communities and ecosystems (Barnett et al., 2020). This approach has been modified to assess the social performance of nonprofits, philanthropy, and social enterprises (Ebrahim & Rangan, 2014).

2.3.2 Problems / Barriers

As introductory mentioned, the ambiguity around the topic of social impact and its measurement causes frictions among stakeholders of SEs (Molecke & Pinkse, 2017). However, in the last two decades, methodologically separate approaches incorporating quite different evaluation logics have emerged and gained increasing respect (Ebrahim and Rangan, 2010). Still, it seems like only few ventures really incorporate these logics because managers are rather focusing on cost and income accounting (Mulgan, 2010). Additionally, it seems like the majority of impact assessment tools do not reflect that the interaction between supply and demand creates value and therefore are not aligned with the strategic and operational goals of SEs (ibid.).

One doubt scholars and practitioners are dealing with is that, in terms of regulating banks, it appears that measurement boundaries have already been reached in financial accounting (Haldane and Madouros, 2013). This is one reason that less known and more difficult dimensions of social impact are unlikely to be conveyed clearly and consistently in standardized, quantitative terms (Nicholls, Nicholls & Paton, 2015).

Another issue for SEs is the time and resource burdens in combination with a lack of trust in the existent methods when implementing social impact measurement (Phillips & Johnson, 2021).

For nonprofits and social enterprises competing with for-profits, the expectation to measure social impact amounts to overwhelming pressure, as observed by the leader of a community loan fund: “Where you can quantify outcomes great, but don’t stress about it because again you’re a social enterprise, you’re up against a competitive marketplace regardless of the industry and sector you’re in, and there’s this expectation you need to quantify the work you’re doing. For-profits don’t have to worry about that” (Phillips & Johnson, 2021, pp. 623-624).

Typically, the success of a project is evaluated by comparing the initial objectives with the achieved outcomes. However, when evaluating social project outcomes, the analysis needs to be carried out in more depth because one cannot be sure if the outcomes achieved, were reached due to a project or something different (Khandker et al., 2009).

After all, the question arises if there is a possibility to standardize social impact measurement across industries. Nicholls, Nicholls, and Paton (2018) propose three possible paths, one being a set of accounting regulations as it happened for financial data. Another one could be the emergence of self-regulated methods like the SROI model which stands for Social Return on

Investment (ibid.). Lastly, they propose a path by Mulgan (2010), who states the social investors' market might also stabilize around one approach by itself.

2.4 Consumer Behavior

Consumer behavior refers to the various ways individuals engage as consumers, particularly how they look for, purchase, and utilize goods and services (Johns & Pine, 2002). Continuous and expanding research in the fields of marketing and consumer behavior is influenced by continually shifting customer behavior (Wright, 2006). Studies have concentrated mostly on consumer behavior in conventional commercial contexts (Grubb, Field, Douglas, & Tarpey, 1967).

Changes in behavior have the potential to generate new trends and industries, such as green and ethical consumerism, when customers go beyond product credentials to evaluate a range of social and environmental issues (Wright, 2006). Connecting this to the topic of this paper, the majority of research has focused on Corporate Social Responsibility (CSR) and how it can affect customer behavior (Deng & Xu, 2017; Janssen & Vanhamme, 2015). There exists a favorable correlation between a firm's CSR initiatives and consumer perceptions of the company and its products, according to studies (Sankar Cen, 2013).

2.4.1 Brand Perception

Research has found that consumers can engage consumption in several ways (Tynan et al., 2014). Consumer or brand perception is defined as the consumer's total evaluation of a product's usefulness based on perceptions of what is gained and what is given (Zeithaml, 1988). Additionally, according to Zeithaml (1988), consumer perceptions of price, quality, and value are considered influential factors of shopping behavior and product selection. Perception, as per Kotler and Armstrong (2015), is the method through which individuals select, organize, and interpret information from a meaningful image of the world. Chaiken & Maheswaran (1994) state that if the information is attributed to a reliable source, it becomes easier to influence the decision-making process.

How consumers perceive credibility is controlled by the two primary components of source credibility: expertise and trustworthiness (Sterthal et al., 1978). In the context of this study, it is important to understand how the hybridity of social companies affects customer perceptions of product quality, as well as how consumer motivations for purchasing goods in commercial contexts differ in the context of social enterprises (Doherty et al., 2014).

2.4.2 Purchase Intention

Purchase intention is defined as the likelihood that consumers will purchase a particular product or service in the future (Wu, Yeh, & Hsiao, 2011). It is a core concept in consumer research that many practitioners and academics utilize as a proxy for actual purchasing behavior (Grewal, Krishnan, Baker & Borin, 1998).

Attitudes toward brands or goods influence purchasing intentions, which in turn serve as an indicator of purchase behavior (Spears & Singh, 2004). Although customers have indicated a desire to consider ethical factors when forming product opinions and making purchasing decisions, there has been a gap between intention and actual behavior (Bray et al., 2011). Still, it is known that brand perception influences purchasing intent via perceived quality, low risk, and information cost savings (Baek & King, 2011).

2.5 Social and Environmental Certifications

2.5.1 Basic Information

In 2018 more than 500 private-sector national and transnational non-governmental organizations were involved in certifying for-profit and nonprofit ventures through voluntary, third-party audits of their actions and impacts (Moroz et al., 2018). In numerous global markets, the influence of third-party audits and certifications on the opportunities entrepreneurs pursue is already apparent (King et al., 2005). Certifications are a common way for SEs to signal their identity and values to the public, which can be extremely advantageous when a company attempts to differentiate itself from the competition (Kim et al., 2016). Moreover, the external exposure can have positive effects on the brand credibility as product information that is readily accessible has a substantial impact on consumers' ethical perception and their opinion of the brand (Ferdousi & Sabah, 2017). Lytton (2014) also states that private certification as a way of risk management and quality assurance can offer benefits over government regulation, such as superior technical competence, improved inspection and monitoring of regulated businesses, and enhanced customer response and efficiency. The key to its success is, so Lytton (2014), that unlike governments that typically lack the resources necessary to create, administer, and enforce regulations, private certifications can earn fees to fund these expenses. In addition, industries that oppose government control are frequently eager to pay for private certification to boost the value of their products and services (ibid.). Other reasons for SEs being inspired to certifying their businesses than public image are the building of stakeholder relations, mission drift prevention, and management feedback (Crow & Danks, 2010). Additionally, it is vital to

note that consumers appear to be more motivated to purchase through branding and topical knowledge when it comes to certified products like Fairtrade (Wright & Heaton, 2006). As customers appear to be impacted by branding and expertise, this may be a sufficient rationale for social enterprises to explore methods to promote consumer participation through certification promotion (Bonar & Karson, 2019).

2.5.2 B Lab and B Corp Certification

B Corp is an international certification issued by the US-based non-profit organization B Lab and it does not only recognize companies for their social or sustainable impact, their accountability, and their transparency (B Lab, 2022a) but also helps them combine their social, environmental, and ethical goals (Villela et al, 2019). Moreover, throughout its certification process, B Lab aims to assist entrepreneurs in quantifying, capturing, raising awareness of, and legitimizing the social and environmental benefits they aspire to generate through their market operations, thereby fueling a social change movement (Hiller, 2013; Woods, 2016). The mission of B Lab is “shifting our global economy from a system that profits few to one that benefits all” and “advancing a new model that moves from concentrating wealth and power to ensuring equity” (B Lab, 2022a). Meanwhile, the B Corp network, which exists since 2007, consists of more than 5,000 companies from 154 industries and is spread over 80 countries (ibid.). To obtain the B Corp certification there are three requirements set by B Lab (ibid.).

B Impact Assessment

The first one is obtaining a B Impact Assessment (BIA) score of 80 or higher and pass B Lab’s risk review to demonstrate outstanding social and environmental performance (B Lab, 2022a). The B Impact Assessment can be carried out by every company on bimpactassessment.net. It also consists of three steps (B Lab, 2022b). First, the company must answer a series of questions divided into five categories, which are *governance*, *workers*, *community*, *environment*, and *customers* (ibid.). The weighting of the different questions partly depends on the track the company chose in advance (B Lab, 2022a). After completing the assessment test, which takes between 30 minutes and 3 hours, depending on the desired detail of the impact report, companies can compare their results with other companies (B Lab, 2022b). In addition to that, they are provided with guides to create and implement an improvement plan (ibid.).

