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Why do Australian business entities refrain from B Corp certification?

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Summary:

B Lab commenced 5 July 2006 in Pennsylvania, USA prior to the global financial crisis, seeking to boost stakeholder representation in corporate missions. The emergence of B Lab is a catalyst for the change, status, and empowerment of business with flexibility to pursue social good. In 2006, B Lab created B Corporation (B Corp) certification, a sophisticated system for auditing and recognising genuine CSR. Two B Lab founders, Bart Houlahan and Dan Osusky (2016, p. 16), claim the B Corp movement is "...to redefine success in business so that companies compete to be not just the best in the world but the best for the world." So far, only a handful of firms have sought certification. Our research seeks to identify the factors for B Corp certification. The findings indicate time, cost, and feasibility were factors to consider. Additionally, greater awareness of B Corp status is needed in Australia.

1 INTRODUCTION

B Corporations (“B Corps”) are a novel phenomenon, however social enterprises and corporate social responsibility are historical initiatives (Chaffee 2017, p. 352; Barbier 1987). Social enterprises and corporate social responsibility can be traced as far back as ancient Roman times entailing construction of socially positive institutions such as asylums, destitute or geriatric residences, hospitals, and orphanages. Such institutions were continued under English Law during the Middle Ages and spread across the Western world with the expansion of the English empire (Chaffee 2017, p. 352; Barbier 1987).

Turning to practice, in 2006, *B Lab* was founded by three college friends in the US state of Pennsylvania, as a non-profit organisation, and since then has overseen the certification of B Corps for those firms that it considers to have voluntarily committed to transparency, accountability, and sustainability beyond their profit-generating responsibilities (Diez-Busto, Sanchez-Ruiz & Fernandez-Laviada 2021, p. 3; Grimes, Gehman, & Cao 2018, p. 5; Gehman & Grimes, 2017, p. 2299; B Lab 2022a, 2022b). However, the adoption of B Corp status across the world has been sparse in Australia (Australian Bureau of Statistics 2023; B Lab 2023).

B Corp certification can be considered a verified or validated corporate social responsibility (CSR) credential. B in the B movement signifies “benefit for all”(B Lab 2023). Colloquially, the *New York Times* has stated that “B Corp provides what is lacking elsewhere: proof” (Honeyman & Jana 2019, p. 15). Similar support has also come from former U.S. President Bill Clinton, who suggested that, “you ought to look at these B Corporations...we’ve got to get back to a stakeholder society that doesn’t give one class of stakeholders an inordinate advantage over others” (Honeyman & Jana 2019, p. 15). Additionally, *Inc. Magazine* extolled B Corp certification as “...the highest standard of socially responsible businesses” (Honeyman & Jana 2019, p. 15). This disruptive business opportunity offers a new avenue for growth and development in relation to sustainability. Despite such popular—albeit US-centred—acclaim, only a handful of Australian firms have sought B Corp certification: of more than 2.5 million business entities in Australia, less than 600 have sought, and subsequently achieved, B Corp status (Australian Bureau of Statistics 2023; B Lab 2023).

Returning to academic discussions, Diez-Busto, Sanchez-Ruiz & Fernandez-Laviada (2021) suggest that the extant research on the B movements focuses on three salient areas: namely, motivations to become a certified B Corp company; factors or determinants that influence the certification process; and, finally, results and impact derived from the B Corp certification. Academic research attention appears to be growing, as the following figure demonstrates increased publications since 2009 (Diez-Busto, Sanchez-Ruiz & Fernandez-Laviada 2021,7).

