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Increasing Societal Impact in Social Enterprises: Lessons from a B Corp Multiple-Case Study

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Abstract

After the financial crisis in 2008, many companies, as a response to stakeholders' claims, decided to make profits and "do good", increasing the chances of providing a positive societal impact. Social enterprises have always pursued this cause, however, very little of them succeed in changing the world due to their hybrid business model. The primary purpose of this study is to determine how social enterprises can improve their performance and stabilise their profit and purpose-based mission, by understanding how B Corps manage to provide a societal impact through their performance dimensions. The data for this research was obtained from a multiple-case study in which two German B Corps, previously social businesses, were studied in terms of performance. Semi-structured interviews were conducted, as well as organisational data and mass media documents gathered, that showed whether any changes or additional performance dimensions were implemented to their existing areas once the certification was obtained. Moreover, these two methods served as means that helped understand how social enterprises can implement new performance areas in order to further provide the societal impact they have always pursued. On one hand, the results did not support the initial expectations regarding the change in social businesses performance areas, but did, however, reveal certain benefits, characteristic of B Corps, that social enterprises can implement as their own, these being: the B Corp Community and the "B" Communication.

Keywords: B Corps, Social Enterprises, Societal Impact, Performance, Hybrid Organisations

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1 Introduction

A general overview of the topic will be presented within this chapter, starting with the problem background, which will serve as a base for the problem discussion. In addition, the purpose of the research will be presented, followed by the main research question and sub-questions of the study and finally the delimitations. The chapter closes with the outline of the thesis.

1.1 Background

Before the financial crisis in 2008, companies were more focused on earning short-term profits that benefited their shareholders rather than taking into account their stakeholders and the enterprises' surroundings (Kelly, 2009; Honeyman, 2014b; Chen & Kelly, 2014). The short-term profit fever backfired when banks and mortgage companies could not bear the situation any longer, leading to bankruptcy and consumer mistrust (Kelly, 2009). Unacceptable behaviours on behalf of the companies were also publicly divulged and consequently, their reputation greatly decreased (NBIS, 2012). This drove consumers to not only distance themselves from commercial companies that were neither socially nor environmentally conscious, but also boycott enterprises that were not alike to their beliefs (Roper & Fill, 2012).

In light of what occurred, companies had to discover how to increase their reputation and shift their market position in order to be relevant and reconsidered once more by their public. Bearing in mind that consumers were more consciously aware (Chen & Kelly, 2014), companies invested in a more purpose-driven image. One solution was to incorporate CSR-related strategies to their operations (NBIS, 2012). Nonetheless, not many consumers believed in the sudden implementation of CSR activities since they

regarded them as a hypocritical manner of approaching the issue that had arisen due to the financial crisis (NBIS, 2012; Roper & Fill, 2012).

Given the situation, the only bodies that had the potential of closing the gap between making profit and “doing good” (NBIS, 2012, p.6; Roper & Fill, 2012, p.125) were brands and thus, the public demanded this from them. In due time, the issue was found to be addressed by social enterprises, a corporate for-profit and non-profit hybrid born with an altruistic core that cared for both its stakeholders and shareholders, and also had a commercial purpose (Mitchell, Madill & Chreim, 2015; Santos, Pache & Birkholz, 2015; Yunus, Moingeon & Lehmann-Ortega, 2010). Social enterprises, as corporate hybrids (Santos, Pache & Birkholz, 2015; Gidron & Hasenfeld, 2012; Doherty, Haugh & Lyon, 2014), continuously try to build a bridge between their social and commercial objectives (Gidron & Hasenfeld, 2012), which many times has led to biased actions that can be regarded as opposite to their altruistic logic and hence, has hindered their corporate mission.

According to Dacin (2013), very little social enterprises are currently changing the world. A few underlying reasons are:

- Sometimes social enterprises focus solely on taking forth an action to solve a matter, without taking into account the damage they could be causing to other arenas involved with the company. This example can be reflected with Adidas. This brand partnered with Yunus Muhammed, winner of the Nobel Peace Prize 2006, to create a social enterprise in which Adidas agreed to produce one (1) euro trainers “on a non-profit basis” (Nelson, n.d.). One year later, scandals arose regarding Adidas subsidiaries concerning employee neglect, exploitation and sexual harassment (Marks, 2012; Chamberlain, 2012; Burke, 2000; Whitehead, 2012).
- Several enterprises that appear to do well for the world may not be acting as positively as it may seem from the outside. For example, in Jamaica there has been a case in which governments make alliances with criminal gangs and create social enterprises in order to construct community lodging and areas solely for

the ones in need (Williams & K'nife, 2012). As a consequence, these less developed communities are now subject to vote control and drug trafficking under the government's and the criminal gangs' authority.

- The ambition of these companies have in occasions merely led to private gain without taking into account the negative consequences their actions could result in. This occurred in New York, where a social enterprise was created to lodge homeless men and clear the streets of the city. What they did not realise was that by doing so, other security issues arose in the neighbourhood such as crime against women. This case demonstrates how social enterprises may not always delve deep into the root of the problem or broadly consider the outcomes when generating solutions for it.

Currently, inappropriate behaviours, such as the aforementioned, have consequently driven words such as “green”, “responsible” and “sustainable” to lose their worth (Marquis, Klaber & Thomason, 2010). In order for a company to stand by sustainable standards they are required by society to show proof that such responsible operations are well integrated in their business. However, this proof is obliged to also justify that all stakeholders involved are legally kept under consideration. Companies known as B corporations follow this principle. B Corps stand for “Benefit Corporation”, (Honeyman, 2014b, p.1) meaning they take into account their stakeholders, society and also the environment (Wilburn & Wilburn, 2015; Honeyman 2014b). Additionally, alike social enterprises, they also have a dual mission since they not only serve a social cause but also have a for-profit business. These companies obtain a certification, which defines them as such that not only proves their purpose-driven activities and remodels the company inside and out, but also measures to which extent they are good for the world. The provider of these certifications is the non-profit organisation named B Lab that for approximately 10 years has been measuring the positive impact companies' performance has for the environment and society (Marquis, Klaber & Thomason, 2010). Currently, the B Corp community is expanding throughout the world ever since B Lab started certifying in 2006. According to Honeyman (2014a), more than 30 countries and 1000 companies have decided to take the step and include the “B” stamp in their businesses. These enterprises follow a “pro-business, pro-environment, pro-market and

pro-community approach”(Honeyman, 2014b, p.2), aiming to not “be the best in the world, but the best for the world”(Bcorporation.net, 2016).

1.2 Problem Discussion

Social enterprises have been working in solving global issues and have increased in popularity ever since the financial crisis (Mitchell, Madill & Chreim, 2015; Yunus, Moingeon & Lehmann-Ortega, 2010). However, due to their unstable hybrid form, these have not been able to provide the societal impact (Santos, Pache & Birkholz, 2015; Doherty, Haugh & Lyon, 2014;) required from consumers. During this mission, many run the risk of either losing their sustainable purpose, in order to increase profits, or wholly dedicate their efforts to altruistic activities and, therefore, end up terminating their business (Dacin, 2013; Stevens, Moray & Bruneel, 2014; Young & Lecy, 2014). Consequently, these failed missions have also diminished consumer trust in social enterprises. In response, the B Corp movement bloomed as an alternative to the current situation and strived for being considered an “impact-driven company”(NBIS, 2012, p.2) by generating no harm and by “benefiting society as a whole” (NBIS, 2012, p.2).

Although not much prior research exists regarding these new types of corporations (Stubbs, 2014; Chen & Kelly, 2014), there are studies that have delved deeper into B Corps’ business model and their performance. The general outcome gathered from these authors is that B Corps are different to traditional companies in the sense that their main aim is not to maximise profit, but to be more socially and environmentally engaged. As opposed to B Corps that are born with this as a priority, Roper and Fill (2012) state that for-profit maximising companies incorporate CSR actions as a way to enhance their image and reputation. Another outcome suggested by NBIS (2012) and Stubbs (2014) is that B Corps are capable of increasing societal impact, unlike non-certified social enterprises.

However, in spite of their similar corporate form, social enterprises and B Corps have hardly been studied together beforehand neither compared. Hence, one of the reasons why exploring these new type of hybrids was found pertinent. Another reason was due

to the importance of understanding how B Corps can increase societal impact and what exactly hinders social enterprises, which pursue the same aim and have a similar hybrid form. In order for a company to become a B Corp, social businesses have to pass a performance test called the B Impact Assessment, in which they have to meet certain parameters to acquire their new status (Honeyman, 2014b; NBIS, 2012). Hence, we consider the reason why B Corps achieve a positive impact could be due to the unique performance dimensions these social businesses met and implemented, once obtaining the certification.

Therefore, in order to understand the aforementioned situation, within this research B Corps are studied from a general and sustainable performance perspective, without taking into account any financial pursuits. Additionally, the objective is to later study how these unique areas can be applied to existing performance dimensions of non-certified social enterprises.

1.3 Research Purpose

This research pursues to explore how social enterprises can improve their performance and stabilise their profit and purpose-based mission, by understanding how B Corps manage to provide a societal impact through their performance dimensions. In light of this, the research question is: How can social enterprises implement the B Corp performance dimensions in order to increase their societal impact?

Furthermore, that mentioned above will be sought through the following sub-questions, since they will help us answering the main question:

- a. Which B Corp performance indicators show a pattern of change compared to their prior social enterprise form?
- b. How do the new performance areas incorporated by B Corps make these a stronger corporate hybrid than social enterprises?

1.4 Delimitations

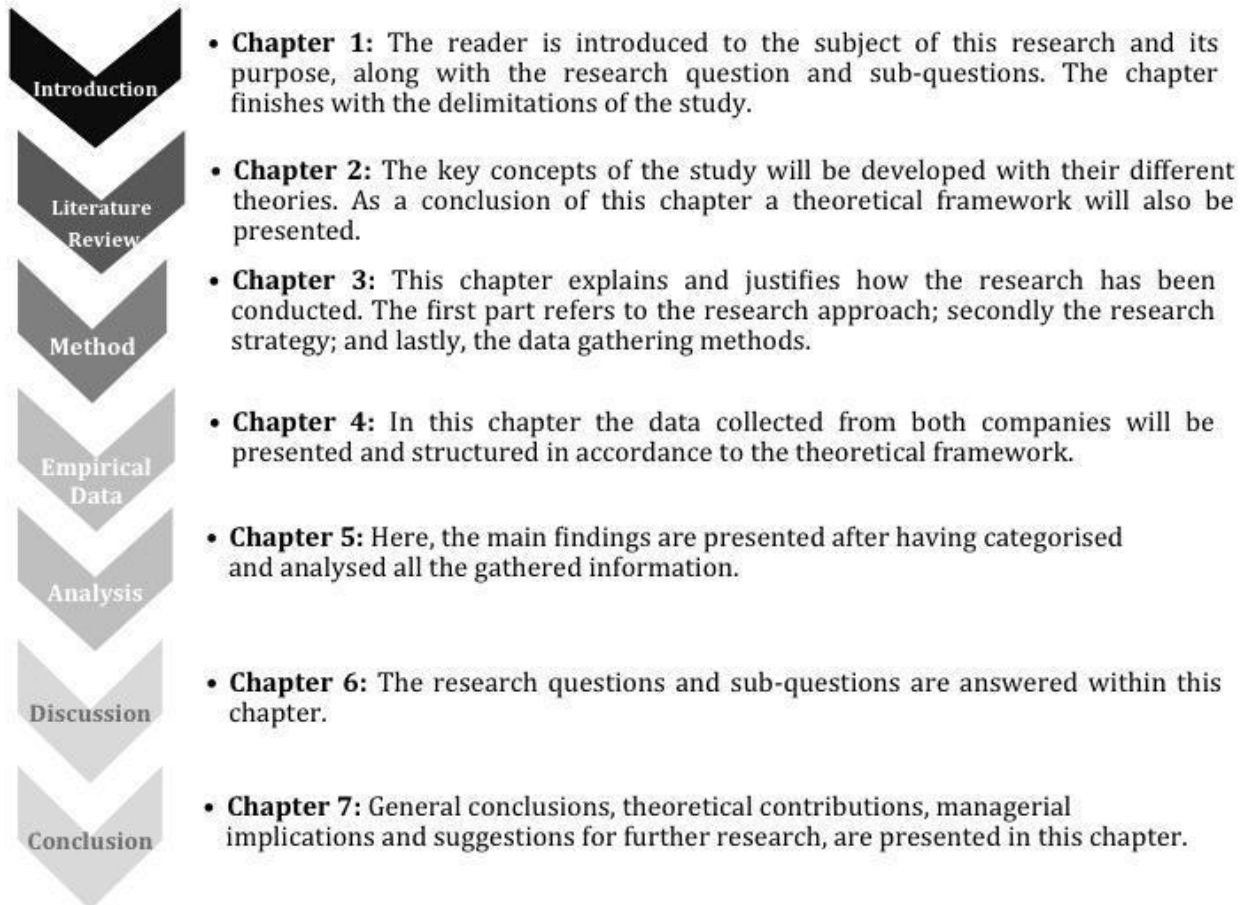
The delimitations of the study are the following:

Firstly, the reason why this problem was tapped upon was because B Corps suggest they, unlike other type of companies, are able to face global issues efficiently and positively impact the world. This encouraged the study to focus on their general and sustainable performance as proof of this impact, leaving aside their financial performance, since according to Stubbs (2014) and Hiller (2012), for B Corps, profits are a means to the problem not the reason or the main objective of these corporations.

Nevertheless, the B Corp certification unlike others such as CIC or L3C, are, as highlighted by Cooney (2012) currently growing in relevance and accepted globally. CIC was established by the UK in 2005 and its mission is to differentiate the social enterprises from charities. Additionally, L3C is a legal form for social enterprises only valid in the United States; hence, none of the two aforementioned certifications seemed relevant enough to compare with social enterprises. Besides, there is another grouping similar to the B Corp movement known as the Economy for the Common Good (ECG). However, the ECG is based on European sustainable values, whereas B Corps, which arose in the US, focus more on “doing good within a broadened business paradigm” (Muff, 2015). Hence, due to its current global expansion, in comparison to the ECG, which is mostly renown within Europe, we considered it would be more suitable to study the B Corp certification.

Due to the scope of the research, the literature review did not include neither economical performance-related theory nor theory regarding CSR, Corporate Citizenship, Corporate Philanthropy, Social Marketing or Cause-related Marketing. This is because the study at hand focuses on companies born with both a purpose and profit-driven core and not on traditional, profit-maximising companies that undertake punctual altruistic activities. Alternatively, the study merely focused on social enterprises and B Corps, without taking into account non-profits or benefit corporations, understanding these as legal American entities.

1.5 Outline of the Thesis



2 Literature Review

The theories relevant for this study will be discussed within this chapter. These will further serve as a base for upcoming sections and as support for the future findings. Furthermore, a theoretical framework based on the key concepts of this section will be presented at the end of the chapter.

The study focuses on three key concepts, these being: Social Enterprises and B Corps as two forms of corporate hybrid; and Performance Measurement and Management. Different theoretical perspectives will be explained, compared and differentiated in order to further apply it to this research.

2.1 Corporate Hybrid 1: Social Enterprises

Social enterprises can be observed as a type of business with unique characteristics borrowed from two different sectors such as the profit companies and the non-profit organisations. In order to give the reader a background of the topic, this review has been divided into three parts:

The first part starts with distinct definitions, the main characteristics of this type of companies and the differences and similarities with other type of businesses. The aforementioned will be reviewed in order to understand why they are so special in the way they answer to the market's demands. The second part will focus on the concept of hybridity given by different authors in order to explain how social enterprises behave. Lastly, this review will highlight how different authors have measured the performance of social enterprises, taking into account the most important findings and outcomes.

2.1.1 Definition of Social Enterprises

Social enterprises have been studied from different approaches and perspectives for more than 20 years (Doherty, Haugh & Lyon, 2014). However as Young (2012), Gidron and Hassenfel (2012), and Young and Lecy (2013) point out, there has been no major agreement in the general definition of the term. Nonetheless, this review starts with a common description of the concept proposed by different authors.

Social enterprises can be defined as a “profit-making business, which trade for a social purpose” (Loosemore, 2015, p.724). Therefore, these are companies that always seek to attain a social objective and also have a for-profit business that helps them achieve this social mission, independently of government help or donations. (Mitchell, Madill & Chreim, 2015; Nasruddin & Misaridin, 2014; Engelke et al. 2014; Alegre, 2015).

The statement above implies several things; firstly, as highlighted by Doherty, Haugh and Lyon (2014), Young and Lecy (2013), and Mitchell, Madill and Chreim (2015), social enterprises carry a dual mission since they combine a commercial activity that has to generate profits while they pursue social goals. Secondly, these companies are not driven by a profit maximisation model (Arena, Azzone & Bengo, 2014; Yunus, Moingeon & Lehmann-Ortega, 2010; Mitchell, Madill & Chreim, 2015; Stevens, Moray & Bruneel, 2014) but more by a social impact model, related with non-profit organisations. Therefore, as Yunus, Moingeon and Lehmann-Ortega (2010) and Galaskiewicz and Barringer (2012) highlight, these businesses are somewhere in the middle between profit-maximising and non-profit organisations. This brings us to social enterprises’ last main characteristic: these companies take into account not only their shareholders but all their stakeholders since they impact different groups with their social mission (Yunus, Moingeon & Lehmann-Ortega, 2010; Cooney, 2012, Szymanska & Jegers, 2016). Consequently, within the social enterprises’ structure, some characteristics of the for-profit business model and the non-profit sector can be found. This is summarised in Figure 2.1 below.