Table 1: *Category Overview of B Impact Assessment*

BIA Category	Category Focus
Governance	<ul style="list-style-type: none"> • Evaluating the overall mission, engagement towards impact, ethics, and transparency • Assessing the ability to protect mission and to implement stakeholder needs in decision making through corporate structure
Workers	<ul style="list-style-type: none"> • Focused on the contributions to financial security, health and safety, wellness, career development, and engagement of employees • Recognition of business models which benefit employees through stock option programs or support for individuals dealing with employment barriers
Community	<ul style="list-style-type: none"> • Evaluation of engagement with and impact on communities, which are somehow linked to the company • Recognizes business models, which address community-oriented issues like poverty in a certain area
Environment	<ul style="list-style-type: none"> • Assessment of management practices regarding the environment as well as the company's impact on air, climate, water, land, and biodiversity (through operations, supply chain and distribution channels) • Recognizes environmentally innovative processes and products/services with positive environmental impact, e.g., consumption or waste reduction
Customers	<ul style="list-style-type: none"> • Evaluating stewardship of customers through product and service quality, ethics in marketing, data privacy, and feedback channels • Recognition of products/services that address social problems for customers

Note. Own Illustration retrieved from <https://kb.bimpactassessment.net/>.

Legal Commitment

The second requirement is changing the corporate governance system to be accountable not only to shareholders but all stakeholders and applying for benefit corporation status if it is jurisdictionally possible (B Lab, 2022a). B Lab even offers a so-called “Legal Requirement Tool”, which supports interested companies in integrating stakeholders into their governance structure depending on their location and corporate structure (ibid.).

Transparency

The last requirement to obtain the B Corp certification is committing to transparency by allowing the publication of the measured impact performance on a B Corp company profile on B Lab's website (B Lab, 2022a). In addition to publishing the results, every year a “Best for the World”, which is a rhetoric reference to the slogan “best in the world” (Villela et al., 2019), list is released, where the top-performing certified B Corps get honored in the five different categories (B Lab, 2022a).

Additionally, B Lab expects certified organizations to recertify every three years and therefore take on the BIA again, in order to keep their B Corp status (B Lab, 2022a). However, it seems that the majority of B Corp certified companies opts for recertification already every second

year and that the recertification process becomes a routine, especially after the third recertification (Kim, 2021).

According to Villela et al. (2019) there are growing research efforts in the field of B Corp regarding both a better balance of social and economic objectives and the long-term effect on organizations after becoming a B Corp. Moroz et al. (2018) for example focused on the lifecycle of certified B Corps and how they are related to the entrepreneurial journey.

2.6 Conceptual Framework for Quantitative Research

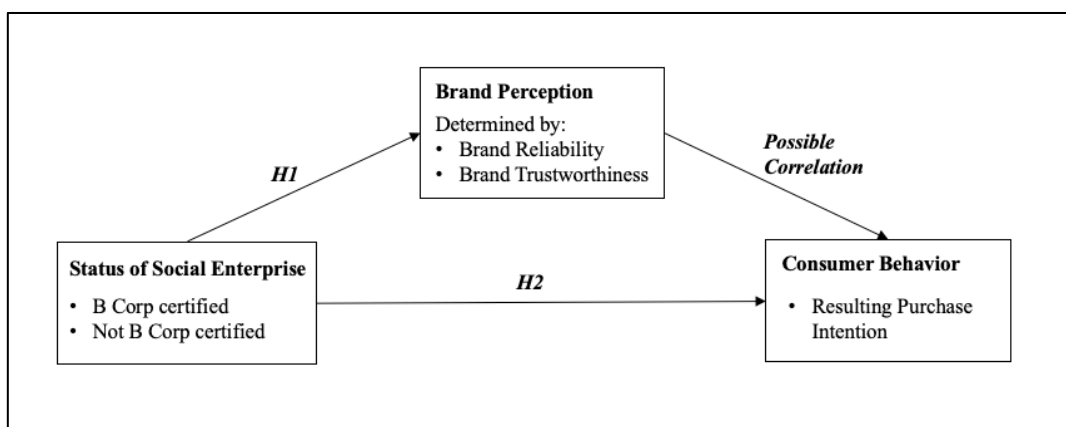
The literature review indicates that being awarded with a social and/or environmental certificate, especially with the B Corp certification positively influences the credibility and trustworthiness of a brand. Ferdousi & Sabah (2014) as well as Lytton (2017) both found out that it is the external exposure of those non-profit certifications that make them bring positive effects, like the aforementioned credibility and trustworthiness, to the brand. The hypothesis derived from this is:

Hypothesis 1 (H1): Consumers perceive brands which are B Corp certified as more reliable and trustworthy than non-certified brands.

Finally, the findings from the prior hypothesis are only truly useful for managers if the certification with B Corp also positively influences the purchase intention. In order to apply these findings to a management setting, it would be intriguing to determine the extent to which the certification with B Corp influences the purchasing intention. The hypothesis drawn from this is:

Hypothesis 2 (H2): Consumers are more likely to buy products from brands which are B Corp certified rather than from non-certified ones.

Figure 1: Conceptual Framework



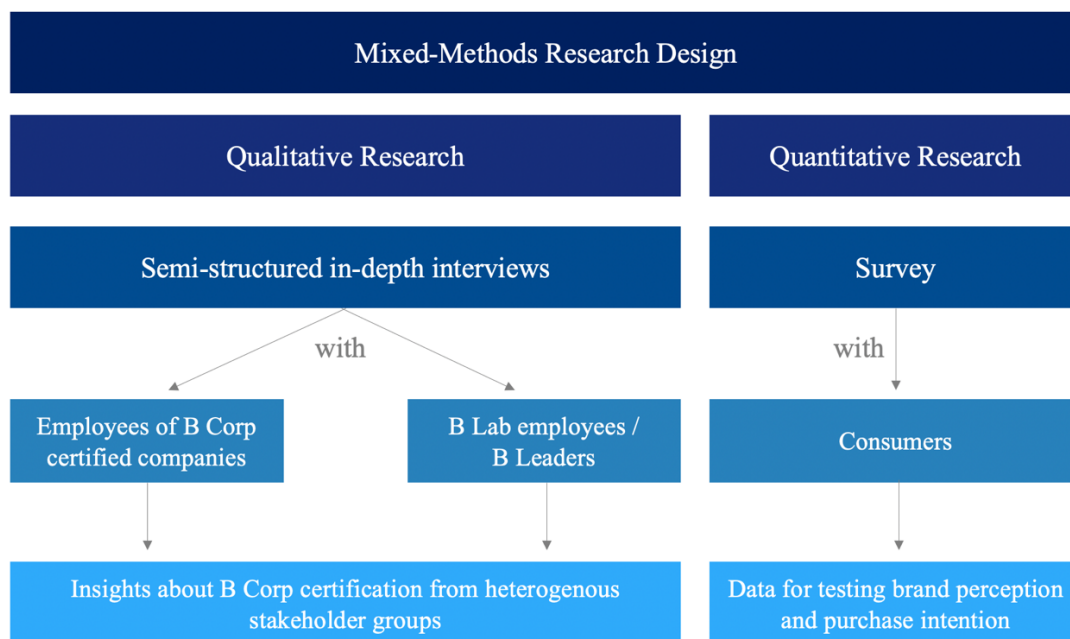
Note. Own Illustration.

3. Methodology

3.1 Research Design

This dissertation investigates how a B Corp certification, and the associated BIA can help SEs grow their impact and how it influences the consumers' brand perception. In the field of social impact there have been many calls for further research due to its ambiguity. As already mentioned there has also been a call for papers and panels in the context of research on social impact through certifications like B Corp. In order to comprehensively answer the research question of this dissertation, in-depth insights and information was needed. Therefore, a mixed-methods research design was applied. One key benefit of qualitative research is the description and comprehension of actual human interactions, meanings, and processes that constitute real-life organizational contexts (Gephart, 2004). In addition, by contrasting the qualitative with quantitative research a higher level of clarity can be achieved (ibid.) and potential gaps that may arise when using a single method alone can be prevented (Almeida, 2017). For the purpose semi-structured in-depth expert interviews were conducted because these are very useful when trying to obtain detailed information about a person's attitudes and actions (Boyce & Neale, 2006). Additionally, to challenge the outcomes of the interviews, a consumer survey was conducted. Although it can have a higher abandonment rate, a web-based survey seemed ideal for the purpose of this study due to its low cost and ability to reach a large number of potential respondents (Fan & Yan, 2010).