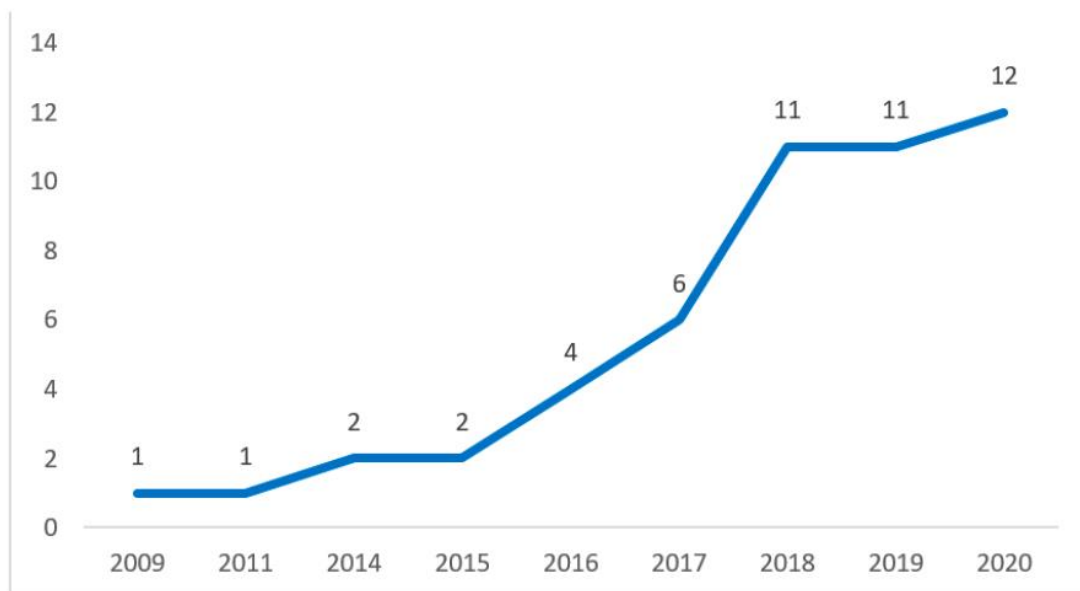


Figure 2. Evolution of the number of articles per year.

This research therefore seeks to elicit the present attitudes among Australian firms concerning B Corp certification. Specifically, the project investigates:

1. the motivations an Australian firm may hold for seeking B Corp certification;
2. the business factors impacting the decision to seek B Corp certification; and the external factors that may provide additional motivation to seek B Corp certification

By examining motivations and business factors among Australian executives, we seek to identify factors that may hinder progress toward greater corporate social participation. This research necessarily takes a view-agnostic approach, allowing for Australian executives to retain a comfortable position on the profits–stakeholder perspective continuum. We anticipate that our findings will inform further discussion and debate with a view to ultimately improving social welfare.

2 LITERATURE REVIEW

This literature review provides an overview of the B Corp research across the following four categories:

1. an introduction to the broader schema of social enterprises;
2. the emergence and refinement of B Corps as a regulated framework for social enterprises;
3. B Corp certification; and,
4. factors affecting B Corp certification.

2.1 Social Enterprise

A social enterprise is a profit-driven business entity with an intent to impose positive impact on the context(s) in which it operates (Denny & Seddon 2014). According to the Department of Trade and Industry in the UK, a social enterprise is defined as a “...business with primarily social objectives whose surpluses are principally reinvested for that (social) purpose in the business and the community” (Denny & Seddon 2014, p.16). Denny and Seddon (2014, p.15) elaborate that social enterprises are business entities that are “good at doing good,” and espouse the formulation of business solutions for social problems. Thompson and Doherty (2006) establish two criteria to assist in classifying social enterprises:

namely, that the business entity is characterised by a social purpose, and that its assets and wealth are utilised to engender community benefit. Building on these criteria, Thompson and Scott (2013, p. 16) identified the following additional characteristics which serve to further refine the definition of a social enterprise:

- it pursues trading activities with third parties;
- profits are reinvested in the community;
- decision-making and governance roles are performed by employees or members;
- members and the wider community afford accountability to the enterprise; and
- an audited double- or triple bottom-line paradigm is espoused.

In 2015, the United Nations approved an objective to galvanise and guide sustainability across its member countries. The resulting 2030 Agenda on Sustainable Development consisted of numerous sustainable development goals (SDGs). To achieve these goals, it has been estimated that a minimum of USD \$5 trillion is required each year—a figure that is not currently feasible for governments to bear (Scheyvens, Banks & Hughes 2016). Social enterprises can provide at least part of the shortfall in non-monetary terms.

In 1987, ‘Our Common Future’, known as the UN Brundtland report, defined sustainable development as “[that which] meets the needs of the present without compromising the ability of future generations to meet their own needs” (Silva 2022, p. 2). Purvis (2018, p. 681) noted research in the late 1980s that led to the eventual triple bottom line approach of economic, social, and environmental and “the quest to reconcile economic growth as a solution to social and ecological problems...”

Leading fund manager Blackrock’s CEO in 2015 called for a shift from shareholder to stakeholder advocacy among executives (Diez-Busto, Sanchez-Ruiz & Fernandez-Laviada 2021). Stakeholder theory highlights the perspective or need to consider parties beyond just shareholders (Silva 2022). Further, Blackrock funds now endeavour to include sustainability in their investments, and announced that all companies will ultimately be assessed against environmental, social, and governance (ESGC) criteria, which mandate the 17 SDG goals (Diez-Busto, Sanchez-Ruiz & Fernandez-Laviada 2021, p. 1).

