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ORIGINAL PAPER

B Corp Certification and Its Impact on Organizations Over Time

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Abstract
This study explores the impact of B Corp certification and its associated impact assessment on four case studies of small and medium-sized Brazilian companies certified as B Corps. The results reveal that although all companies had achieved high scores in the certification assessment, awarded on the basis of existing performance, they did not subsequently develop road maps for the future to improve their scores in the way which the B Corp Impact Assessment process endorses as one of the benefits of certification. Their incremental changes are discussed in the light of the main motivations and expectations of these companies' founders with regard to the certification. A central role of the B Corp certification for this group of companies was to improve their external reputation with investors, clients and consumers. They were not strongly driven to reshape internal processes in ways which would advance their scores in the impact assessment and which would tackle complex problems of corporate governance. Our findings contribute to enriching the discussion of stakeholder engagement and corporate governance in hybrid organizations and contribute to the emerging agenda on studying change over time in B Corps.

Keywords Hybrid organizations · B Corporations and certification · Purpose-led businesses · Corporate governance · Stakeholder engagement · Ethical values

Introduction

From the 1980s, discussions of corporate purpose became increasingly dominated by the idea of shareholder primacy and the goal of maximizing the wealth of shareholders at the expense of any other goals or stakeholders (Aglietta and Reberioux 2005; Stout 2012; Mayer 2013). Over the last decade, however, the validity of this model has been increasingly challenged as creating a range of dysfunctional consequences. Corporate scandals, although common through the history of capitalism, seem to have increased in scope and impact since the global financial crash of 2008, reflected for example in 'rewards for failure' for top executives, the extraction of value in companies by private equity partners and hedge funds owners often at the expense of the salaries, pensions and security of employees, the collapse of company pension schemes due to inadequate stewardship and efforts to cut costs, the growth of tax evasion through the use of offshore tax havens, and failures of transparency in accounting processes that have facilitated internal fraud and the distribution of misinformation to outsiders. On top of this, corporations have been blamed for failing to take responsibility for issues of climate change, environmental degradation, inequality and human rights abuses in the workplace in their restless search for profits to distribute to their shareholders. Whilst scholars have challenged the degree to which shareholder primacy has been inscribed in law (Stout 2012; Smith and Ronnegard 2016), this context has nevertheless encouraged greater engagement with different models of business embedded in new legal structures that might create more ethical and socially responsible organizations (e.g. Joyner and Payne 2002; Steurer et al. 2005; Mayer 2016, 2018; Collins and Kahn 2017; Collins 2017; Ferreras

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2017; Boeger and Villiers 2018; Driver and Thompson 2018). This movement has gained strength through international organizations such as the UN Global Compact, by a wide range of fair-trade and sustainability social movements, by the growth of social investing and financial markets indices, such as the FTSE 4 Good, and by the development of company reporting on social issues, although the ability to reach consensus on the value, meaning, measurement and effectiveness of such initiatives remains problematic (Zadek et al. 1997; Kerssens-van Drongelen and Fisscher 2003).

Despite recognizing the challenges around the combination of multiple goals in the core business, these developments have led to an overall understanding that organizations can seek to combine in their core processes and structures multiple goals, balancing ethical, social and environmental objectives with economic goals. Such 'hybrid organizations' are becoming increasingly common and research on them is growing as social actors look for ways to embed ethical goals into the structure of their organization, combining in their strategies both a mission and a purpose responding to ethical concerns, and a business plan which provides them with financial sustainability (Battilana and Lee 2014). A recent bibliometric study identified that "the idea of hybridity has been quickly integrated into the social entrepreneurship field" in recent years (Hota et al. 2019, p. 20). As the authors explain, this leads to "the need to critically evaluate social enterprises from a business ethics perspective" (Hota et al. 2019, p. 20). What are such hybrid organizations achieving in terms of ethical goals and how?