Figure 2: Methodologic Approach



Note. Own Illustration.

3.2 Qualitative Research

In this subchapter, the process of data collection for the qualitative part of research as well as the overview of expert interview partners will be presented. Furthermore, the theoretical framework for the evaluation of the expert interviews will be explained.

3.2.1 Expert Interview Data Collection

In this study, a representative and convenient sample of interviewees was obtained through seven expert interviews. This sample consisted of two stakeholder groups. The first one included employees of B Lab and B Leaders, which are schooled by B Lab. The other stakeholder group consisted of both founders and employees from B Corp certified companies. The interviewees were contacted via the business and job platform LinkedIn and were chosen based on their professional backgrounds, familiarity with the topics of social entrepreneurship and social impact, as well as their connection to the B Corp certification. The sample is composed of two schooled B Leaders, two B Lab employees, two employees of B Corp certified companies and two experts who are both, a B Leader and founder of a B Corp certified company. All interviews were held remotely via Google Meet or Zoom and lasted between 30 and 60 minutes. The questions posed to the interviewees thematized the interviewees' responsibilities, opportunities and obstacles for companies certified by B Corp and also questions regarding the BIA. The complete interview guideline can be observed in Appendix A. Table 2 provides a comprehensive overview of the experts, their expertise areas, and their classifications.

Table 2: Overview of expert interview partners

Expert #	Name	Expert Category	Position	Expert Classification
A	Andy Hawkins	B Leader & Founder of B Corp certified company	CPO	B Lab & B Corp
B	Anonymous	B Leader	Founder & CEO	B Lab & B Corp
C	Anonymous	B Lab employee	Business Sustainability Analyst	B Lab & B Corp
D	Anonymous	B Leader & Founder of B Corp certified company	Co-Founder & CEO	B Lab, B Corp & Entrepreneurship
E	Kyle Soo	B Lab employee	Partnerships & Product Manager	B Lab & B Corp
F	Tomás Vila Luz	Employee of B Corp certified comp.	Analyst	B Corp & Entrepreneurship
G	Joel Baynes	Employee of B Corp certified comp.	COO	B Corp & Entrepreneurship

Note. Own Illustration.

3.2.2 Expert Interview Evaluation

The evaluation of the interview findings was conducted using the approach of thematic analysis which is also often referred to as Qualitative Content Analysis (QCA). It is used by researchers and scholars from multiple fields, in order to support the researcher in the journey of understanding (Boyatzis, 1998). For this purpose, an interview structure was designed to facilitate an inductive evaluation of the most pertinent aspects and categorical conclusion drawing (Mayring, 2000). These categories, according to Mayring (2000), facilitate the search for trends in interviewee responses. To interpret the qualitative data derived from QCA, the categories are displayed in Appendix B in a coding table.

3.3 Online Survey

This subchapter of the methodology will thematize the survey composition, meaning the chosen theoretical bases for the web-based survey and the most important information on the data collection and demographics.

3.3.1 Survey Composition

Both, through the preliminary literature review and the expert interviews it has been found that there exists a possible positive correlation between being certified with a social or environmental certification, respectively the B Corp certification, and the brand credibility as well as the perception by consumers. In order to further challenge these findings, a web-based consumer survey was conducted. The reason for quantitatively, further examining the field of brand perception is that the remaining findings were rather company-internal or organizational ones and could not have been tested through a survey as easily as consumer-related findings.

To test the impact of a B Corp certification on the brand trust, brand perception and additionally purchase intention of consumers, the participants were assigned automatically and randomized to one of two scenarios, provided to them via the survey tool Qualtrics. For this manipulation survey a fictitious brand was developed with the objective of removing pre-existing ideas on real brands and the possible resulting distortion of the supplied material. The two scenarios were about the sportswear brand “Principals Clothing” and both of them informed the participants that the company wants to drive forward the social and environmental impact in the fashion industry. In addition, one of them states that “Principals Clothing” was recently awarded with the B Corp certification, including a short explanation, what that means. In order to avoid bias, no additional information on the company was provided. A detailed version of the scenarios can be observed in Appendix C.

Usually, scholars recommend conducting a manipulation check to make sure the manipulation of the survey participants through exposing them to two different scenarios works properly. In this case, however, such a test was not performed, since on the one hand the difference between the two scenarios is clearly evident and on the other hand, for those participants who do not know B Corp, a brief explanation of the system has been provided. Additionally, it has been questioned more in the past years whether manipulation checks are necessary and if they might be harmful to the outcome of a survey. According to Parrot & Hertel (1999), the most frequently expressed issue is that a manipulation check might reveal something about the researcher's hypothesis to the participant and thereby produce a bias and ultimately harm the manipulation. In order to make sure only thoughtful and accurate answers were given, the survey starts with a quick commitment check because it was found out that the rate of outliers and useless answers is much lower when compared to the use of an attention check (Qualtrics, 2022).

The first dependent variable consisted of the eight-item scale developed by Delgado-Ballester (2004), and it was used to analyze the brand's reliability. The scale contained four reliability and four intentions elements, allowing for efficient interpretation. The construct was tested on a seven-point balanced Likert-scale with the extremes being completely disagree and completely agree. Next, through one open question on "Principals" and a subset of the Multi-Factor Brand Bravery Scale (see Appendix C), the scenario's overall brand perception as well as specific components pertaining to cause, activism, brand identification, and word-of-mouth were collected (Jain et al. 2021), building the second dependent variable. Finally, in order to test the purchase intention of the participants, a three-item scale developed by Becker-Olsen et al. (2011) was incorporated into the survey as a third dependent variable.

Table 3: Overview of survey item sets

Topic	Scale	Items	Source
Brand Reliability	7-point Likert	8	Delgado-Ballester et al. (2004)
Brand Perception	Open question	1	-
Brand Perception	7-point Likert	13	Jain et al. (2021)
Purchase Intention	7-point Likert	3	Becker-Olsen et al. (2011)

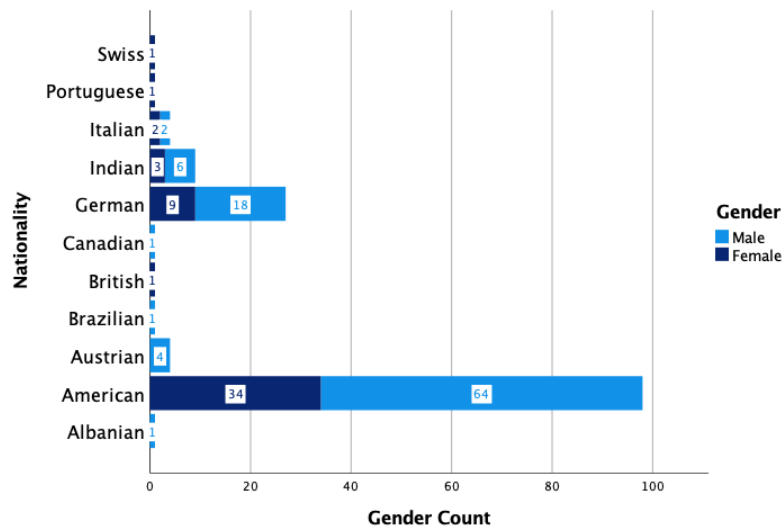
Note. Own illustration.

3.3.2 Survey Data Collection

The collection of the survey data took place from the 15th to the 17th of August and was distributed via several social media channels like LinkedIn and Instagram. Out of 215 survey participants, 151 fully completed it, which led to an elimination of 64 data sets. Additionally,

three participants did not choose the option “Yes, I will” in the commitment check, which led to an elimination from the data sample as well. Figure 3 depicts a demographic overview of the final sample of 148 participants, consisting of 97 (65.5%) male and 51 (34.5%) female consumers.