2.2 Emergence of B Corp

B Lab originated in the United States in 2006, emerging in response to a need for independent verification of a firm’s commitment to transparency, accountability, and sustainability (Honey & Jana, 2019). The resultant certification, B Corp status, emerging in 2007 (Carvalho, Wiek & Ness 2021), is the credential those firms can use to demonstrate their commitment, and a balance between profits or economic benefits, social purpose, and sustainability (Diez-Busto, Sanchez-Ruiz & Fernandez-Laviada 2021; Kim, Karlesky, Myers & Schifeling 2016). The B Lab movement aspires to (Grimes, Gehman & Cao 2018, p. 3):

- build a community of certified ‘B’ corporations;
- promote legislation creating a new corporate form that meets higher standards of purpose, accountability, and transparency;
- accelerate the growth of impact investing through the use of B Lab’s impact investment rating system; and,
- galvanise support for the movement by sharing the stories of certified ‘B’ corporations.

From B Labs’ aspirations it can be seen B Corps seek to anchor social and environmental purposes in unison with economic viability (Carvalho, Wiek & Ness 2021). B Corps are thus enterprises that strive to be a ‘force for good’ rather than being merely for profit (Rignaelli 2021, B Lab 2021). B Corps can be seen to fit the definitions for social enterprises since they

sit between for profit and not for profit status (Price 2022). Certification grew 34.78% from 2300 firms in 50 countries in 2017 to 3100 firms in 70 countries in 2019 (Diez-Busto, Sanchez-Ruiz & Fernandez-Laviada 2021, p. 2). In 2020, the number of B Corps was 3522 which demonstrates the exponential growth of the B Corp movement. Australia currently has 4 Australian Securities Exchange (ASX)-listed companies that are certified B Corps, namely: AustraKilian Ethical Investments, Murray River Organics, Silver Chef, and Vivid Technology.

2.3 B Corp Certification

Certification is obtained after undergoing B Lab's Business Impact Assessment (BIA). B Lab Australia & Aotearoa New Zealand administrate the BIA in Australia. B Lab (2023) in Australia states:

B Lab creates standards, policies, tools, and programs that shift the behaviour, culture, and structural underpinnings of capitalism. We mobilise the B Corp community towards collective action to address society's most critical challenges.

Our team in Australia and Aotearoa New Zealand supports B Corps to measure and improve their impact, and to tell stories that inspire new purpose-driven businesses to do the same.

The BIA is a free, confidential, online management tool that uses a 200-point scale to inspect a firm's social and environmental performance (Honeyman & Jana 2019). The BIA is a self-administered test that measures the impact of the firm on employees, staff, customers, society, and the environment (Paelman, Van Cauwenberge & Vander Bauwhede 2020). It can take up to three hours to complete, and compares applicants with other firms (Honeyman & Jana 2019). The BIA examines governance (i.e., mission and engagement, and ethics and transparency), workers (i.e., financial security, health, wellness and safety, career development, and engagement and satisfaction), environment (i.e., environmental management, air and climate, water, and land and life) and, finally, customers (i.e., customer stewardship). Firms must achieve a minimum score of 80 from 200 on the self-administered test, after which B Lab then audits and validates the firm's claims. Recent research has found that the majority of B Corps scores fall within the lower end of the scale as illustrated in the

following figure (Silva, Lima, Sá, Fonseca, & Santos 2022).

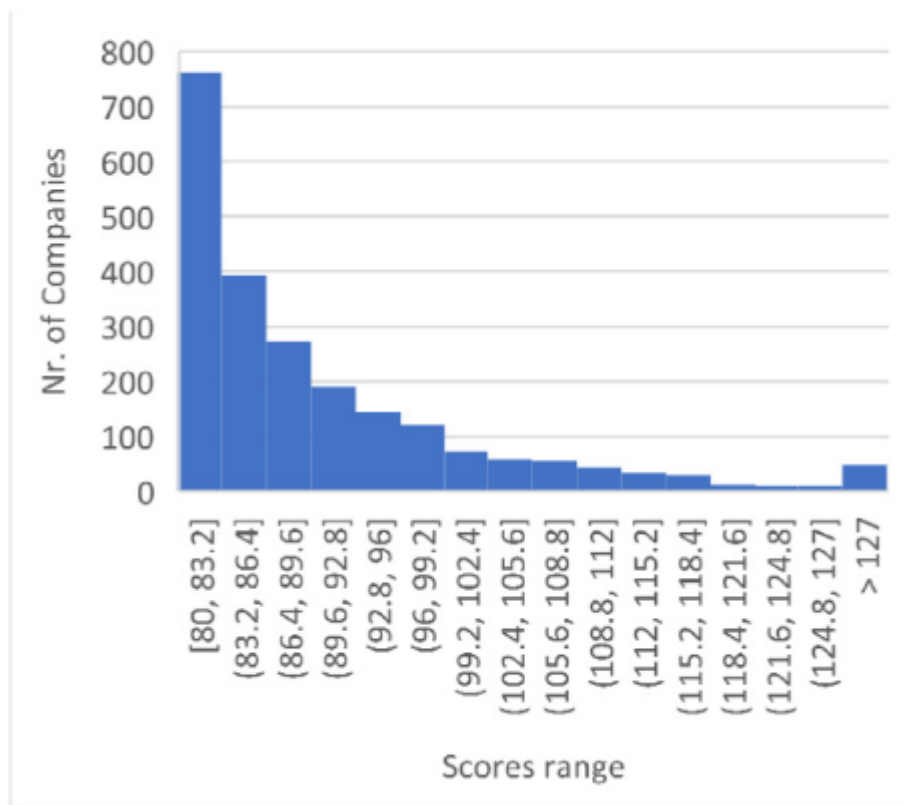


Figure 1. BIA score ranges for 2262 companies certified between January 2017 and March 2021