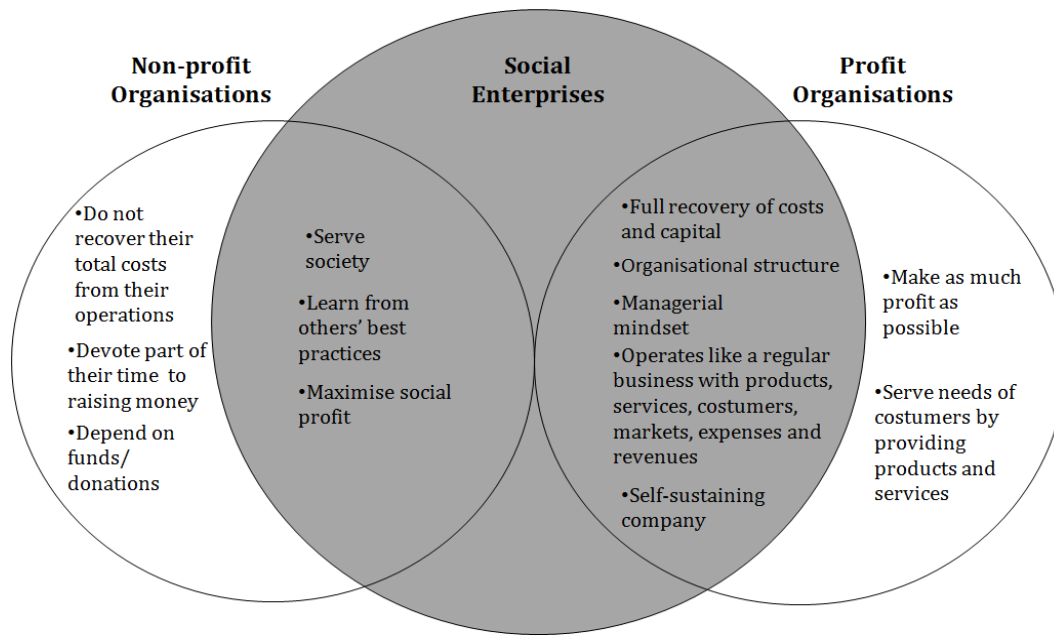


Figure 2.1 Social Enterprise Business Model

As stated by Yunus, Moingeon and Lehmann-Ortega (2010) and Santos, Pache and Birkholz (2015), the similarities between social enterprises and non-profit organisations are mainly based on their social mission and their goal to maximise their social profit. Furthermore, how they finance themselves in order to achieve that mission defines the difference between both businesses. Gidron and Hassenfel (2012) propose that social enterprises can be viewed as an adaptive response to a fiscal and political change of non-profit organisation. Hence, according to this perspective, social enterprises can be considered as having incorporated an adaptation of the non-profits strategy in terms of seeking alternative forms of gaining money beyond donations. On the other hand, Yunus, Moingeon and Lehmann-Ortega (2010) and Santos, Pache and Birkholz (2015) highlight that the similarities between social enterprises and profit organisations can be observed in terms of operations since both have products or services, consumers, markets, and most importantly, revenues. According to the authors, the full recovery of costs and capital is what determines the proximity between both types of business. Nonetheless, the difference between them has to do with the profit maximisation objective that guides almost all kinds of profit companies and that is not pursued by social enterprises.

2.1.2 Social Enterprises as Hybrids

The term hybrid has become a common denominator of these kind of companies in order to describe their nature (Santos, Pache, & Birkholz, 2015; Alegre 2015; Doherty, Haugh & Lyon, 2014). Many authors have described social enterprises as a hybrid organisation due to the two main objectives these companies have had to meet. Therefore, Santos, Pache and Birkholz (2015), Szymanska and Jegers (2016), Young and Lecy (2014) and Doherty, Haugh and Lyon (2014), argue that the term “hybridism” is given to social enterprises because they have the ability to combine organisational components with commercial and social value in an effective way.

Szymanska and Jegers (2016), Grieco, Michelini and Iasevoli (2014), Doherty, Haugh and Lyon (2014) and Byerly (2014) also highlight the blurring boundaries between their social and profit-based missions. However, Loosemore (2015) defines the hybridity in terms of “blended value propositions” because the profits earned with their products or services are reinvested into the social cause. On the other hand, McNeill (2011) defines the hybridity of social enterprises as a new form of social capitalism. This author locates them in the third economic sector, which traditionally includes voluntary and community groups, associations, charities and foundations.

For some researchers, the hybridity inherent to social enterprises’ business models may be considered a disadvantage for these organisations. Doherty, Haugh and Lyon (2014) reflect upon the tensions that have arisen due to the conflict between both missions, which consequently drove different stakeholders to request from social enterprises a prioritisation of goals. Additionally, Stevens, Moray and Bruneel (2014) claim that this hybridity also generates confusion inside the company affecting the social enterprises’ vision and identity.

Bearing this in mind, the definition of social enterprises found most suitable for this study is the one given by Santos, Pache and Birkholz (2015, p.39), since it contains the hybridity concept as the main characteristic of the social enterprises, as well as their existing tensions between their profit and social goals: “Social businesses hybrids, often also called social enterprises— are organisations that run commercial operations with

the goal of addressing a societal problem, thus adopting a social or environmental mission.”

2.1.3 Measuring Social Enterprises

In terms of performance, social enterprises also have to deal with their hybridity in order to measure their double impact (Arena, Azzone & Bengo, 2014). In this section different measurement frameworks for social enterprises will be presented. It is important to highlight that not all the systems measure the same elements but all have one thing in common: the aim to find certain indicators that help companies to assess their societal impact.

Bagnoli and Megali (2009) highlight three aspects through which social enterprises can be measured in order to prove if they are successfully achieving their objectives. The first aspect is their social effectiveness, which measures the social impact on the intended beneficiaries and the community. The second one is the economic-financial aspect, which measures to which extent the company is acting economically independent. Lastly, the institutional legitimacy area verifies if the mission statement is being accomplished according to the law and previous commitments with stakeholders, as it should be.

Moreover, Arena, Azzone and Bengo (2014) suggest a Performance Measurement System (PMS) for social enterprises. The PMS has been originally designed for measuring profit-based businesses and is defined by these authors as “the set of metrics used to quantify the efficiency and effectiveness of actions through the years” (Arena, Azzone & Bengo, 2014, p.653). The Performance Measurement System design has to be able to cover the multiple set of goals that these companies take into account in terms of their economical, social and environmental performance. Similar to the model proposed by Bagnoli and Megali (2009), the PMS model is based on three elements: input, output and outcome.

Thus, taking these elements into account, the authors proposed three dimensions to be measured: efficiency, effectiveness and impact. The first one refers to the “ratio between

output and input” (Arena, Azzone & Bengo, 2014, p.655). The effectiveness refers to the long-term effects of the output in the community; and lastly, the impact has to do with the outcome. Therefore, this adaptation of the PMS includes multi-stakeholders systems since the purpose of social enterprises has to meet all their stakeholders needs and not only their shareholders demands.

Another type of assessment that has been proposed for social enterprises is the Social Impact Assessment (SIA), which is defined by Grieco, Michellini and Lasevoli (2014) as the process of providing tangible evidence of the social benefit delivered by a company to the community or the environment. This model also aims to understand and measure the economic and social output as an integrated form of value production. Therefore, this allows organisations to identify, measure and gather evidence of the impact they create for their stakeholders in terms of economical, social benefits and environmental performance for their community. There is not a unified model for the SIA, since every social enterprise needs to measure it in different ways depending on their type of social cause and organisational objectives. Therefore, the assessment is not easy to apply because it is necessary to identify the right qualitative and quantitative metrics for reporting the information to the stakeholders.

Furthermore, the Social Return on Investment or SROI is another model that has been studied and applied to social enterprises. This model shares a common characteristic with the others mentioned before in regards to the attention it gives to the stakeholders’ impact as part of the social enterprises’ aim. The SROI is based on the idea of giving monetary values to the social and environmental results; thus, it quantifies them in financial terms (Arena, Azzone & Bengo, 2014, Dacaney, 2006). An important part of the SROI analysis is that it makes the impact of a social enterprise measurable and once this has been achieved, the results can be monetised (Dacaney, 2006). The indicators for measuring the impact are based on their stakeholders, the input, activities and outputs. Therefore, the main difference between SROI and other ways of performance has to do with the monetisation of the social value. However, as Arena, Azzone and Bengo (2014) refer, this can be a disadvantage since this methodology is difficult to apply in small organizations that have not developed an expertise in monetary quantification.

Lastly, Dacaney (2006) suggests another model: the Development Indexing (DI). This tool helps quantify outcomes of development interventions within a targeted community by providing appropriate quantitative indicators. In order to design an appropriate DI, the company needs to review its mission, vision and objectives and then clarify the key result areas or outcomes desired among the most important stakeholders. The main objective behind the creation of a DI is to provide a quantitative basis for improving the company's impact in the long-term. Similar to the SROI model this tool helps companies analyse, measure, and communicate their development and impact to the community.

Bearing this in mind, for social enterprises, societal impact is barely measurable (Arena, Azzone & Bengo, 2014; Dacaney, 2006; Bagnoli & Megali 2009). The prior social enterprise performance measurement systems mostly tap upon those areas possible to quantify and that can also influence societal impact achievement. However, given the purpose-driven mission is too vague to measure, it may be difficult for companies to understand whether they are positively helping their social cause and to which extent they are doing so.

2.2 Corporate Hybrid 2: B Corps

B Corps will be discussed in terms of how other authors have defined this new and growing phenomenon, although not a lot of research has been developed regarding these companies (Stubbs, 2014; Chen & Kelly, 2014). Additionally, several of its main characteristics will also be highlighted. Some authors have applied different methods to study how B Corps work and how these can serve as a vehicle to understand other phenomenon.

The term B Corp can be found explained in several ways. Some authors deem B Corps as a state a company achieves once having gone through the B Lab certification process (Neubauer, 2016; Marquis, Wilburn & Wilburn, 2015; Klaber & Thomason, 2010). This state is what defines them as such and is open to all type of social businesses that

voluntarily decide to go through the online assessment. On the other hand, B Corps stand for “Benefit Corporation”, (Honeyman, 2014b, p.1) as in benefiting their stakeholders, society and the environment (Wilburn & Wilburn, 2015), which is a mission that also carries a profit-based approach. This may suggest there is a similarity with the legally designated American companies named Benefit Corporations. However, several authors have firmly established the difference between them in their studies (Hiller, 2012; Stubbs, 2014; Wilburn & Wilburn, 2015). Whilst Benefit Corporations are named in the same way, these are “legally obligated to pursue a public benefit in addition to its responsibility to return profits to the shareholders” (Hiller, 2012, p.287), whereas B Corps are not legally obligated. In other studies, the definition of B Corps has come aligned with that of a type of organisation in itself (Hiller, 2012; Chen & Kelly, 2014; Stubbs, 2014), therefore, the certification process not only grants the company with a “B” label but gives it an identity that differentiates the it from others.

Nonetheless, this new type of organisation or business model, as some authors defined it, has also been referred to as a “hybrid” (Stubbs, 2014, p.281 ; Kelly, 2009, p.1) business because of its dual profit-based and purpose-driven mission. Due to this hybridity, the type of performance these corporations have is an important characteristic that differentiates them from traditional businesses and usual corporate performance (Stubbs, 2014; Hiller, 2012; Chen & Kelly 2014). While traditional businesses strive to maximise profits, these on the contrary, mostly seek to increase social and environmental welfare. Therefore, these companies’ main priority is to provide a societal impact (NBIS, 2010; Stubbs, 2014; Marquis, Klaber & Thomason, 2010). The certification helps these companies achieve this by giving them a stronger voice and different benefits (Honeyman, 2014b) that come with the movement. As a consequence, the companies can focus more on being part of the change that society seeks without competitiveness. Furthermore, due its differences with traditional business models and structure, B Corps have also been described as a new type of 21st century enterprise that has made way for a new, more conscious, capitalistic era to take place (Kelly, 2009; Marquis, Klaber & Thomason, 2010; Stubbs, 2014).

The B Corp phenomenon, as aforementioned, has not been delved into too deeply. However, there have been certain methodologies used to understand some of their

features. Firstly, and most recently, Wilburn and Wilburn (2015) studied a series of different B Corps in terms of how their sustainable performance had shifted within a five (5) year timeframe and still kept their purpose-driven commitment. The authors conclude that all B Corps studied had maintained their CSR commitment.

Secondly, Stubbs (2014) studied the difference between this new corporate phenomenon and traditional business models. A qualitative research was conducted in which nearly 20 Australian companies took part in through in-depth semi-structured interviews. The results of the study highlighted the differences between both type of models, mostly in terms of profit-prioritisation. On the other hand, Stubbs additionally found that their sustainable attitude was reflected in their business model, something not all traditional businesses have incorporated in theirs. Moreover, the B Corp network was deemed important for “business development”, as well as employees being aligned with the corporate culture of these companies’.

Thirdly, Chen and Kelly (2014) have also been drawn to the differences between traditional businesses and B Corps, only in this case in terms of productivity and financial performance. Both authors undertook a quantitative study in the US in which results were compared to CSR theory in order to measure to which extent these sustainable practices were taken into account in their performance. Whilst B Corps revenue grew vastly from 2006-2011, without much harm made by the financial crisis, public firms with similar characteristics and also bigger ones were not as lucky. In comparison to private firms with similar characteristics, however, there was not much of a difference.

Lastly, earlier authors such as Hiller (2012), have used performance indicators of B Corps as a proxy to understand in which ways Benefit Corporations are also socially committed and what type of businesses would be interested in becoming one. The results of the quantitative US study showed that mostly the food and beverage industry would be interested, along with non-consumer goods, building materials and health and beauty, correspondingly.

In light of this, the topic of interest selected from B Corps in the previous studies had mostly to do with their unique performance, which was further compared to other type of businesses. This may, therefore, suggest the importance of delving into this area. Hence, this also encouraged the research at hand to take place, although compared with another type of hybrid: social enterprises.

Furthermore, given the different descriptions found regarding the phenomenon, the research adopts Stubbs' (2014; p.280) following definition: "The B Corp model is one form of hybrid model. It is a for-profit, socially obligated, corporate form of business with traditional corporate characteristics but also with societal commitments."

In addition to this last definition, Stubbs (2014, p. 289) also reasons about the B Corps main objective: "The primary aim of the B Corps can be summarised as profit with a purpose – making profits to create positive social and/or environmental impacts" as a suitable approach to the topic at hand. Through these definitions, important terms such as hybridity, the B Corps' dual mission and unique performance to create impact, will be relevant concepts tapped upon throughout this research.

2.3 Performance Measurement and Management

Performance within all type of organisations can be both measured and managed. This study will focus on how B Corps measure their performance and manage their indicators, achieving societal impact more effectively than social enterprises and performing efficiently for the long-term. Firstly, several authors have defined performance measurement and management differently and both terms separately (Aguinis, Joo & Gottfredson, 2011; Meadows & Pike, 2010). Alternatively, other authors state that neither one can be independent from the other (Lebas, 1995; Kloviene & Speziale, 2015; Ferreira & Otley, 2009). However, the topic discussed within this study may suggest it is best to establish the difference between both and how they have been previously approached separately

2.3.1 Performance Measurement

Performance measurement is defined by Lundberg, Balfors and Folkeson (2009) and Nappi and Rozenfeld (2015), as the process of evaluating the efficiency of a set of actions the organisation takes forth. Additionally, these actions are measured based on the input provided by employees and managers that work within the organisation. The outcome of these measurements will specify, through a set of previously established performance indicators, what has happened but not why the events have taken place the way they have. Nonetheless, these also ease the way for organisations to manage effectively future actions, or change existing ones, and efficiently align them with their strategies to finally improve their overall performance (Perotto et al. 2008; Micheli & Kennerley, 2007; Nappi & Rozenfield, 2015; Lundberg, Balfors & Folkeson, 2009; Franceschini et al. 2014).

On the other hand, performance indicators have been defined in diverse ways. McQueen and Noak (1988) explain indicators are a measure that gathers relevant information regarding a specific occurrence. Other authors such as Walz (2000, p.613) state they are a “variable that describes the state of a system”. Ferreira and Otley (2009, p.271) however, have defined these as:

“Key performance measures ... used at different levels in organisations to evaluate success in achieving their objectives, key success factors, strategies and plans, and thus satisfying the expectations of different stakeholders”.