Figure 3: Demographics: Nationality and Gender of Participants



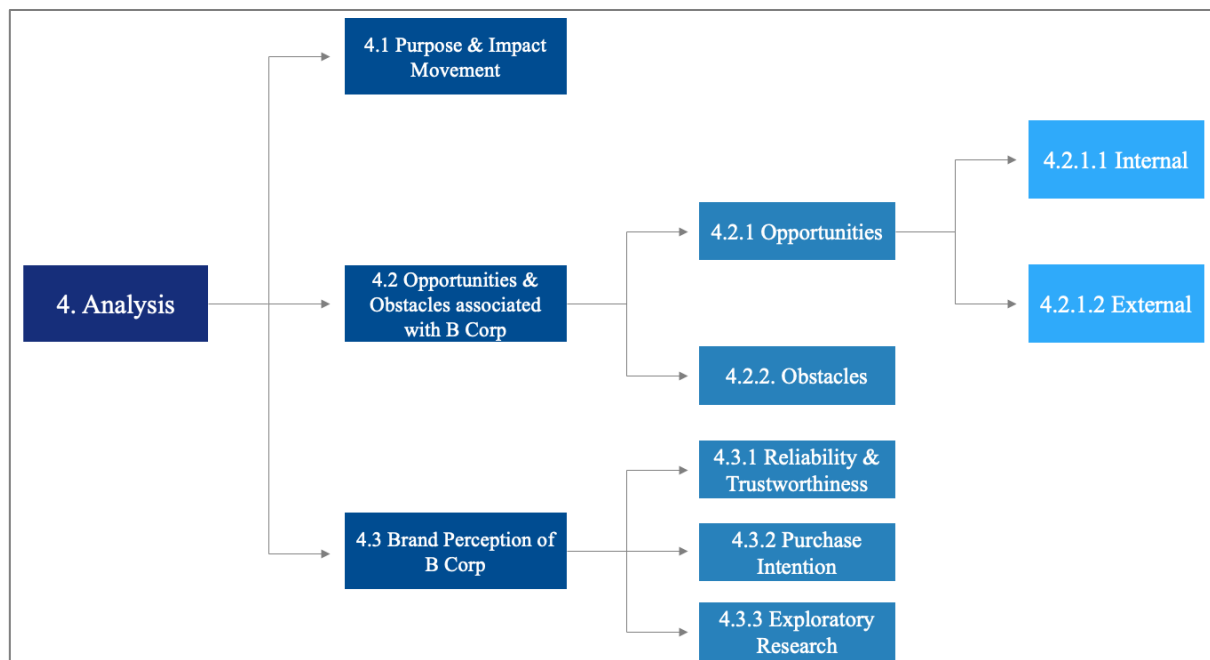
Note. Illustration via SPSS retrieved from customer survey (n = 148).

The majority of participants was of American nationality (66.2%), followed by German nationality (18.2%). The distribution of nationality is not an issue here since both the US and Europe represent western countries with a strong purchasing power (Citixsys, 2016). The age of the study’s participants ranged from 21 to 69 years ($M = 34.16$, $SD = 10.41$) with the most common educational level being Master’s degree (67.6%) followed by Bachelor’s degree (24.3%). With 28.4% the income group “25,000 - 49,999€” was the most common. Regarding the manipulation, 76 participants were assigned to the scenario with the non-certified company and 72 participants to the scenario with the company that was B Corp certified. Appendix D provides more detailed information on the demographics.

4. Analysis

In this chapter first the qualitative and then the quantitative results are evaluated. The data collected from the literature review was supplemented with data obtained from the customer survey and the expert interview. In relation to the qualitative study, several categories were established, each of which will be carefully expanded below. Figure 4 provides an overview of the aforementioned categories and sub-categories. SPSS and PowerPoint were utilized for graphical data representation.

Figure 4: Analysis Structure Overview



Note. Own Illustration.

4.1 Purpose and Impact Movement

In recent years, there has been a growing trend for purpose and social and environmental impact to play an increasingly important role for both companies and consumers. This leads to additional goals inside organizations and different expectations by consumers and governments. Expert D states that she “*kept coming across the purpose and B Corp movement*” and that “*this movement of sustainability in companies is in the foreground*”. Especially the term “*business as a force for good*” seems to be an important mission statement of the B Corp movement (Expert A & D). According to expert A, this desire for more purpose is also reflected in the applicants to B Corp certified organizations, as applicants from Generation X and Y in particular want to use their workforce to make a positive impact. Overall, six of seven experts emphasized that B Lab is pushing the purpose movement, which will lead to an increasing

awareness in the future. B Lab wants to be a force that helps and encourages businesses to move beyond profit as a sole determinant of success and accelerates the society's shift in terms of thinking and behavior in a more sustainable way (Expert E). Additionally, it is substantial nowadays for possible employees to work for a company that is inherently sustainable (Expert D). A possible reason for this might be that venture capital investors increasingly support SEs, which means that SEs are in a stronger financial position and employees no longer have to give up part of their salary to work in an impact venture. Overall, this trend is very important for both social entrepreneurs who want to build sustainable impact ventures and B Lab to scale their certification business and accelerate the trend even more.

4.2 Opportunities and Obstacles associated with B Corp

The review of the relevant literature and the analysis of the expert interviews revealed that the application for a B Corp certification and ultimately becoming B Corp certified is compounded by multiple opportunities for organizations but can also be associated with obstacles. In the following, the most important findings will be examined in detail.

4.2.1 Opportunities

During the analysis it was found out that the opportunities that come with a B Corp certification can be divided into internal and external opportunities. These will be presented in the following two sub-chapters.

4.2.1.1 Internal Opportunities

Holistic Certification

Overall, seven out of seven experts put emphasis on the fact that B Corp is a holistic certification because it certifies and measures both social and environmental impact. In addition to this, the BIA dives deep into the examined organization and evaluates several parts of the company (Expert C). This is important because this way B Corp is able to stand out as a certification that values impact in all areas of a company. This protects the certification from being used as a stamp of approval by companies that may not be socially or environmentally friendly in all areas but wish to communicate the opposite to the outside world, in other words, greenwashing. However, a company does not necessarily have to have greenwashing in mind. It can also be the case that a SE is still developing its business and therefore is still working on having impact in different areas. Expert C explains this advantage of B Corp as follows:

For example, if a company is totally strong in three impact areas and can possibly improve in two of them and then there is the possibility to do that, while other certifications might look at just one aspect of the product for example. Or they are a certification at the product level, but not at the company level. I think that's a very positive attribute.

However, the experts are aware of the ambiguity and manifold options in the impact certification sector. Nevertheless, it is a fact that B Corp measures social and environmental impact which makes it get chosen over other certifications because that is what social entrepreneurs ultimately are interested in (Expert A).

Expert F adds that the holistic approach of B Corp can also be described as a stakeholder-driven approach because it not only wants SEs to positively influence, e.g., an underserved community, but also employees, the environment, and the society overall. Expert G shares this opinion and believes that the holistic approach is especially important in order to help individuals and businesses understand what values the organization stands for.

Guideline

Another important finding from the expert interviews in terms of internal opportunities through B Corp is that B Corp provides a helpful and supportive guideline for SEs from the start, especially for companies that are still in the startup phase and obtain high flexibility. In total, six out of seven experts confirmed this. Expert G stated that the structure of the BIA and the questions asked were a helpful guideline and well-structured for their young company to evaluate their impact and become “aligned for good”. Additionally, Expert G informed that the BIA offered several questions that he and his colleagues were just beginning to think about and that thereby they could ensure to pay attention to all the right things and measurements for their business.

Expert E believed that if it is not possible to become a B Corp for a reason SEs can still use the impact assessment as a roadmap to build their business in a better way. Eventually, they would have to develop purposeful policies and procedures anyway if they are going to look for e.g., financing by investors. He added that social entrepreneurs should keep in mind that it is essential to build up their business thoughtfully, so they do not have to retrofit everything afterwards because they have developed it in a slightly different way. Offering a valuable guideline again is an advantage that makes B Corp stand out from other certifications since it is providing a framework that does not only assess a company’s impact but can be utilized for building a social and sustainable brand from scratch.

4.2.1.2 External Opportunities

Community

When it comes to external opportunities and advantages, six out of seven experts agreed that B Corp stands out for their extraordinarily helpful and diverse community. Expert G explained that besides being a great badge to have, which will be discussed in more detail in chapter 4.3, B Corp offers access to a great number of organizations that businesses can interact with in order to find help or have conversations about purpose or business-related topics.

