



How to become a B Corporation

The Case of Manipedi

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Abstract

Title: *How to become a B Corporation –The Case of Manipedi*

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The idea of what a company's goals should be has had a massive shift, from only focusing on profits, to also taking into consideration society's needs and how to engage with it. In fact, the importance of business in addressing social needs is undoubtable, since they are the most efficient way of determining these needs and their solution. Bearing this in mind, it was created a movement of companies committed to use their activity in a way that improving social and environmental issues is at their core mission, the B Corps.

In this context, this dissertation focuses on the process of becoming a B Corp, through the study of the case of Manipedi, a Portuguese nails spa aiming to empower and give a stable job to talented and driven women living in difficult life conditions. By certifying into a B Corp, Manipedi ensures that its social mission is kept and will not be jeopardized over profits.

The necessary changes a company must perform in order to become a B Corp vary from company to company, according to its characteristics and mission. Besides, the basis to become a B Corp is to improve social and environmental issues, which vary with external and internal factors to the firm. This way, there is no equal path when becoming a B Corp, but a continuous and progressive journey which each firm must shape according to its characteristics.

Sumário

Título: *Como se tornar numa empresa B – O caso da Manipedi*

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A perceção de quais devem ser os objetivos de uma empresa sofreu uma mudança significativa, descentralizando da ambição pelo lucro, e expandindo à consideração de necessidades sociais. De facto, as empresas são o meio mais eficiente para abordar estas necessidades, uma vez que possuem todas as ferramentas necessárias à sua identificação e determinação de possíveis soluções. Assim, surgiu um movimento de empresas comprometidas em utilizar a sua atividade em prol da melhoria de necessidades sociais e ambientais, através da integração das mesmas na sua missão: as Empresas B.

Neste contexto, esta dissertação tem como foco o processo de transformação de uma empresa numa Empresa B. Par tal, o estudo da Manipedi, um salão de unhas português, cujo objetivo é empregar e capacitar mulheres talentosas e empenhadas que vivem em condições de vida difíceis, servirá como ilustração. Através desta certificação, a Manipedi garante que a sua missão social será mantida, e que a mesma não será prejudicada em detrimentos dos lucros da empresa.

As mudanças necessárias para esta certificação são variáveis e dependentes das características e missão da empresa. Ainda, o foco nas necessidades sociais e ambientais é a base para uma empresa se tornar numa B, e estas variam tanto com fatores externos como internos à empresa. Desta forma, não existe um único caminho para uma empresa se tornar uma B, mas uma jornada contínua e progressiva que cada empresa deve ajustar às suas características.

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List of Acronyms

APAV – Associação Portuguesa de Apoio à Vítima

CEO - Chief Executive Officer

CSR – Corporate Social Responsibility

DGERT - Direção-Geral do Emprego e das Relações de Trabalho

ESG – Environment, Social and Governance

GIIN – Global Impact Investing Network

GIIRS - Global Impact Investing Rating System

IES – Instituto de Empreendedorismo Social

IRIS – Impact Reporting and Investment Standards

KPIs – Key Performance Indicators

LED – Light-Emitted Diode

NGO – Non-Governmental Organization

NY – New York

NZ – New Zealand

R&D – Research and Development

SRI – Social Responsible Investment

SV – Shared Value

TQ – Teaching Questions

U.S – United States of America

UK – United Kingdom

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Chapter 1: Introduction

The importance of business in addressing social needs is undoubtable. Corporations are the most efficient way of determining these needs and their solution (Devinney, 2009), since their know-how, connections, and presence in communities create powerful networks for the generation and implementation of solutions to address social needs (Porter & Kramer, 2002), often more effectively than governments or non-profit organizations (Porter & Kramer, 2011). Bearing this in mind, it was created a movement of companies committed to use their activity in such a way that improving social and environmental issues is at their core mission: “*A B Corporation is a company that redefines success in business - it looks at the positive impact on people and on planet as well as on profit.*”¹

The primary goal of this dissertation is to answer the following research question: “**Which are the necessary changes a company should implement to become a B Corp?**” – **The case of Manipedi**

Considering the above, this dissertation purpose is to identify the best practices a company must adopt in order to be certified as a B Corp, and simultaneously the best strategies to create value for the company and society. By the analysis of the specific case of Manipedi – a Portuguese nails’ spa company that is in the process of becoming a B Corp – the readers will be clarified regarding the topic and provided with the tools to answer to the research question.

This dissertation was developed within the scope of the Entrepreneurship and Development seminar and starts with the Literature Review chapter to introduce all the relevant concepts to understand the concept of B Corporations as well as the execution of the case study. The second chapter is the result of a literature review of concepts such as Corporate Social Responsibility, Shared Value, Impact Investing, Measuring Impact and Attracting Customers, with the purpose of identifying the best practices to define the best strategies to engage businesses in social and environmental issues. Finally, this chapter is concluded with the definition and benefits of B Corps.

The third chapter is dedicated to the Methodology, where the means and techniques used to answer the research question and to develop the case study are presented.

¹ <https://www.bcorporation.net> [accessed on 4th October 2016]

The fourth chapter – Case Study – is dedicated to the understanding of the process of Manipedi to become a B Corp, and starts with a presentation of its History, Concept, Mission and Values. Furthermore, a brief overview of the company’s industry in Portugal is presented, followed by the firm’s business model. Introducing this information will provide the tools to understand the company’s unique position and mission within the industry, as well as how it operates. This chapter proceeds by explaining the process of Manipedi in certifying into a B Corp, exposing all the changes and implementations made in order to achieve this goal. At least to have a more complete idea of this process, it is exposed the result of a questionnaire made to all the Portuguese B Corps, revealing the processes and actions that allowed them to certificate.

The fifth chapter contains the Teaching Notes, with the purpose of guiding the professor to in-class discussion and analysis of the Case Study. It starts with the Learning Objectives, followed by the Teaching Questions and Suggested Teaching Methods to address it. Finally, the suggested guidelines to the Teaching Questions are presented in the Analysis and Discussion.

Lastly, the sixth chapter presents the Main Conclusions, Limitations, and Future Research, displaying the main findings and weaknesses of this dissertation, as well as the suggestions for future research.

Chapter 2: Literature Review

2.1 Corporate Social Responsibility

2.1.1 Definition and Evolution

The concept of Corporate Social Responsibility (CSR) was widely discussed during the 20th century, born from the conviction that businesses have an obligation towards society. Being one of the leading topics in the World Economic Forum meetings (Smith N. C., 2003), it became one of the main priorities for business leaders of the 21st century (Porter & Kramer, 2006).

The idea of what a company's goals should be has had a massive shift, from only focusing on profits, to also taking into account society's needs and how to engage with it; bearing this in mind, CSR refers to the obligations of the firm to those who are affected by its corporate policies and practices (Smith N. C., 2003). However, the identification of who is affected by a company's actions differs according to different opinions on the extension of this obligation (Berger, Cunningham, & Drumwright, 2007). For those companies with a narrow conception of CSR, the only obligation towards society is the creation of economic rents that will generate sustainability for the stakeholders who have legitimacy to those rents, including activities that consider environmental and health safety practices but excluding outside stakeholder's claims on the profits of the firm (Banerjee, 2008). On the other hand, for companies with an expanded view of CSR, they must operate as an instrument of public policy, acting on behalf of the disadvantaged and providing percentages of profits to broad sections of the society. For companies chasing an arrangement, CSR lies between these two extremes (Devinney, 2009). Carroll (1979) introduces a definition of social responsibility that addresses all the obligations that businesses have towards society, defending that it must correlate economic, legal, ethical and discretionary responsibilities. Indeed, the economic responsibility of producing goods to fulfil society's needs at a profit, must be made within the framework of legal requirement, still as well as within behaviours that are not necessarily included into law but are expected by society's members. The actions that are purely voluntary, not contemplated by law or even not expected in an ethical sense, such as philanthropic contributions, lie in the discretionary responsibilities.

2.1.2 Reasons to Engage in CSR

CSR involves both self-interest - that can be highlighted in different ways, from avoiding sanctions and increasing the economic efficiency, to the implicit reputation (Smith N. C., 2003)- as well as conviction about the social role of businesses, and the belief of the benefits that can be brought to society through it (Hay, Gray, & Gates, 1976). In fact, companies engage in CSR strategies due to the moral obligation, which derives from the belief that businesses have an obligation towards society; sustainability, defined in the 1980's by the World Business Council for Sustainable Development as the "*Meeting the needs of the present without compromising the ability of future generations to meet their own needs*", that can be perceived as both self-interest and selfless-interest principle, since in one perspective the companies' goal is to secure long-term economic performance, while also addressing social and environmental issues; license to operate from governments, communities and other stakeholders; and reputation (Porter & Kramer, 2006).

2.1.3 Limitations

There is not a consensus about whether having CSR actions is a good strategy to the company or to the society, and thus the literature also reflects the "dark side" of this concept. In the most extreme side, there's the belief that the only social responsibility of business is to operate in order to increase its profits as much as it is possible within the rules and laws (Friedman, 1962) and thus, companies exist exclusively to generate revenues to the benefit of their near stakeholders and not to the general public (Devinney, 2009). Additionally, companies can skew social issues to their own advantage and interests and use these as a competitive weapon, as in the example that Devinney (2009) explains, where a mining company accused its competitor of lobbying for standards through its CSR positioning and purchase it for a smallest price and, this way, jeopardizing all other mining companies. Furthermore, Devinney (2009) also accuses companies in only engaging with CSR strategies if they can take some profit from it. Finally, when adopting CSR strategies, a large number of companies does not bond these strategies with their overall strategy and operations, which implies that companies do not identify or prioritize the social issues that matter most in their context and environment and where they can make the biggest positive impact. This will result in numerous unrelated efforts into different stakeholder groups and pressure points, culminating into a lost opportunity to create social benefit (Porter & Kramer, 2006).

2.2. Shared Value

2.2.1 Definition

“Driving economic success and at the same time creating social value is not only a responsibility but also an opportunity to rethink the way we are doing business and drive sustainable economic growth.” (Bockstette & Stamp, 2011)

Concerned with the fact that many companies put business and society apart from each other and do not connect CSR with their strategy, and hence cannot improve the social and environmental consequences of their activities (Porter & Kramer, 2006), in 2011, Porter and Kramer developed the concept of Shared Value (SV) as *“policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operate”*. This concept emphasizes that social needs define markets as well as economic ones (Porter & Kramer, 2011) and that companies can create economic value through the creation of societal value, generating shared value by using their core capabilities in behalf of these two needs (Bockstette & Stamp, 2011).

The engagement in society has been viewed by companies as a cost, which would be taken in exchange of profitability. Nonetheless, companies are beginning to value the SV concept in the sense that they can become more competitive and benefit their long-term objectives, while promoting society (Bockstette & Stamp, 2011) – (See Annex 1). In fact, a growing number of multinational corporations are following this new way of doing business, by putting societal issues at the core of company’s actions and strategy, extending well beyond the practices of the traditional view of CSR (Kania & Kramer, 2011).

By applying its resources, experience, and expertise in activities that promote society with the same dedication as in daily business activities, a company can generate a substantial impact. It is essential to understand where to apply these resources by finding the interrelationship between the corporation and society. To be successful, a company must be integrated in a healthy society, where it has access to a productive workforce, safe working conditions, quality natural resources, good and stable government and strong regulatory standards. Simultaneously, to be healthy, society needs successful companies that create jobs, wealth and innovation, and improving life quality (Porter & Kramer, 2006). Thus, SV is created when a company’s choice benefits both the sides of the company and society. In order to find the interdependence between these two sides, the company must analyse inside-out –activities that create consequences to

society - and outside-in linkages – social conditions that affect business’s activities (Porter & Kramer, 2006).

2.2.2 Strategies to Create SV

The social intervention strategy varies from company to company, even from close competitors, since it should be the result of the engagement of the stakeholders, and must reflect company’s mission and values (Smith N. C., 2003), which is in accordance with Burke and Lodgson (1996) when referred that the wealth generation is greater when philanthropic activities are closer to the mission of the company (Garriga & Melé, 2004). However, SV is not only about how businesses spend their profits, but also how can they earn it in ways that improve society and environment (Beschoner, 2013). SV is unlocked by strategically applying the concept of CSR that creates a unique position completely different from the competition, in a matter that costs are lower or customer’s needs are better served. The social dimension must be added to the company’s value proposition, integrating social impact into the overall strategy, mutually reinforcing the success of the company and of the community (Porter & Kramer, 2006).