Certification expires after three years, after which the firm must then resubmit their BIA. Additionally, B Lab randomly reviews 10% of firms each year in order to maintain standards. Transparency is thus a salient aspect of the certification system, improving its credibility since eligibility for certification adheres to “the highest standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose” (B Lab, 2022, para 1). BIA results are publicly accessible via the B Lab directory of organisations (Silva, Lima, Sá, Fonseca, & Santos 2022). In addition, B Lab (2022) assert (original emphasis maintained):

In order to achieve certification, a company must:

- Demonstrate **high social and environmental performance** by achieving a B Impact Assessment score of 80 or above and passing our risk review. Multinational corporations must also meet baseline requirement standards.
- Make a **legal commitment** by changing their corporate governance structure to be accountable to all stakeholders, not just shareholders, and achieve benefit corporation status if available in their jurisdiction.
- Exhibit **transparency** by allowing information about their performance measured against B Lab’s standards to be publicly available on their B Corp profile on B Lab’s website.

Silva *et al.* (2022) assert that widely recognised certification is a motivating and relevant tool for firms to demonstrate their commitment to sustainable outcomes. The following figure demonstrates the national origin of B Corp status applicants from 2019.

Country	No. of B Corps	Country	No. of B Corps	Country	No. of B Corps	Country	No. of B Corps
United States	1200	Peru	17	Guatemala	4	Greece	1
Canada	252	Kenya	15	Sweden	4	Russian Federation	1
Australia	241	Korea (Republic of)	13	Uganda	3	Nicaragua	1
United Kingdom	177	China	12	Turkey	3	Rwanda	1
Chile	130	Portugal	11	Thailand	3	Afghanistan	1
Brazil	128	Paraguay	10	Austria	3	Bangladesh	1
Argentina	79	Denmark	10	Hungary	2	United Arab Emirates	1
Italy	78	Uruguay	9	Panama	2	Myanmar	1
France	70	Belgium	9	Ghana	2	Finland	1
Netherlands	66	South Africa	8	Luxembourg	2	Czech Republic	1
Colombia	53	Singapore	8	Bolivia	2	Viet Nam	1
Spain	43	Hong Kong	8	Egypt	1	Bahamas	1
Mexico	33	Costa Rica	7	Zambia	1	Indonesia	1
Germany	31	Ecuador	6	Philippines	1	Norway	1
Taiwan	27	Israel	5	Poland	1		
Switzerland	23	India	5	Ireland	1		
New Zealand	21	Japan	5	Malta	1		
						Total	2860

Figure 2. B Corp Geographical locations

Figure 2 demonstrates that the United States had the majority of B Corp certifications in 2019. Again, despite Australia possessing the third highest rates of B Corp adoption, the overall adoption represents only a soupçon of businesses in Australia. This research therefore endeavours to highlight the motivations for Australian businesses to pursue B Corp certification. Broadly, the following Figure 3 shows that the cumulative number of certifications has consistently increased every year since beginning in 2007 (Paelman, Van Cauwenberge & Vander Bauwhede 2020). This growth is demonstrated in the following figure (Paelman, Van Cauwenberge & Vander Bauwhede 2021, p. 4).