Another important upside of having built a large B Corp community is that certified organizations can benchmark with other B Corps (Expert C & F). Since the community is so diverse it is easily possible to find B Corp certified companies from the same industry and compare with them (Expert F).

Expert E further developed this thought by stressing that the B Corp community can also serve as a role model for non-certified business by being representative of the whole movement. He explained this with the following practice example:

So, you know, if a clothing brand looks at Patagonia and says, I want to be like Patagonia and they sort of follow in their footsteps, that's great. There's a construction company that follows a construction B Corp. That's great. So, that's really the mission. [...] They're making a positive impact in the community, they are building products and services, which embrace regenerative values, and don't extract more than what they give back.

Investor Relations

While conducting the literature review it has already been found out that most investors expect a proof of impact prior to investing in impact ventures due to the lower than market rate of return. Four out seven experts emphasized that becoming a B Corp is very valuable when it comes to investor relations and securing a funding. It seems like a quickly growing number of investors are looking at ESG and B Corp and demand that businesses start to put more effort into social and environmental impact as well as becoming role models (Expert E). Additionally, Expert E stated that if social entrepreneurs build up their “*business in a way that is beneficial for people and planet, those investors will be more attracted to your business.*”

This is in line with the opinion of Expert A, who claimed that many purpose investors prefer SEs that are going through or have gotten a B Corp certification because this means that a whole lot of their due diligence is already done. The organizations then have to possibility to share

their B Corp score card, which include the questions and answers from the BIA, with the potential investors (Expert A).

Hiring and Talent Retention

During the expert interviews it was also found out that a B Corp certification can help a business in terms of hiring and the retaining of talent. This was touched upon by three of seven experts. Having the certification present to the public, that a business follows a purpose-driven approach, will ultimately make more innovative and talented people wanting to work for it (Expert E).

Moreover, it is the task of the B Leaders, which are trained by B Lab, to bring the B Corp movement into the organizations which are getting consulted (Expert D). Expert D, who is not only a B Leader but as well supported founding a B Corp certified company, reported that B Corp helped them as an organization to find appropriate employees who fit in with the company's values, by the fact that they could be found on the B Corp website and a lot of employees primarily want to work for a company that is inherently sustainable.

Furthermore, a B Corp certification can also support organization in retaining their employees. Expert A reported the following in this context:

I have had a number of conversations with people who've been able to retain staff, despite them being headhunted or poached with higher monetary offers. The employees decided to stay with the company that has got that higher purpose and that was able to sign to the world that they have got that higher purpose.

4.2.2 Obstacles

In the context of B Corp there exist various obstacles. These are of rather company-internal nature which is why this chapter is not divided into internal and external sub-chapters.

Process Complicatedness

The obstacle, which was most frequently mentioned by the experts, in total by five out of seven, was that the certification process can be quite complicated. Firstly, this might be due to the fact that the BIA contains a great deal of questions since it covers the formerly presented five impact areas and so it can be difficult to get information in terms of all areas (Expert C). However, it was also mentioned that the questions themselves are easy to answer and can be skipped if necessary (Expert C).

Experts A and D, who both founded a SE, that got B Corp certified, agreed with the former statement. Expert A reported the following: *"I found as an individual running my own business*

that it was relatively complicated to go through that.” Nevertheless, this was also the reason for Expert A to become a B Leader. Interested social entrepreneurs from his network approached him and asked for help with the BIA. B Corp, as Expert C added, as well knows that the assessment process is “*not that easy*”. This is though, why they are schooling B Leaders to help companies through the assessment in a concrete and sustainable way (Expert C).

Time Commitment

The topic in this chapter, which was named second most, in total by four out of seven experts, was about the time commitment, when wanting to become B Corp certified. Expert E reported that he worked with several younger businesses that feared the time commitment associated with B Corp. Expert F, who supported the company he is working for during the certification process confirmed that the process can be a lengthy one because it is also depending on the complexity of the company structure. However, B Corp also wants “*to debunk the myth that it is so difficult and so hard, and it requires full-time people for several months*” (Expert A). Expert A adds that he consulted over 130 business that would testify that. Another argument, which is brought up, is that a certain time commitment is worth it because B Corp helps you to build your business on a solid, purpose-friendly foundation (Expert E). Ultimately, Expert F stressed that their time commitment was definitely worth it because the return in form of knowledge and a guideline was much higher than the initial time investment.

4.3 Consumer Behavior

The positive effect on the brand perception and performance through a B Corp certification is possibly the opportunity with the largest managerial effect, which is why it was examined both qualitatively in form of expert interviews and quantitatively in form of a web-based survey in order to challenge the qualitative outcomes.

4.3.1 Reliability and Trustworthiness

Overall, five out of seven experts stated that having a B Corp certification will increase the attraction of business and the positive brand exposure. Going through the BIA and finally, after receiving the confirmation by B Lab, becoming B Corp certified can be “a great badge to have” and spark conversations about your business (Expert G). B Corp itself as well has gotten decent brand exposure during the last year by increasing their company portfolio to over 5,000 B Corps (Expert A). The existence of such a large and growing community probably explains why B Corp certified businesses experience positive brand exposure and increased attraction of business because the better known the certification the more customers learn about the

companies presented on the B Corp website. Expert E added that he experienced B Corp certified companies being more profitable than non-certified businesses. Nevertheless, he warned that it would be a dangerous development if businesses would just apply for a B Corp certification for financial advantages and finalized the thought by stressing that these businesses then would miss the point of the whole movement.

As already explained to further test effect of B Corp on the brand perception of SEs a manipulative consumer survey was conducted. In the following, the previously formulated hypothesis regarding the reliability and trustworthiness of B Corp certified companies (H1) was analyzed making use of the t-test for independent samples. H1 states that consumers perceive B Corp certified brands as more reliable and trustworthy than non-certified ones. For the t-tests a significance level of $\alpha = 0.05$ was defined. The blocks of questions on brand reliability and brand perception were combined to form separate indices by calculating the mean values of the answers given.

Brand Reliability

In the first step the test for variance homogeneity by Levene was conducted. With a significance of $p = 0.603$ it can be derived that the variance values are homogeneous, which means that a regular t-test for independent samples could be run. Regarding brand reliability, the survey group which was provided with the certified company scenario ($M = 5.56$; $SD = 0.889$) compared to the group provided with the non-certified company scenario ($M = 5.32$; $SD = 0.915$) has a significantly higher mean value ($t(146) = -1.67$; $p = 0.048$). Therefore, it can be assumed that consumers perceive a B Corp certified brand as more reliable than a non-certified one. The reason for the higher perceived brand reliability most likely is due to the fact that people rely on the impact assessment of B Corp and believe that the due diligence performed by B Corp can be trusted.

Table 4: *Statistics for Brand Reliability Index*

	Certification?	N	Mean	Std. Deviation
Brand Reliability Index	No	76	5.32	.915
	Yes	72	5.56	.889

Note. Illustration via SPSS retrieved from survey ($n = 148$).

Brand Perception

The significance of the Levene-Test in the case of brand perception was $p = 0.048$ and therefore lower than the α - level of 0.05. This means that the variances of the tested random samples are

not homogeneous, needed to be rejected. In this case, the Welch-Test for heterogeneous variances needed to be conducted instead of a regular t-test. Here the certified scenario group ($M = 5.67$; $SD = 0.701$) compared to the non-certified scenario group ($M = 5.27$; $SD = 0.918$) still has a significantly higher result ($t(139,78) = -2.956$; $p = 0.002$). Ultimately, this implies that just as in the case of brand reliability consumers perceive a B Corp certified brand as more trustworthy than a non-certified brand. Again, the reason for this might be that the consumer's trust in the certification translates into trust in the certified brand.

Table 5: *Statistics for Brand Bravery Index*

	Certification?	N	Mean	Std. Deviation
Brand Bravery Index	No	76	5.27	.918
	Yes	72	5.67	.701

Note. Illustration via SPSS retrieved from survey ($n = 148$).