Bockstette and Stamp (2011) summarize the building blocks of creating SV into Vision, Strategy, Delivery and Performance (See Annex 2), defending that firstly the company must have an accurate vision of its goals and engage the company’s board in it; secondly, develop a strategy to achieve those goals; then, ought to effectively leverage internal and external assets, managing efforts and partnerships in order to achieve the intended performance, that then must be measured so that its impact can be scaled in the future and communicated both internally and externally. Furthermore, in 2013, Pfitzer, Bockstette and Stamp analysed companies that successfully create SV, and concluded that all of it share five reciprocally reinforcing elements to develop their strategy: embedding a social purpose, defining the social need, measuring shared value, creating an optimal innovation structure, and co-creating with external stakeholders. These actions ensure that the company identifies the necessary capabilities to address the social needs; tracks and evaluates its progress; have a structure that is responsible for embedding the new processes into the business and is committed to achieve the company’s normal financial requirements; and that all stakeholders are involved in designing and implementing solutions.

Porter and Kramer (2011) remark that companies can create SV in three distinct approaches that reside in a virtuous cycle: reconceiving products and markets, redefining productivity in the value chain, and building supportive industry clusters at the company’s locations.

-Reconceiving Products and Markets

Companies can address social issues through their products by regarding if their products are good for customers. Customers are part of the community that involves the company, and thus, by improving community's success, companies are creating demand. Health, nutrition, financial security, environmental conditions, and housing are the greatest unmet needs of the global economy, and can be assisted by the product that a company offers (Porter & Kramer, 2011).

-Redefining Productivity in the Value Chain

SV can transform the value chain through many ways, such as energy use and logistics – where companies can look for ways of saving resources by implementing better technology, recycling habits and improving shipping strategies to avoid pollution; the resources use – searching materials that do not harm the environment and using water and raw materials saving strategies; the procurement – by helping marginalized suppliers to improve their productivity and efficiency through the share of technology and knowledge or providing financing; the distribution – by developing new distribution models that are more environmentally friendly; the employees productivity – by providing good working conditions, benefits as well as access to training; and the location – by establishing roots in surrounding communities instead of faraway cheaper locations. (Porter & Kramer, 2011)

- Strengthening Local Cluster

Clusters are groups of businesses, suppliers, service providers, logistical infrastructures, as well as schools and associations, which can connect efforts in order to improve their region. The success of a company is influenced by supporting companies and infrastructures around it, thus strengthening local clusters can result into a major advantage. Clusters work to develop their community, and to support clusters, companies must identify needs and weaknesses in the framework surrounding the cluster and evaluate which ones represent the biggest constraints to their own productivity, which they are best equipped to address, and which they can address more effectively, in collaboration, creating SV.

Analysing these three ways of creating SV, it is possible to conclude that this strategy provides a good opportunity of growth to business, to the extent that it develops markets, creates new needs to meet, new costumers, products, and ways to shape the value chain (Porter & Kramer, 2011).

2.3. Impact Investing

Using investments to address social and environmental challenges has gone from a niche to a mainstream focus concern (Bugg-Levine & Goldstein , 2009). There is not enough charity or government capital to address all the social and environmental challenges that the world faces, so efforts must be made to look for this capital in other sources. One of the sources that reflects the answer for this problem is the Impact Investing, that has the potential to complement traditional philanthropy and the government intervention, with potential to scale the challenges addressed (Freireich & Fulton, 2009). Impact investing can be defined as “*actively placing capital in businesses and funds that generate social and/or environmental good and at least return nominal principal to the investor*” (Freireich & Fulton, 2009). In other words, Impact Investing generates financial returns while promoting the resolution of social and environmental issues, and over the past half-decade this industry has created networks, standards, metrics, and obtained private and public capital in order to achieve its goals (Jackson, 2013). As a matter of fact, Socially Responsible Investment (SRI) is defined as an investment process that considers the social and environmental consequences of investments within a rigorous financial analysis (Geczy , Stambaugh , & Levin, 2005) and is increasing popularity. This way, when defining Impact Investment one must take into consideration the intent of the investor to achieve impact, the tangible evidence of those impacts, and the theory of change- “*the construction of a model that specifies the underlying logic, assumptions, influences, causal linkages and expected outcomes of a development program or project*” - of those investors, which will enable to better understand the processes of change in order to maximize the results (Jackson, 2013).

Impact Investors want to place capital in businesses and funds that can provide scalable solutions, instead of only doing socially responsible investments that only avoid investing in companies that in some way, damage society or only encourage CSR practices (Freireich & Fulton, 2009). This way, in order to attract investors, industry leaders must work together to increase efficiency and create products that respond to investors’ requirement for transparency and liquidity (Bugg-Levine & Goldstein , 2009).

2.4. Measuring Impact

To evaluate the progress of the SV strategy and optimize it, it is crucial to know how to track and measure SV created simultaneously on society and on companies' results (Porter, Hills, Pfitzer, Patscheke, & Hawkins, 2012). At the same time, to attract investors, companies must release concrete data, recognizing a common set of standards and measurement systems, so that it is possible to evaluate its performance (Jackson, 2013).

There is not a consensus on how to measure Impact and how to define it. In one hand, some only concern with Corporate Social Performance, defined as a multidimensional construct with behaviours ranging across inputs, as for example investing in low pollution technology; internal processes, such as treatment of employees and relationship with customers; and outputs, as community relations and philanthropic actions (Waddock & Graves, 1997). On the other hand, others relate it with the financial return obtained (Jackson, 2013), examining the impacts of social and environmental initiatives on the overall corporate profitability (Epstein & Roy, 2001).

According to Porter et al. (2012) there is still missing a framework that links social progress directly to business success. To successfully measure it is necessary, first, to adopt a clear SV strategy as explained earlier in this literature review, implement it, and then, track progress and measure results to unlock new value. This demands understanding the social inputs that result from business practises and the business success from social outcomes. A plethora of indicators have escalated globally, of which can be highlighted the Impact Reporting and Investment Standards (IRIS) driven by the Global Impact Investing Network (GIIN) - the main organizing instrument of this industry (Harji & Jackson, 2012); and the Global Impact Investing Rating System (GIIRS), that uses common sets of indicators to measure the social performance of funds and companies (Jackson, 2013). However, Impact Assessments focus on social, environmental, or economic development impacts, and typically contain little or no connection between these impacts and company performance (Porter, Hills, Pfitzer, Patscheke, & Hawkins, 2012) - (See Annex 3). Nonetheless, efforts have been done to link a company's social and environmental impact to its financials, from seeking a correlation between good performance on ESG - Environmental, Social and Governance – indicators and company value, to monetize social and environmental impact, and incorporate it in financials. Both approaches fail since the first cannot specify which social or environmental issues are most important in driving business performance, and the second is almost impossible due to the fact that that kind of impact is not

possible to monetize (Porter, Hills, Pfitzer, Patscheke, & Hawkins , 2012). In line with Porter et al. (2012), to measure SV, companies must increase the role of business units in measuring social performance by engaging all departments in the process rather than only CSR's; create performance incentives aligned with SV goals through the usage of Key Performance Indicators (KPIs); and partner with cross-sector organizations to improve their measurement techniques. Alongside, Epstein and Roy (2001) present a framework that describes the drivers of Corporate Social Performance, the companies' actions that affect it, and the impact of these actions in social and financial performance, allowing managers to evaluate their performance (See Annex 4).

2.5. Attracting Customers

Recent studies show that engaging in social and environmental causes is a good practice to make customers purchase companies' goods. In truth, consumers not only care about "doing the right thing" but further, "doing better" (Bhattacharya & Sen, 2004).

Consumer Social Responsibility is defined as a deliberated choice to make a consumption based on personal and moral beliefs, and it includes an ethical component - related to social actions of the company -, and a consumerism component - linked with consumers' preferences and needs (Devinney, Auger, Eckhardt, & Birtch, 2006). In fact, according to the 2002 Corporate Citizenship, 84% of Americans would switch brands to one associated with a good cause, but only if price and quality were similar (Bhattacharya & Sen, 2004), which means that the consumerism component is as important as the ethical one. This is corroborated by Devinney et al. (2006) that found that some consumers would pay more for socially responsible products only if the functional attributes met their needs, and would not sacrifice functional features for social ones.

In conclusion, when consumers identify with the social and environmental commitment of the company, they are more likely to prefer it over the competition, which results in a competitive advantage (Bhattacharya & Sen, 2004).

2.6. B Corps

2.6.1 Definition

Bearing in mind the importance of companies in addressing social issues, and all the benefits it may bring both to society and to the company itself, a new movement of companies has surged with the purpose of conducting businesses in a way that society and environment are in the centre of decisions: The B Corporations movement. Since this is a recent topic there is not many academic literature, but some definitions can be found.

“A B Corporation is a company that redefines success in business - it looks at the positive impact on people and on planet as well as on profit”, integrating social and/or environmental outcomes in its mission².

In order to become a B Corporation (B Corp), a company must meet rigorous standards of social and environmental performance, accountability and transparency, and to be certified by the non-profit organization B Lab (Kim, Karlesky, Myers, & Schifeling, 2016). B Lab serves a global movement of people *“using business as a force for good”*, and believes that in the future companies will be competing not only to be the best of the world, but *“for the world”*. In order to follow its mission, B Lab certifies B Corps, promotes the alignment of these businesses interests with those of society to build long-term impact, and helps the measurement of their impact through the B Impact Assessment and B Analytics³. Through the B Analytics platform, companies are able to compare their impact across industries, geographies and business sizes, since B Impact Assessment reduces all companies’ analysis into a single number - B Impact Score - that reflects a company’s positive contribution to society⁴. The B Corps movement is one of the most effective frameworks for a company to address social and environmental problems (Honeyman , 2015) and was launched in 2006 by B Lab. The first generation of B Corps was certified in 2007, and today this movement is present in fifty countries, with more than 1800 companies and 130 industries. In Portugal, this movement surged in December 2014 in partnership with IES- *Instituto de Empreendedorismo Social* – but B Lab Potugal & África

² <https://www.bcorporation.net> [accessed on 4th October 2016]

³ <https://www.bcorporation.net/what-are-b-corps/about-b-lab> [accessed on 4th October 2016]

⁴ <http://ianmartin.com/blog/2014/04/why-be-a-b-an-open-letter-to-fellow-business-owners/> [accessed on 4th October 2016]

Lusófona was only formally founded in 2015, and already eleven B Corporations were certified⁵.

2.6.2 Why Becoming?

Being a B Corp is a manner of claiming an identity and proving that the organization engages in both shareholders and stakeholders' interests, which helps the firm communicate their values and differentiate from competition (Kim, Karlesky, Myers, & Schifeling, 2016). Attract investors; attract talent and engage employees: increase credibility and build trust; protect the mission; be part of a movement; and benchmark and improve performance, are benefits that arise from being a B Corp (Honeyman, 2014):

-Attract Investors

In fact, investors' decision on where to allocate capital is influenced positively by companies which have a clear identity (Smith E. B., 2011). B Corp certification can help companies attract mission-driven investors who consider social, environmental, and financial issues to their decision (Honeyman, 2014). Indeed, social investors strive to invest in companies that can achieve high social and environmental impact, are committed to follow their mission, and can command higher valuations⁶. Additionally, B Corps have free access to the GIIRS rating agency and analytics platform for impact investors that reposts social and environmental impact reports (Jackson, 2013), which facilitates the connection with them (Honeyman, 2014).

-Attracting talent and engaging employees

Nowadays, the number of people wanting to work in a company with a social mission is increasing. In fact, according to Deloitte Millennial Survey (2016)⁷, 56% of millennials have stated they rather work in a company with an inspiring purpose and mission that aligns with their values, placing a high value in corporations able to cause a positive impact⁸. Also, 64% of U.S. Millennials claim that would accept a lower salary in exchange of a job with which they identify (Winograd & Hais, May 2014). In this way, B Corps have an opportunity to prove its mission-driven, and better communicate their commitment to society and environment, against

⁵ <https://www.bcorporation.net> [accessed on 4th October 2016]

⁶ Raising Money? FAQs for CEOs and Investors in Potential B Corporations, *2012 B Corporation Annual Report*

⁷ Deloitte Millennial Survey 2016

⁸ <http://nbs.net/knowledge/b-corps-to-b-or-not-to-b-full-article> [accessed on 24th October 2016]

competition where every company claims to be “green” and “good” (Kim, Karlesky, Myers, & Schifeling, 2016).