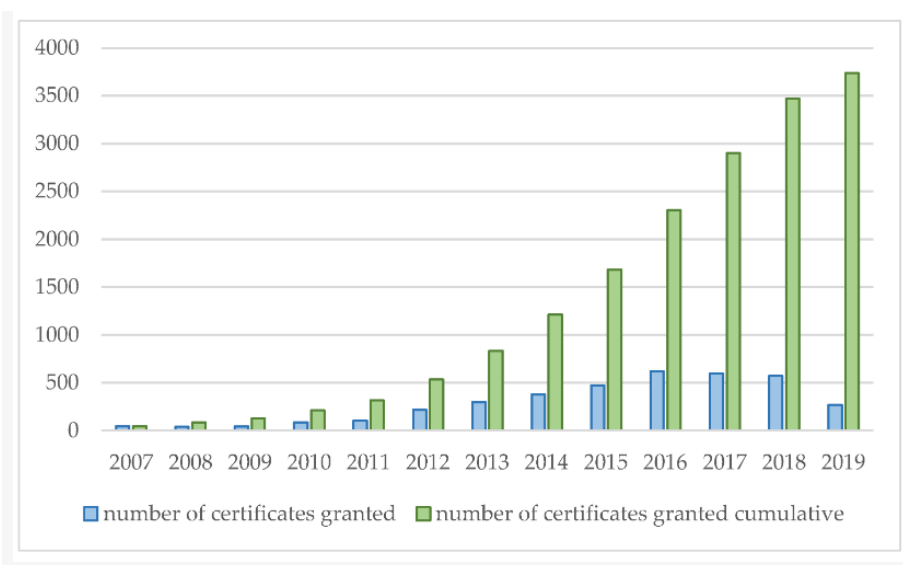


Figure 3 Global Yearly Certifications from 2007 to 2019

The most common sectors from which firms applied for B Corp status in 2019 were: business products and services, consumer products and services, and financial services. More is illustrated in the following table which displays the prevalence of B Corps (Paelman, Van Cauwenberge & Vander Bauwhede 2020, p. 4).

Sector	No. of B Corps
Business Products and Services	1055
Consumer Products and Services	732
Financial Services	276
Energy and Environmental Services	156
Education and Training Services	126
Building	117
Agriculture	90
Health and Human Services	85
Restaurant, Hospitality and Travel	78
Media	52
Retail	39
Legal Services	37
Transportation and Logistics	13
Unknown	4
Total	2860

Figure 4. Global B Corps per Sector

Coinciding with the proliferation of B Corp certifications is an exponential growth in research studies on certification, which the next subsection presents.

2.4 Factors affecting certification

Recent research that spans sustainability and B Corps tends to focus on three main areas: motivations for B Corp certification, factors and determinants that influence the certification process, and results or impacts derived from the certification. Some studies highlight how certification allows firms to reorient their mission toward a broader objective, publicly claiming a new identity, and providing them with a means of distinguishing themselves from traditional firms (Hickman, Byrd & Hickman 2014; Kim *et al.* 2016). Harjoto, Laksmana and Yang's (2018) research examined the impacts of geographic location, product market competition, and demographic characteristics on the chances of attaining certification. They found the following factors to be at play:

- entitled democratic-leaning states;
- lower hourly wage rate;
- greater religious population;
- states with a higher unemployment rate; and
- product market competition and a positive reputation.

Female firm owners were more likely to seek certification (Harjoto, Laksmana & Yang 2018; Gheman & Grimes 2018). Several studies compare the results of the social and economic aspects of certified firms (Chen & Kelly, 2015; Romi, Cook & Dixon-Fowler 2018; Gamble, Parker, Moroz, 2019; Paelman, Van Cauwenberge & Vander Bauwhede 2020). The research

overall finds similar growth rates in productivity, sales growth, employee productivity, and turnover growth, but inconsistency on the effect of revenue. Indeed, Gamble et al. (2019) discovered a 20% deceleration in revenue and a delay in business growth. Gazzola, Amelio, Grechi & Alleruzzo's (2022) research approached from the opposite direction for a possible correlator effect and noted net profit influenced the above five areas of impact, namely, governance, workers, community, environment, and customers, while Parker, Gamble, Moroz and Branzei (2019) found a negative correlation between certification and sales growth for North American firms. Nevertheless, research postulates the empowerment of communities, progress toward numerous SDGs, and enhancing confidence in the effectiveness of environmental contributions to be positively impacted by B Corp certification (Deiz-Busto, Sanchez-Ruiz & Fernandez-Laviada 2021). For instance, Carvalho, Wiek and Ness (2021) suggest the BIA to be an effective mechanism to build capacity for sustainable practices in small to medium size enterprises. Bianchi, Reyes and Devenin (2021) likewise found consumers' main motivations for services and products in Chile by B Corps centred on three areas: socio-environmental responsibility, self-satisfaction, and health or quality of life. In a meta study, Margolis, Elfenbein and Walsh (2009) vetted 127 empirical studies, finding that half documented positive financial and social performance while only seven studies noted negative relationships. Overall, there appears to be support for the B Corp model.

3 GAP IN THE RESEARCH

We were unable to locate any study that examined the motivations for firms in seeking B Corp certification. Nigri, Dal Baldo and Aguilini (2020) identified different typologies of B Corp firms, revealing European firms lack understanding of the potential of becoming a B Corp firm. Accordingly, this study seeks to understand Australian firms' motivations for seeking B Corp certification.

3.1 Research Methods

Fourteen individuals based in Brisbane, Australia were interviewed. Their roles ranged from sole trader to CEO of a corporation. All participants needed to be familiar with the B Corp concept or were precluded from participating in the study. Researchers frequently use qualitative studies to attempt to understand the human experience (Bearman 2019). This research adopted a qualitative approach, with semi-structured interviews to explore the motivations for why firms seek B Corp certification. Semi-structured interviews afford flexibility for empirical research as Galletta and Cross (2013, p. 24) attest:

The semi-structured interview provides a repertoire of possibilities. It is sufficiently structured to address specific topics related to the phenomenon of study, while leaving space for participants to offer a new meaning to the study focus.