The open-ended question, asking for an attribute the participant would assign to the company if it was a person, delivered relatively similar results for both survey scenarios. Attributes like sincere and honest were named by both survey groups. Overall, the majority of attributes are positive for both sides as well. However, only regarding the scenario with the non-certified company a couple of negative attributes like egoistic and pretentious were assigned. This shows that a certification with B Corp can eliminate prejudices against socially active companies. A complete overview of the attributes given can be observed in Appendix D.

In summary, it can be stated that in both questionnaires regarding brand perception, the company that has a B Corp certification scored significantly better. Therefore, H_0 can be rejected and H_1 can be accepted. Accordingly, it can be assumed that companies that are B Corp certified are perceived as more reliable and trustworthy.

4.3.2 Purchase Intention

In the following, the previously formulated hypothesis regarding the purchase intention (H_2) is analyzed as well using the corresponding statistical tests. H_2 implies that consumers have a higher purchase intention towards B Corp certified brands than towards non-certified ones.

Table 6: *Statistics for Purchase Intention Index*

	Certification?	N	Mean	Std. Deviation
Purchase Intention Index	No	76	5.70	.959
	Yes	72	5.87	.764

Note. Illustration via SPSS retrieved from survey ($n = 148$).

Again, as a first step the results of the Levene test for variance homogeneity is determined. With a significance level of $p = 0.603$, it is possible to conclude that the variance values are homogeneous, therefore a standard t-test for independent samples could be conducted. In the case of purchase intention, the group with the certified brand scenario ($M = 5.87$; $SD = 0.764$) compared to the group with the non-certified brand scenario ($M = 5.70$; $SD = 0.959$) does not have a significantly higher mean value ($t(146) = -1.146$; $p = 0.127$). Therefore, the test fails to reject the null hypothesis and it can be assumed that the certification with B Corp does not have a positive influence on the purchase intention of consumers.

4.3.3 Exploratory Research

The data acquired by conducting the consumer survey offers the possibility to identify previously unknown correlations or potential areas for future research, given that the research field is yet relatively unexplored. All pertinent findings are displayed here. Firstly, segmentation variables that may alter the perception and purchase intention of people regarding SEs, leaving out of consideration whether the brand is certified or not, is investigated.

Segmentation by Gender

When examining the mean values in Table 7, small differences between male and female survey participants can be observed. The mean values imply that men compared to women perceive social or environmental brands as slightly more reliable and trustworthy and have a higher purchase intention towards these brands. However, the number of male participants compared to female is nearly twice as high and according to the associated t-test for independent samples the results are not significant. This is why it might be necessary to test these relationships again using a larger and more balanced sample. Still, these light tendencies, once possibly proven in a second study, can be very valuable information for SEs because these tendencies could be utilized for a customized marketing and customer targeting strategy.

Table 7: Statistics for gender-segmented analysis

	Gender	N	Mean	Std. Deviation
Brand Reliability Index	Male	97	5.48	.965
	Female	51	5.36	.793
Brand Bravery Index	Male	97	5.53	.872
	Female	51	5.33	.768
Purchase Intention Index	Male	97	5.80	.924
	Female	51	5.75	.768

Note. Illustration via SPSS retrieved from survey ($n = 148$).

Segmentation by Nationality

When comparing the three indices regarding brand perception and purchase intention segmented by nationality some differences, especially between the two largest groups of participants, can be observed. Due to the small sizes of the remaining groups only the American and German nationality were taken into consideration. It turns out that the mean values for the American nationality are much higher for all three indices when compared to the German nationality. In this context, it is important to keep in mind though that the sample size of American participants is much higher than that of the German participants. Here as well, it might be necessary to examine this relationship conducting a survey with a larger and more balanced sample. However, the more positive perception and higher purchase intention regarding SEs by Americans might be due to the fact that B Corp and also other certifications are based in the United States.

Table 8: *Statistics for nationality-segmented analysis*

	Nationality	N	Mean	Std. Deviation
Brand Reliability Index	American	98	5.73	.708
	German	27	4.68	.983
Brand Bravery Index	American	98	5.72	.700
	German	27	4.80	.933
Purchase Intention Index	American	98	5.92	.724
	German	27	5.31	1.097

Note. Own Illustration retrieved from survey (n = 148).

Interdependent Correlation

In the last step, the bivariate correlations between the three indices for brand reliability, brand bravery and purchase intention were calculated. The results are that there exist significant correlations between all three indices with all significance values close to zero. The strongest correlation can be observed between the brand reliability and the brand bravery indices with a correlation coefficient of $r = 0.879$. This result is reasonable because not only the item sets but also the topics of brand reliability and brand trustworthiness are closely related. Another strong correlation could also be found between the brand bravery index and the purchase intention index with a coefficient of $r = 0.737$. The least strong but still meaningful effect exists between the brand reliability index and the purchase intention index with a correlation of $r = 0.683$. That both the brand reliability index and the brand bravery index correlate significantly with the purchase intention index can be logically supported because it makes sense that consumers who have a more positive perception of a brand, might have a higher purchase intention regarding that brand. A full overview of the bivariate correlation analysis can be observed in Table 9.

Table 9: Bivariate correlation analysis by Spearman

		Brand Reliability Index	Brand Bravery Index	Purchase Intention Index	
Spearman-Rho	Brand Reliability Index	Correlation coefficient	1.000	.879**	.683**
		Sig. (2-sided)	.	.000	.000
		N	148	148	148
	Brand Bravery Index	Correlation coefficient	.879**	1.000	.737**
		Sig. (2-sided)	.000	.	.000
		N	148	148	148
	Purchase Intention Index	Correlation coefficient	.683**	.737**	1.000
		Sig. (2-sided)	.000	.000	.
		N	148	148	148

** The correlation is significant at a 0.01 level (2-sided).

Note. Illustration via SPSS retrieved from survey (n = 148).

5. Discussion and Conclusion

The goal of this research was to find out more about the effect of the B Corp certification on SEs in order to advance the theory in this field and help social entrepreneurs that consider applying for a B Corp certification in their decision-making. The past findings are incorporated so as to answer the research questions by evaluating the research approach and drawing limitations. To do so, this research employed a qualitative and quantitative study.

5.1 Main Findings

Research Question 1: “How can the B Corp certification support social enterprises in growing their impact and business?”

In the expert interviews it was found out that the movement of social impact and sustainability is constantly growing in society and businesses. This is in line with the opinion of scholars, who claim that the trend to a more sustainable society is growing (Alexius & Furusten, 2019). Years before, Gray et al. (1997) already stated that it is social reporting tools that strengthen the social movement in our world. 25 years later, industry experts still confirm this and believe that B Corp has a substantial share in accelerating the impact movement, which SEs ultimately benefit from.

When it comes to opportunities for SEs enabled through a B Corp certification, especially the internal section contributes valuable information to the existing literature. Scholars rather focused their research on external opportunities like improved investor relations and management feedback (Crow & Danks, 2017). In this study experts from both the B Lab and the SE side unveiled though, that B Corp has far more potential than showing stakeholders a business’ social and environmental impact. They namely serve as a guide for both young and established companies to build a social and sustainable business. In addition, it was confirmed by the experts, that the certification with B Corp comes with multiple external opportunities such as improved investor relationships, easier hiring, and talent retention as well as access to a large community to exchange information and benchmark with.

Experts were also questioned about possible obstacles that might occur associated with the B Corp certification. Especially the topics of time commitment and a complicated certification process came up most frequently. Regarding the time commitment however, it was found that entrepreneurs who have gone through the certification process consider the time commitment not as a waste but rather as an input with a valuable return. In addition, the B Leaders that have helped multiple businesses through the certification process perceive the critics regarding time

commitment more like a prejudice or an unsubstantiated fear. This outcome turns out to be a valuable contribution to the theory and the practice because it helps to eliminate stereotypes about B Corp and other private social and environmental certifications and might encourage social entrepreneurs to take the step towards investing time into a certification process that comes with multiple advantages for a social business. In regard to the complicatedness of the process, it was also found out that although the questions in the BIA might require intensive work, the return on investment is positive. Additionally, through the B Leader program there exists an affordable alternative to private high-priced consulting services.

Research Question 2 (RQ2): “How does the certification with B Corp affect the brand perception and the purchase intention of consumers towards products from social enterprises?”