-Increasing credibility and building trust

As written before in this literature review, increasingly consumers care about the company’s actions and not just the product itself when making a purchase (Bhattacharya & Sen, 2004), which is confirmed by Deloitte Millennial Survey (2006)⁹: millennials want more businesses to focus more on people, products, and purpose, and less on profit. Thus, being a B Corp will give a better image of the whole company, helping to turn the ambiguity of social or environmental responsibility into something more concrete, and this way, helping customers identifying the companies with which they identify. To this extent, a B Corp is a way of differencing from the competition, which will attract more the costumers who are concerned with the same causes as the company (Honeyman, 2014).

-Protect the Mission

Being a B Corp is a compromise to always care about profits with the same weight as in the social issues they committed to address. This way, a companies’ social and environmental mission is locked over time regardless the management that will succeed. When raising capital, selling the company or changing management, a B Corp will always maintain its purpose since it is legally obliged to, and so, a new CEO or investor will always have to consider both shareholders and stakeholders when making a decision. At the same time, it will create legal protection for management to take into consideration the interests of all stakeholders.¹⁰

-Being part of a Movement

B Corps movement is a mean to build collective voice, to help companies to inspire consumers to change their behaviour, to pass supportive policies, to drive capital, and to accelerate the adoption of standards (Kim, Karlesky, Myers, & Schifeling, 2016). In fact, in order to develop the community to which B Corps belong, B Lab developed a network of partner organizations around the word: Sistema B in South America, B Lab Canada, B Lab Australia&NZ, B Lab Europe, B Lab UK and B Lab Portugal&África Lusófona¹¹. Belonging to such groups will help

⁹ Deloitte Millennial Survey 2016

¹⁰ Raising Money? FAQs for CEOs and Investors in Potential B Corporations, *2012 B Corporation Annual Report*

¹¹ <https://www.bcorporation.net> [accessed on 4th October 2016]

companies to be involved with each other, engage in partnerships, collaborate and provide discounts (Honeyman, 2014). At the same time, companies will have marketing benefits, since potential investors, customers or partners categorize businesses according to similarities, and an identity such as a B Corp will help these individuals distinguish it from conventional companies (Smith E. B., 2011).

-Benchmarking and Improving Performance

Before in this literature review, was explained the importance of measuring Impact. Since Impact in society is one key element to a B Corp performance (Kim, Karlesky, Myers, & Schifeling, 2016), it is possible to conclude the advantage of having the possibility of assessing impact through B Impact Assessment, and compare its operations' impact on workers, community and environment with other companies, at the same time as announcing it to all stakeholders and tracking performance (Honeyman, 2014).

Chapter 3: Methodology

To address the research question, a Case Study that describes the process of Manipedi to become a B Corp was developed.

This dissertation was developed in proximity with two organizations – B Lab and Manipedi – and most of the information used is based on primary and secondary qualitative data.

In order to collect information to develop the Case Study and the Teaching Notes, several meetings were conducted with Lénia Mestrinho and Afonso Fontoura - from IES's *Laboratório de Negócios Sociais* and heads of B Lab Portugal & África Lusófona – to gather information about the B Corps movement, understand the best practices, and requirements to certificate. Furthermore, the presence in two conferences about B Corps' advantages and the best practices to include diversity in a company, and in one workshop in DNA Cascais to improve companies' impact in the community, also provided important information.

Moreover, the process of Manipedi was followed and monitored during the execution of this dissertation, with weekly or twice a month meetings with Catarina Soares da Cunha – Manipedi's owner and founder - to gather qualitative information about the firm's culture and operational model, assess its impact in the B Impact Assessment platform, and give advices on the best practices to increase impact.

In addition to these meetings, a questionnaire was also conducted to all certified Portuguese B Corps, to understand their processes and practices. Furthermore, relevant data was also collected from numerous web sources, such as Manipedi's website, online articles and B Corporation website. Together, all this information and data was then used to initiate the process of certification of Manipedi as a B Corp.

Chapter 4: Case Study

4.1.Manipedi

4.1.1 History and Concept

Manipedi is a Portuguese Nails spa inspired in New York salons, an innovative concept in Portugal, designed to give women a relaxing time where they can forget all problems and obligations, with the highest hygiene and quality standards in a sophisticated atmosphere.¹²

Manipedi is an aesthetics and beauty concept only dedicated to feet and hands, was founded in 2015 by Catarina Soares da Cunha, and has, until now, three stores: one in Lisbon and two in Cascais.

After two years in New York, Catarina was living with her husband in Angola when they decided that they should return to Portugal, their country of origin, and start an entrepreneurship project. It was in the 2015 New Year's Eve that it all begun. Catarina was in Thailand in a nails spa, as it was her usual in NY, when she realized that there was no project like this in Portugal, and was a good opportunity to embrace. Catarina readily started working on her idea, and it was in August 2015 that she opened the first Manipedi store in Cascais (See Exhibit 5), with three more employees. The concept was promptly received, mainly by foreigners living in Portugal, traveling professionals, and Portuguese that lived abroad and were used to the concept, as well as Cascais' residents that were looking for a more personal and luxurious experience. After, in May 2015, two new stores were opened, one in Santos- Lisbon and other in the shopping mall CascaiShopping – Cascais (See Exhibit 6). Currently, Manipedi has eight employees and it is under Catarina's management.

4.1.2 Mission and Values

Manipedi's mission is *to strengthen women's trust in themselves and in each other, generating learning opportunities and jobs, and creating privileged relaxation and inspiration spaces where they can focus on themselves and strengthen their relationships with the other special women in their lives.*¹³ Health, ethics, quality, respect, security, learning, rigour, trust, and innovation are the core values that guide the company's decisions and differentiate it from

¹² <http://www.themanipedi.pt/> [accessed on 31st October 2016]

¹³ <http://www.themanipedi.pt/> [accessed on 31st October 2016]

competition, by investing in highly skilled professionals with secure and hygienic techniques, continuously insisting in training the team, and following the last innovations and trends.

4.2 Brief Industry Overview in Portugal

Feet and hands nails' care belong to the beauty care industry, which includes also categories like makeup, hair removal and skin cleansing.¹⁴ This way, it is difficult to get data of this specific service isolated from the others mentioned, and so, most of the information provided includes other beauty care features.

According to Euromonitor (2014), the Beauty and Personal Care market has been decreasing by 9.4% on average per year from 2009 to 2014, however, forecasts predict an increase of 4.6%¹⁵, which reveals potential for companies to increase sales. In fact, the economic upturn gave confidence to Portuguese consumers in 2015, which led to an increase in consumption and drove to a positive recovery of this sector, resulting in an increase of the price range offer. However, the economic crisis also drove to price conscious consumers, which, more than never, think twice before doing a purchase. This results combined with the increasing trend of the “do-it-yourself” concept – since consumers are increasingly more rational and looking for solutions of home beauty care - led to stable results in 2015, instead of a huge increase.¹⁶

The hair and beauty sector is the 26th highest employer in Portugal, employing around 50,000 people in the country.¹⁷ At the same time, Hand and Body Care market value is been increasing in Portugal from 2006 to 2010 (See Exhibit 7) with 18% corresponding to mass hand care and 3.3% to premium hand care (See Exhibit 8), with the prediction that this growth would continue until 2015 (See Exhibit 9).¹⁸

Portuguese women preserve aesthetics and beauty care very significantly, which is supported by Marktest's study that revealed that in 2014, 20.2% of Portuguese women older than fifteen years old have attended a beauty centre, and from this sample, 54% claim to have attended at least once a month.¹⁹ Moreover, in 2006, 54% of women in Portugal wore nail polish, being the highest income class the principal consumer (71.1%).²⁰

¹⁴ Classificação Portuguesa das Actividades Económicas Ver.3, *Instituto Nacional de Estatística* (2007)

¹⁵ Colour Cosmetics in Portugal, Euromonitor International (2014)

¹⁶ Beauty and Personal Care in Portugal, Euromonitor International (2016)

¹⁷ Census 2011 Resultados Definitivos - Portugal, *Instituto Nacional de Estatística*

¹⁸ Hand&Body Care in Portugal, Datamonitor (2011)

¹⁹ Marktest 2014: <http://www.marktest.com/wap/a/n/id~1e54.aspx> [accessed on 2nd November 2016]

²⁰ Marktest 2007: <http://www.marktest.com/wap/a/n/id~1035.aspx> [accessed on 2nd November 2016]

The market players in Portugal offering hands and feet care can be divided into five categories: Hair Salons, Beauty Centers, Gel Corners, Hotel Spas, Nail Salons, and Nail Islands (See Exhibit 1). In a benchmark conducted by Manipedi, it is possible to characterize each of these categories into the product brands they use, hygiene conditions, store’s environment, employees’ skills and benefits, ease of booking, schedules and prices:

EXHIBIT 1: PORTUGAL NAILS’ CARE BENCHMARK 2015

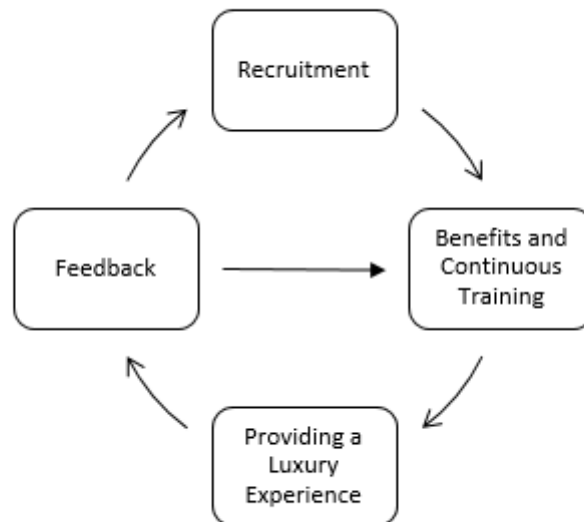
	Hair Salons	Beauty Centers	Gel Corners	Hotel Spas	Nail Salons	Nail Islands
Presence	Everywhere (malls & several per neighborhood)	One per neighborhood	Shopping malls	Tourist and city areas	The Manipedi – Nail Spa	Shopping malls
Brands	Andreia, Risqué, Kiko, Cliché, Essie, Impala	Andreia, Essie, Risqué, Cliché	Nails 4Us (own brand), Nails21	SpaRitual, etc	O.P.I., Shellac, Vinylux	Own brands
Safety/hygiene	Depends, mostly not very clean	Clean	Clean	Clean	Sterilized, disposables, autoclave	Clean
Environment	Noisy (except the high-end salons)	Clinic like	Busy and exposed	Exclusive	Spa	Busy and Exposed
Technicians	1 technician; only receives commissions: uses own (70%) or salon (50%) products ; often not certified	2 or 3 beauty technicians (also waxing, massages, etc)	2 or 3 per corner; gel only	1 or 2 hotel or freelance beauty technicians	2 or 3 per store; certified and continuous training	2 or 3 per island
Booking	Very difficult	Average	Difficult	Difficult	Easy & walk-ins	Easy & walk-ins
Schedule	10h-20h, closed on Mondays	10h-19h, closed on Sundays	10h-23h, daily	10h-22h, daily	10h-19h, closed on Mondays	10h-23h, daily
Average Prices	Manicure: 7€ Pedicure: 18€	Manicure: 8€ Pedicure:20€	Gel nails: 35€	Manicure: 30€ Pedicure: 55€	Manicure: 9€ Pedicure :21€	Manicure: 9€

Source: Adapted from Manipedi’s benchmark conducted by Catarina, 2015

4.3 Manipedi Business Model

As introduced before, Manipedi’s mission is to “*strengthen women's trust in themselves and in each other (...)*”²¹, which Catarina claims that can be summarized as empowering women: both employees and clients. In order to do so, Manipedi operates to give training, promote independence, and give stable life conditions to its workers, while providing the best service to its clients with the purpose of making them feel confident and unique. To successfully achieve its mission and differentiate from competitors, Manipedi’s business model is structured in the following way (See Exhibit 2):

EXHIBIT 2: MANIPEDI BUSINESS MODEL SCHEME



Source: Author, 2016

1. Recruitment

The recruiting process at this company is based on a personal interview and on a technical test in which candidates can show their added value to Manipedi. On the company’s website, an application section can be found, and whenever a new employee is needed, announcements are put in newspapers and on employment platforms.