Hence, semi-structured interviews provide both versatility and structure in gaining robust insights from interviewees. Semi-structured interviews allow for probes to garner further information and provide the capacity to attain clarification. Qu and Dumay (2011, p. 246) explain that "[t]he semi-structured interview involves prepared questioning guided by identified themes in a consistent and systematic manner interposed with probes designed to elicit more elaborate responses". Bearman (2019, p. 4) states, "[o]pen-ended questions are often the best way to produce these generative responses." Detractors suggest semi-structured interviews produce data which are "unreliable, impressionistic, and not objective" (Denzin & Lincoln 2018, p. 12). Nonetheless, especially in the interpretivist paradigm, interviews allow a richer dataset unavailable in quantitative data.

Semi-structured interviews conducted on multiple participants can reveal common themes among the responses. A theme is a "unit of meaning that is observed (noticed) in the data by a reader of the text" (Guest, MacQueen & Namey 2014, p. 50). A thematic analysis was performed on the interviews using *Nvivo*. Clarke and Braun (2016, p. 297) define "thematic

analysis (TA) [as] a method for identifying, analyzing [sic.], and interpreting patterns of meaning ('themes') within qualitative data," and continue:

The hallmark of this form of TA is its flexibility—not simply theoretical flexibility, but flexibility in terms of research question, sample size and constitution, data collection method, and approaches to meaning generation. TA can be used to identify patterns within and across data in relation to participants' lived experience, views and perspectives, and behavior [sic.] and practices; 'experiential' research which seeks to understand what participants' think, feel, and do.

However, while TA is versatile and dynamic, it can potentially create inconsistencies and a lack of coherence in categorising the themes derived from the research data (Holloway & Todres 2003; Braun, Clarke & Hayfield 2019). On balance, a thematic analysis was undertaken, with the risk of incoherence mitigated by buttressing themes with explicit epistemological positions and existing knowledge to cogently support identified themes (Holloway & Todres 2003; Nowell, Norris, White & Moules 2017).

4 RESULTS & DISCUSSION

Three main themes emerged from the semi-structured interviews: time, cost, and size. Firstly, participants appeared to consider certification to be a time consuming and onerous task that is not worth the outcome. Secondly, participants cited cost as a key consideration. Thirdly, the size and nature of the firm or business was a consideration pertinent for certification. We present the results of the semi-structured interviews according to these three themes. Finally, the importance of awareness and education is discussed.

4.1 Time Requirement

The prime consideration against seeking B Corp certification was time. The application appeared cumbersome to Australian executives, and represented a major concern. The required effort, complexity, and time required to apply for B Corp status did not appear to represent value. Participants were asked their impressions of the ease with which to attain B Corp certification. One participant stated, "it was huge undertaking, "; a further two concurred:

...if there is too much paper work or if it is a very long-winded process [for attaining B Corp status] then that is potentially an obstacle—you know people are short on time...

Additionally, one participant observed that the certification process:

...seems to be a long road [sic.], but [I] haven't really dug in the details, thought it might be, you know, months and months of working through various documents and things.

Furthermore, another lamented:

I think it would be too much work, like I'm busy enough keeping my head above water with the amount of working I'm doing let alone actually trying [sic.] to do the sought of certification.

This assertion was supported by another interviewee who stated:

B Corp is not something that is achieve [sic.] easily or quickly, and I believe that is correct, I don't think it is something that should be achieved quickly or easily...it has taken time and is a fairly significant [sic.] undertaking and beyond the time it is also a commitment to do better.

The rigor of the certification process was noted earlier as a feature rather than a hinderance. Carvalho, Wiek and Ness (2021) suggest that the comprehensive nature of the certification

process is a costly signal to increase the credibility or legitimacy of the corporation's social agenda and claims. Using signalling theory, Paelman, Van Cauwenberge and Vander Bauwhede (2020) likewise contend that the rigorous audit procedures instil credibility for its thoroughness, and indicates substantial changes and improvements pertaining to social enterprise. Despite the robustness of the certification process, Australian executives do not appear to see commensurate value. An interviewee suggested that the comprehensive improvement commitment that B Corp certification mandates causes anxiety:

I see B Corp status as holding up a mirror, we use to always say business I was in before, B Corp status isn't saying we are perfect, we put the right recycling cup in the right recycling bin, it is saying we are committed to being better, we are committed to being transparent, within our supply chain, within our customer base, in all the different areas of our business and we are going [to] improve, wherever are we today, we are going to improve tomorrow, it's for me what the promise of B Corp is, and I think for other businesses that is quite a scary proposition.