Moroz et al. (2018, p. 117) in their studies of social enterprise have described this as an 'entrepreneurial journey' of a particular kind—one where actors learn over time how to build environmental and ethical concerns into their organization. In this paper, we explore this entrepreneurial journey in relation to how a group of Brazilian organizations became B Corp and what this meant for their subsequent developments. It is clear that in the current period, organizations and their founders who wish to move towards a hybrid form have a variety of ways of doing so. Moroz et al., for example, state that "at the time of writing, over 500 private-sector national and transnational non-governmental organizations are involved globally in certifying for-profit and non-profit ventures by conducting voluntary third party social and environmental audits of their activities and impacts" (Moroz et al. 2018, p. 117). There is no shortage of ways in which actors and organizations can learn about how to become more ethical in their missions and how to build it into their organizational structure. They can essentially go it alone, perhaps with some consultancy help (Jay 2012), or drawing on how-to guides, training courses etc. How far they can proceed will depend upon the legal structures open to them that vary across different national contexts as well as upon their ability to balance economic and social values in particular competitive business contexts (see, e.g., Levillain et al. 2018). They can also join and participate in the many different networks which have emerged to exchange ideas and practices around ways of achieving a combination of ethical, social and economic objectives. Some of these networks may be more structured offering certification of some form with a clear set of agreed protocols, auditing, procedures and values which the organization endeavours to follow in order to show its commitment to being socially and ethically aware, e.g. in the panoply of fair-trade certification bodies or those concerned with sustainability issues (Jaffee 2010; Gulbrandsen 2012; Locke 2013; Clark and Hussey 2016). Certification as a badge signals to others that the company adheres to these standards and may enhance reputations and increase business from socially conscious consumers. In each of these contexts, the speed at which organizations change towards the hybrid form, the business and governance problems which arise, and the ethical gaps and conflicts which remain are likely to vary. However, there is remarkably little research on this 'journey'. As Moroz et al. state in one of the few efforts to explore this journey towards what they label as 'pro-sociality' (i.e. towards organizations which build a social and ethical purpose centrally into their mission, business plan and structure), "much work remains to be done on how general aspects of pro-sociality unfold over time within the many diverging aspects of the entrepreneurial process" (Moroz et al. 2018, p. 118; see also other contributions to the Special Issue of the *Journal of Business Venturing* 2018, vol. 33).

In this paper, therefore, we examine one of these certification systems which have emerged to help organizations to combine social, environmental and ethical goals—that of the B Corporation (hereafter B Corp) certification system. Certified B Corps are enterprises that have successfully passed the voluntary and private certification process initiated by B Lab, a US-based non-profit organization. The certification covers the company's operations and measures its positive policies, practices and outputs in areas such as governance, workers, customers, community, the environment, and regarding the products and services which they sell. The B Corp movement was created in the United States in 2007 by B Lab to encourage the development of more ethical businesses. It had 2788 certified B Corps in 64 countries in May 2019 (B Lab 2019a). The largest number of members and most active community outside of the US is in South America. Brazil, the largest economy in the continent, joined the movement in 2013 when Sistema B—B Lab's partner in the region—started to promote the B Corp model; in May 2019, there were 151 B Corps in Brazil (B Lab 2019b).

By taking on the B Corp certification, enterprises commit themselves to "give the same rigour to their social and environmental impact as they do to their financial returns" (B Lab 2019c)—for that reason, B Corps have increasingly

been held up as exemplars of hybrid organizations (Reiser 2011). B Corps are required to amend their articles of incorporation in order to include clauses that free up senior managers and directors to consider social and environmental objectives and not just shareholder value. B Corp rhetoric contrasts the effort to be 'best *for* the world' with the traditional business slogan of being 'best *in* the world'. B Corps have to sign up to the *Declaration of Interdependence* that explicitly states that the B Corporation "creates benefit for all stakeholders, not just shareholders" (B Lab 2019d). What this means in practice is, of course, the key question. There is still limited though growing empirical research on the evolution of companies towards a better balance of social and economic goals implied by the B Corp certification (see, amongst others, Conger et al. 2018; Gamble et al. 2019; Gehman and Grimes 2017; Grimes et al. 2018; Parker et al. 2019; Moroz et al. 2018; Sharma et al. 2018). This emerging research has begun to examine how taking on the identity of a B Corp impacts on organizations over time. Sharma et al. (2018, p. 207) for example, examined how "B Corps shifted their practice configurations as they underwent assessment and reassessment for certification". Gamble et al. (2019) explore the degree to which integrated business models (where the social mission shapes the business strategy rather than being a separate part of the organization dedicated to 'doing good') are more sustainable when built in from the beginning of a firm or whether long-standing firms can successfully switch to a B Corp model that integrates strategy and mission (what Moroz et al. 2018 describe as the question of 'imprinting'—when, how and by whom?).