For RQ2, both the analysis of the expert interviews and the consumer survey show that a B Corp certification has a positive effect on how a social brand is perceived. The statistical tests present significant outcomes for the dependent variables brand reliability and brand trustworthiness. These outcomes are in line with the theory that states that the external exposure through a certification has a positive impact on consumers’ ethical perception and the opinion of the brand (Ferdousi & Sabah, 2017).

Initially it was expected that the certification with B Corp would also have a positive impact on the purchase intention of consumers. The theory also states that attitudes toward brands or goods influence purchasing intentions (Spears & Singh, 2004). However, H2, could not be accepted. Even though the responses of the survey participants imply a higher purchase intention in the mean, the lack of significance implies that there is no positive effect on the purchase intention induced by B Corp. This is in line with the findings of Bray et al. (2014) who state that although customers have indicated a desire to consider ethical factors when forming product opinions and making purchasing decisions, there has been a gap between intention and actual behavior. By computing the correlations between the three indices though, it could be confirmed that there still might exist a positive relationship between the brand perception and the purchase intention of consumers. This means that a more in-depth study of the relationship between brand perception and purchase intention as well as further research on the effect of B Corp on the purchase intention might yield significant results proving a connection between these variables.

5.2 Theoretical Implications

This study advances research as it covers a relatively new area, specifically the field of the B Corp certification as a form of social signaling. Moreover, it adds theoretical insights to consumer behavior of social enterprises with B Corp certification. The insights won in this study build upon the findings of Kim et al. (2016), which stated that certifications are a common way for SEs to signal their values and identity. This study shows that a certification with B Corp helps SEs grow their impact and social business by offering multiple opportunities like the access to a large community or the positive brand exposure as proved before.

Theory shows that accessible product information has a major influence on consumers' ethical perceptions and their opinions of a brand, which can have a beneficial effect on the brand's credibility (Ferdousi & Sabah, 2017). This research confirms these findings and adds to the theory by showing the positive effects on the basis of a web-based consumer survey. Additionally, Wright & Heaton (2006) mentioned that consumers appear to be more encouraged to acquire certified products such as Fairtrade products motivated through branding and subject knowledge. However, this past research could not find a significant positive relationship between the certification with B Corp and the purchase intention of customers. This is important because it is shown that there might be a need to deeper examine this issue.

5.3 Managerial Implications

The analysis indicates that SEs can gain valuable advantages through a B Corp certification to compete in the growing and competitive sector of social entrepreneurship. Especially, the positive effects on investor relations, the hiring situation and the brand perception induced through a certification should encourage SEs to take the step towards B Corp. Furthermore, it is suggested to step away from stereotypes like unhealthy effort and time commitment because it was found out that the ROI is positive most of the times and opportunities outweigh possible obstacles. It is a known fact that social entrepreneurs often want to focus more on cost and income accounting (Mulgan, 2010). However, analysis shows that B Corp and the BIA incrementally help SEs to build up a sustainable business model. This is achieved through offering guidelines that enable managers to steer their social business into the right direction and drawing attention to topics that the company has not been aware of before. Ultimately, there still is the option to make use of these guidelines and choose to go through the full certification process in a later stage of the business.

5.4 Limitations and suggestions for future research

This research has certain limitations. Firstly, the research was conducted within a period of six months, which is a relatively brief time frame for scientific investigation of a novel topic with multiple unknown dimensions.

The methodology had to deal with a number of constraints. Due to the Covid-19 pandemic, it was not possible to conduct personal interviews with the chosen experts. Despite this, significant insights were obtained, however personal connections would have allowed more robust data collection and increased the benefits of the semi-structured interview procedure. Furthermore, the collection of quantitative data relied heavily on Likert-scales. Their results are relatively limited due to acquiescence bias, despite their numerous advantages, such as facilitating comparability (Kreitchmann et al., 2019). The acquiescence bias describes the tendency of respondents to respond favorably to statements that are presented.

Especially, the limited number of survey participants turned out to be a limitation because it was not possible to build a significant regression. As already previously discussed, the t-test for the effect of a B Corp certification on the purchase intention of consumers did not yield significant results. For future research it is therefore recommended to conduct a survey with a larger sample size and a more detailed item set for the dependent variable of purchase intention to probably collect significant results and further inspect this problem.

5.5 Conclusion

In order to study the effects of a B Corp certifications, two research questions were defined. A literature review provided the basis for the development of a common understanding of social impact, consumer behavior and private certifications like B Corp. On this basis, the results of expert interviews and consumer surveys were analyzed and contextualized within the context of management and social theory. These observations were utilized to draw conclusions on the research questions.

To answer to RQ1, it was apparent that despite minor obstacles like the complicatedness of the process and the time effort there arise multiple opportunities when SEs become B Corp certified. On the one hand, SEs can improve their hiring, talent retention and investor relations as well as gain access to a benevolent and helpful community. On the other hand, they can gain significant internal advantages by being provided with a holistic guideline on how to set up a successful social and environmental business model. In conclusion, this study sets several examples on how a B Corp certification can help SEs grow their impact and business.

To answer to RQ2, this research found out through both comprehensive qualitative and quantitative analysis that the certification with B Corp has positive effects on how consumers perceive a certified company. Especially, the brand reliability and trustworthiness are positively influenced by B Corp. However, there could not be found a significant positive relationship between a certification with B Corp and consumers' purchase intention. As stated previously, a more in-depth study might be necessary to further examine this.

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Appendices

Appendix A: Questionnaire Semi-Structured Expert Interviews

Questionnaire for B Leaders and Employees of B Lab

Hello. Thank you for taking the time to talk to me. I would like to talk to you about your experience as a B Leader. In my master's thesis, I am exploring how B Lab and the B Corp certification, can help especially young companies and social entrepreneurs grow their impact and business.

Your responses will of course be kept confidential, and I will ensure that any information I use in my work does not identify you as the respondent. Since I probably can't write fast enough to take down all the important information, I will record the audio of the interview and take notes along the way. Is that okay with you?

Okay, best not to waste any time then. Firstly, I would like to kindly ask you to introduce yourself briefly.

Thank you. Let us start with the questions then:

1. What are your responsibilities as a B Leader?
2. What are the reasons for B Corp to certify companies?
3. What are the advantages for companies to apply for the B Corp certification?
4. What are the disadvantages?
5. What does a typical certification process look like?
6. What are the current problems/barriers for entrepreneurs to implement SIM?
7. Why do social entrepreneurs choose B Corp over other certifications?
8. How does B Corp deal with the problem of not knowing 100% whether a social outcome is due to the organizations project or due to other circumstances?

Questionnaire for founders and employees of B Corp certified companies

Hello. Thank you for taking the time to talk to me. I would like to talk to you about your experience as a B Leader. In my master's thesis, I am exploring how B Lab and the B Corp certification, can help especially young companies and social entrepreneurs grow their impact and business.

Your responses will of course be kept confidential, and I will ensure that any information I use in my work does not identify you as the respondent. Since I probably can't write fast enough to take down all the important information, I will record the audio of the interview and take notes along the way. Is that okay with you?

Okay, best not to waste any time then. Firstly, I would like to kindly ask you to introduce yourself briefly.

Thank you. Let us start with the questions then:

1. What are your responsibilities at **Company Name**?
2. What are the reasons **Company Name** applied for the B Corp certification?
3. What are the advantages for companies to apply for the B Corp certification?
4. What are the disadvantages?
5. What does a typical certification process look like?
6. What are the current problems/barriers for entrepreneurs to implement SIM?
7. Why do social entrepreneurs choose B Corp over other certifications?
8. How do you at **Company Name** deal with the problem of not knowing 100% whether a social outcome is due to the organizations project or due to other circumstances?