Given the study at hand, the most appropriate definition would be Ferreira and Otley’s, (2009) since the research deems to highlight the new and altered indicators that define B Corps as what they are, and focus on the way these manage them. Nonetheless, indicators have been studied and used in diverse contexts, since they adjust to the companies’ strategic objectives depending on what these seek exactly (Perotto et al. 2008; Kloviené & Speziale, 2015; Franceschini et al.2014; Hubbard, 2009). Once a set of indicators is defined, these are then grouped under specific indices or indicator system, which form a certain dimension of concern for the company (Walz, 2000; Dumitrescu & Fuciu, 2009; Perotto et al. 2008). Additionally, indicators are characterised for being measurable/observable, cost effective and politically acceptable (Perotto et al., 2008; Walz 2000). Furthermore, to be measurable, authors specify they ought to be

quantitative and not qualitative (Perotto et al. 2008). Nevertheless, there are authors that defend the use of qualitative indicators by indicating that performance management both uses quantitative and qualitative techniques for data compilation (Meadows & Pike, 2010). Moreover, Perotto et al. (2008, p.519) indicate it is best to use qualitative indicators when the element is “non-quantifiable” or there is no data available.

One of the most sought objectives nowadays by companies concerns their sustainable development (Hubbard, 2009; Veleva & Ellenbecker, 2001; Nappi & Rozenfield 2015). These are increasingly incorporating sustainability in their strategy and hence, are defining indicators that could adjust their performance in a conscious way (Veleva & Ellenbecker, 2001; Nappi & Rozenfield, 2015; Hubbard, 2009). The reason why many companies are pursuing this objective is due to the competitive advantage and positive image this may suggest to its public (Nappi & Rozenfield, 2015; Hubbard, 2009; Aguinis, Joo & Gottfredson, 2011). Furthermore, these sustainability indicators address environmental and social matters the company wishes to improve. However, it is the case that companies are interested in delving into either one (social) or the other (environmental) and several authors have studied such type of indicators and developed diverse models that guide companies in incorporating them to their usual performance (Lundberg, Balfors & Folkeson, 2009; Perotto et al. 2008).

2.3.2 Performance Management

Performance management represents the ends to measuring performance and is therefore, a much broader concept (Meadows & Pike, 2010; Aguinis, Joo & Gottfredson, 2011; Lundberg, Balfors & Folkeson, 2009). Once having measured actions through standard indicators relevant for the company concerning internal issues, stakeholders or environment, managers will then be able to create the context for efficient performance to take place (Lebas, 1995). However, in order to build the right setting, several authors highlight the need of firstly identifying individual employees' performance and work on managing it effectively and aligned with organisational goals to further improve the businesses' performance as a whole. This is a regard highly criticised nowadays since not many organisations are working on improving such measures and are solely measuring without taking action (Aguinis, Joo & Gottfredson,

2011; Gruman & Saks, 2011; Aguinis, Gottfredson & Joo, 2012b). Other authors such as Broadbent and Laughlin (2009) and Gruman and Saks (2011), nonetheless, consider it is best to manage the ends and means to achieve efficient performance in an organisational manner, not taking into concern the individual level of the company and focusing more on the context. As opposed to this, Aguinis, Joo and Gottfredson (2012a) state it is best to measure not only the organisational level but also take into account the individual's behaviour and results since it influences the overall organisational performance also.

On the other hand, Aguinis, Joo and Gottfredson (2012a, p.386) developed "performance management principles that are culture-free" for firms to take into consideration regardless of their cultural context. Within these, they highlight: the importance of creating jobs and employing personnel that are aligned with organisational goals; employee training; measuring behaviours and results of individuals and the organisation as a whole; enhancement of employee strengths by delivering feedback to these; and lastly, the delivering of tangible or intangible rewards to the employees.

Additionally, to help a company manage its performance, the indicators are to be gathered within a structured outline to improve organisational performances in desired areas and reach the company's full potential. This framework, known as the Balanced Scorecard, measures both financial and nonfinancial outcomes (Dumitrescu & Fuclu, 2009; Sharma, 2009; Kaplan & Norton, 1996; Meadows & Pike, 2010). The four main dimensions measured are: "financial, internal business process, learning and growth and customer"(Nappi & Rozenfield, 2015, p.8; Meadows & Pike, 2010, p.9; Kaplan & Norton, 1996, p.53; Sharma, 2009, p.10) and within the dimensions, Kaplan and Norton (1996), creators of the scorecard, suggest that between four to seven indicators ought to be gathered. On the other hand, there have been several modifications of these scorecards towards more sustainable approaches. Whether it has been aimed for conscious companies born with a sustainable responsibility such as social enterprises, or companies that have decided to incorporate CSR objectives into their business.

With regards to social enterprise performance management, these corporate hybrids have developed and used their own methods of measurement such as the ones

previously discussed. However, authors such as Meadows and Pike (2010) acknowledge the risks a social enterprise can experience and developed a balanced scorecard based on three case studies. The balanced scorecard instead of having all four traditional dimensions (financial perspective, customer perspective, business perspective and learning and growth perspective) had “business model, financial return, organisational development and social return on investment (SROI)” (Meadows & Pike, 2010, p.9). The results showed that although the business and financial dimension remained the same and were not altered from the traditional balanced scorecard, these had diverse outcomes that would most likely not apply to traditional businesses. Nonetheless, organisational development, although similar to the traditional learning and growth perspective, showed the need for “capacity building across the core organisational/functional areas” (Meadows & Pike, 2010, p.12). Social return, however, was particularly difficult to measure in terms of how their actions could generate a social impact. Given the difficulty of the situation and the measurement of the issue, Meadows and Pike (2010) suggested the option of measuring it qualitatively through insights and evidence.

Hubbard (2009), conversely developed three alternatives to incorporate sustainability in Kaplan and Norton’s balanced scorecard in order to make “sustainable organisational performance measurable” (Hubbard, 2009, p.177) for those companies interested in incorporating these types of objectives in their business. These alternatives are:

- 1) By including sustainability indicators within all four traditional quadrants.
- 2) By developing a separate sustainability scorecard, mostly focused on solely the social and environmental aspects of the four traditional quadrants.
- 3) By developing a new sustainable scorecard including social and environmental quadrants. This was his preferred option since it allowed him to include a wider range of stakeholders in his performance and through which the change was more notorious and easier to perceive.

Hubbard (2009) developed an example of a sustainable balanced scorecard for it to serve for future references. In addition to this, the main focus of the study at hand is to tap upon the non-financial, qualitative indicators from B Corps that could manage to be

the “change element” (Dumitrescu & Fuclu, 2009, p.38) within social enterprises, allowing them to look ahead and effectively achieve societal impact.

2.4 Theoretical Framework

A theoretical framework has been designed in order to understand the relation between the key concepts explained in the section above. This theoretical framework will serve as a guideline for analysing the empirical data gathered within the research at hand. The figure below exhibits the interaction between two hybrid forms of companies: Social Enterprises and B Corps. This interaction is presented in terms of performance, additionally the societal impact is shown as a result of the B Corps’ performance. These complex relations between topics will be explained in detail below.

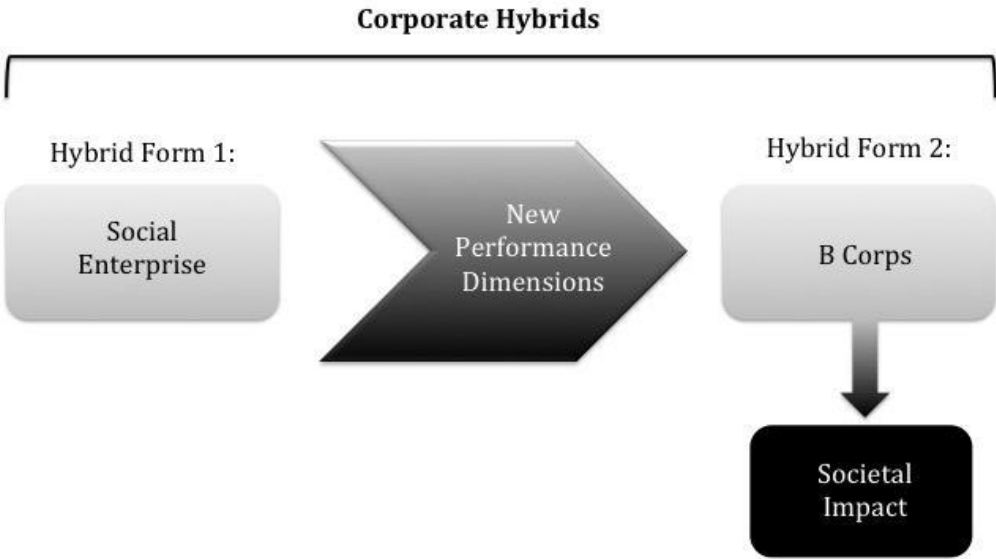


Figure 2.2 Theoretical Framework Model

Social enterprises, as the definition chosen aforementioned states, are businesses that not only pursue a profit-based mission but also one that addresses a cause. Due to this corporate hybrid form, these companies have difficulties providing the societal impact

they have always strived for. However, B Corps, which share the same hybridity as social enterprises, have been considered as a business with dual mission capable of reaching this objective.

Additionally, the study at hand pursues to understand what had changed from one hybrid form to the other when the social enterprise decided to obtain the certification. Since both have incorporated in their business a social or environmental purpose from the very beginning, the only factor of change within one state and the other takes place the moment social enterprises decide to become a B Corp. This occurs when social enterprises are obliged to meet certain B Corp performance indicators in order to be able to obtain the certification, changing their existing ones.

Performance indicators, as previously defined, are measures used within the organisation that help the latter achieve its objectives, strategies and plans by at the same time satisfying diverse stakeholders involved. Hence, B Corp indicators reassure and provide the steadiness social enterprises need in order to bring the societal impact they strive for. Discovering these new performance dimensions is key and may be used as support for future social enterprises that wish to incorporate them in their existing KPIs and move closer to achieving their goal.

3 Methodology

This chapter presents how the research has been conducted, the approach that was taken, as well as the strategy and the means used to gather the empirical data needed to answer the sub-questions and the main research question. Moreover, not only will the choices selected be stressed within this section but also why they were considered most suitable for the study at hand.

The overall aim of the methodology was to help answer the sub-questions and research question by exploring: firstly, which B Corp performance indicators show a pattern of change compared to their prior social enterprise form. Secondly, how the new performance areas incorporated by B Corps can help make them a stronger hybrid. Lastly, how social enterprises can implement the B Corp performance dimensions in order to increase their societal impact. In order to do so, a qualitative, multiple-case study (Yin 2003) of two (2) Berlin-based B Corps was the most suitable option. Furthermore, In-depth, semi-structured interviews (Bryman & Bell, 2011) were conducted to key employees and organisational documents collected. All the insights gathered from the interviews were transcribed and further coded through thematic analysis, together with the documents assembled.

Given the current situation in which social enterprises are in, these have had to find ways to effectively provide the societal impact they strive for by building a sustainable business sector opposed to the traditional one. Hence, the study seeks to understand how the social business sector is currently constructing reality and finding effective ways to increase societal impact. This will be done by interpreting what is lacking from social enterprises in terms of performance, and which B Corp performance areas they can implement that best apply to them. Therefore, the research follows an interpretative

epistemological position and an ontological constructivist approach (Bryman & Bell, 2011; Ritchie et al. 2014).

3.1 Research Approach

The approach given to the research in order to generate theory from empirical data was of abductive nature. Some authors such as Lipscomb (2012) and Richardson and Kramer (2006) regard abduction as a merge between inductive and deductive reasoning. Inductive, because the reasoning is drawn from empirical data, and deductive because the background theory is what generates a reasoning.

We considered it was an appropriate approach since data regarding social enterprises and B Corps was found, but none that neither compared each other nor related both concepts in terms of performance. Hence, we had to rely on existing data to generate a reasoning that we further explored. Nevertheless, as highlighted by Lipscomb (2012), an abductive reasoning can invoke a great number of inferences. Within this research different approaches have arisen that could have compromised the validity of the study. However, as recommended by Dubois and Gadde (2002), the aforementioned was minimised by a theoretical framework (see figure 2.2), which served as a guide when choosing the approaches to the study that were most suitable for the research at hand.

On the other hand, the study called for an “exploratory research” (Malhotra & Dash, 2010, p.72) since the idea was, by gathering insights from B Corps, to identify performance areas different to the one’s social enterprises have. In light of this, other types of approaches were not considered because of the need to firstly delve into this phenomenon that has not been previously tapped upon. In order to do so, a “small and non-representative” (Malhotra & Dash, 2010, p.72) sample of two (2) B corporations was selected for the case study. However, this research seeks to provide a small hint into the issue due to its exploratory nature. As Malhotra and Dash (2010) claim, further input is required, hence, another exploratory or a quantitative conclusive research would be advisable.

3.2 Research Strategy

Exploratory researches, according to Malhotra and Dash (2010) are those that deliver insights that help understand the problem situation in which the study focuses upon. Since the sample chosen for the research is two (2) B corporations, in order to gain as much insights as possible from them, a qualitative research was held. As highlighted by Bryman and Bell (2011), one of the advantages of conducting a qualitative study for this topic is that it allows to obtain a thorough and detailed inside view of how the B Corps perform in such manner from their key employees' perspective. This could also provide an overview as to whether they act differently in that corporate context in comparison to their former hybrid form, and if so, how and why. Additionally, it allowed an in-depth view about how performances have developed over time within these two different environments. Hence, bearing the sample chosen and the objective of the research, a quantitative study, which is highly generalizable due to the data gathered from many representative cases, was not suitable for this study (Malhotra & Dash, 2010).

3.2.1 Multiple-Case Study

In order to answer our research question and sub-questions, the qualitative approach commenced with a multiple-case study of two (2) social enterprises, now certified as B corporations. The advantages of studying this matter as a multiple-case, is that it provides firstly, the opportunity to find performance "replications" (Yin, 2003, p.36) within these two (2) companies since both have the same size and hold the certification for more than one (1) year. Secondly, the reliability increase of the study at hand in terms of the theoretical propositions constructed due to having used two (2) companies within the research. Lastly, the nature of the case study is to explore processes, which is precisely a term tapped upon within this topic: the process B Corps follow through their performance areas that enable them to achieve societal impact. Furthermore, the case study, unlike social experiments, helps gain in-depth insights (Bryman & Bell, 2011) as to how both B Corps are performing without us neither controlling nor intervening in the situation.

The B Corps chosen for the study are Berlin-based, middle-sized and growing companies. The first company studied was Ecosia, founded in Berlin on 2009 and certified on April 2014. Ecosia is a “search engine that donates 80% of its surplus ad revenue to a tree planting program in Burkina Faso” (Bcorporation.net, 2016). Nowadays, they have planted more than three (3) million trees and have contributed in local community employment by donating more than two (2) million euros for the cause. Their highest score achieved in the assessment is in the category of community (Bcorporation.net, 2016), regarding the manner in which they face their social issue. Hence, the reason Ecosia was found attractive for this research is due to the innovative way they address their community and the business model they follow in doing so. Also, they were pioneers of the B Corp movement in Germany, which suggested they were more experienced than other newly certified companies in the topic and thus, could provide richer insights.

On the other hand, the second B corporation taking part in the research is Mandalah, a “global conscious innovation consultancy” (Bcorporation.net, 2016), founded on 2006 and certified ever since April 2015. Mandalah is defined as a corporation that help businesses incorporate a purpose-driven mission to their profit-based activities and promotions, as well as their internal organisational structure and brand. They achieved their highest score in business model (Bcorporation.net, 2016), in terms of how they help their customers repurpose their business towards being more socially and environmentally driven. This enterprise was found attractive for the research because of their expertise, since they may be capable of providing rich information as to how becoming a B Corp has influenced their brand and in which way.

3.2.2 Social Enterprises, B Corps and Performance Areas

The concepts through which the B Corps were observed are: the origins of the social enterprise (before the B Corp certification), the development of the B Corp as such, the benefits achieved, the B Corps’ branding, and the five (5) performance areas they are obliged to measure and score highly in the B Impact Assessment in order to obtain and maintain the certification through reassessments.

Firstly, the interviews delved into the history and description of the company in order to understand its origins and how the idea of the particular social enterprise arose. Here, insights regarding how they faced and pre defined their purpose and profit based hybridity was assembled.

Secondly, the data gathering was canalised towards understanding the motivation and the reason why they decided to become a B Corp. The reason the study was designed in this manner was due to the intention of discovering what the company pursued when obtaining the certification.

Lastly, it was important to find out in which ways and through which performance areas, the company had to adapt to this new form. In order to do so, the B Corp performance areas described by Ryan Honeyman in the B Corporation Handbook (2014b), were studied and delved into. These are:

- *Workers*: In terms of how the company is good for the workers, how these are taken into account and their work environment. On the other side, their security in terms of health and safety is also important for the long-term subsistence of the organisation, as well as, their motivation in working for the company and the development of one's future in it.
- *Community*: Regarding how the company's performance is good for society. Not only would this aspect help attract talented employees but also "positive media attention" and "customer goodwill". This section implies how well the company accepts diversity, generates new jobs, gives back to society, how engaged it is with the latter and how it treat its suppliers.
- *Environment*: This section measures the attention the company gives to its surroundings and environment. In other words it refers to how the organisation handles sustainability activities. The arenas tapped upon will be regarding energy-savings within the company and their suppliers, as well as waste the company and their suppliers generate.
- *Governance*: Concerning the company's resistance and how it is planning on surviving for the long-term, despite any type of societal or market shifts. Here

terms such as the company's mission, structure and transparency will be highlighted.