²¹ <http://www.themanipedi.pt/> [accessed on 31st October 2016]

Manipedi's social mission is to empower and give a stable job to talented and driven women that live in difficult life conditions and deserve an opportunity to show their capabilities and engagement to work. Hence, when considering who to hire, Catarina conducts a personal interview to scan people in an unemployment situation and facing demanding challenges such as victims of domestic abuse, single mothers, and immigrants passing through a difficult integration process in society; or women coming from unfair working conditions with wages and schedules below the legal norm, without the right to *Social Security* benefits and to an employment contract. Additionally, a technical test is conducted where candidates can demonstrate their talent and passion to *manicure* and *pedicure*, by showing the best they can do. Talent and desire are the most rewarder features when hiring an employee, and when these are met by several candidates, the choice is made based on a qualitative evaluation on who from this spectrum faces more of the difficulties mentioned previously.

Several candidates already own a certificate and previous training, but an opportunity is also given to the ones that show the right attitude and do not have such certification (See Exhibit 10). In fact, Manipedi has already paid in advance a training certificate (in *manicure* and *pedicure*) to one of its employees, with a two-year payment plan discounted from the monthly wage. This certification was by the Glamour Nails School in Lisbon, certified by the European Union and by DGERT- *Direção-Geral do Emprego e das Relações de Trabalho*. Catarina believes that offering the certification without asking for the value back is not the best strategy to empower employees, and in this line, Manipedi borrows the amount needed so that employees enjoy the course at the maximum, knowing that they will have to pay for it, and that in the future they can look back and know that they achieved it by themselves.

2. Benefits and Continuous Training

Manipedi believes that the best way to achieve results is to have a continuously motivated workforce. Hence, it offers exceptional work conditions in this industry.

First of all, providing an above the legal wage and paying the Social Security taxes is not a common practice in this industry, as Catarina concluded when interviewing and talking to many professionals from this area, that used to work under unfair conditions. Indeed, Manipedi's wages vary depending on the function of the employee, starting with monthly 600 Euros basis²²

²² Minimum wage in Portugal 2016 is 530€, according to PORDATA (2016). Reference: <http://www.pordata.pt/Portugal/Sal%C3%A1rio+m%C3%ADnimo+nacional-74> [accessed on 28th November 2016]

and daily 4.27 Euros lunch allowance. Additionally, each employee receives a variable commission for the products and services sold whenever company's profits are positive.

Secondly, employees are provided with training in gel nails and nail art, as well as training on best practices to better serve customers. A team environment is also strengthened by the encouragement of knowledge exchange between employees, where colleagues are motivated to teach each other. These training sessions occur whenever someone is new at the company, as well as whenever management notices a necessity. Furthermore, employees are encouraged to visit exhibitions of this specialty, and are financially supported in the case of wanting to learn a new language or attend to further specialty trainings.

Lastly, Catarina meets monthly with all the company's workforce to show and explain the financial results, in order to get all employees involved in the business and increase their critical thinking, so that all the actions are understood, and to give everyone an opportunity to show new ideas.

3. Providing a Luxury Experience

Manipedi is known as a luxury nails spa by its customers, where each client is treated in a unique and personalized way. To make this possible, Manipedi picks the best products in the market: from O.P.I. polish and Shellac gel polish, the two main products used, recognized worldwide by their quality and investment in R&D, to quality furniture, and clean and sterilized tools. Moreover, when a customer arrives to the store, he is attended right the way, and in the case he has to wait, a magazine and an Indian Tea are offered, so that the relaxing experience starts without a painful waiting time. Finally, after every service of manicure and pedicure a massage follows to end the experience.

Despite the high-quality materials, Manipedi prices correspond to competition, as a strategy to penetrate the market and engage price conscious consumers in this first stage, since the company is not yet mature and known in the market, which results in smaller margins, and in a service that can be categorized as an affordable luxury.

4. Feedback

After every visit to Manipedi customers are given a chance of filling a feedback survey. Observations are requested about the service itself, as well as the specific employee that have met the client. This way, it is possible for Manipedi to integrate all the suggestions in actions to implement it. These actions can result in new training sessions or advices to a specific employee. Focusing properly in customer's feedback gives Manipedi a competitive advantage to understand new trends and needs, as well as gaps in the service provided.

Manipedi business model is a virtuous cycle, since as the feedback is being implemented, training sessions and service will be adjusted to meet customers' expectations, and this way, improve the business quality and customer's retention rate.

4.4 Becoming a B Corp – The process of Manipedi

When Manipedi was launched, Catarina was explaining its business model to her friend and responsible of B Lab Portugal & África Lusófona - Lénia Mestrinho – when they acknowledged that the unique way of Manipedi empowering its employees was a good reason to certificate it as a B Corp and start filling the B Impact Assessment.

The decision of certifying Manipedi was made to ensure that its mission is kept as a core goal: *“Sometimes the pressure to increase profits can lead us into decisions that will not benefit our employees and community. Being certified as a B Corp will be a way of controlling these decisions, so that Manipedi does not deviate from its mission”*, explains Catarina.

In the Exhibit 11, the requirements that a company must fill to become a B Corp can be found, which were taken into consideration by Manipedi in its process.

The process of becoming a B Corp begun in the beginning of October 2016, and the first time the company measured its impact it got 65 points in the assessment, what was not enough to submit it. This way, Manipedi started implementing changes in its management and operations, in order to increase its impact and achieve the necessary points to submit the assessment.

Although Manipedi already pursued good practices that were rewarded in the assessment, Catarina had to engage in some efforts to officialise these practices, as well as implement new ones. In the succeeding paragraphs the changes and challenges Manipedi experienced, as well as the initial situation, are explained through each of the sections of the B Impact Assessment.

Workers

Manipedi’s employees work on a full-time basis and earn a fixed salary. All of them are eligible to earn bonuses according to the revenues associated to which one. During the last fiscal year (2015) all employees were able to receive it, corresponding to between 6% and 15% of their base salary.

Workers have access to the government health care benefits, reason why Manipedi does not provide any other health care plan, offering only a free annual medical check-up. Since this company follows all the rules defined by law, employees have the right to more than six weeks of paid secondary caregiver leave, between twelve and seventeen weeks of paid primary caregiver leave, and to more than thirty paid days off (including holidays), inclusive for the

employees that have joined the company recently. Furthermore, to enrich worker satisfaction, in the employee birthday she can leave two hours earlier.

Manipedi promotes an internal career development, and this way, store managers are employees that were promoted due to their merit. As mentioned before, Manipedi employees have access to continuous training to advance core responsibilities as well as to training on cross-job functions, beyond their regular job responsibilities, as the sessions explaining the company's financial results.

Feedback is also part of Manipedi's methods in order to develop its workforce, and in the light of the Impact Assessment, a program of evaluations was put in practice. Employees are evaluated by their peers and subordinates at least on an annual basis, and receive written guidance and clearly identified achievable goals, so that they can improve their performance.

Furthermore, was written an employee handbook, where company's values and mission, plus non-discriminatory ideals, are transmitted. It additionally includes information about products and methods used, and suggestions on how to behave and serve the client. Furthermore, it includes information about schedules and work hours, payments, bonuses, training, days-off, rules and sanctions, as well as on flexibility regarding medical appointments, and the possibility to get help to pay some necessary medicine that they cannot afford. Hence, this handbook informs employees regarding their rights and benefits, and simultaneously make them aware of their obligations, so that they can behave in such a way that no sanctions will be needed.

With the interest of evaluating employees' engagement and satisfaction with their job, an anonymous survey was conducted. Workers could indicate whether they identify themselves with company's mission and values, if they are satisfied with their work and consider that their job is worthwhile, as well as indicate how do they feel regarding to their future in the company. The results were extremely positive, and was concluded that approximately 90% of employees were satisfied working at Manipedi.

Community

Manipedi had already a significant impact in the community section, since creating jobs is a highly-valuated concern regarding impact on the community, and it is a core matter in Manipedi's mission.

Bringing people from unemployment conditions and invest in their career is in the focus of the company's activity. At the same time, women still a minority and face more barriers to

employment. Thus, having a 100% women composed workforce is an advantage for Manipedi when evaluating its impact. Moreover, the ethnicity, gender, nationality, religion and sexual orientation inclusion appeals that Catarina always tries to transmit to her employees and customers were also rewarded.

Furthermore, workers are encouraged to do at least eight hours of voluntary work per year during the work schedule, providing Manipedi's services to seniors with financial difficulties, and to invite one person per year to get a free *manicure* or *pedicure*. Regarding donations, each year Manipedi commits to organize a fundraising to an Angolan orphanage, Mamã Muxima, contributing to young girls' education.

Manipedi's majority of suppliers are local firms that are international brands' representatives in Portugal, as well as Portuguese professional services. Having local suppliers promotes the local involvement by contributing to its economic development, which was rewarded in the assessment.

When determining which supplier to choose, Catarina screens for positive practices beyond legal requisites, as fair labour practices and products non-tested on animals. In order to formalize this process, was created a supplier code to be presented suppliers, which must commit to adhere to those standards.

To improve the impact assessed, Catarina only had to formalize what Manipedi was already doing: write in the employee handbook the diversity and minorities inclusion appeals and the voluntary work conditions, as well as writing the supplier code mentioned.

Environment

This is the section where Manipedi has less impact, as Manipedi's focus is not on environment. However, Catarina established some changes: started recycling paper, cardboard, plastic, glass and metal, and whenever it is possible, to opt by environmentally friendly products.

Furthermore, the company started monitoring and recording water and energy usage - so that in the future it would be able to establish reduction targets and improve its environmental performance -, having concluded that during the last year, approximately 65% of the energy it used was produced from renewable sources.

Finally, facilities are designed to facilitate the use of public transportations, and employees are encouraged to use it instead of own car. Also, Manipedi was already engaging in energy

efficiency improvements by changing bulbs to LED - Light-emitting diode –, and using after-hours timers to save energy during the periods in which stores are closed.

Governance

Regarding the company's mission and engagement, Manipedi envisages its social mission to serve women in difficult situations as a primary measure of success, and prioritizes it even though it may not drive profitability - which is an important topic when evaluating the company's mission.

In order to engage with the community, in the company's birthday Catarina invites all workers, customers, suppliers, neighbours and stakeholders in order to share the company's progresses.

Furthermore, to improve its results in the assessment, social outcomes started to be measured over time, by establishing KPIs - such as percentage of workers coming from precarious jobs or unemployment situations, and percentage of satisfied workers -, so that in the future the company can settle goals, track their evolution over time, and determine if it is achieving its social objectives.

Lastly and as regards to its transparency, the company was already disclosing its financial information to employees. In light of this assessment, Manipedi started to share its KPIs publicly on its website with the commitment of updating it annually, and published a written a consumer warranty on its website, so that customers are aware that they can repeat their service if not satisfied.

Impact Business Models

Manipedi's Impact Business Model is based on providing high quality jobs and professional development to individuals that face barriers to employment. Having an open hiring program designed to employ workers regardless of barriers they face and providing them with all training and benefits explained, represent the core of company's business model.

Having introduced all those changes, the company was able to rise its punctuation to 95.5 (See Exhibit 16), and is waiting for the review call to provide all necessary documentation and additional information to reach the next steps.

4.4.1 Becoming a B Corp in Portugal – Benchmark

Since the process of becoming a B Corp differs among companies, their practices and dimension, impact goals, and many more features, it is important to analyse other companies' course to better characterize this process. Thusly, a questionnaire was conducted to all the existing B Corps in Portugal that have completed the three steps of the process.

The B Lab Portugal & África Lusófona has already certified eleven companies, ten of which are Portuguese, and within these, only seven have met the all the requirements, namely the legal ones. These seven companies - Abreu Advogados, Biorumo, Brightconcept, ColorADD, Logframe, More than Honey and Sector 3 –agreed to answer the questionnaire.

This questionnaire's purpose is to understand how these companies became aware of the movement, the reason why they decided to engage in it, and the most significant changes they had to undergo.

According to the answers obtained, the majority of the B Corps in Portugal were introduced to the movement in direct contact with IES, the organization behind B Lab Portugal & África Lusófona. In reality, since this is a recent movement in the country, the first organizations were approached by IES because they were already known for their good practices, and would easily fit in B Corps requirements. Analysing the answers, it can be concluded that until the questionnaire date, no Portuguese B Corp got to know the movement by other mean than friends or IES (See Exhibit 17).

The majority of these companies agreed to join the movement because they identified themselves with its mission and values, followed by the desire to belong to a network of companies that share the same values (See Exhibit 18). Along these lines, all the Portuguese B Corps declared to have a positive impact on society through the way of collaboration with other organizations. Almost half have a positive impact through the way of treating workers, the same number claimed to have a positive impact as a result of environment preservation, and only one firm via providing products to customers with special needs (See Exhibit 19).