These papers are beginning to develop a new agenda on the development of ethical firms by being explicitly concerned with temporality—firstly in terms of the life cycle of the firm itself; secondly the context of the wider economy and society and the extent of appreciation and/or legal institutionalization of alternative organizational forms; thirdly the range, timing and impact of various certification schemes and social movements in particular countries aiming to proselytize about and establish means to develop mission-led business; and, finally, the impact of the business cycles of particular sectors and industries and their impact on the financial sustainability of particular organizations. Our paper relates to this through an exploratory study based on detailed cases of B Corps in Brazil and how they developed over time. Each of the companies studied had a high profile in the Brazilian context because they either helped to found or establish the B Corp movement in that country. Therefore, they can be considered as good cases to choose as they have been central to the B Corps' network in Brazil since its founding. Through an exploration and analysis of the trajectories and similarities in these cases, the paper investigates the effect of achieving and maintaining B Corp certification on the evolution of these companies' ethical practices of socially responsible governance and stakeholder engagement. It does so by shedding light on how B Corps frame their hybrid purpose, how they relate to and perform in the certification, and how they engage with the ethical values to which they have committed. The paper, thus, contributes to wider debates about the changes which organizations undergo before and after each certification as they develop a hybrid form that balances social and economic objectives. Specifically, the paper explores the reasons why the leaders of four companies choose the B Corp certification and then how the preparation for the certification and the maintenance process impacted stakeholder engagement in these companies' formal corporate governance mechanisms. In this way, it contributes to a better understanding of the challenges faced by B Corps over their life cycle, how these organizations change and develop, and how this impacts on their ability to maintain and improve their ethical mission.

Hybrid Organizations, Corporate Governance and the B Corp Certification

Hybrid organizations that bring together social (and-or environmental) and economic goals at the organizational core are a growing phenomenon in contemporary society and, as such, have become the focus of much recent research (e.g. Battilana et al. 2012; Battilana and Lee 2014; Doherty et al. 2014; Ebrahim et al. 2014; Haigh and Hoffman 2014; Haigh et al. 2015; Mair et al. 2015; Bruneel et al. 2016). They have been defined as "enterprises that design their business models based on the alleviation of a particular social or environmental issue" (Haigh et al. 2015, p. 5) as they adapt their ethical behaviour and social mission to deal with these problems (Carroll 2000; Crane and Matten 2016). Hybrid organizations are seen as a response to societal and environmental challenges because they explicitly move towards a more balanced approach between social and economic goals, with a view to contributing to minimizing negative or undesirable outcomes in society, the economy and the environment. Nevertheless, much of the literature on hybrid organizations has explored the tensions of bringing together social and commercial logics at the organizational core (e.g. Battilana and Dorado 2010; Pache and Santos 2013; Battilana and Lee 2014; Mair et al. 2015). These tensions are structured by the nature of the organizational framework within which the hybrid form is constituted. In this context, a number of new legal forms have emerged in some jurisdictions to help facilitate the development of hybrid business models, e.g. in the US, the Low-Profit Limited Liability Company (L3C), the Flexible Purpose Corporation and the Benefit Corporation; in the UK, the Community Interest Company (CIC); and, in Belgium, the Social Purpose Company (Reiser 2011; Stubbs 2017; Levillain et al. 2018).

In this paper, our focus is on the particular form of hybrid that is facilitated by the B Corp certification system described earlier. The B Corp model is not instantiated in law; it does not represent a new legal structure for firms and is, therefore, not limited to specific legal jurisdictions. It is compatible, however, with many forms of corporate law as *The B Corp Handbook: How to Use Business as a Force for Good* explains;

> B Corp offers a framework that any company in any state or country in the world can use to build a better business. This framework is relevant whether you are a B2B and B2C business, a local sole proprietor or a global brand, a start-up or a third-generation family business, a limited liability company or a partnership, an employee-owned company or a cooperative, a C corporative and a S corporation, or even if you are still deciding on the right structure for a new business. (Honeyman 2014)

B Corps are expected to embed their obligations and social mission in their articles of association (or equivalent) so that the law supports these commitments and prevents them from being challenged. B Corps are therefore provided with a distinctive legal identity in whatever way national statute and case law allows. In the corporate governance literature, certifications have been considered a means to embed organizational purpose into for-profit corporations, alongside mission statements and share rights structures (Levillain et al. 2018). The B Corp model speaks both to the certification mechanism and mission statement due to this requirement to amend its by-laws and articles of association. However, unlike formal legal status, the strength of certifications and mission statements cannot be taken for granted, especially under periods of stress and pressure and in situations where shareholders have conflicting goals or different agendas.

B Corp is a status granted to organizations that successfully undergo a private voluntary certification developed by the US-based non-profit B Lab, which defines B Corps as "businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose" (B Lab 2019d). The certification is based on a synthesis of best practices in corporate ethical responsibility involving social, environmental and governance criteria, which form the so-called B Impact Assessment. Organizations wishing to become B Corps are evaluated against these best practices which measure and benchmark the impact of a company's operations and business model on their stakeholders through five key 'impact areas': Workers, Community, Customers, Environment, and Governance. Each of these areas contains a group of questions with specific weightings and, in total, companies are expected to achieve a minimum overall score of 80 points—out of 200 possible points—in order to be eligible for the B Corp certification. Eligible companies must provide supporting documents to validate a sample of questions and, finally, amend their articles of incorporation by including the commitment with their stakeholders through a purpose and directors' clause. The certification also involves an annual fee that ranges from $500 to $50,000, according to the firm's size, and are required to recertify every 3 years (in the beginning, it was 2 years). Each year, 10% of B Corps are audited by B Lab US to ensure that they are maintaining their commitments.