- *Business model:* In terms of how the company innovatively contributes to solving social and environmental problems. Due to all the global issues that have to be addressed, new ways of solving them not only increases the chances of them being solved but also demonstrate the businesses' intention in contributing to the solution.

Furthermore, as previously stated in the delimitations, the financial income was not taken into account since this was not an object of study within this research.

3.3 Data Collection Method

The fieldwork included both primary and secondary data gathering. On one hand, the exploratory nature of the research and the fact that the comparison between social enterprises and B Corps has never been tapped upon, suggested primary data gathering from these organisations was key. To gather and delve in as much primary data as possible, personal interactions through Skype interviews with key employees were conducted. Also, collecting external secondary data such as the companies most recent B Impact Assessment, business reports, etc. helped support the insights assembled from the interviews held.

3.3.1 Primary Data: Interviews

The case studies commenced with qualitative, in-depth, semi-structured, Skype interviews, due to time and resource constraints, of key employees from both B Corps. By key employees, we refer to employees that took part in the certification process. Interviews were considered an appropriate method for this study since the objective was to analyse how the phenomenon was dealt from within the company, in this case understanding how it is to work for a B Corp having been previously a social enterprise. On the other hand, Skype facilitates the "synchronous online personal interviews"

(Bryman & Bell, 2015, p.660) through a webcam, hence making the interview more personal and similar to a face-to-face interaction.

The advantage of conducting in-depth interviews is that we can obtain vast amounts of information regarding both organisations and their development process through the employees' own experience. Also, the semi-structured design of the interview allowed the interviewees to express their experiences and insights (Easterby-Smith, Thorpe, & Jackson, 2012) following an "interview guide" (Bryman & Bell, 2011, p.696), which was designed in accordance to the topics aforementioned. Furthermore, other data gathering methods, such as participant observation or focus groups were not considered for the study due to the different geographical locations the interviewees were found in and the peer-pressure focus groups may convey. Moreover, the recorded interviews were transcribed, codified and analysed.

There was a possibility that the data gathered could have been biased towards the interviewees point of view, or, that information may not have been mentioned since he/she may have thought it was not important (Bryman & Bell, 2011). Another disadvantage to highlight is that the interviewee could have not recalled what had happened, or did not want to reveal information that may have been compromising for the company. Thus, the lack of information was covered with internal and external secondary data in order to keep the validity and reliability of the research optimal.

3.3.2 Secondary Data: Organisational and Mass Media Documents

On the other hand, organisational and mass media documents and outputs were gathered as secondary data to support the insights obtained from the interviews. According to Eisenhardt (1989), the inclusion of both methods led to more data provision and hence, a stronger construction of theory. Most of the documents sought were available through "public domain" (Bryman & Bell, 2011, p.550) within the companies' websites, social media and online news, and others were requested directly from the B Corp throughout the interview. However, there was a possibility the documents inquired were not available outside the B Corps' premises or that the

documents could have been biased towards the organisation’s best interest, especially the ones under public domain. Hence, the objectivity of the research may have been affected and therefore, its authenticity (Bryman & Bell, 2011).

To thoroughly study the changes the performance dimensions have undergone, as well as which new ones have been incorporated, the interviews will be reinforced with documents such as: both B Corps’ B Impact Assessment from when they obtained the certification and new ones if available, to see whether their performance indicators had changed from one assessment to the other; business reports; employee satisfaction surveys; documents regarding the companies’ mission and values, in order to understand their goals and hybridity, and several online news articles as shown in the table below.

Table 3.1 Sources of Information

Sources of Information			
Company	Interviews		Documents
	Employee's Position	Relevance	Type of document
Mandalah	CEO Europe	The interviewee was in charge of the B Corp certification process in 2015. Furthermore, due to his position, he is the responsible of making the decisions regarding the B Corp certification.	Webpage
			Culture Guide
	Partner	The interviewee was also part of the certification process and is the person in charge of implementing the organisational changes related to the B Corp certification.	Employee Satisfaction Surveys
			B Impact Reports
Ecosia	Community Manager	The interviewee was the leader of the re-certification process earlier this year. Therefore, she knows which performance areas and changes were implemented by the company. Moreover, she is the direct contact and link of the company with the B Corp community.	News Articles
			Company's Blog
			Company's Webpage
			Business Reports
			B Impact Reports

3.4 Data Analysis

Our qualitative analysis approach followed a thematic analysis. Since the very beginning of the study, the B Corp performance areas, the social enterprises' and B Corps' characteristics were considered key theoretical concepts and main themes. Hence, in order for the analysis and categorisation of the study to follow a clear structure, these were based on our theoretical framework and on how each concept was linked. Additionally, these topics were continuously analysed within each stage of the research process in order to answer the research question as accurately as possible. Using thematic analysis and delving into these three key concepts, allowed us to discover and report patterns by going "beyond surface description" (Ritchie et al. 2014, p.278) through categorising the text gathered from the empirical data (Smith & Firth, 2011). In relation to the research question being: how can social enterprises implement the B Corp performance dimensions in order to increase their societal impact, the main themes chosen attempt to uncover which performance dimensions have been added or changed, and how. Bearing this in mind, the process of thematic analysis followed the subsequent steps:

Firstly, the data were broken down into databits or codes and assigned to different categories and subcategories (Bryman & Bell, 2011; Dey, 1993; Ritchie et al. 2014; Smith & Firth, 2011; Chenail, 2012; Houghton et al. 2015) and divided within the five themes: Social enterprises, B Corps, B Corps' Performance Areas, Branding and Communication and Societal Impact. This classification was done by company and divided within us. Furthermore, these were later exchanged and newly revised in order to increase the reliability of the analysis.

After the classification, the categories and subcategories were further compared between each other, in order to identify patterns and possible relations between them. Simultaneously, memos were also of use, especially when helping clarify possible links between categories and relations between gathered documents and interview statements.

Thirdly, a map was developed to help visualise the most important relations between

categories and the strength of such links due to the amount of times the categories were referred together within the empirical data (see appendix A). This helped acknowledge which areas were of most importance for the subsequent analysis. Furthermore, the links between terms were demonstrated by circles: the larger the circle the more relevant the relation between categories.

Lastly, once having described the connection between links, the theory developed was further compared and supported by authors whom had also made similar observations (Dey, 1993). Here, the important categories previously mentioned were the main points of the discussion and the ones that enabled us to further answer the sub-questions and, subsequently the research question.

3.5 Research Quality

3.5.1 Validity

According to Yin (2003), the external validity has always been a barrier for researchers who are thinking about conducting case studies. Thus, the aforementioned takes place due to the common belief that case studies' results, as opposed to surveys or quantitative methods, cannot be generalised. However, the case studies can pursue an "analytical generalisation" (Yin, 2003, p.10), hence meaning that the results obtained in this study after the observation of the B Corps' performance, can be applied to diverse contexts. However, to be considered generalizable, further studies need to be conducted in order to replicate findings that support their validity, as well as generate new theory.

3.5.2 Reliability

As defined by Yin (2015) the aim of the reliability is to diminish errors and biases in the study. In order to construct reliability for the case study research, two tactics highlighted by the author were followed during the data collection phase and the data analysis. Firstly, the use of multiple sources of evidence was tapped upon. This was

achieved through the combination of interviews, organisational documents and mass media outputs as information-gathering methods. Secondly, a chain of evidence was created during the data collection which allowed classifying the data collected by the date, hour, person who conducted the interview, name of the interviewee, and his/her position inside the company. Lastly, once analysed the empirical data, the results were exchanged within us and newly revised in order to increase the reliability of the analysis.

3.6 Ethical Considerations

There were existing possibilities the B Corp's employees participating in the interviews may have felt "harmed" or "intimidated" (Bryman & Bell, 2011, p.128) by what the research sought from them. However, it was our responsibility to "minimise" as much as possible this harm by notifying them at the beginning of the interviews what was expected from them throughout the process and that it was going to be recorded. On the other side, the "use of data" may also stir uncomfortable feelings due to the uncertainty as to where the data will end up, what is mentioned exactly, or whether the interviewee will remain anonymous or not (Easterby-Smith, Thorpe & Jackson, 2012, p. 189). However, both B corporations gave their permission and approval to take part in the case study. Furthermore, the relationship with the interviewees from both B Corps was constantly worked upon in terms of "reciprocity" and "trust" (Bryman & Bell, 2015, p.148) (Easterby-Smith, Thorpe & Jackson, 2012, p.182). In order to do so, the participants of the study were informed that they were free to contact us, consult anything regarding their participation and change details if they wished to do so at any time.

3.7 Limitations

Firstly, not all companies that obtained the B Corp certification decided to do so for the same reason, neither followed the same principles nor had the same experience. Additionally, from one of the companies only one (1) interviewee was available, which may have altered the validity of the information gathered. However, this lack was balanced with extra documents gathered from online news and social media. Furthermore, it is not possible to generalise the findings due to having selected such a small sample and having conducted a case study of these (Bryman & Bell, 2011). Also, the B corporation movement is currently not as extended through Europe as it is through North America, which brings a few limitations to this research in regards to how they perform and the benefits obtained. Additionally, the B Corporation Handbook, from which the performances measured within this research are based on, reflects the current living situation in the United States. Furthermore, the study lacks generalizability due to the limited sample chosen (two companies) and because both companies belong to the same country. However, Germany was chosen not only because of the high amount of B Corps established there but also because of their high English proficiency.

4 Empirical Data

The empirical data collected from the two (2) companies will be presented in this section. This information has been structured based on the theoretical framework of this research. Therefore, the three (3) main categories are: Corporate Hybrids, B Corps' Performance and Societal Impact.

4.1 Corporate Hybrids

We delved in deeper inside the B Corps chosen for the study in order to understand how they described their hybrid business model, if they were having problems finding a balance with their two missions and if the hybridity was affected in some way after the certification.

4.1.1 Mandalah

Regarding the hybridity within their business model the company describes its condition in terms of “conscious innovation”. With regards to “conscious”, this part is related with the social aspect of the company. This concept is regarded as their core’s main characteristic and as the trait that guides their actions. Furthermore, the “conscious innovation” concept was not only used within the interviews but was also reflected in their culture guide. Building a bridge between the social and profit mission made sense and was easy for them, hence why they consider companies need to have both:

“[...] So we felt like Mandalah had this “ethos”, this framework, this methodology that was a lot more human-centred and that was the right time as well; and in 2010 or 2011, when Mandalah put this into their company slogan or claim, which

is “conscious innovation”, and so is part of the logo, and really identifies or defines the innovation that we do as an innovation that improves the people's lives.” (Mandalah)

Moreover, the company also encounters challenges regarding its hybridity since they have to explain to their clients their double mission as part of their business model and how one cannot exist without the other. In this point, they also express some difficulties when presenting the company to prospect clients. The clients understand the concept of having a social cause but see it as an additional feature and not as a main priority.

“[...] So when we pitch our conscious innovation services, even now, after five years of succeeding doing this, clients like it because they see it's different, because they see it has this social component but they really want the creative and the innovation but not the conscious part, so, there is a hard sell in a way because we have a hybrid model, we do innovation and do social impact.” (Mandalah)

Related with the aforementioned, Mandalah also explains that until a month ago they were usually the ones that tried to convince their clients about incorporating the social component inside their strategies. They think the change has to do with the market and how the big companies are showing that profit is not the only thing that matters. Furthermore, the company expressed that the B Corp status has help them find other companies with similar hybrid characteristics from whom the learnt and understood how to handle their double mission.

4.1.2 Ecosia

Ecosia since their founding in 2009 had arranged that their main priority was to create as much positive environmental impact possible by prioritising this concern before earning profits. However, they admit that this objective cannot be reached without the other, since:

“[...] Being a social business means being a hybrid between a non-profit and a full-profit business. This means that we are very interested in scaling our product and making it as high performing and profitable as possible, so we can have the biggest positive impact on a good cause.” (Ecosia)

Additionally, their good cause and business goal is based on donating an 80% of their income generated through an online search engine. Hence, the extra profits they obtain are channelled to improve their online tool to increase their chances of providing a positive impact.

“[...] The other 20% of Ecosia’s income is claimed to be used to neutralize the CO2 emissions of its web search as well as maintain the company [sic] operations and growth.” (Tech.eu, Li, 2014)

“[...] Of course we are constantly thinking about ways of profits and channels and ways to increase those profits because that's what's going to plant all those trees.” (Ecosia)

This statement suggests that their main focus is to gather as much money from donations for planting as many trees possible. However, many times these donations are too small and they have had to find new ways to adapt to other programmes without suspending their business structure. Hence, this being one (1) of the main reasons they changed from planting in Brazil’s rainforest to planting trees in Burkina Faso:

“[...] Planting trees in Burkina Faso is very cost-effective – .28 EUR per tree instead of one USD in Brazil. This means our donations yield many more trees per month than before (now three new trees every minute!).” (Ecosia)

On the other hand, although they are still a start-up, they are aware of the CO2 emissions other search engines generate and consider their hybridism state as a “competitive advantage” amongst competitors such as Google:

“[...] Google is a company that trades on the stock market, so they have financial pressure – we don’t have that... Whereas other companies have quarterly results to present, we can really put “doing good” as our focus, which is a definite advantage for us.” (Ecosia)

Apart from this, they not only differentiate themselves from traditional business. They also see the way they work as a manner to “defy traditional corporate management concepts” and see themselves as a company other businesses can learn from:

“[...] As a team, Ecosia tries to lead by example everywhere we can, including in our internal company structure. That’s how we grew curious about a new working paradigm that is defying traditional corporate management concepts.” (Ecosia)

4.2 B Corps’ Performance

Within this category, we placed the data related to the different performance areas that were changed or affected after the B Corp certification. Also, two additional aspects, “B” communication and B Corp community, were found relevant in this section since both concepts showed to have effectively helped increase societal impact once having these businesses obtained the certification.

4.2.1 Mandalah

Regarding the five areas of performance that were asked in this study eg. Workers, good for the community, environment, governance and business model; the company did not state any big change after the certification, for them, the certification was a “natural step” (Mandalah). However, in different occasions, the interviewees declared that the B Corp certification is pushing them constantly to improve their performance. Sometimes they referred to the certification as a constant reminder of the things they needed to implement in order to be considered better for their different stakeholders.

“[...] I mean B corp definitely triggers a few ideas like - oh let's think about more transparency, let's empower more - and I think we might have done it anyway but B corp just kind of pushes you on and lubricates a little bit better.” (Mandalah)

Moreover, Mandalah commented about their pondering concerning whether to change their offices at the end of the year. They also explained how the new space they are looking for has to meet some requirements established by the B Corp assessment, and that by doing so, they may be able to score higher in the next re-certification. Related with the aforementioned, the company compares themselves constantly with the United States and South America since the culture is different and scoring high in the assessment is harder. Thus, they see in Germany a country that can help companies certify easier and perform better.

“I was very eager to find a way to also make this happen for the Berlin office specially because I feel that the German social system and all the regulations you need to follow when you open a company here are kind of leading towards a B Corp certification when you compare it to others.” (Mandalah)

On the other hand, the B Corp community was an important aspect highlighted by the company once they got certified. This benefit is described in different moments throughout the interviews and also within the press releases disclosed in the company's webpage. Mandalah sees the community as a group of like-minded people who have similar ideas and objectives, as well as a stronger voice for achieving a common goal.

“I really like the claim that B Corp has been using business as a force for good, and is really nice to meet people that still or that just feel that and also have that urge in themselves to follow that and act to it and contribute in some way and that's a very nice feeling for me personally but also for us as a business, it gives us hope that there are people who recognise the value of making that bridge”. (Mandalah)

The company also see the regular meeting with their B corp partners as a space to learn and mutually grow. Mandalah describes themselves as an active member within this community since they express their interest in making it bigger and more powerful in

the German market. Not all the meetings are exclusive for members, sometimes they have other companies that are interested in the certification. Therefore, the company constantly expresses how this community is the support they needed to feel stronger and not surrender on achieving the cause.

“I would say that the community meetings helped us to get everyone on board with the concept of B Corp and what is behind it so, for instance, when we organise the meetups, everyone at Mandalah Berlin was there and listen to the key notes and the speeches” (Mandalah).

Another important aspect commented by the company was how, after the certification, they started to provide proof to their current and prospect clients. They express that the certification works like a label, similar to having another brand supporting their own. Also this “other brand” helps them demonstrate to their clients that they are transparent and coherent between what they preach and how they act.

“[...] Getting the certification is the stamp from the outside that we are what we are, not pretending but communicating to be, and so it gives us credibility in some way.”(Mandalah)

Mandalah also affirms that the certification is an added value. Even if they were already cause-oriented and their performance did not change significantly, they felt that having the certification gives them something extra, which drives them to communicate their certification through different channels.