In fact, *Workers* and *Community* are the most weighted areas in the country, reflecting the good practices in such areas. On the other hand, none of the companies reported to have *Governance* as the strongest area (See Exhibit 20). Indeed, when asked which areas needed improvements, six out of the seven companies answered that had to change some practices in the *Governance*

area to increase the B Impact Assessment score. Besides, *Customers* and *Environment* were targeted in most of the companies to be improved as well (See Exhibit 21).

However, when asking which specific actions companies have adopted with the same intent, there are differences in the answers in comparison with the areas mentioned, namely in *Community*. None of the companies replied to have improved this area, but as can be seen in Exhibit 22, the most common measure was to create a Suppliers' Code Book in order to ensure collaboration and preference for products originating from responsible companies with positive impact in the community. Regarding the improvement of *Governance* area, creating an Advisory Board to ensure coordination and representation of all the stakeholders' interests, and share publicly company's financial and/or impact reports, were the actions adopted by the Portuguese B Corps. As to *Environment*, start recycling, target reduction of water consumption, or changing packages, are some of the measures that companies adopted. Furthermore, and similarly to Manipedi, creating an Employees' Book and pursuing feedback mechanisms were the methods used to improve workers' integration and possibility of development within the company.

Finally, from the moment these companies decided to integrate the B Corps Movement until the day they got the certification, most of it spent between six months and one year implementing all the necessary changes, measuring their impact and adopting the legal requirements (See Exhibit 23).

Manipedi has already incurred in the necessary changes in order to obtain the minimum impact punctuation to certificate as a B Corp,– but will these changes make a significant difference in the positive impact this company already has in society? Does being a B Corp represents an advantage? Are all those efforts worthwhile?

Chapter 5: Teaching Notes

5.1 Learning Objectives

Manipedi's Case Study was designed to be lectured to management students in Corporate Social Responsibility and Social Entrepreneurship classes. The learning objectives this case aims to cover are the following:

- Raise awareness to the B Corps movement, along with the requirements and potential advantages of engaging in it;
- Understand the importance that companies have on society;
- Demonstrate how to integrate a social mission in the company's core mission;
- Illustrate how to create Shared Value by relating CSR activities with company's core business, benefiting both company and its stakeholders;
- Analyse Manipedi's mission, strategy and business model;
- Identify and understand the actions that Manipedi had to pursue in order to improve its social impact;
- Reflect upon Manipedi's actions to improve its impact, question the additional impact they potentially have both on society and on the firm, and suggest improvements.

5.2 Teaching Questions

TQ1: Is Manipedi creating Shared Value?

TQ2: Which are the potential advantages for Manipedi by certifying as a B Corp?

TQ3: Do you believe that the adopted measures were adequate? Is Manipedi having more impact on society with those measures? Suggest actions that enable Manipedi to improve it.

TQ4: Which are the necessary changes a company should implement in order to become a B Corp?

5.3 Suggested Teaching Methods

To discuss the Case Study in class, the professor should give the case to students one week in advance, to let them study it and reflect upon the teaching questions.

The Class could begin with the teacher briefly summarizing the case study, explaining the B Corps concept, and Manipedi's Mission and Business Model. After, the professor could ask students to split into two groups: one for those who believe that engaging in actions in order to belong to the movement is worthwhile, and others who do not. Subsequently, the professor could moderate a debate in which students expose both opinions, and then the professor conducts the class asking students to present their answers to the teaching questions.

5.4 Analysis and Discussion

Following are presented the model-answer to the teaching questions. These are not the only possible answers, since are merely guidelines to what an answer could contain.

TQ1: Is Manipedi creating Shared Value?

In order to address this question, it is crucial to understand the concept of Shared Value and how to implement such strategy in a company.

Porter and Kramer (2011) define SV as operating practices that enhance competitiveness of a company while benefiting communities in which it operates. These authors defend that SV is only created when company's choices benefit both the company and society.

With this definition in mind, it is possible to identify SV creation in Manipedi's actions. In fact, by providing good work conditions, training and development opportunities, not only employees are benefiting from those empowering actions, but also the company, by having a motivated workforce with the desired technical skills. Thusly, recalling to subchapter 2.2.2., Manipedi is creating SV by *Redefining Productivity in the Value Chain*, since it is transforming its value chain by increasing its efficiency through the quality and commitment of the workforce, which will provide a better service to customers.

Furthermore, Bockstette and Stamp (2011) summarize the building blocks of creating SV into *Vision, Strategy, Delivery and Performance* (See Annex 2). Manipedi has an accurate *vision* of its goals to empower women, being this mission its primary focus. All the activities are tailored to address the mission, through a *strategy* that prioritizes SV issues by having social impact goals in line with business ones: the more rigorous the recruitment process, and the better the training opportunities to women in difficult life conditions, the higher the impact on both sides. Additionally, the authors defend that the most effective companies mobilize internal and external resources to achieve the goals in the *delivery* phase. Manipedi is not yet leveraging external resources or engaging in partnerships to achieve its mission, but internally all efforts are being made to empower employees by the incentive given to teach each other, and taking all opportunities to improve their skills (as in the case of sharing and explaining financial results). Moreover, *performance* is improved through the incorporation of colleagues and customers' feedback in each employee evaluation. In fact, by setting clear and tailored goals resultant from this evaluation, workers are allowed to enhance performance. Also, to ensure that the firm is going in the right track, Manipedi defined KPIs, which are communicated internally and externally.

TQ2: Which are the potential advantages for Manipedi by certifying as a B Corp?

To answer this question, we can look at subchapter 2.6.2. Being a B Corp is a manner for Manipedi to claim its identity and prove its engagement in both shareholders and stakeholder's interests (Kim, Karlesky, Myers, & Schifeling, 2016). The potential advantages for Manipedi are listed below:

- Attract Investors

B Corp certification can help Manipedi attract mission-driven investors who consider both social and financial issues in their decisions. Indeed, when Manipedi concludes the process, it will have access to the GIIRS platform, which facilitates the connection with them. This is an opportunity for Manipedi to embrace, in the case it wants to expand and open more stores with external investors support.

- Attract and engage employees

By obtaining the B Corp certification, Manipedi will start to be known by the working conditions and opportunities it offers to its employees, as well as by the training opportunities given to candidates without a technical certificate. This will raise awareness of committed

candidates with ambition to learn and excel, which is an advantage for the company. On the other hand, it also can bring more difficulties with candidates pretending to originate from demanding situations to have priority to get the job²³.

Furthermore, Manipedi's management is only composed by Catarina, which will be difficult to keep when the company achieves bigger dimensions, and eventually will require new members to join the team. In that moment, being a B Corp will be an advantage since the company will attract the increasing number of Millennials wanting to join companies committed to society²⁴.

- Protect the Mission

Manipedi's social mission will be locked over time due to the legal commitment that is part of the process of becoming a B Corp (See Exhibit 11). This was the main reason why Catarina decided to join the movement, so that the pressure to increase profits will never overlap the mission to empower its workers.

- Being part of a Movement

Manipedi will have the opportunity to be involved with B Lab Portugal & África Lusófona, attend to its events, and this way, to know other B Corps in Portugal, engage in partnerships, and collaborate with it. Furthermore, being connected to an international movement could also be an opportunity for Manipedi to expand internationally, taking advantage of all potential partnerships and network, mainly across África Lusófona, although this will take time.

One practical example is a real challenge that Manipedi had: In light of the Impact Assessment, in order to provide personal development training, Manipedi wanted to contract Doutor Finanças – an organization with the purpose of helping people to balance their household budget²⁵ - to help employees in their personal financial planning. However, a minimum number of twenty attendants was needed. Since the company had not such number of employees, it was not able to contract this service. This could not be the case if the firm partnered with other B Corps that would have the same motivation to provide their workers such benefit.

- Benchmarking and Improving Performance

Being a B Corp will give Manipedi access to the B Corps Resources Portal, which contains tools to help companies to improve their performance and encourages the engagement in the community by exchanging examples of measures that help the company improve its impact.²⁶

²³ Based on personal communication and previous discussions

²⁴ Deloitte Millennial Survey 2016

²⁵ <http://www.doutorfinancas.pt/sobre-nos/> [Accessed on 30th November 2016]

²⁶ <https://www.bcorporation.net/user/login?destination=community/b-corp-portal&destination=community/b-corp-portal> [Accessed on 30th November 2016]

- Attract Customers

As defined by Devinney et al. (2006), Consumer Social Responsibility is the choice to make a consumption based on personal and moral beliefs, and consumers with this tendency are willing to pay higher prices for social responsible products and services. Furthermore, when informed of the social impact a company has, consumers will most likely prefer it over competition. This represents a main advantage for Manipedi into having the B certification. In fact, when confronted with the B Corp stamp in stores and company's website, consumers will immediately have the confirmation of the company's impact in society, and the ones more sensitive to such subjects will most likely start to prefer Manipedi's services. In the specific context of this industry in Portugal this advantage has an even higher impact, since there is a substantial probability of having employees in unfair conditions in competition's stores, enlightening Manipedi's good practices. However, since B Corps movement is only present in Portugal about one year ago, and has few certificated companies, the movement is probably barely known. Nonetheless, if it continues to develop as it had in the first year in the country, being a B Corp will rapidly be a competitive and differentiating aspect.

TQ3: Do you believe that the adopted measures were adequate? Is Manipedi having more impact on society with those measures? Suggest actions that enable Manipedi to improve it.

To address these questions, it is essential to have a clear idea of which measures were adopted considering the certification, and which were already in place before this process. The following exhibit summarizes it:

EXHIBIT 3: MANIPEDI'S MEASURES BEFORE AND AFTER THE ASSESSMENT IMPROVEMENT

Area	Before B Impact Assessment Improvement	After B Impact Assessment Improvement
Workers	Eligibility to bonuses; Health care benefits; Birthday schedule; Meritocracy; Training on job responsibilities and cross-job functions	Feedback mechanism; Guidance to improve performance; Employee handbook; Employees' satisfaction survey
Community	Job creation; 100% women composed workforce; diversity inclusion; Voluntary work; Donations; Screening suppliers;	Supplier Code; Formalize voluntary work conditions
Environment	Energy consumption improvements	Recycle; Monitor water and energy usage
Governance	Social goals in mission statement; Community engagement; Disclosure of financial information to employees	KPIs' creation and share; Written consumer warranty

Source: Author, 2016

Regarding *Workers* area, the adopted measures were truly relevant in order to improve employees’ working conditions, in a way that they can take advantage of all opportunities they are offered and improve their performance in the company. First, the employees’ handbook is a fundamental tool to make sure that workers know all their obligations and rights, as well as know what does the company expects from them. Furthermore, the feedback mechanism and personalized guidance that results from it, are also mandatory measures to reinforce workers’ evolution and development, since knowing exactly were to improve and were to continue the good work are triggers to empower employees. Referring to satisfaction survey, it does not improve company’s impact on employees but it is a good way to ensure that employees are engaged and perceiving the good work environment. As a suggestion to improve this area, workers’ engagement could be boosted with the organization of team activities outside the work environment, as sports tournaments with the goal of fortifying the team spirit. To address company’s mission of empowering employees, it could implement additional soft skills development program to all employees: as languages and maths courses, or creating a reading club, where a book could be discussed monthly in order to enhance arguing capacity. Furthermore, a mentoring program could be an advantage for ensuring all employees are receiving the adequate coaching: every time a new employee joint the team, another employee already working at Manipedi would be responsible for presenting all the company’s processes, advising and integrating the new joiner into the team.

Respecting to *Community*, both actions implemented are only formalizing what the company was already executing, and thus, no additional impact derives from it. However, those actions

ensure that the company will continue with its good practices, promoting positive future impact. To improve impact in community, a volunteering director could be established so that voluntary work already in place would have a more structured plan and defined schedules. Regarding job creation, in order to better identify possible employees, Manipedi could partner with organizations already working with women in difficult life conditions as APAV or Ajuda de Mãe. Moreover, to engage stakeholders in company's activities, a newsletter could be released quarterly, to build trust, demonstrate transparency, and willingness to consider their ideas²⁷.