Appendix B: Coding Table Expert Interviews

Category	Answers of great importance and relevance (Count)
Opportunities and advantages possibly induced through B Corp certification	<ul style="list-style-type: none"> - B Corp is a holistic certification measuring both social and environmental impact across all important stakeholder groups (7) - B Corp provides access to a helpful community, enabling comparison and benchmarking as well as interaction with other community members (6) - B Corp can serve as a guideline for younger and older companies raising awareness about what is important for SEs and making it possible for them to in-depth investigate themselves (6) - B Corp increases the positive brand exposure and serves as a badge to signal sustainable impact (5) - B Corp can help to improve investor relations and might lead to investors being more attracted to the certified company (4) - B Corp enables better hiring and retaining of talent (3)
Obstacles and disadvantages possibly induced through B Corp certification	<ul style="list-style-type: none"> - The certification process of B Corp can be complicated in terms of the structure and number of questions and companies might afford guidance from external consultants (5) - Becoming B Corp certified might afford intensive time commitment (4)
Social and Environmental Impact Movement	<ul style="list-style-type: none"> - Globally, the will and awareness to act purposefully both personally and professionally is constantly growing and B Lab is pushing this movement forward (6)
Implementation of B Corp	<ul style="list-style-type: none"> - Usually, it is more complicated to transform a company into a socially and environmentally sustainable business the older the company is (3) - When going through the BIA it is not necessary to gain a perfect score from the start because there is always room for improvement in recertification rounds (2) - The B Corp certification operates worldwide and it is possible to become certified all over the world (2)

Appendix C: Online Survey Overview

Overview of Survey Items

Construct	Scale	Source	Items
Brand Reliability	Reliability and Intentions Scale	Delgado-Ballester et al. (2004)	1. Principals is a brand name that meets my expectations.
			2. I feel confidence in Principals.
			3. Principals is a brand name that never disappoints me.
			4. Principals guarantees satisfaction.
			5. Principals would be honest and sincere in addressing my concerns.
			6. I could rely on Principals to solve the problem.
			7. Principals would make any effort to satisfy me
			8. Principals would compensate me in some way for a problem with the sports clothes.
Brand Perception	-	-	9. If Principals was a person, which attributes would you assign to it?
	Brand Bravery Scale	Jain et al. (2021)	10. The brand is innovative and defies industry norms.
			11. This brand is willing to reinvent itself for a cause.
			12. The brand is socially responsible and uses sustainable business practices.
			13. The brand is innovative and defies the industry norms.
			14. The brand is unique and stands out of the crowd.
			15. The brand has a path distinct from its competitors.
			16. The brand stands up to its competitors.
			17. I recommend to other people to support this brand.
			18. I talk directly to other people about my experience with this brand.
			19. This brand represents who I am.
			20. This brand helps me express my identity.
			21. I feel personally connected to this brand.
Purchase Intention	Purchase Intention Scale	Becker-Olsen et al. (2011)	22. I would buy a product from Orbit.
			23. I would recommend a product from Orbit.
			24. I would use a product from Orbit.

Manipulation Scenarios

Scenario with B Corp certified brand:

Please consider the following fictional scenario and read it carefully. The company "Principals Clothing" is a German sportswear label that has made it its mission to help drive change towards a more socially and environmentally friendly fashion industry. According to its website, in order to achieve its mission, the company relies on transparent supply chains, fair working conditions for employees and sustainable materials. Additionally, since six months Principals is officially certified as a B Corporation by the non-profit organization B Lab. This certifies the company's extraordinary social and/or environmental impact through internal and external activities.

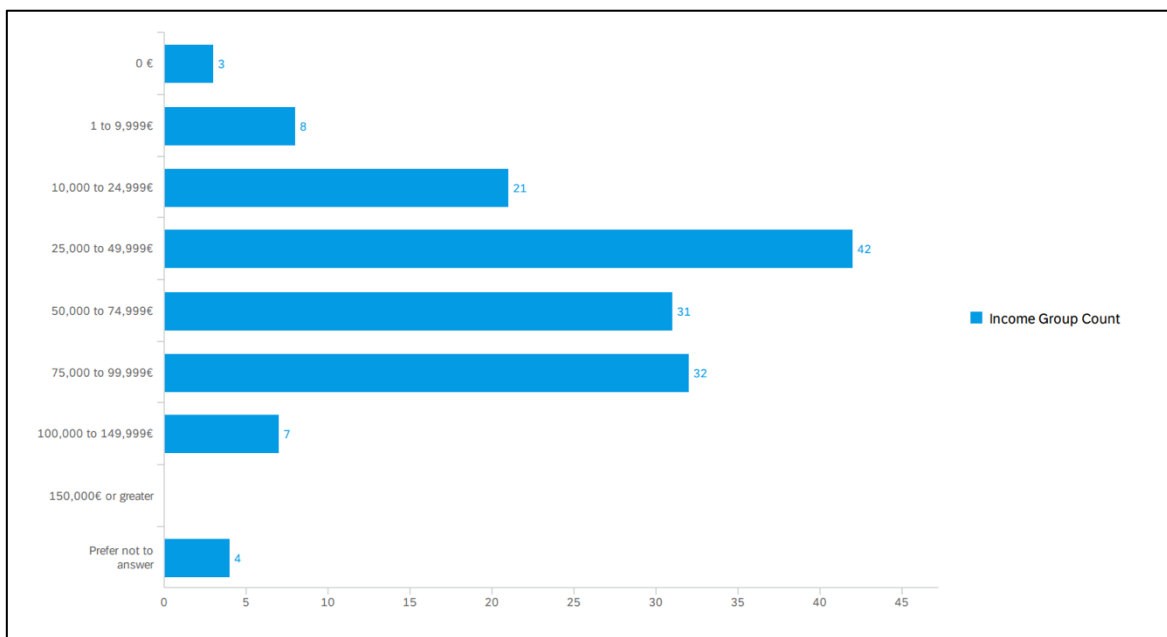
Scenario with non-certified brand:

Please consider the following fictional scenario and read it carefully. The company "Principals Clothing" is a German sportswear label that has made it its mission to help drive change towards a more socially and environmentally friendly fashion industry. According to its website, in order to achieve its mission, the company relies on transparent supply chains, fair working conditions for employees and sustainable materials.

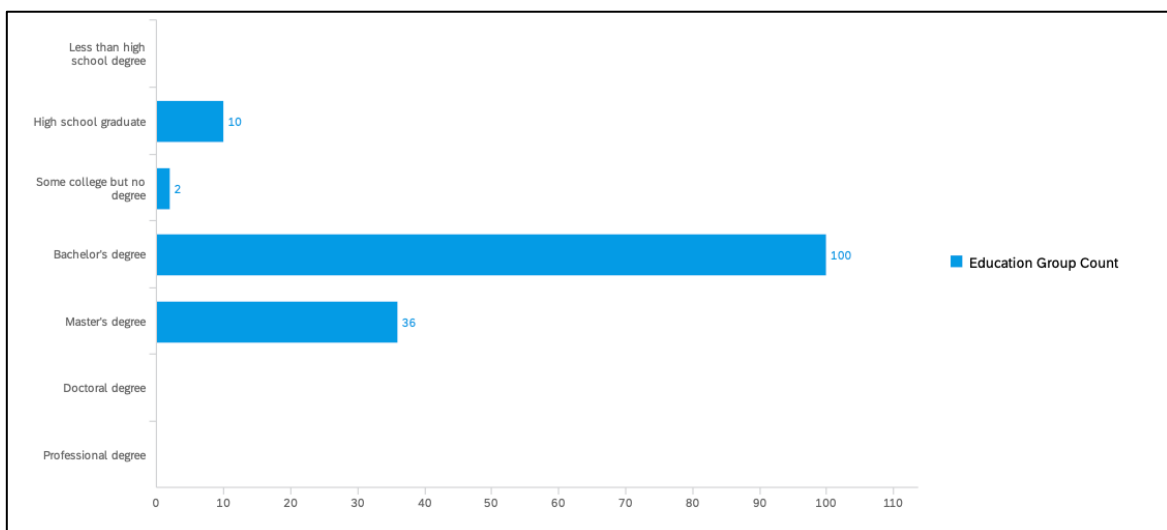
Appendix D: Online Survey Outcomes

Demographics

Income Groups of Participants



Education Groups of Participants



Answers from open question for Brand Perception

Non-Certified	Certified
hipster	woke
egoistic	social
healthy	transparent
trendy	honest
reliable	caring
sincere	committed
sustainable	thoughtful
fair	sincere
dedicated	engaged
annoying	ambitious
fairness	honest
open-minded	compassionate
trustworthy	intelligent
responsible	socially and environmentally friendly
pretentious	ability to influence others
resourceful	liberal
smart	concerned
ability to influence others	kind
ability to convey a vision	equitable
good listener	responsible
charming	proactive
motivating change	righteous
admirable	forward-thinking
honest	visionary