“[...] I mean, it's a nice touch let's say, when you look at the logo, like the business card like you saw it, to have it there is another brand it is almost like a complementary sister brand to our brand” (Mandalah)

4.2.2 Ecosia

When a company is in process of obtaining the B Corp certification, certain B Corp performance indicators have to mandatorily be met. However, for Ecosia it was a “natural fit” (Ecosia) since the company stated it had been born with similar values to the ones B Corps live for and did not have to alter any type of performance in order to meet the B Corp standards. Additionally, they did regard the importance of having to communicate these values such as B Corps did, and how this would help them create an even greater societal impact:

“[...] We realised, ok, that these things that we're doing already if we actually manage to state them somewhere officially or create an official process for them they would be more visible to the outside which will not only prove our points in the assessment but it will make it much more obvious to the outside, to our users, that this is actually happening.” (Ecosia)

However, they did highlight, however, that the “natural fit” was due to the fact that companies within Europe work differently to those from the US, for example, and that many of the performance indicators stated in the B Impact Assessment abided by American rules and guidelines. Hence, this made it easier for them, since businesses in Germany are obliged to include many sustainable indicators in their corporate policies:

“[...] So a lot of the questions within the assessment did not apply to Europe, so a lot of things about social benefits, healthcare, just didn't fit our political reality, those could still be found in the assessment, we were given points or not given point based on certain criteria that from our perspective just didn't make sense, so when they asked things like: do you facilitate healthcare access to your workers for us it makes no sense because everybody has healthcare.” (Ecosia)

Furthermore, they picture the B Corp certification as a method that slightly contributes to their growth. However, they state that most importantly, the key to their corporate growth is to facilitate a tool that would enable everyone to contribute in creating a societal impact by providing them the easiest way possible for doing so:

“[...] What is it we do to accelerate [sic] the process? That's where he connected the ideas, so it's a hack so to speak. How to hack the system. Plant trees faster, how do you get the help of everyone by letting them do something that they are going to do anyway turning that into trees.” (Ecosia)

For Ecosia, adapting to the public's lives and communicating their business by creating as much awareness as possible is key. However, taking part of the B Corp community may help them increase the former and the latter, which is one of the reasons as to why they consider it to be one (1) of the biggest benefits of joining the B Corp movement.

“[...] We really like the idea of joining a network that was trying to raise more awareness for people who operate in corporations, I mean social businesses in general, so that's why we wanted to join.” (Ecosia)

“[...] You have one centralised platform literally where you can find like-minded companies, so it's easier than shouting out to, I don't know, some start-ups or corporations to see if anybody listens.” (Ecosia)

On the other hand, for Ecosia, another major reason for becoming part of the movement is that it could also suggest a way for them of getting closer to providing a societal impact with support of other like-minded companies that are also part of the movement and working for the same cause:

“[...] Since we are a B Corp it's easier to penetrate the network and maybe these are companies that are more open minded to switch to Ecosia, because basically in the end that's how we are going to plant the trees, if more people switch to Ecosia, if people wouldn't switch to Ecosia we wouldn't be able to plant all those trees.” (Ecosia)

This also drives them to be involved in B Corp events, especially all around Europe due to geographical proximity. Furthermore, Ecosia considers this global community will altogether help build “a new global economy” that will not only change the way business is going, but will also “influence the next generation of leaders to come” (Ecosia).

4.3 Societal Impact

Within this category, insights regarding how these companies contribute to solving their cause through their business model are mentioned. Also, how they express their commitment with the cause and how they plan to achieve societal impact.

4.3.1 Mandalah

The objective of the company has never been altered. They explain it as:

“Teaching our clients, mainly big corporations to bridge the aspect of purpose and profit, for us is not something that is mutually exclusive, you can strive for profits and at the same time have a strong purpose that serves as a guiding theme for all your business activities”. (Mandalah)

This main purpose is also related with their slogan of “conscious innovation” explained before. The company states their mission was already social before the certification and that it did not change after having obtained it. However, it also states that holding the certification helps them to constantly improve in aspects they did not consider before and therefore, be always committed with the cause.

4.3.2 Ecosia

“What we want to do is plant as many trees as we can” (Ecosia). Since the very founding of the company, societal impact for Ecosia was the main objective and aim they wished to pursue, unlike traditional profit-maximising companies, leaving profits in second place. By planting as many trees as possible, their mission is to: “cultivate a more environmentally, socially and economically sustainable world, we want to reverse the tide of deforestation by planting a billion native trees by 2020.” (Ecosia) In order to do so, however, the company as of November 2015 decided to change their business model, which at first implied having to donate 80% of their profits. Currently, Ecosia donates

80% of their surplus for their purpose-driven cause and has now enough to improve the online tool and neutralise CO2 emission.

Additionally, they consider their unique business model will help them achieve their purpose-driven goal, along with the help and support of the other like-minded companies that also take part in the global movement for the same cause.

5 Analysis

Within this chapter, the analysing procedure used will be mentioned and links between key concepts found within the theoretical framework, highlighted. In addition to this, findings were drawn and were compared with previous theory.

In this chapter, we will follow the theoretical framework to structure and link all the findings based on the relationship between the key concepts: Corporate Hybrids, B Corp Performance and Societal Impact. Here, we describe how the process took place, what most relevant findings resulted from the category classification and pattern finding, and what previous authors have discussed beforehand about topics linked to these results. The findings will reveal answers to the research sub-questions concerning whether performances have changed from one (1) hybrid form to the other and whether new ones have been implemented within B Corps. This will allow us to understand how to answer our main research question regarding how social enterprises should implement these new and changed performance dimensions.

5.1 Analysis Procedure

The themes chosen for the analysis of the qualitative data were supported by the key topics stated in the theoretical framework, being: Social enterprises, B Corps and how their Performance Indicators would allow social enterprises to achieve the Societal Impact they strive for. Within these five (5) mentioned themes, a total of 22 categories were generated, which in general also included 33 subcategories. The 22 categories referred to important characteristics within each theme, relevant for answering the research question and sub-questions mentioned at the beginning of the study.

Additionally, the subcategories (SC) helped discover finer details within the categories that allowed us to analyse more precisely the reasons behind certain findings and how themes interacted within each other. Therefore, the analysis had a total of three (3) levels of analysis:

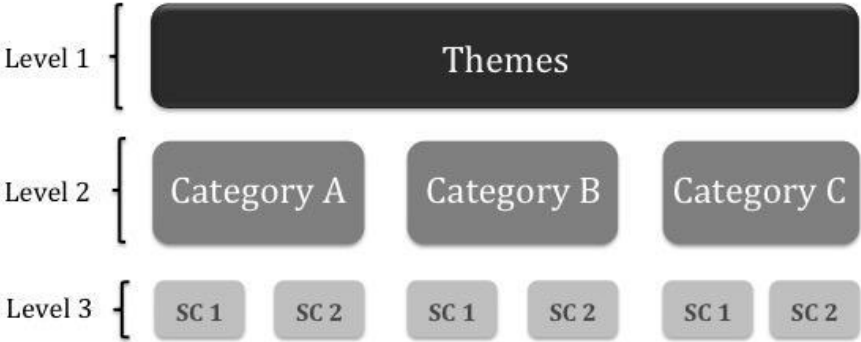


Figure 5.1 Levels of Analysis

Additionally, classifying the data and assigning databits to their most suitable dimension, further allowed us to discover multiple-links within categories. These multiple-links allowed us to further understand the relationship between categories, since it suggested the possibility of there being a linkage between two (2) or more dimensions (Ritchie et al.2014). Furthermore, the categories that most databits had in common were the following: *Commitment-Business Model, Commitment-Community, Commitment-NGO, Goals-Business Model, Goals-Governance, Added Value-B Corp Communication, Business Model-NGO, Workers-Feeling of Community, Community-Feeling of Belonging, B Corp Communication-"B" Proof, Europe VS. Other Countries-European B Corps Benefits, Guidance-Benchmarking.*

In light of this, the relation between both categories were further analysed in terms of what Dey (1993) suggested as: firstly, *necessity*, indicating that within the mentioned context, both categories were dependently linked. Hence, the meaning would not have been the same neither would it prevail if one of the categories were to lack. Secondly, categories' relations were also analysed in terms of *contingency*, understanding by this that the context in which both categories interacted would not have altered if one were

to lack. Additionally, the relations were also analysed in terms of “the internal dynamics of the text” (Dey, 1993, p.166). Here, we established the type of interaction both categories had within a same databit, being the most popular ones: *additive*, *explanatory* and *causal*. Bearing this in mind, we were able to visualise patterns and understand how these were related, which served as a base for our further findings and theory generation.

5.2 Results

5.2.1 Corporate Hybrids

Social enterprises’ hybrid form was one (1) of the main topics presented in the theoretical review of the research. Their hybrid condition is presented as an issue from the moment they have to make decisions and establish priorities between their social and profit-based mission. (Doherty, Haugh & Lyon, 2014; Stevens, Moray & Bruneel, 2014; Young & Lecy, 2014). Bearing that in mind, the definition used for social enterprises throughout this research highlights the unsteadiness they experience: “[...] social businesses hybrids, often also called social enterprises— are organisations that run commercial operations with the goal of addressing a societal problem, thus adopting a social or environmental mission” (Santos, Pache & Birkholz, 2015, p.39).

Therefore, as highlighted by Doherty, Haugh and Lyon (2014), as well as Galaskiewicz and Barringer (2012), social enterprises can be more similar to a traditional, profit-maximising company or to a more purpose-driven enterprise. There are no established boundaries or formulas regarding how much of the social and profit component companies are meant to have, as long as they know they need to accomplish both (Santos, Pache, & Birkholz, 2015; Alegre 2015). The latter can be observed within the companies participating in this research, since even though the two (2) are social enterprises and certified B corporations, their hybrid characteristics are entirely different.

The way Ecosia presents itself as a company follows more of a non-profit business model where the cause, in this case planting trees, is the most prioritised goal and every strategy implemented by the company follows that logic. Therefore, the company's business idea was born with the objective to solve the problem of deforestation. As described by Mitchell, Madill and Chreim, (2015), Nasruddin and Misaridin (2014), Engelke et al., (2014) and Alegre, (2015), profit only serves as a vehicle to achieve the goal. The hybridity issues found within Ecosia have to do with how they are limited by their profits when investing in their cause. Thus, this is connected with one (1) of the benefits they highlight from the certification: network expansion. The more they reach out to people and the more profits they earn, the higher the societal impact they will be able to provide.

Nevertheless, the second company: Mandalah follows a different pattern when it comes to hybridity. This social enterprise is a consultancy firm that works mostly for profit-maximising corporations. Thus, their business model tends to be highly related with one coming from a standard for-profit company. Furthermore, the company's social cause aims to helping big corporations invest part of their budget to purpose-driven causes and "do good" for the world while making profits. This company follows more the definition given by Yunus, Moingeon and Lehmann-Ortega (2010) and Santos, Pache and Birkholz (2015), where they highlight that one (1) of the similarities between social enterprises and for-profit businesses has to do with the way they operate with clients, services and markets in order to have revenues. The company defines its hybridity in terms of "*Conscious Innovation*"(Mandalah) where "*conscious*" is related to their social mission and "*innovation*" to their profit model, additionally having a bridge between both that differentiates them from the rest.

Therefore, Mandalah has to deal with different hybridity problems such as competing in a for-profit market with companies that do not offer that purpose-driven approach, or more importantly, that have to explain to clients how their business model works and how the innovation element has to come merged with the "*conscious*" feature. According to Galaskiewicz and Barringer (2012), the public tends to reject what they cannot understand. These authors also noted that social enterprises' issues have to do with the fact that the public cannot categorise them as neither a traditional business nor a non-

profit organisation. Due to this, Mandalah, as opposed to Ecosia, need to elaborate more on explaining how their business model intends to provide a societal impact.

Furthermore, as mentioned by Doherty, Haugh and Lyon (2014), there could be an internal tension between the purpose mission and the profit-based objective. This can be observed in the way Mandalah considers its competitors. On one hand, they see them as a threat in terms of competitiveness due to Mandalah being partly profit-driven. On the other side, they can also consider their competitors as allies with whom they can partner for achieving their social goals. Hence, this encourages them to have a more profit-driven business model with which they can compete in the market with other regular consultancies.

After analysing both companies in terms of corporate hybrids and how they present different issues regarding their characteristics, we have found that both enterprises are more guided to a certain type of business model and that this orientation has always remained the same regardless of their newly acquired certification. Thus, Ecosia is more similar to a non-profit business, whereas Mandalah is more similar to a for-profit maximising model.

5.2.2 B Corps' Performance

The B Corp definition found most appealing and most relevant to the study at hand was that stated by Hiller (2014) regarding how these not only share the same hybrid state as social enterprises but also how, according to Stubbs (2014), these use profits as a means to achieve societal impact. Both B Corps and social enterprises, however, follow the previous principle and share the same definition. Nonetheless, one (1) of the strongest differences between social enterprises and B Corps is suggested to be the manner the latter use a series of performance indicators that enable them to achieve this societal impact (Marquis, Klaber & Thomason, 2010; NBIS, 2012).

Performance measurement and management's objectives are leaded to achieve competitive advantage, and so, all stakeholders take part in this process (Aguinis, Joo &

Gottfredson, 2011). Moreover, according to Honeyman (2014b), all employees that work for B Corps share the companies' values and strive for its long-term subsistence. This allows us to understand how relevant it is for a company to include stakeholders as an important feature in their performance measurement and further management. This is due to their key role in helping the company achieve a market differentiation.

On the other hand, based on Nappi and Rozenfeld (2015), incorporating a sustainable performance in an organisation's measurement system gained importance ever since consumers started being interested in the impact of the products and services they consume. This, as well as taking into account the stakeholders when measuring performance, also serves as a competitive advantage that enhances the company's image. B Corps include both these assets into their five (5) performance areas, hence not only will these features allow them to perform in a positively impactful way but also communicate and be regarded as a unique type of business.

Additionally, the term performance indicators is what had previously been defined as certain measures organisations adopt and use to evaluate success. As opposed to traditional businesses, for B Corps, success is achieved by finally accomplishing and being able to provide the purpose-driven goals they have been pursuing ever since their former hybrid state (Honeyman, 2014b; Stubbs, 2014; Marquis, Klaber & Thomason, 2010). Traditional businesses, on the other hand, measure theirs mostly by the amount of profits obtained (Lebas, 1995; Aguinis, Joo & Gottfredson, 2011), which is also partly a concern for social enterprises that try to balance profits and impact. However, this shows that due to this different strategic objective pursuit, performance indicators traditional businesses use to measure their success are not always fit to also measure objectives in B Corps and social enterprises (Meadows & Pike, 2010; Hubbard, 2009).

Additionally, since the B Corps' objective is to provide a societal impact, for Ecosia, for instance, the profits obtained are mostly channelled towards that aim. Due to Ecosia's donation-based business model, they transfer a fixed percentage of 80% directly to their deforestation cause (Ecosia). Since monthly income may vary, this total amount of income shifts, leading to other changes in areas such as in employee salary (see appendix B).

Furthermore, the current study found that both companies agreed that the B Corp certification acts as an “*external audit*” (Mandalah), helping businesses maintain and keep their sustainable performance on track by providing them with a stable legal framework to do so (NBIS, 2012; Marquis, Klaber & Thomason, 2010). This “*external audit*” suggests certain type of performance dimensions, which companies can decide to follow or not, that subsequently, would help them get closer to their final objective: a societal impact. By following their performance dimensions and framework, not only do companies get closer to their purpose-driven objective, but achieve more points in their B Impact Assessment by doing so (Honeyman, 2014b; Marquis, Klaber & Thomason, 2010). Therefore, when obtaining the certification, companies are obliged to score over a certain margin (80 points) in order to be included within the B Corp movement, but they also have to keep benchmarking, improving their score and following the B Corp guidance in order to increase societal impact. The latter can be demonstrated with Ecosia’s B Impact Assessment results from 2014 and 2016 (See appendix C). Here, although several performance dimensions have altered and they have managed to maintain the same score, points in the section of accountability, however, have increased in 5 points. Additionally, this may have been influenced by the country in which they are located, as there are many facilities and governmental policies that facilitate sustainable actions in Germany (Ecosia, Mandalah).

On the other side, the B Impact Assessment and thus, obtaining the certification, not only allows them to highlight their weaknesses and which areas they can improve, but also comes with a network of other companies that have been through the same process (Mandalah, 2016; NBIS, 2012). Hence, the pattern found within both cases indicates that the community of social enterprises that have obtained the certification also provide a guidance and support when wanting to benchmark and improve one’s performance. As shown in the appendix E, there has been a 6% increase of newly formed B Corps that have scored between 88 and 140 due to the B Corp community benchmark.

Furthermore, the vast majority of the findings conclude that, although the interviewed companies’ initial performance hardly shifted when the certification was obtained, these have experienced some sort of upgrade in their business due to the additional B Corp

benefits: “B” Communication and Community, incorporated to their strategy (Ecosia; Mandalah).

Within the insights gathered from the data, patterns surfaced which indicated that social enterprises acquired a certain meaning or value (NBIS, 2012; Honeyman, 2014b; Marquis, Klaber & Thomason, 2010) once having obtained the certification that was worthy of communicating. This certain meaning or value emerged from their unique performance dimensions, which not only included stakeholders but also regarded sustainable practices. As indicated previously, this gives them an advantage over other businesses and have enhanced B Corps’ image in a remarkably positive way (Honeyman, 2014b; Aguinis, Joo & Gottfredson, 2011; Nappi & Rozenfeld 2015). However, the existence of companies nowadays that do not abide by their intentions of doing well for the world and due to whom consumer mistrust in the market has increased, makes it difficult for companies like B Corps to stand out of the crowd and be regarded as truthful. Nonetheless, B Corps enhance their value and strengthen the real set of standards these companies represent by providing proof that genuinely exhibits how they practice what they preach (Mandalah; Ecosia; Stubbs, 2014).