The measures adopted concerning *Environment* are imperative to any company that aspires to have impact on environment. Although it is not a core focus on Manipedi's mission and does not improve its social impact goals, it impacts positively the environment. Focusing on more elaborated actions to improve environmental impact would deviate Manipedi from its core social mission, and this way, the company should remain with environmental measures that do not rely on big operational efforts. Furthermore, this firm is known to use the best products in the market, that should not be exchanged by lower quality ones to maintain its position. This way, if the company considered to exchange its products to more environmentally friendly ones, it would lose its luxurious image, since there are not known good quality *manicure* and *pedicure* products in the market that at the same time do not harm to the environment.

In light of the B Corp certification, *Governance* implemented actions' goal is to ensure that the already present social goals on mission statement are maintained and controlled in the long term. This way, Manipedi measures KPI's so that it is able to control and enhance its impact in the future. With the purpose of incorporating principles of fairness in the company, ensure rigorous transparency, and ensure coordinated decisions and initiatives with all stakeholders, one suggestion could be the creation of an Advisory Board. This body should be composed by individuals who bring knowledge to complement the skills of the company's direction, be composed by 50% or more members not employed in the company, and meet at least twice annually. The body has no decision-making authority, and should prevent conflict of interests between the different stakeholders, so that all the goals of the company- including social impact - are achieved²⁸. Likewise, to ensure transparency, Manipedi could release its financials publicly on its website.

²⁷ https://www.bcorporation.net/sites/default/files/documents/bestpractices/em_stakeholder_engagement.pdf
[Accessed on 28th December 2016]

²⁸ https://www.bcorporation.net/sites/default/files/documents/bestpractices/EM_Creating_BoD_Advisory_Body.pdf
[Accessed on 28th December 2016]

TQ4: Which are the necessary changes a company should implement in order to become a B Corp?

As can be concluded by the benchmark of Portuguese B Corps' changes, actions implemented vary across company's mission, industry, size, and many more features. This way, it is not possible to have a standard formula that any company can use in order to become a B Corp. However, there are several requirements that are common to every company.

First, companies must be focused on measuring their impact on *Workers, Community, Environment* and *Governance*. To do so, they have to take the B Impact Assessment. To certify as a B Corp, the company has to get at least 80 out of 200 points, and to obtain this punctuation all Portuguese B Corps had to engage in some changes.

The choice of which measures to adopt by each company in order to get the certification is a subjective process, and thus, there is not a standard and only way to fit the requirements. In fact, if a company and its partners do not have illegal activities or harmful practices, it is all the actions that the company takes that, together, can transform a company into a B. The exhibit that follows summarizes all the changes that Portuguese companies had to put into action, together with Manipedi's actions that were valued, which can serve as examples to be implemented by companies that wish to join the movement.

EXHIBIT 4: SUMMARY OF ADOPTED MEASURES BY PORTUGUESE B CORPS TO IMPROVE IMPACT

Area	Actions
Environment	Recycling
	Creation of water consumption reduction targets
	Environmentally friendly packages
	Environmental awareness campaigns
	Monitor water and energy usage
Community	Creation of Suppliers' Code Book
	Change to social/environmental responsible suppliers
	Monitoring suppliers
	Voluntary work paid hours
	Donations to NGO's
	Job creation to disadvantaged populations
	Diversity inclusion
Workers	Possibility of progression
	Eligibility to bonuse
	Training employees on job responsibilities and cross-job functions
	Employees' Book
	Feedback system to evaluate employees
	Customized guidance to employees to improve performance
	Employees' satisfaction survey
Governance	Creation and share of KPI's to measure impact evolution
	Creation of Advisory Board
	Impact Measuring Questionnaire
	Introduction of social and environmental impact on company's Mission
	Share financial information with employees and publicly
	Annual report on company's impact
	Written consumer warranty

Source: Author, 2016

Finally, once the company has the necessary punctuation and after the review call with the B Lab team, it has to meet the legal requirement – making sure that the company’s social mission will be kept in the long term -, and make it official, as explained in Exhibit 11.

Chapter 6: Main conclusions, limitations and future research

6.1 Main Conclusions

Corporations have the most efficient tools to determine social needs and define strategies to address it. There are different views of how companies should contribute to society, but the most efficient way is to engage in SV strategies, integrating business and society through the connection of business operations with social and/or environmental impact goals. These strategies create win-win situations, since the competitiveness of the company is being enhanced while social problems are being addressed. Yet, it is still not fully demonstrated and some authors criticize this view, and it is challenging to implement these strategies in certain companies in some sector, with rooted practices or with high costs associated to those strategies in the short term.

B Corps are committed to use their activity so that improving social and environmental issues is at their core mission, promoting the alignment of businesses interests with those of society, and therefore, building long-term impact.

The main purpose of this dissertation was to understand how a company can become a B Corp, specifically which are the necessary changes a company should implement. In order to find those, Manipedi's process was followed from the beginning of the decision to certificate, until it achieved the necessary points in the B Impact Assessment - the first and more demanding from the three mandatory steps. Additionally, a questionnaire was conducted to all the registered Portuguese B Corps to better understand this process.

As can be concluded from the last TQ, the necessary changes a company must perform to become a B Corp - similarly with SV strategies - vary from company to company, according to its characteristics and mission. The basis to become a B Corp is to address social and environmental issues, which vary with external – as community surrounding the company- and internal factors– as the company's competences. This way, there is no equal path when becoming a B Corp, but a continuous and progressive journey which each firm must shape according to its characteristics.

Focusing on Manipedi, it is possible to conclude in the first TQ that the firm is creating SV with the strategy of engaging and empowering its employees, bringing benefits for both sides – the company and the society. Moreover, analysing the second TQ, most of the changes adopted by

the firm contributed to improve its social impact, which reflects that the decision to certificate into a B Corp is driving the company to achieve its mission. Finally, the potential advantages that can arise for Manipedi by becoming a B Corp are explored in the third TQ, being attract investors, employees and customers, as well as protecting the mission, being part of a movement, and benchmark and improve performance, the identified ones.

6.2 Limitations and future research

Along this dissertation some limitations were faced, that prevented a deeper analysis. The first limitation found is that the adopted measures of each company to increase their impact in the B Impact Assessment vary according to each business characteristics, and this way, it is not possible to provide a single answer to the research question. Hence, this study's findings are applicable to Manipedi, but they may vary slightly for other companies. Furthermore, since the movement is recent in Portugal, there are not many companies to study, and thus, although the sample represents 100% of the population, it does not reach many types of companies and industries. Since Manipedi is a recent company and has not complete its certification process, it was not possible to study in depth the advantages of being a B Corp, as well as the disadvantages – namely financial – of this decision.

This way, in future researches it would be interesting to study the impact on Manipedi of being a B Corp with more detail: study each potential advantage indicated in TQ2 in particular – as for example how did the customers' perception changed, or how the firm benefited by partnering with other organizations - as well as study the disadvantages that could emerge, and evaluate if it was a good decision to the company, and if the impact to society compensates possible disadvantages. Moreover, the B Impact Assessment does not monetize impact and fails to measure the impact to the company, and would be interesting to compare and complete it with other mechanisms of impact measurement.

Furthermore, this dissertation focuses only on Manipedi, a *manicure* and *pedicure* company, and would be interesting to focus in companies of other sizes, industries and nationalities, in order to compare the different approaches to increase social and environmental impact.

Finally, as this field develops, it would be interesting to repeat this same study to all certified B Corps in Portugal in five years. Moreover, to study the real impact of this movement in the country, a study comparing B Corps' impact with other organizations could be conducted in, at least, ten years.

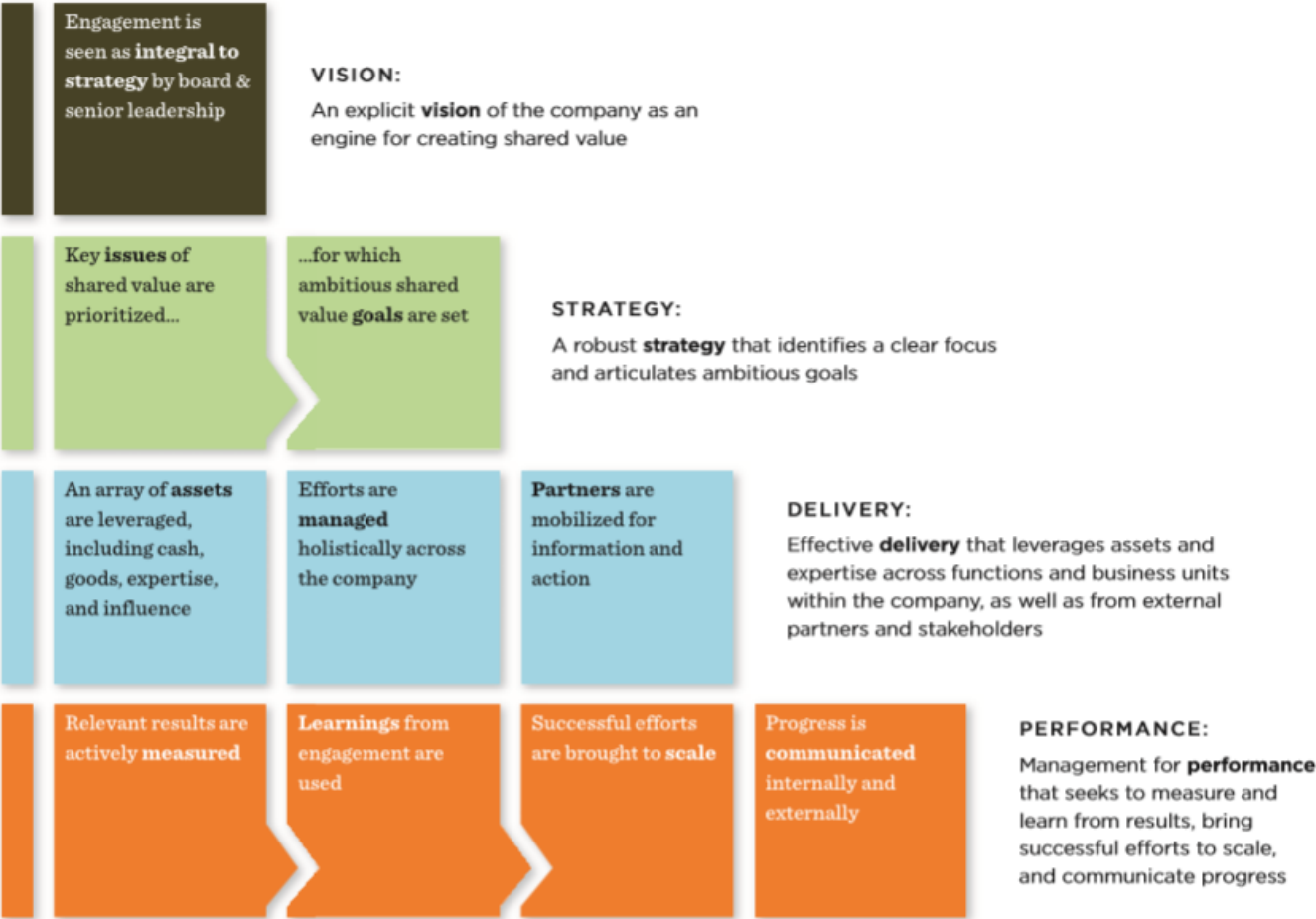
Annexes

ANNEX 1: SHARED VALUE



Source: Bockstette and Stamp (2011)

ANNEX 2: THE BUILDING BLOCKS OF CREATING SHARED VALUE



Source: Bockstette and Stamp (2011)

ANNEX 3: UNDERSTANDING THE PURPOSE OF MEASUREMENT

MEASUREMENT FOCUS	WHAT TO MEASURE?	WHY MEASURE?	FOR WHOM?
Shared Value	Joint business and social value creation	<ul style="list-style-type: none"> • Grow the total shared value created 	<ul style="list-style-type: none"> • Primarily for management • Targeted communication to external stakeholders
Sustainability	Efficiency in the use of input factors (e.g., natural resources and labor) and improved product and community impacts	<ul style="list-style-type: none"> • Minimize negative externalities and augment positive impacts • Maintain a license to operate 	<ul style="list-style-type: none"> • Management • Communication to external stakeholders
Impact Assessment	The long term social and economic development impacts of operations and/or philanthropy	<ul style="list-style-type: none"> • Track progress on social and economic development impact • Maintain a license to operate 	<ul style="list-style-type: none"> • Communication to external stakeholders
Reputation	How societal impacts contribute to company reputation	<ul style="list-style-type: none"> • Manage reputation 	<ul style="list-style-type: none"> • Primarily for management
Compliance	Compliance with laws and voluntary policies, standards, and codes	<ul style="list-style-type: none"> • Ensure adoption and compliance • Maintain a license to operate 	<ul style="list-style-type: none"> • Management • Communication to external stakeholders