Liute and De Giacomo (2021) adopted an inductive mixed methods approach to ascertain whether B Corp certification averted greenwashing. Their results indicated that firms perform better socially than environmentally, and that prioritising one social impact area generally leads to below average environmental performances compared to peers. Liute and De Giacomo (2021) concluded that to rule out greenwashing, B Lab should ensure that certified firms display high levels of environmental performance and that they align their 'green' claims to their performance. However, Parker *et al.* (2019, p. 3) discovered a negative effect caused by an attentional deficit and disruption to the internal organisational brought about by the auditing procedures:

These challenges include more complicated performance measurement and evaluation (financial performance does not necessarily go along with social/environmental performance, the latter in itself being more challenging to measure), more accountability requirements and difficult communication with diverse stakeholder groups (as stakeholders have trouble making sense of sustainable companies). Additionally, internal tensions arise due to competition between social and financial goals. Sustainable firms risk (temporarily) prioritizing one set of goals over the other, resulting in mission drift.

Finally, Paelman, Van Cauwenberge and Vander Bauwhede (2020 p. 12) concur with Chauhan and O'Neill (2020) in reiterating:

...due to the rigorous nature of the B Corp certification procedure, the certificate provides a credible signal of sustainability to external stakeholders, and the audit procedure invokes a process of internal change that helps the sustainable enterprise to internally align with its dual nature.

The complexity and time commitment required to apply for certification were key considerations. Accordingly, participants recommended that processes be "made easier" or that a "different process [be introduced, be made] simpler or easier to do..." for small businesses, and that "that [would] certainly make it more a lot more palatable for companies I think especially smaller companies which do not wish spend too much time and resources trying to become certified". Thus, the time requirement is of principal concern to B Corp certification.

4.2. Associated Cost

A second consideration for attaining B Corp certification was cost. Cost is closely related to time in that cost is a function of resources and time. One participant noted:

...[the] time and money thing, you know effort, cash contribution towards getting [it] over the line.

Another participant explained why certification was not achieved:

Cost[s] were too high for us...cost barriers...

This participant stated that the protocols that needed to be implemented for certification were not feasible, since membership was AUD \$12,000. Consequently, this participant recommended cost reduction since the returns of certification are not realised immediately. This is supported by the research, which finds “organizational costs of certification to be considered and that these costs are situated in the short term, more specifically during the process of certification” (Parker *et al.* 2019, cited in Paelman, Van Cauwenberge & Vander Bauwhede 2020). However, mid- to long-term growth is attained from B Corp status (*ibid.*).

Paelman, Van Cauwenberge & Vander Bauwhede (2020, pp. 12-13) state:

...benefits of certification in terms of increased customer loyalty, enhanced reputation, organizational [sic.] alignment, etc., might take some time to materialize and are therefore probably situated more in the medium term...a matched sample of 258 firms, our results show that B Corp certification has a positive impact on turnover growth and that this impact increases over time.

Hence, theoretically, the certification has increasing benefit over time. Additionally, executives stated:

...[the] size of the organisation is too small in terms of cost benefit analysis...(do) the cost outweighs the benefits...the short answer is no to B Corp certification and practice alternative CSR operating methods. [The] price of the certification is a key determinant for B Corp certification.

One participant also suggested legislative “incentives from the government to fund the costs”, applicable to the SMEs, would enhance B Corp certification perceptions. Similar to time, costs provide a credible signal since the expenditure is adequately considerable and thereby boosts the legitimacy of certification (Bergh, Connelly, Ketchen & Shannon 2014; Connelly, Certo, Ireland & Reutzel 2011). These findings are in contrast to the majority of the research, which supposedly finds positive financial implications for B Corp certification. For example, in their meta-analysis, Margolis and Walsh (2003) ascertained that social and financial performance were mostly positively related and only seven of 127 empirical investigations concluded a negative relationship.

Chen and Kelly (2015) scrutinised the performance of B Corps and found that they outperform their public competitors in terms of revenue growth rates, growth rates of total revenue, and of employee productivity. Largely, B Corp status is therefore advantageous in terms of cost.

Furthermore, research suggests that certification can potentially assist firms in scaling up by facilitating access to finance (Paelman, Van Cauwenberge & Vander Bauwhede 2020). Paelman, Van Cauwenberge & Vander Bauwhede (2020, p. 7) also suggest that certification could mitigate “information asymmetry and agency costs, reducing capital constraints and attract socially responsible investors, which could allow companies to scale up.” The B Corp Handbook states that the “annual B Corp certification fee [is] based on your company’s annual revenues” (Honeyman & Jana 2019, p. 59). Reservation due to cost could therefore be a function of the participants’ profit margins.