On the other side, the aforementioned can be reflected by the increase of publicity B Corps have experienced during the last years (NBIS, 2012). The raise of number of companies willing to become a B Corp that have decided to restate a new set of standards true to their beliefs have drawn mass media’s attention worldwide. However, due to the origin of this business-based movement being in the US, companies located in other parts of the world, such as the two European organisations studied within this research, could experience difficulties when willing to communicate the meaning of their B label (Ecosia, 2016; Mandalah, 2016) due to its novelty. Additionally, the B label not only stands for “ethical business” (Wilburn & Wilburn, 2015) but also goes hand-in-hand with the set of points that demonstrate how socially and environmentally involved they are. This allows B Corps to have a chance to enhance their image through the amount of sustainable proof they are able to demonstrate.

Bearing this in mind, as Galaskiewicz and Barringer (2012, p.51) stated, all organisations’ objective involves having to “acquire or display enough traits so that your

audience perceives you in the right way". Hence, a strong relationship is appreciated between willing to appear more purpose-driven and communicating this trait since it is a high concern for companies nowadays, as recognised within several authors' literature (Chen & Kelly, 2014; NBIS, 2012; Roper & Fill, 2012; Honeyman, 2014a, 2014b; Stubbs, 2014). Furthermore, it has also been demonstrated that traditional, profit-maximising businesses do tend to highly communicate their altruistic activities in order to gain brand reputation, enhance their image and differentiate from others in the marketplace (Roper & Fill, 2012).

Additionally, the current study found that the "B" proof and label is not all these companies strive to communicate (Ecosia; Mandalah). Apart from not many people knowing about neither the movement nor the B Corp philosophy outside the US, it was found that these companies also become part of the movement to communicate what is behind their B Corp status. Hence, the underlying foundations and reasons their business is built upon. Due to the strong voice and community these like-minded companies have acquired throughout these last years (Stubbs, 2014; Honeyman, 2014b; Chen & Kelly, 2014; NBIS, 2012), B Corps acknowledge and benefit from the advantage of being able to become part of this movement to communicate not only their B status but also to add value to their business and sustainable mission.

5.2.2.1. "B" Communication

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5.2.2.2. B Corp Community

As mentioned, the strong voice and sense of belonging the B Corp community conveys, drives companies to consider becoming part of the movement, have the chance to speak out, and positively change the world and the way of business (Stubbs, 2014; Chen & Kelly, 2014; Cooney, 2012). On the other side, there are two (2) types of communities B Corps get involved with: the B Corp community in which they network with like-minded companies; and also global/local and national communities whom they are socially concerned about. However, throughout this section we will be focusing more on the like-minded businesses networking potential.

Both companies interviewed agreed that becoming part of the B Corp movement was the main trait that drove them to go through the rigorous process of obtaining the certification (Mandalah; Ecosia). As Stubbs (2014, p.289) stated, these newly turned B Corps seek to become part of a group of “like-minded businesses” from whom they can learn, develop and trust due to the similar values they all share. Hence, not only do they create that common voice to help increase the societal impact, but also learn and support each other for a common cause.

Additionally, as previously stated in the delimitations of the study, the B Corp certification as opposed to other certifications is not geographically limited. As shown in the appendix F, this community firstly started expanding in the US but is currently

growing worldwide ever since B Lab started providing the certification in 2007. This not only proves the strength of the movement but also how important it is for companies nowadays to take part in the growth of a “new economic sector” (NBIS, 2012) this movement also strives to pursue.

However, both cases refer to the community in terms of “*like-minded companies*” (Ecosia) or “*a united force for good*” (Mandalah). Therefore, the community is a network that helps to define them (Galaskiewicz & Barringer, 2012) since they can share with other companies that have their same social concern and achieve a bigger societal impact together (Stubbs, 2014; NBIS 2012). Stubbs (2014) and Honeyman (2014b) claim that B corporations sense they are gradually gaining market relevance because of the impact they achieve as a team. Both companies have employees with roles directed to building these relationships with other B Corps, and may even, furthermore, require a full-time employee solely for community and community building, like Ecosia as acquired. Additionally, the companies also argue that they do not see other members as competition but more as partners who can teach them about new social practices.

5.2.3 Societal Impact

The societal impact is one of the main objectives social enterprises and B Corps strive to pursue (Yunus, Moingeon & Lehmann-Ortega, 2010; Santos, Pache & Birkholz, 2015; Chen & Kelly, 2014; Stubbs, 2014). However, Doherty, Haugh and Lyon (2014) also argue that not all companies can achieve this goal due to the problems inherent to the hybridity of their business model. Thus, the type of business model chosen by the company plays a main role when achieving the desired societal impact. The two (2) cases of this research presented a particular consistency between their mission, the design of their business model and the commitment with the social cause they are trying to achieve.

According to Yunus, Moingeon and Lehmann-Ortega, (2010) the alignment of the mission, business model and societal impact within social enterprises is only possible if the business model is created as a response of the social problem the companies wanted

to solve, in the case of Ecosia, the problem regarding deforestation. However, Ecosia changed its business model in order to invest more in growing their network, which would further help them by planting more trees. Mandalah, on the other side, refuses to accept clients if they are not willing to implement the social component in their strategy. Therefore, the societal impact can be understood not only as the reason behind the creation of the company but also as the main goal of the business (Santos, Pache & Birkholz, 2015), replacing the profit maximisation of traditional models for the societal impact maximisation (Stubbs, 2014).

Another characteristic found in the relation between business model and societal impact within the two (2) organisations has to do with how they take into account not only their shareholders but all their stakeholders. Both explained on one hand, how they designed an organisational culture that allows their employees to have more flexible job schedules, which also included ludicrous activities; and on the other hand, how they try to find suppliers that are also committed in some way with a social or environmental cause. This affirmation is also made by Young (2012), Yunus, Moingeon and Lehmann-Ortega (2010), Szymanska and Jegers (2016), Honeyman (2014b) and Stubbs (2014) who claim that these kind of companies carry a bigger responsibility in terms of being good, not only for their clients but also for the world. Furthermore, the relationship with their stakeholders and employees is seen by the companies as not only the appropriate way of doing things, but as the natural way of doing them due to the type of organisation they are. The commitment with the societal impact is always present the moment they decide to hire new suppliers or new employees, as well as taking into account gender equality and disabilities (Mandalah; Ecosia).

Therefore, the B Corp status gives these companies a constant reminder of how to maintain the aforementioned social commitment (Stubbs, 2014; NBIS, 2014; Marquis, Klaber & Thomason, 2010) by constantly evaluating and benchmarking different areas of performance related with their stakeholders (Honeyman, 2014b). Even though the two companies considered they were committed enough with their social cause, both recognise that the certification encourages them to think more towards their stakeholders. This can be observed when both talk about how they are now taking into account the B Corp recommendations when hiring new people and being more aware

about the emissions they produce. As highlighted by Stubbs (2014), the great advantage of B Corps compared to other type of companies is that the commitment with the cause can be proved through the scores of the impact assessment.

In this case it was also found that after the attainment of the certification the companies started to formalise their procedures, especially ones involving their stakeholders, which existed beforehand as solely organisational initiatives, not official executions. For example, in the first semester of 2016, Mandalah implemented satisfaction surveys in order to measure the employees' happiness. This was a new indicator for them, which could also help them achieve more points for the recertification. Therefore, it can be observed that the B Corp status also serves as a proxy to accelerate certain aspects related with the societal impact since as stated by Marquis, Klaber and Thomason (2010) and Honeyman (2014b) the certification encourages the companies to think about what they are doing right and improve what can be done better. Furthermore, B Lab made comparisons between B Corps and other sustainable businesses and found that B Corps are more likely to donate at least 10% of profits to charity, use renewable energy, use suppliers from low-income communities and be more equal in terms of employees (Wilburn & Wilburn, 2015).

5.3 Chapter Summary

In this chapter, five (5) main findings were analysed based on our theoretical framework. We first of all started with corporate hybrids where we came across how both cases handle their business models and the challenges they face due to having a dual mission. Also, this did not change when they achieved the B Corp certification and hence, remained the same as when the business started. Then, the performance of the B Corps was presented. Here, we also uncovered that the organisations did not experience significant changes in the five (5) performance areas proposed at the beginning of the study, but instead, incorporated new benefits that enhanced their status. These two (2) new traits, acquired by the companies after the certification, are: the B Corp community and their "B" communication. Finally, the societal impact was analysed, revealing how

the B Corp certification helps them be more committed with their cause by reminding them about the performances they need to improve in order to impact all their stakeholders. Furthermore, patterns were identified between the five (5) findings that will be presented in the following section.

6 Discussion

In this chapter we will answer the sub-questions and research questions of the study.

The discussion will be organised in the following manner: two sub-questions will be explained and thereafter, the research question. The motive behind this disposition is because we realised that by firstly answering the sub-questions, these will help serve as means to fully grasp how social enterprises can implement the B Corps' new performance areas.

6.1 Sub-Questions

Which B Corp performance indicators show a pattern of change compared to their prior social enterprise state?

The companies that aim to become a B corporation are the ones that already have a social sensibility within their corporate mission. Since they need to score at least 80 points in the assessment, these corporations need to demonstrate their good practices and how these are reflected in different stakeholders. Social enterprises were created with the objective of providing a societal impact; therefore, the B Corp certification is seen as a natural step for them in terms of performance. It was considered a natural fit since social enterprises had always performed aligned to B Corps' sustainable performance areas, an argument they were able to demonstrate just by passing the assessment that converted them into B Corps. Therefore, the five (5) performance indicators analysed in this research -Workers, Community, Environment, Governance and Business Model- did not show a major change once the companies became a B corporation.

However, the score of these indicators have continuously been improving due to the recertification taking place every two years. This enables them to benchmark and improve their result, thus allowing the companies to perform better and to keep doing so for the long-term. Additionally, becoming a B Corp has helped the companies formalise policies and processes with employees and suppliers. Thus, before the certification, the companies adopted some initiatives from their managers who felt it was the right thing to do given the social mission they were pursuing, but the lack of formalisation was causing troubles once the companies were growing in number of employees. Furthermore, the B Corp status has helped them convert those initiatives into measurable processes, which also helps guarantee their continuity and improvement.

Additionally, the organisations feel a constant pressure that drives them to improve and score higher in the recertification, since it enhances the companies' image. These have an external audit that gives them examples for performing better in order to achieve a bigger societal impact. In addition to this, the assessment B Corps have to pass to obtain the certification, cannot only serve as a measuring tool but also as a guide through which B Corps can recognise the performance areas they should improve.

In conclusion, there is not a remarkable pattern of change within the companies' performance indicators from before the certification and after. However, once having been certified a B Corp, performance dimensions are constantly benchmarked and improved, as well as tested every two (2) years by the B Impact Assessment, in order to provide a societal impact to a wider audience.

How do the new performance indicators incorporated by B Corps make these a stronger hybrid than social enterprises?

As indicated previously, the performance indicators and dimensions social enterprises apply to their business are not different to those B Corps operate with. However, obtaining the certification was considered an upgrade due to additional features the B

Corp movement delivered them. Additionally, these features, unlike the five (5) B Corp performance areas, are highly regarded by social enterprises that join the movement and are the ones that make a difference from their prior hybrid state. These areas are: Communication and Community; and as opposed to our initial theoretical framework, the reason social enterprises achieve greater societal impact when becoming a B Corp is not due to the modifications they make to their existing performance dimensions to meet certain B Corps' indicators, as we originally expected.

Having become a B Corp, however, it is the additional features – Communication and Community –, B Corps consider as “benefits” that enable these enterprises to achieve societal impact. Therefore, we consider these two (2) features should be regarded and transformed into two (2) additional performance dimensions (P.D), as can be appreciated in Figure 6.1.

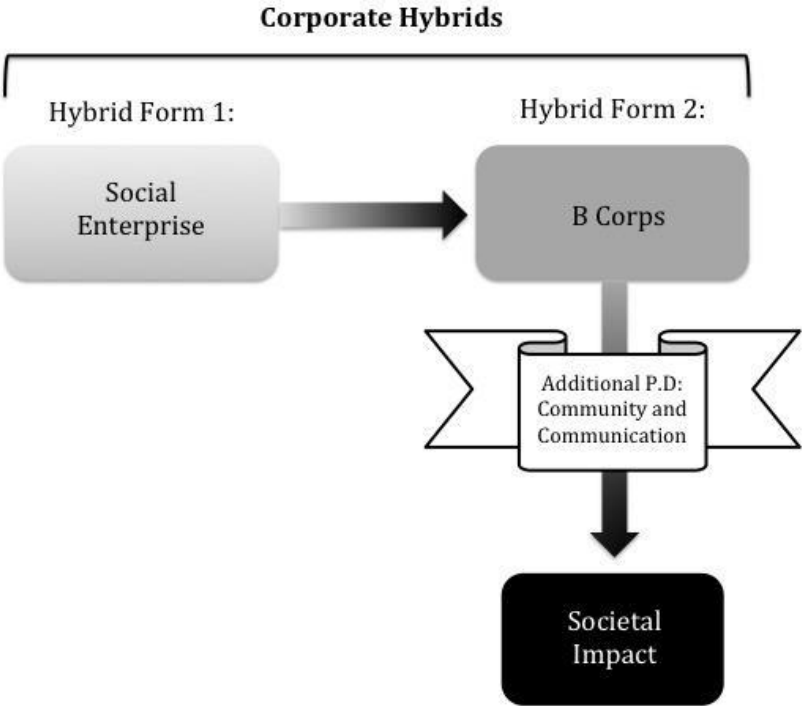


Figure 6.1 New Theoretical Model

According to Dubois and Gadde (2002), due to the abductive nature of this study, the change within the theoretical framework is considered standard. This is due to this type of reasoning, as it encourages the discovery of new concepts arisen from the analysis of the empirical data, as occurred in the study at hand.

On the other hand, with regards to the additional performance dimensions, these will be further described in the following manner:

By communication we refer to the emphasis employed by B Corps in announcing externally their commitment to the movement and their points achieved in the B Impact Assessment reflecting their social and environmental engagement results. These two (2) aspects, referred to as the “B” stamp and the “B” Proof, were found strongly related when coming to the corporate orientation of the social enterprise. The results of the multiple-case study showed that the stronger the “B” Proof the B corporations are able to demonstrate, the more they are willing to communicate their “B” Stamp. By “B” Proof strength, we refer to the amount of points gathered through the B Impact Assessment, in which the higher the amount, the better. This, however, mostly applies to those B Corps whose business model orientation is more inclined towards traditional business, which in our case would be Mandalah, rather than those more non-profit-oriented (Ecosia), as demonstrated in Figure 6.2 below:

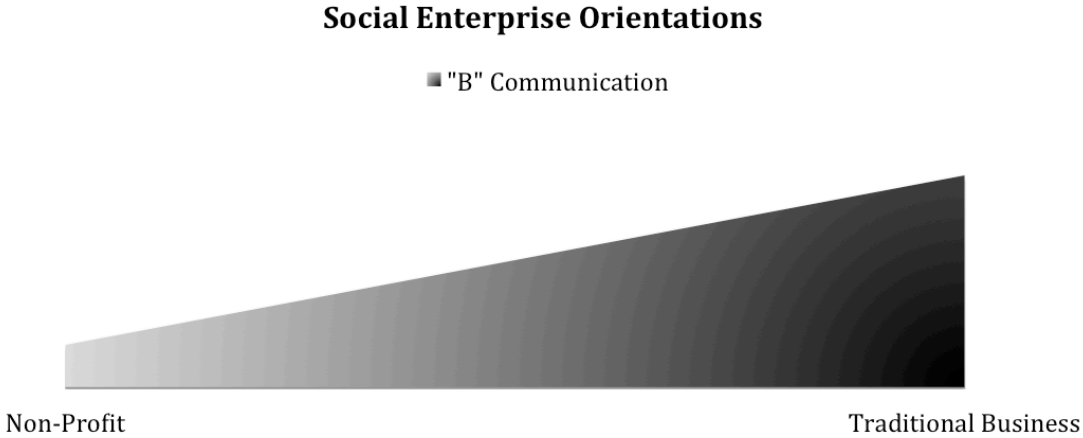


Figure 6.2 Social Enterprise Orientations

Hence, the willingness to communicate one's status is very much related with in which way the business is more oriented towards. Therefore, this finding was considered relevant since it helps understand to which extent the businesses will be willing to communicate their proof of sustainable practices. Whilst non-profit-oriented companies strive to obtain donations, traditional business-oriented social enterprises strive for differentiation, thus both type of businesses communicate their points and B label accordingly. Additionally, in spite of their different objectives, the communication of the "B" Proof help new B Corps provide a set of new standards their public can believe in by transparently allowing them to see what good they are doing for the world. The communication of the latter is considered by these companies, more important than the communication of the "B" Stamp, since it is more important for them to allow their stakeholders to know not only how they do what they do but in which way. Thus, "B" Proof, under our point of view, should be more enhanced than the "B" Stamp, as opposed to how it currently is employed.