Source: Porter et al. (2012)

ANNEX 4: THE DRIVERS OF CORPORATE SOCIAL PERFORMANCE



Source: Alongside, Epstein and Roy (2001)

Exhibits

EXHIBIT 5: MANIPEDI STORE IN CASCAIS



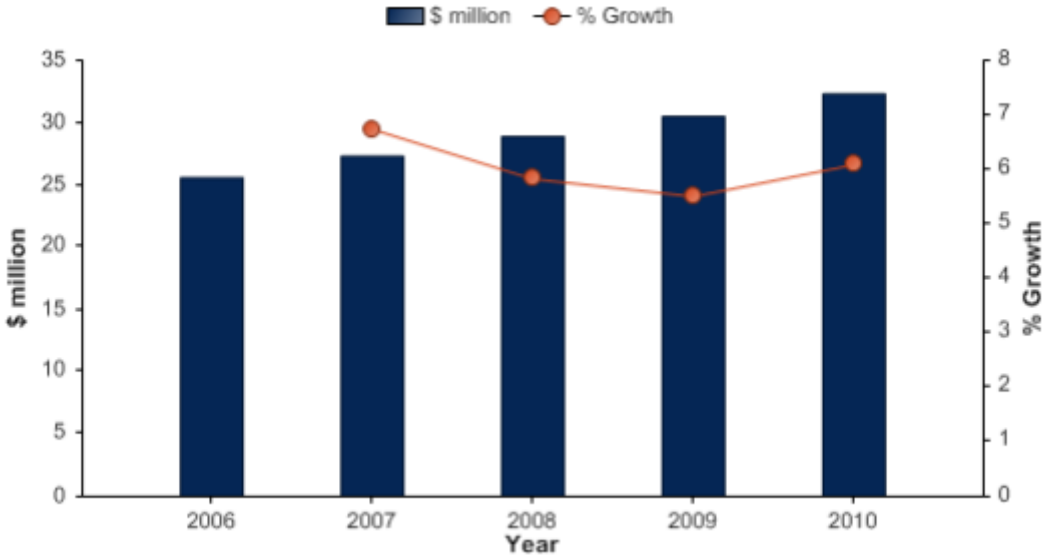
Source: Manipedi Official Website (November 2016)

EXHIBIT 6: MANIPEDI STORE IN CASCAISHOPPING



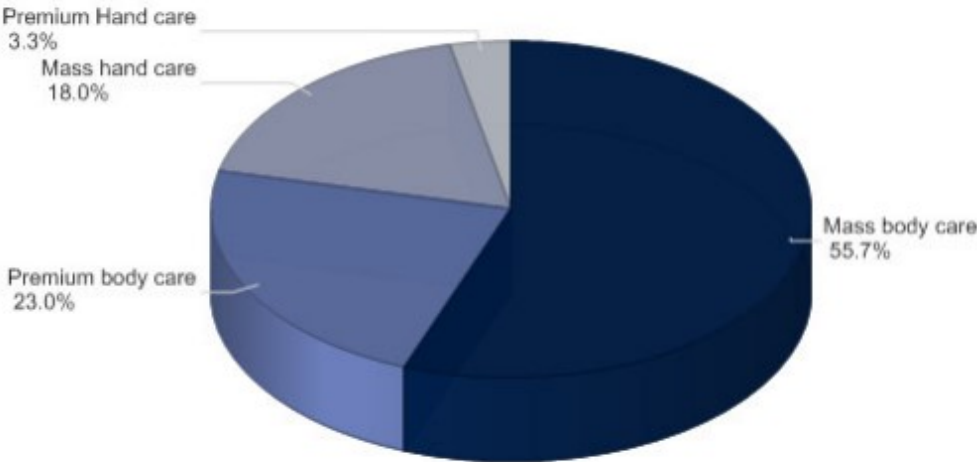
Source: Manipedi Official Website (November 2016)

EXHIBIT 7: PORTUGAL HAND & BODY CARE MARKET VALUE: \$ MILLION, 2006-10



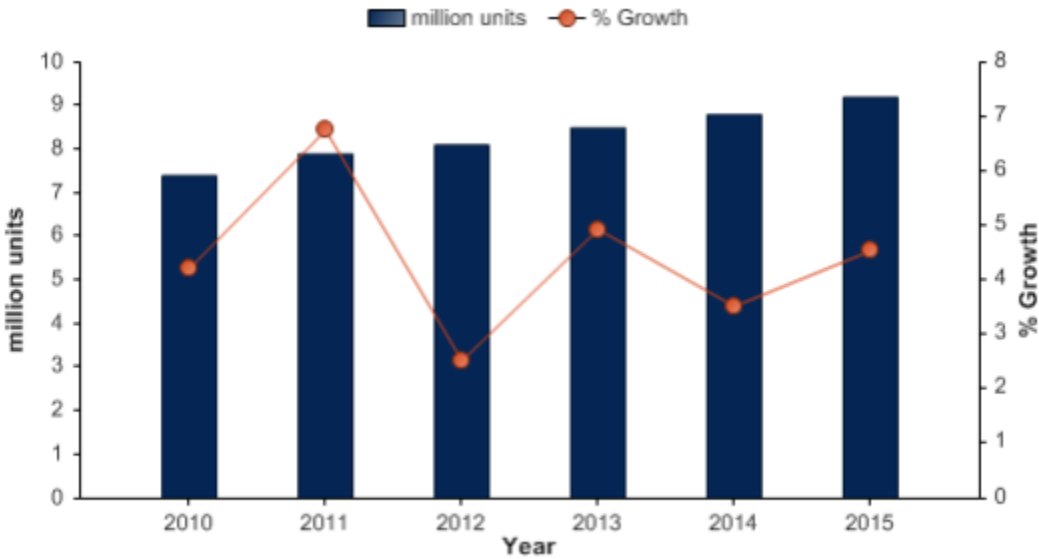
Source: Datamonitor (2011)

EXHIBIT 8: PORTUGAL HAND & BODY CARE MARKET SEGMENTATION: % SHARE, BY VALUE, 2010



Source: Datamonitor (2011)

EXHIBIT 9: PORTUGAL HAND & BODY CARE MARKET VOLUME FORECAST: MILLION UNITS, 2010-15



Source: Datamonitor (2011)

EXHIBIT 10: APPLICATION SECTION IN MANIPEDI'S WEBSITE



Source: Manipedi Official Website (November 2016)

EXHIBIT 11: REQUIREMENTS TO B

The process of Becoming a B Corp can be summarized into three steps: first, meeting the performance requirements by scoring minimum of 80 out of 200 points in the B Impact Assessment, second, to meet the legal requirement, and third, to sign *the B Corp Declaration of Interdependence* and the *Term Sheet*²⁹.

1. Meeting the Performance Requirements

The B Impact Assessment is a free and confidential online questionnaire that all companies that wish to be certified must fill to assess its social and environmental performance, and get at least 80 points out of 200. Through this assessment, the company can compare its results to other businesses that have assessed their impact in this platform, and have access to resources and best practice guides to improve the results. In order to better assess the impact of the company, this assessment is tailored to each company, taking into consideration the firm's size, geography and sector³⁰. It gathers information about four topics: Governance, Workers, Community, and Environment. B Impact Assessment is an exhaustive questionnaire to examine companies' activities, the impact that their decisions have on society, and understand which kind of business model they have. The score is attributed to the company according to the answers given to the following sections (See Exhibit 12):

Workers: With the intention to evaluate the degree at which the company is “good for its workers”, this section measures if it provides a good work environment, fair compensation, benefits and wage, and if it has a plan in place to transfer ownership to its workers.

Community: The aim of this section is to examine if the company is “good for the community”, by creating jobs, supporting diversity, being engaged in civic actions, and being involved with the local community through its products or services, as well as suppliers and distributors. In some questionnaires, this area is depicted into Community and Customers, evaluating specific impact to customers - population in need - in the last one.

Environment: In order to measure to what extent the company is “good for the environment”, this section will gather information about the company's environmental impact.

Governance: In this section the company will be evaluated by its corporate structure, transparency and mission engagement, in order to conclude if it will be “good for the long

²⁹ <https://www.bcorporation.net/become-a-b-corp/how-to-become-a-b-corp> [accessed on 31st October 2016]

³⁰ <http://b-lab.force.com/bcorp/impactassessmentdemo> [accessed on 31st October 2016]

term”. In fact, being good for its workers, community and environment, as only a positive and efficient impact if the strategy and mission can be kept in the long term.

Impact Business Models: The Impact Business Model depends if the company is designed to deliver a specific, material and positive impact for its workers, community, environment or customers, through its products or services. This section’s intent is to recognize and reward businesses which intention is to strengthen communities, restore the environment, and / or serve those in need, using innovative means to solve social and / or environmental problems (Honeyman, 2014).

Once the company answers with detailed information to this assessment, if it has 80 points or higher, the assessment must be submitted to be reviewed by the B Lab team. At this point, the company has the possibility to compare its results with other businesses, being able to improve its results by analysing the sections in which it has less points.³¹ In this step the company will prove that it is creating value to society, and has the possibility to change its management decisions in order to correspond to the standards by increasing its impact. In fact, it is so demanding to get the minimum score, that compared with other businesses with social and environmental purposes, B Corporations are more likely to donate to charity, to use renewable energy, to choose suppliers from low-income communities, to give more benefits to its employees, and more likely will have women and minorities in the company’s management (See Exhibit 13)³².

After the assessment is reviewed by the B Lab team, together with some supporting documentation, the company will fill a disclosure questionnaire related to the company and its partners’ practices, and the B Lab team will proceed with a background check to ensure the viability of the answers. About 10% of the B Corps will be randomly selected each year to an in-depth certification evaluation to track the accuracy of responses to the assessment, and after two years, every company must assess its impact again, repeating the certification process.³³

³¹ <http://bimpactassessment.net/bcorporation> [accessed on 1st November 2016]

³² B Corp Index 2012, 2012 B Corporation Annual Report

³³ <https://www.bcorporation.net/become-a-b-corp/how-to-become-a-b-corp/performance-requirements> [accessed on 1st November 2016]

2. Meeting the Legal Requirement

The Legal Requirement is the document that will ensure that the company's mission is locked. This way, directors and officers of the company have legal protection to consider the interest of all stakeholders when making decisions, and stakeholders have the right to vote for their interest.

This process will vary according to the country and type of company.³⁴ In the case of Portugal, companies must change their *Company Statutes Document* in the statement of their goals as well as in the *director's chapter*, referring that they must take into consideration all stakeholders' interests, and not only shareholders'³⁵.

3. Make it official

The final step is to sign *the B Corp Declaration of Interdependence* (See Exhibit 14) and the *Term Sheet*. The first document states that the company understands the dependence and responsibility of the business for the society and environment; and the second is the proof that the company meets the performance and legal requirements to be certified as a B Corp. With a two years' term, this second documents requires the company to recertify every two in two years. Finally, each company must pay an annual fee that is proportional to its annual sales value (See Exhibit 15).

³⁴ <http://bcorporation.eu/become-a-b-corp/how-to-become-a-b-corp/protect-your-mission-eu> [Accessed on 1st November 2016]

³⁵ <https://www.bcorporation.net/b-lab-portugal-e-%C3%A1frica-lus%C3%B3fona> [Accessed on 14th November 2016]

EXHIBIT 12: B IMPACT ASSESSMENT AREAS

Workers

- **Compensation & Wages:** Evaluate financial incentives to workers.
- **Benefits:** Track which are the benefits (as offering health care benefits and opportunities to develop and grow in the company) given to workers in order to increase productivity.
- **Training & Education:** Evaluate which kind of training company's employees have access to.
- **Worker Ownership:** Review if workers have opportunity to engage in the company by offering partial ownership of it.
- **Management & Worker Communication:** Assess if workers have guidance through one-on-one feedback and a written employee handbook in order to improve their performance.

Community

- **Job Creation:** Assess employment opportunities to under-employed populations and low-income communities.
- **Diversity & Inclusion:** Analyze diversity in various areas the organization: workforce, board of directors, and suppliers.
- **Civic Engagement & Giving:** Survey if employees have opportunity to do volunteer work and if the company donates cash or products to local non-profits.
- **Local Involvement:** Track if the company integrates the community through local ownership and local suppliers.
- **Suppliers, Distributors & Product:** Assess if the company has standards to choose its suppliers and products.