Silva *et al.* (2022, pp. 3-4) delineated the short-term costs for corporations is a myopic viewpoint:

Companies should exploit this growing market by investing in innovative ecological processes and producing sustainable goods. Such policies will not be cost-free. However, the short-term cost would be outweighed by the long-term sustainability gain, and this message should be conveyed by agencies to top management and the positive effects on the growth of companies' turnover in the short term, resulting from increased transparency and the positive socio-environmental impact observed, outweigh the adverse effects due to the strict audit procedure.

4.3 Suitability and Feasibility

The aptness or suitability of business entities were perceived as a key consideration for certification. Australian executives reported B Corp to be infeasible or inappropriate. Participants also noted certification as potentially challenging for entrepreneurs who have limited resources, and suggested a different regime for SMEs to enhance suitability and adoption. One interviewee remarked, *"I got [sic.] a small number of clients I work for so, you know, just don't think it [B Corp] would be relevant."*

Not-for-profit (NPF) firms are ineligible for certification since B Corps are "for good and for-profit." This is despite NFPs clearly having a pro-social purpose. Furthermore, participants noted they already achieve social or environmental ends via other means, thus rendering B Corp certification redundant. Similarly, a political organisation executive stated that certification *"is not directly related to the core business, and we do that in a conscious way by reducing paper outputs and relying on digital transformation and systems."* Additionally, one participant stated that their enterprise was not business-to-customer but business-to-business, so was less concerned with CSR goals. The literature shows various stakeholders are, however, equally concerned with social operations of business entities (Popa, Nicolescu, Ștefan, & Popa 2022; Gupta, Nawaz, Alfalah, Naveed, Muneer & Ahmad 2021).

4.4 Awareness and Education

Finally, there was a need for awareness of and education around B Corp certification. Participants noted a lack of understanding, which could be relieved by greater public awareness, advertising campaigns, and education programs. In particular, the education on the benefits of B Corp certification, clarification of the BIA scorecard, explicit requirements, mentorship, and case studies would assist motivation for seeking accreditation.

One participant recommended further advertising and "some campaign that amplifies the benefits of attaining B Corp certification..." Additionally, they noted "...if we had more awareness, if we[d] have had more maybe workshops or seminars, or generally more awareness about it, that would help." This participant continued:

I'm just going to reiterate the points which were said before, insufficient understanding of, lack of understanding of process, whole process, what it means, how does it help, so if there is more education about that, if people are more aware of that, that would go a long way, I think it is a very good idea, but just need more questions, more of recognition out there in [the] workplace—the corporate workplace—about this.

Another participant reiterated "...generally, I think the idea—it's a very good idea, it's a very sound idea...but we definitely need [to] encourage these sorts of organisations." Overall, the sample seemed to elicit a lack of awareness about B Corp certification, and participants were thus ignorant of its advantages, benefits or worthiness of being certified.

Similarly, Nigri, Dal Baldo and Aguilini (2020) characterise B Corps firms into a useful typology: rookies, overexposed, undervalued, and best practices. They concluded other entities fail to fully comprehend the potential of being a B Corp, especially in the European context. This appears to be apparent also in the Australian context. A participant alluded to the Australian context where there is less adoption of B Corps but there is burgeoning support for the certification:

...I heard that is more of a thing in the US than it is Australia, although my understanding they are pushing more in Australia lately, so I think there are a lot people of who are I guess socially progressive and like to see, like to believe that their organisations and companies are supporting, are behaving ethically and B Corp is a nice easy way to determine that.

In conclusion, more awareness and education can potentially increase the adoption of B Corp in Australia and confirm the organisation and companies social and environmental agenda. Feasibly, the augmentation of knowledge and the reduction of ambivalence induce more firms to be certified due to the greater awareness and comprehension of the concept, process, implementation, and benefits.

5 CONCLUSION

This research identified key themes concerning factors influencing motivations behind Australian executives' intention to attain B Corp certification: time requirement, associated costs, and suitability and feasibility. Further education also needs to be improved to increase knowledge, attractiveness, and implementation of B Corp certification. The "B" in B Corp signifies "benefit" but this research reveals society, at least in Australia, is predominately oblivious to the benefits of the certification. It is critical to understand the motivations and factors affecting intention to certify so that social enterprises can continue to assist government efforts to implement the SDGs. This research can facilitate strategies for the adoption and diffusion of sustainable business models across industries. Further adoption of B Corps will assist the broader Australian business, social, and environmental community as well as foster a disruptive sustainability innovation or models. Once B Corps are more widely implemented then an evolution towards a legal status, such as Benefit Corporations or public benefit status, is more feasible in the Australian context.

Limitations to this research include that it was a qualitative study exclusively conducted in the Australian context. Further research is needed to address the topic robustly, possibly looking to establish causal relationships and canvas a broader demographic.

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