On the other hand, communication also lies hand-in-hand with the other newly introduced performance indicator: community. By having like-minded companies establishing a support network and communicating to each other through workshops, meetings, events and so on, these will be able to improve their B points and share with others how they have been able to improve theirs. Since the overall objective does not imply competitiveness but achieving a common goal, the echo of their strong voice does not only attract mass media but also stakeholders that trust their positive word-of-mouth and reflect the same values. Additionally, having a network established globally, such as the one the B Corp movement has, allows many companies worldwide to learn from the improvements of others, aside from governmental policies.

6.2 Research Question

How can social enterprises implement the B Corp performance dimensions in order to increase their societal impact?

Due to their hybrid condition, not all social enterprises have the same business model. Even if all of them have to accomplish a double mission, every company can be considered a particular case since it is possible it may perform more driven towards a traditional business or more towards a non-profit organisation. The two companies presented in this study are an example of this: Ecosia has a business model that is more guided towards non-profit characteristics since the cause is what matters the most. On the contrary, Mandalah is a type of company more guided towards a traditional business model where the cause has to share the main role with the profits. In light of the aforementioned, Figure 6.3 explains Ecosia's (E) and Mandalah's (M) business model orientation and how these differ from each other:



Figure 6.3 Traditional Business, Social Enterprises and Non-profit

This finding gives us an understanding as to where these social enterprises stand and whether their different orientations could interfere in the implementation of the additional performance dimensions.

Another issue carried by the social enterprises due to their hybrid conditions concerns the confusion they might generate in their stakeholders regarding their double mission. Customers and other groups of interest show a tendency of rejection to companies they

cannot classify or compare with others, since customers are uncertain about what they can expect or demand. In the case of social enterprises, sometimes they are demanded to behave as non-profits and are therefore classified as one without the benefit of receiving donations. These can also be classified as a profit maximising company and forced to compete with other organisations that do not take into account the environment or society, which leads them to low operational costs. Therefore, in order to achieve the societal impact, social enterprises need to make it easy for their stakeholders to present their nature and what they do. This can be possible by networking with other social enterprises that have their same social mission and then create a cluster that fights for the same goals, or even cluster by sector, for example. By doing so, the stakeholders would be able to classify and understand the importance of both missions.

The social enterprise categorisation, on the other hand, can serve as base for building a certain type of community of like-minded business that can support and learn from each other. Once having a stable concept, it will then be easier for the social enterprise at hand to reach out and communicate without competitiveness with other communities in order to increase altogether societal impact. Externalising their belonging to a certain type of community, in the same way the B Corp movement does, will attract publicity, help them acquire a stronger voice and prove their “*good doing*” to the public.

Therefore, providing a “B” label is not the main objective for the B corporations; it is mostly the proof of what is behind it that counts. Providing the proof of what is necessary may suggest that a certification may not be of use after all. An official report with the results of their most important performance areas, enough to provide proof of what they preach, may be the key for social enterprises and B Corps since it is what they strive to communicate. Additionally, stakeholders, as previously mentioned, are an important aspect of the B Corp performance areas social enterprises should take into account in order to become a stronger hybrid and to increase societal impact. When doing so, it is advisable to, instead of leaving them aside to the purpose-driven mission, include them in it and strive for their well being whilst doing so. For example, social enterprises more non-profit-oriented are observed to be more cause-driven and hence, their profits also. This could alter the profit allocation within other areas of the company, including their employees’ salary. Furthermore, this should be a concern

companies must take into account since their internal stakeholders are best to be considered as part of the positive impact in the world they wish to pursue.

6.2.1 New Performance Dimensions: Community and Communication

Based on Hubbard’s (2009) balanced scorecard alternatives, we decided to follow his third option and created two (2) “separate quadrants” with the two (2) new performance dimensions (Figure 6.4), containing ideas from which future indicators can be drawn from. Bearing in mind the different business orientations social enterprises may have, these ideas or contexts suggested within the two (2) quadrants can be accordingly applied to different types of social enterprises. Furthermore, the aim of each dimension roots from the patterns found within the interviews, being: for community, benchmark and improvement; and for communication, to provide proof of what social enterprises’ preach. Nonetheless, all these ideas were based on Aguinis, Joo and Gottfredson’s (2012) performance management universals, so that culture-free indicators could be further generated from them. These were also based on a stakeholder perspective, mostly employees, as well as suppliers and targeted communities.

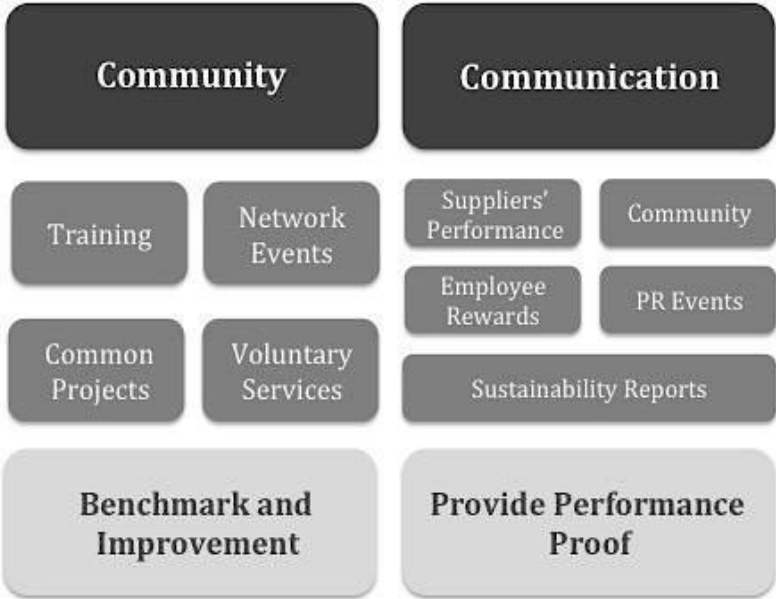


Figure 6.4 New Performance Quadrants

Regarding the *community*, we found it was relevant for social enterprises to create and measure the activity in the following areas:

- *Training with other Social Enterprises from the same community:* By taking part in training with other social enterprises, we refer to the exchange of ideas of how things are done between employees from social enterprises within the same community in order to develop their expertise and grow as a business. Through this action and by relying on the other social enterprises for idea development, these companies can observe and learn, without competitiveness how other alike to them are coping with their business.
- *Development of common projects with other Social Enterprises from the same community:* By employees working together for a common cause and in different teams, not only would it increase employee motivation, as reflected in the B Corp satisfaction surveys collected, but would also allow them to learn from the others. All these projects would be targeted to increase societal impact and support their purpose.
- *Organising and assisting networking events/workshops/reunions/meetings with other Social Enterprises from the same community:* Organising and assisting different type of events, with all the employees of the companies involved, where social enterprises can discuss how they are all contributing for the common cause and developing a strong voice. This would not only attract media attention but also increase employee motivation and sense of belonging by networking with like-minded individuals.
- *Voluntary services assisting other social enterprises within the community or NGOs:* In terms of voluntarily helping other social enterprises and temporarily work with them as part of an external guidance in areas in which they need assistance. This would also increase the sense of belonging and would help employees create ties with other employees working in their same position and learn from them. We also refer to team volunteering as an after work activity within an NGO related to their cause.

As for *communication*, we suggest:

- *Suppliers' Performance*: In terms of providing proof as to how these perform socially and environmentally, as well as, publicly show what services or products have been purchased from them and how these are also aligned with the social enterprises' sustainable values.
- *Community as a common voice*: In addition to increasing the feeling of community with the previous dimension area, here we suggest to enhance the feeling of belonging and contribute to creating a stronger voice by mentioning whenever possible the community behind the cause and their stakeholders.
- *Employee Commitment Rewards*: By enhancing employee activity and rewarding their commitment, this would not only increase social enterprise productivity and employee motivation, but also increase their belonging to the company and generate positive word-of-mouth. "Rewards should be meaningful for those receiving them" (Aguinis, Joo & Gottfredson, 2012, p.388) and do not necessarily have to be tangible.
- *PR events to publicly expose proof of their sustainability*: In terms of organising conferences, events, talks and so on, to publicly and transparently expose the company's social and environmental performance to their stakeholders and how it is contributing for the common good.
- *Continuous status updates related to their sustainable mission*: By regularly providing their stakeholders with updates regarding how they are gradually supporting the cause. Social enterprises will help increase credibility that the post-crisis market strives for. This will allow people to newly believe in sustainable standards since these will be supported by proof.

Lastly, in addition to the two (2) previous performance dimensions and with regards to the non-mentioned large stakeholder group: the external public, the findings suggested social enterprises should take these into account when developing their business model. As mentioned previously, the easier the business model and public engagement is, the bigger the positive impact is created. Hence, by facilitating public participation, enabling them to further help out with the cause, the more engaged they would be with the company and with the mission the social enterprise pursues.

As a conclusion to this chapter, the findings previously discussed show that changes have not been implemented in their existing performance dimensions. However, the additional changes social enterprises can implement from B Corps, community and communication, have one (1) common focus; they both formally consider stakeholders. Social businesses' have always regarded internal and external stakeholders, however, they have not formally measured to which extent these help them provide societal impact, unlike B corporations. Moreover, the findings suggest it is best for non-certified social enterprises to also adopt a similar manner to B Corps of measuring all their performance areas, by fixing a set of parameters to follow and publicly expose. Although it is difficult to measure societal impact, it is important for them to prove to which extent they are positively helping the world in order to assure their long-term subsistence.

7 Conclusion

At the start of this research we highlighted how, after the financial crisis of 2008, consumers expect companies to use their power in the market to help solve social and environmental problems in the world. Subsequently, social enterprises increased in popularity since they were considered capable of earning profits and generating a societal impact. However, these companies have faced problems in achieving the results they pursue due to their corporate hybrid condition. Furthermore, B Corps that share the same hybrid condition as social enterprises, have been able to increase societal impact more efficiently due to their performance. Thus, this research aimed to explore how social enterprises can implement the B Corp performance dimensions in order to increase their societal impact.

Moreover, the findings show that social enterprises should measure their existing performance with certain fixed parameters that will allow them to publicly and easily divulge their results. Additionally, this will further serve as proof of their good-doing. They also uncovered that social enterprises should incorporate the community and the communication aspects as performance areas, with a stakeholder focus, in the following manner:

Regarding the community, social enterprises should take part in a network in which people can easily categorise them in terms of cause-pursuance and from which the businesses can seek support, benchmark and improve their performance. As for communication, how it increases societal impact should be easily and transparently channelled to provide proof to their internal and external public, in spite of the business model orientation.

7.1 Theoretical Contribution

The findings of this exploratory research have contributed to the field of social enterprises from different perspectives:

This study opens a new discussion regarding the performance areas that can contribute in solving the hybridity issues within these types of companies. Earlier studies, like the one conducted by Santos, Pache and Birkholz (2015) and Doherty, Haugh and Lyon (2014) have focused their attention on describing and finding which characteristics within social enterprises show a hybrid condition and the challenges the company faces due to this condition. This served as base for the study at hand through which we propose two (2) solutions for helping social enterprises achieve a stable hybridity: the inclusion of two (2) new quadrants to their existing performance system and the need of fixed indicators to measure their areas. It is relevant that the whole social enterprise community can easily apply these measures and that they serve their stakeholders as proof of their positive impact.

A contribution was made regarding performance measurement of social enterprises by proposing two (2) new dimensions, named community and communication and possible measurable areas within them. Due to the importance found concerning stakeholder consideration in their performance areas and how social enterprises lack performance formalisation, the findings suggested it was important to learn from B Corps in this aspect and apply it to social businesses. Moreover, this could serve as a base for further descriptive studies regarding social enterprise performance that wish to delve deeper into this topic.

Furthermore, the findings of this study can be added to a growing body of literature on B corporations, since not many research studies have been developed due to the novelty of the term (Chen & Kelly, 2014; Stubbs, 2014). Additionally, this is one of the first researches that compares B corporations with other non-certified social enterprises, since previously they have mostly been studied in terms of financial and productive performance (Chen & Kelly, 2014), CSR performance (Wilburn & Wilburn, 2015) and compared to traditional business models (Stubbs, 2014). Additionally, this research

aimed to contribute to the study of B Corps performance from a European perspective, since this continent has more social and environmental legislations compared to the United States, hence, this study can also benefit the B Corp expansion currently taking place worldwide.

7.2 Managerial Implications

Our results show that social enterprises are required to measure their existing performance with fixed indicators they can later publicly divulge, along with their good-doing results. These indicators should be agreed upon within the same categorised social enterprise community, making it easier for their stakeholders to not only understand the parameters but also easily perform adjusted to them.

The findings also presented the need for social enterprises to incorporate community and communication as two (2) performance dimensions within their existing performance balanced scorecard in order to better manage their performance and increase their societal impact. By finding that not many indicators from the five (5) B Corp sustainable performance dimensions change from their prior state, it has allowed us to focus more on these two (2) B Corps benefits and transform them into measurable performance indicators. This way, we generated a model (see Figure 6.4) that could support, generate a context and guide managers wishing to somewhat stabilise their social enterprise and learn what aspects and measureable areas are important to keep into account.

Through the model, managers are required to firstly incorporate these two (2) extra quadrants to their existing balanced scorecard; and secondly, generate a series of quantitative or qualitative measurements or indicators that would best suit their strategic objectives. Also, from these contexts, worldwide applicable indicators can be drawn, hence, they were originated without political and financial implications involved. On the other hand, opposition may arise on behalf of managers that do not wish to

create a community. However, both these performance dimensions serve as guidance and as a base from which social enterprises can elaborate.

7.3 Suggestions for Further Research

With this study we aim to provide guidance for social enterprises regarding how they can increase their societal impact by improving their performance and stabilising their hybridity. However, further investigations regarding the employment of these performance areas are deemed relevant, as well as: the stakeholder's point of view regarding their implementation in social enterprises; from these lessons learnt, in which ways can social enterprises form communities and what fixed performance parameters can each implement; how this type of companies with different business model orientation implement the suggested performance areas and turn them into indicators; how social enterprises' performance will shift after having implemented them; to which extent have these new areas contributed in achieving societal impact; and whether the application of these performance areas on behalf of social enterprises had an effect on the B Corp community, and if so, how.

The stabilisation of social enterprises' hybridity by the implementation of new performance areas can be a practice that could alter the third business sector and hence, increase in number due to the performance amendment. Furthermore, how will this affect future business? Will profit-maximising companies be affected by the number of social enterprises, not only in terms of quantity but also in terms of stakeholder preferences and product/service decision?

Also, European B Corp performance could also be a topic to further investigate since previous authors have mostly focused on American or Australian enterprises. Additionally, a lack of theory regarding how social enterprises can involve stakeholders to participate more actively in the achievement of the societal cause was detected. Lastly, further research about B corporations seen from a consumer perspective and

from different markets is also a relevant topic to explore and learn more about their performance from a stakeholder point of view.

The study has shown that by measuring performance, constantly benchmarking and improving, working together and taking into account all stakeholders, companies are able to effectively contribute to their surroundings' wellbeing, subsist for the long-term and regain consumer trust. Currently B Corps are initiating the movement and it is a matter of time for other social enterprises to adopt their same performance.