Environment

- **Land, Office and Plant:** Track if the company preserves the environment by increasing its energy, water and waste efficiency by using renewable energy sources and implementing measures to save this resources.
- **Energy, Water and Materials:** Track the use of this sources in the life cycle of the company's product and the tactics to use them in a most efficient way.
- **Emissions and Waste:** Assess if the company tries to reduce the emissions of greenhouse gases.
- **Transport, Distribution and Suppliers:** Control if the company encourages its suppliers and partners to improve their environmental performance.

Governance

- **Mission and Engagement:** Understand the company's mission and if its employees, board members and community are engaged to achieve it.
- **Transparency:** Track if employees have access to financial information, if an annual report is produced, and if there are mechanisms that provide opportunities to customers to give feedback.
- **Corporate Structure:** Assess whether the company's mission is institutionalized on corporate governing documents.
 - **Corporate Accountability:** Understand if there is a governing board and if traditionally underrepresented stakeholders have a place on it, with the purpose to have long-term success in achieving profits as well as social/environmental goals.
 - **Mission Locked:** Track if the mission will be preserved regardless of company ownership.

Source: Author (2016)

EXHIBIT 13: B CORP'S STATISTICAL DATA

B Corps are
Improving the
Quality of Life in
their **Community.**



Compared to other sustainable businesses B Corps are:

68% more likely to donate at least 10% of profits to charity

47% more likely to use on-site renewable energy

18% more likely to use suppliers from low-income communities

B Corps are **4X** more likely to give paid professional development opportunities

B Corps Create
Higher Quality
Jobs for their
Workers.



Compared to other sustainable businesses B Corps are:

55% more likely to cover at least some of health insurance costs for employees

45% more likely to give bonuses to non-executive members

28% more likely to have women & minorities in management

B Corps are **2.5X** more likely to give employees at least 20 hrs per year paid time off to volunteer in their community

Source: B Corp Index 2012

EXHIBIT 14: B CORPS DECLARATION OF INTERDEPENDENCE



DECLARATION OF INTERDEPENDENCE

We envision a global economy that uses business as a force for good.

This economy is comprised of a new type of corporation – the B Corporation – Which is purpose-driven and creates benefit for all stakeholders, not just shareholders.

As B Corporations and leaders of this emerging economy, we believe:

That we must be the change we seek in the world.

That all business ought to be conducted as if people and place mattered.

That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.

To do so requires that we act with the understanding that we are each dependent upon another and thus responsible for each other and future generations.

Source: B Corps Official Website (November 2016)

EXHIBIT 15: ANNUAL B CORPS FEE

Annual Sales


\$0 - \$149,999
\$150,000 - \$1,999,999
\$2 MM - \$4,999,999
\$5 MM - \$9,999,999
\$10 MM - \$19,999,999
\$20 MM - \$49,999,999
\$50 MM - \$74,999,999
\$75 MM - \$99,999,999
\$100 MM - \$249,999,999
\$250 MM - \$499,999,999
\$500 MM - \$749,999,999
\$750 MM - \$999,999,999
\$1 B+

Annual Fee

\$500
\$1,000
\$1,500
\$2,500
\$5,000
\$10,000
\$15,000
\$20,000
\$25,000
\$30,000
\$37,500
\$45,000
\$50,000+, depending on the structure of the company.

Source: B Corps Official Website (November 2016)

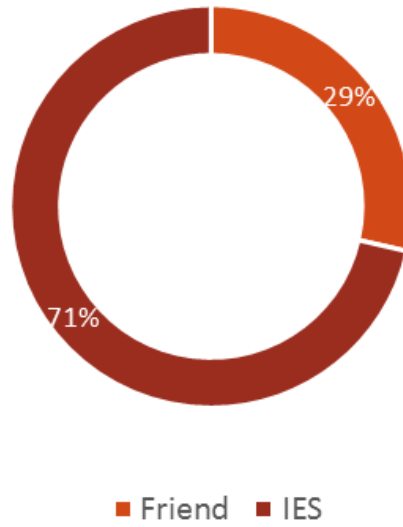
EXHIBIT 16: MANIPEDI'S B IMPACT ASSESSMENT RATING

		Your Total Pts	Percent Earned 
Overall Rating		85.5 pts	
Governance		9.8	
Mission & Engagement		1.8	46%
Corporate Accountability		0.0	0%
Transparency		5.4	78%
Workers		32.8	
Compensation & Wages		9.6	64%
Benefits		11.3	75%
Training & Education		3.2	89%
Worker Ownership		2.7	33%
Management & Worker Communication		5.3	63%
Community		35.6	
Job Creation		2.4	80%
Diversity & Inclusion		5.4	38%
Civic Engagement & Giving		8.5	53%
Local Involvement		11.7	83%
Suppliers, Distributors & Product		4.0	50%
Environment		7.3	
Land, Office, Plant		3.6	38%
Inputs		1.8	28%
Outputs		1.1	29%

Source: Manipedi’s B Impact Assessment Login Page

EXHIBIT 17: HOW COMPANIES GOT TO KNOW B CORPS MOVEMENT IN PORTUGAL

How did you get to know B Corps?



Source: Author (2016)

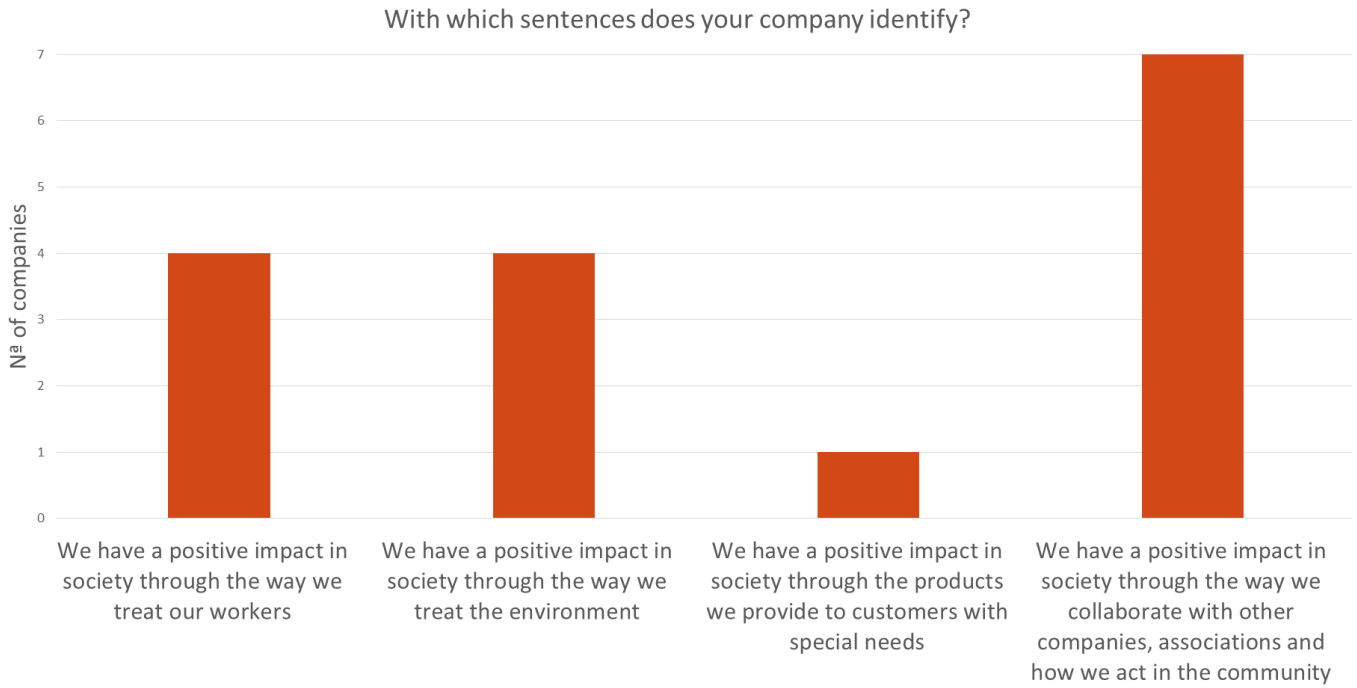
EXHIBIT 18: REASONS TO BECOME A B CORP IN PORTUGAL

Reasons to become a B Corp



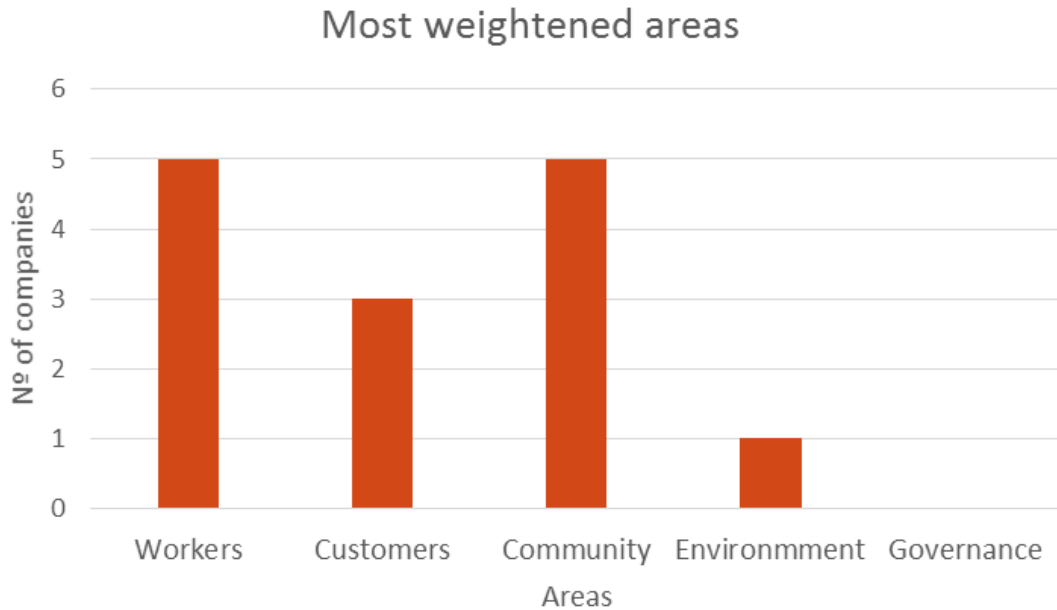
Source: Author (2016)

EXHIBIT 19: "WITH WHICH SENTENCE DOES YOUR COMPANY IDENTIFY?"



Source: Author (2016)

EXHIBIT 20: MOST WEIGHTED AREAS IN THE B IMPACT ASSESSMENT, PORTUGUESE B CORPS



Source: Author (2016)

EXHIBIT 21: AREAS IMPROVED, PORTUGUESE B CORPS



Source: Author (2016)

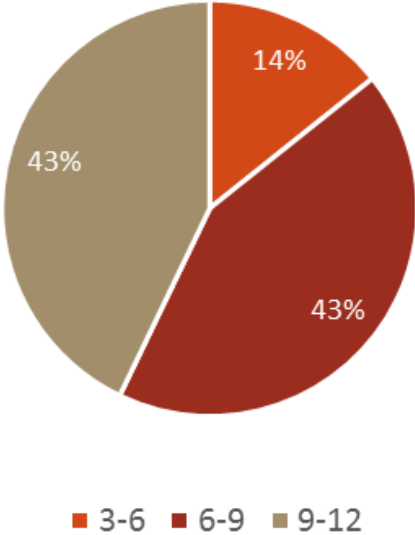
EXHIBIT 22: ACTIONS TO IMPROVE B IMPACT ASSESSMENT SCORE, PORTUGUESE B CORP

Actions to improve <i>B Impact Assessment</i> score	Number of Companies	Area Improved
Recycling	1	Environment
Creation of water consumption reduction targets	1	
Environmentally friendly packages	1	
Environmental awareness campaigns in schools	1	
Creation of Suppliers' Code Book	4	Community
Change suppliers	1	
Monitoring suppliers	1	
Employees' Book	3	Workers
Feedback system to evaluate employees	1	
Online customer platform to improve service	1	Customers
Creation of documents to formalise procedures	1	Transversal
Creation of Advisory Board	1	Governance
Impact Measuring Questionnaire	1	
Introduction of social and environmental impact on company's Mission	1	
Share financial information publicly	1	
Annual report on company's impact	1	

Source: Author (2016)

EXHIBIT 23: MONTHS REQUIRED TO BECOME A B CORP, PORTUGUESE B CORPS

Months required to become a B Corp



Source: Author (2016)

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