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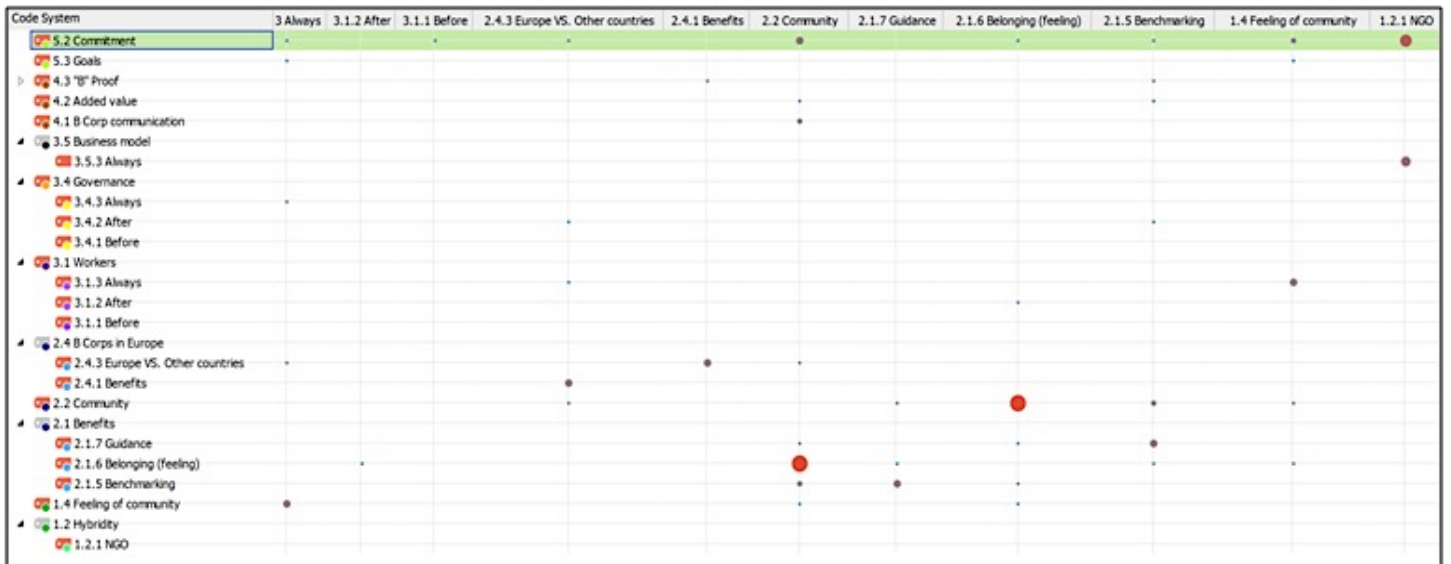
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Appendix A

Correlation Between Categories



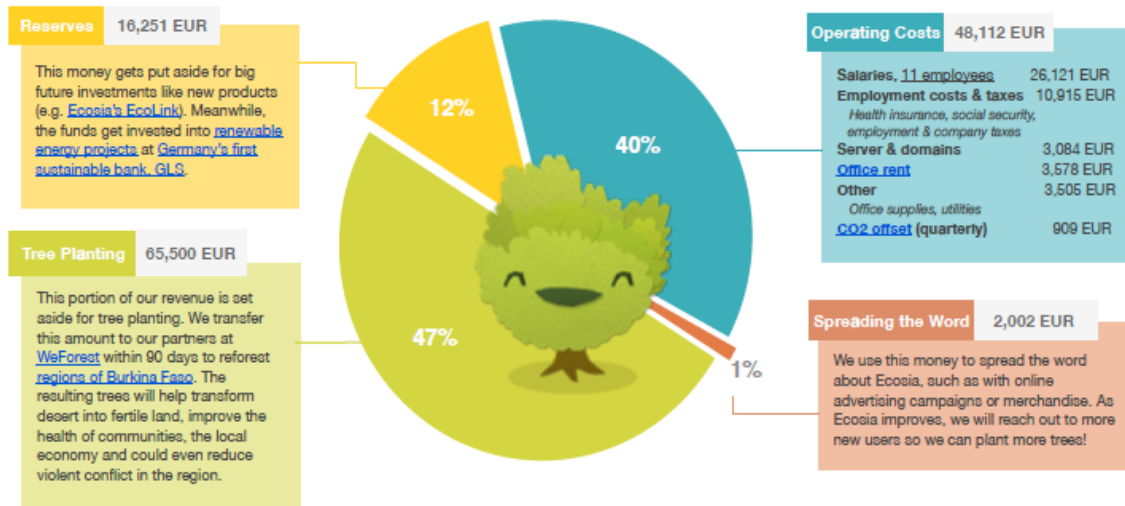
Appendix B

Ecosia Business Reports 2016

FINAL

Business Report | February 2016

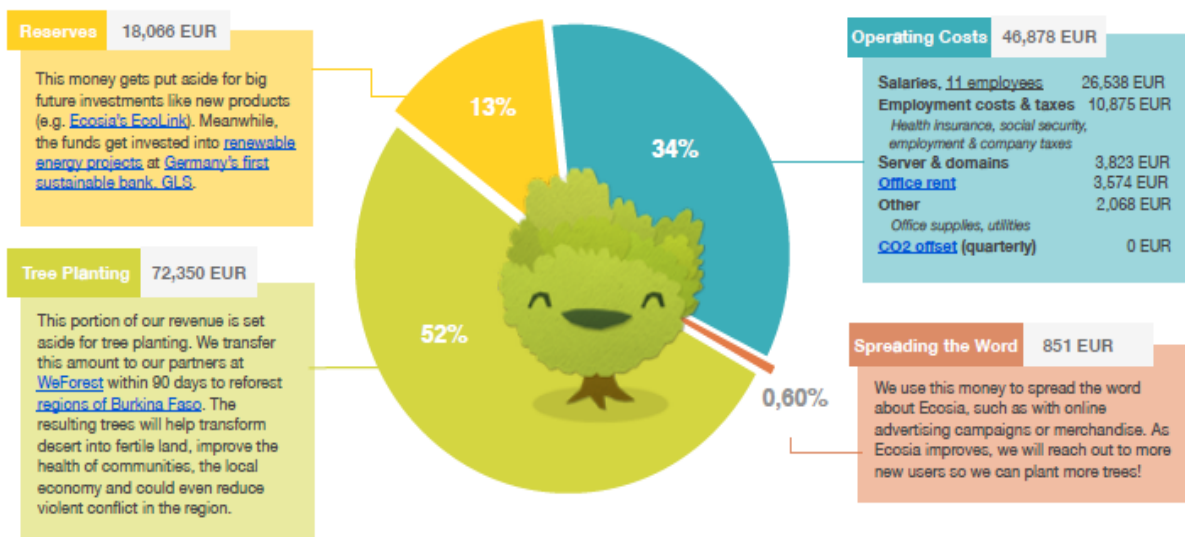
Cash inflow: 131,975 EUR | Sponsorship amount: 65,500 EUR (80% of surplus)



FINAL

Business Report | January 2016

Cash inflow: 138,145 EUR | Sponsorship amount: 72,350 EUR (80% of surplus)



Source: Ecosia.com, 2016

Appendix C

Ecosia Impact Reports 2014 and 2016

Ecosia GmbH ⁽¹⁾ 2014 B Impact Report



	Company Score	Median Score*
Overall B Score	98	55
Environment		
The Environment section of the Assessment evaluates a company's environmental performance through its facilities; materials, resource, and energy use; and emissions. Where applicable, it also considers a company's transportation/distribution channels and environmental impact of its supply chain. This section also measures whether a company's products or services are designed to solve an environmental issue, including products that aid in the provision of renewable energy, conserve resources, reduce waste, promote land/wildlife conservation, prevent toxic/hazardous substance or pollution, or educate, measure, or consult to solve environmental problems.	13	7
Environmental Products & Services (e.g. Renewable energy, recycling)	N/A	N/A
Environmental Practices	12	6
Land, Office, Plant	5	3
Energy, Water, Materials	4	1
Emissions, Water, Waste	3	1
Suppliers & Transportation	0	N/A
Workers		
The Worker section of the survey assesses the company's relationship with its workforce. This section measures how the company treats its workers through compensation, benefits, training, and ownership opportunities provided to workers. It also focuses on the overall work environment within the company through management/worker communication, job flexibility and corporate culture, and worker health and safety practices.	25	18
Compensation, Benefits & Training	17	12
Worker Ownership	3	1
Work Environment	5	3

Customers

The Customers section of the Assessment measures the impact a company has on its customers. The section focuses on whether a company sells products or services that promote public benefit, and if those products/services are targeted towards serving underserved populations. Questions in this section will measure whether a company's product or service is designed to solve a social or environmental issue (e.g. improves health, preserves environment or creates economic opportunity to individuals or communities, promotes the arts/sciences, or increases the flow of capital to purpose-driven enterprises).

Customer Products & Services	N/A	N/A
Products & Services	N/A	N/A
Serving Those in Need	N/A	N/A

Community

The Community section of the survey assesses a company's impact on its community. The Community section evaluates a company's supplier relations, diversity, and involvement in the local community. The section also measures the company's practices and policies around community service and charitable giving. In addition, this section includes if a company's product or service is designed to solve a social issue, including access to basic services, health, education, economic opportunity, arts, and increasing the flow of capital to purpose-driven enterprises.

Community Practices	53	17
Suppliers & Distributors	2	2
Local	9	5
Diversity	0	2
Job Creation	2	2
Civic Engagement & Giving	11	3

Governance

The Governance section of the Assessment evaluates a company's accountability and transparency. The section focuses on the company's mission, stakeholder engagement, and overall transparency of the company's practices and policies.

Accountability	5	3
Transparency	4	3
Overall	98	55

80 out of 200 is eligible for certification

*Of all businesses that have completed the [B Impact Assessment](#) [2]

*Median scores will not add up to overall



[Print Impact Report](#) [3]

Source URL: <http://www.bcorporation.net/community/ecosia-gmbh/impact-report/2014-04-15-000000>

Links

[1] <http://www.bcorporation.net/community/ecosia-gmbh>

Ecosia GmbH ⁽¹⁾ 2016 B Impact Report

Certified



Corporation[™]

Overall B Score

Company Score Median Score*

98 55

Environment

The Environment section of the Assessment evaluates a company's environmental performance through its facilities; materials, resource, and energy use; and emissions. Where applicable, it also considers a company's transportation/distribution channels and environmental impact of its supply chain. This section also measures whether a company's products or services are designed to solve an environmental issue, including products that aid in the provision of renewable energy, conserve resources, reduce waste, promote land/wildlife conservation, prevent toxic/hazardous substance or pollution, or educate, measure, or consult to solve environmental problems.

9 7

Environmental Products & Services (e.g. Renewable energy, recycling)

N/A N/A

Environmental Practices

9 6

Land, Office, Plant

4 3

Energy, Water, Materials

3 1

Emissions, Water, Waste

2 1

Suppliers & Transportation

0 N/A

Workers

The Worker section of the survey assesses the company's relationship with its workforce. This section measures how the company treats its workers through compensation, benefits, training, and ownership opportunities provided to workers. It also focuses on the overall work environment within the company through management/worker communication, job flexibility and corporate culture, and worker health and safety practices.

25 18

Compensation, Benefits & Training

17 12

Worker Ownership

2 1

Work Environment

6 3

Customers

The Customers section of the Assessment measures the impact a company has on its customers. The section focuses on whether a company sells products or services that promote public benefit, and if those products/services are targeted towards serving underserved populations. Questions in this section will measure whether a company's product or service is designed to solve a social or environmental issue (e.g. improves health, preserves environment or creates economic opportunity to individuals or communities, promotes the arts/sciences, or increases the flow of capital to purpose-driven enterprises).

Customer Products & Services	N/A	N/A
Products & Services	N/A	N/A
Serving Those in Need	N/A	N/A

Community

The Community section of the survey assesses a company's impact on its community. The Community section evaluates a company's supplier relations, diversity, and involvement in the local community. The section also measures the company's practices and policies around community service and charitable giving. In addition, this section includes if a company's product or service is designed to solve a social issue, including access to basic services, health, education, economic opportunity, arts, and increasing the flow of capital to purpose-driven enterprises.

Community Practices	50	15
Suppliers & Distributors	1	2
Local	9	5
Diversity	0	2
Job Creation	1	2
Civic Engagement & Giving	10	3

Governance

The Governance section of the Assessment evaluates a company's accountability and transparency. The section focuses on the company's mission, stakeholder engagement, and overall transparency of the company's practices and policies.

Accountability	10	3
Transparency	5	3
Overall	98	55

80 out of 200 is eligible for certification

*Of all businesses that have completed the [B Impact Assessment](#) (2)

*Median scores will not add up to overall

[Print Impact Report](#) (3)

Source URL: <http://www.bcorporation.net/community/ecosia-gmbh/impact-report/2016-04-26-000000>

Links

[1] <http://www.bcorporation.net/community/ecosia-gmbh>

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Appendix D

Mandalah Impact Report 2015

Mandalah ⁽¹⁾ **2015 B Impact Report**



	Company Score	Median Score*
Overall B Score	96	55
Environment		
The Environment section of the Assessment evaluates a company's environmental performance through its facilities; materials, resource, and energy use; and emissions. Where applicable, it also considers a company's transportation/distribution channels and environmental impact of its supply chain. This section also measures whether a company's products or services are designed to solve an environmental issue, including products that aid in the provision of renewable energy, conserve resources, reduce waste, promote land/wildlife conservation, prevent toxic/hazardous substance or pollution, or educate, measure, or consult to solve environmental problems.	8	7
Environmental Products & Services (e.g. Renewable energy, recycling)	N/A	N/A
Environmental Practices	8	6
Land, Office, Plant	6	3
Energy, Water, Materials	1	1
Emissions, Water, Waste	1	1
Suppliers & Transportation	0	N/A
Workers		
The Worker section of the survey assesses the company's relationship with its workforce. This section measures how the company treats its workers through compensation, benefits, training, and ownership opportunities provided to workers. It also focuses on the overall work environment within the company through management/worker communication, job flexibility and corporate culture, and worker health and safety practices.	28	18
Compensation, Benefits & Training	18	12
Worker Ownership	3	1
Work Environment	8	3

Customers

The Customers section of the Assessment measures the impact a company has on its customers. The section focuses on whether a company sells products or services that promote public benefit, and if those products/services are targeted towards serving underserved populations. Questions in this section will measure whether a company's product or service is designed to solve a social or environmental issue (e.g. improves health, preserves environment or creates economic opportunity to individuals or communities, promotes the arts/sciences, or increases the flow of capital to purpose-driven enterprises).

Customer Products & Services	29	N/A
Products & Services	29	N/A
Serving Those in Need	N/A	N/A

Community

The Community section of the survey assesses a company's impact on its community. The Community section evaluates a company's supplier relations, diversity, and involvement in the local community. The section also measures the company's practices and policies around community service and charitable giving. In addition, this section includes if a company's product or service is designed to solve a social issue, including access to basic services, health, education, economic opportunity, arts, and increasing the flow of capital to purpose-driven enterprises.

Community Practices	21	15
Suppliers & Distributors	3	2
Local	9	5
Diversity	3	2
Job Creation	2	2
Civic Engagement & Giving	4	3

Governance

The Governance section of the Assessment evaluates a company's accountability and transparency. The section focuses on the company's mission, stakeholder engagement, and overall transparency of the company's practices and policies.

Accountability	4	3
Transparency	5	3

Overall 96 55

80 out of 200 is eligible for certification

*Of all businesses that have completed the [B Impact Assessment](#) [2]

*Median scores will not add up to overall



[Print Impact Report](#) [3]

Source URL: <http://www.bcorporation.net/community/mandalah/impact-report/2015-04-09-000000>

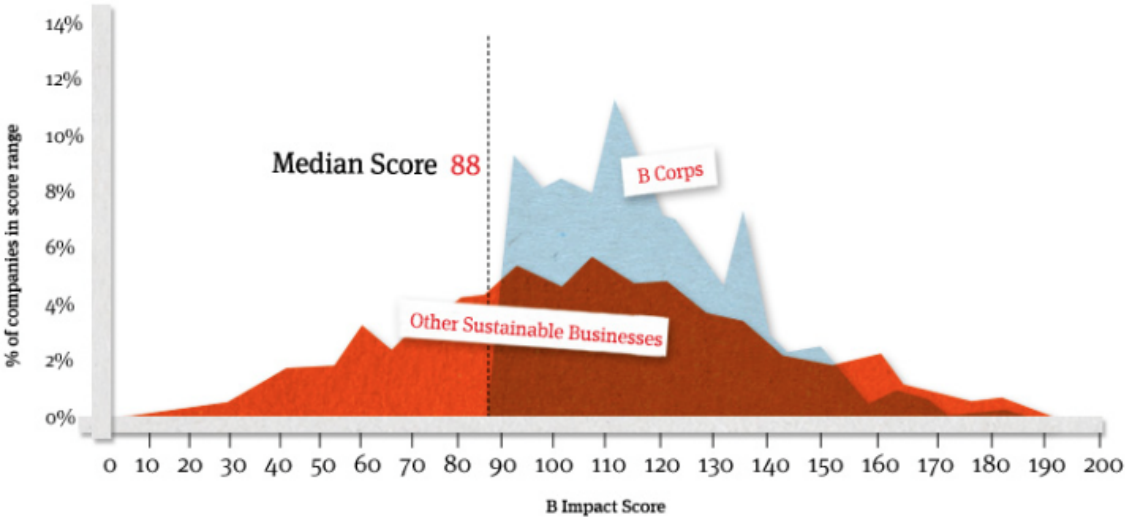
Links

[1] <http://www.bcorporation.net/community/mandalah-gmbh>

Appendix E

B Corporations Overall Score

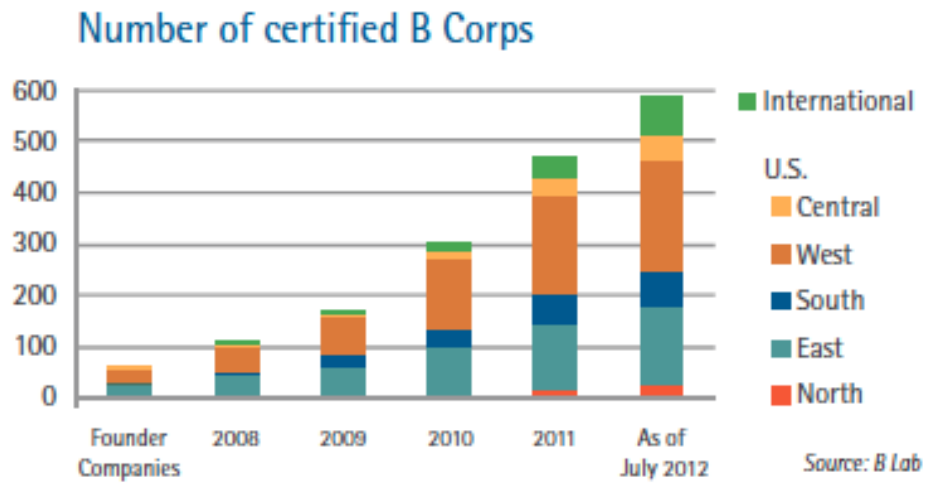
Distribution of Overall B Impact Scores



Source: Bcorporation.net, 2016

Appendix F

B Corps Expansion



Source: NBIS, 2012