The B Corp movement defines itself as "a community of leaders, driving a global movement of people using business as a force for good" (B Lab 2019a). It emphasizes the need for organizations to change their perspective by considering how they can be 'best *for* the world' (instead of 'best *in* the world'), which is also known as the B Corp's motto. The 'B' movement is today present in 60 countries through B Lab US-partner organizations. Although the certification is only granted by B Lab US itself, these partners engage in promoting the B Corp idea, attracting companies to certify and developing B Corp regional communities.

The B Corp certification process can be considered a mechanism to help in the development of hybrid organizations (Haigh et al. 2015; Rawhouser et al. 2015). The legal amendment of the company's articles of incorporation establishes new obligations on fiduciaries, such as directors, who are required to consider the interests of non-shareholder stakeholders, including broader social and environmental concerns, and the impact of the company's decisions on them. This frees directors from the 'stakeholder paradox', which questions the orientation of corporate decision-making by facilitating "ethical values that go beyond strategic stakeholder considerations to multi-fiduciary ones" (Goodpaster 1991, p. 63)—in other words, by embedding the commitment of management to a broader group of stakeholder constituencies other than just shareholders. Despite bringing new obligations to fiduciaries, "the B Corp retains the existing enforcement mechanisms of a for-profit corporation, including shareholder informational and voting rights as well as derivative suits" (Reiser 2011, p. 614). This means that the amendment is enforced through the typical for-profit model in which only shareholders (e.g. directors, investors, officers) have the right to place suits.

The impact of B Corp certification on socially responsible conduct has been relatively under-researched. A recent study using a large sample of North American B Corps identified that the majority of the organizations did not achieve integration between the social and environmental missions and the financial aspects of their business models. The research instead suggested that "B Corps certification may be a valuable legitimacy and reputation-building mechanism" (Gamble et al. 2019, p. 11). Another recent study of small

to medium-sized US B Corps found that the certification process plays a role in engaging certified corporations with external stakeholders when these corporations provide their employees with some measure of control, such as ownership and/or other forms of encouragement to actively participate in the organization's decision-making (Winkler et al. 2018). This points to the significance of the role of the founders of the organizations that become B Corps, particularly as many of these are small and growing social enterprises with blurred boundaries between management, governance, and operations (on the role of founders in social enterprises more generally, see Spear et al. 2009). Earlier studies of social enterprises emphasized that leadership is one of the dimensions, alongside decision-making and institution building, which constitutes the process through which organizations engage with ethics and issues of social value; Jayaraman and Min argue that in the field of business ethics "the crucial role of leaders cannot be overemphasised" (Jayaraman and Min 1993, p. 665). In this sense, the underlying principle of ethics in management would lie in "understanding that the conscience of the corporation is a logical and moral extension of the consciences of its principals" (Goodpaster 1991, p. 68). Throughout the years, this feature has been acknowledged by a number of studies on social entrepreneurship research, which noted that the ethical nature of social entrepreneurs, as well as altruistic motives and values of equality, tolerance and freedom, are differentiating features between social and commercial entrepreneurship (Hota et al. 2019, p. 20).

At the same time, the role and composition of governing boards have been considered decisive to the balance of multiple goals, such as social and economic ones, characteristic of the hybrid type (Spear et al. 2009; Bacq et al. 2011; Ebrahim et al. 2014). Further research into the governance mechanisms of B Corps thus seems necessary in order to understand how these organizations generate and develop their hybridity, whether and how mechanisms such as the B Corp certification play a role in consolidating and deepening the hybrid model, and what this means for these companies' engagement with their stakeholders and their ethical behaviour over time. Given the discretion exercised by the founders, we are interested in whether they feel encouraged by the B Corp status to pursue higher ethical goals or rather acquire the label only to help develop a new identity in the market that can improve their economic viability. In this sense, our four case studies explore the degree to which the B Corp certification process, both before and after each certification, triggers more advanced practices and policies of the organization towards a socially responsible governance model based on stronger involvement with their stakeholders and whether this implies formal stakeholder engagement. Therefore, we take a longitudinal view of this process—how and why did the founders decide to embark on B Corp certification; what did they have to do in order to achieve B Corp standards; and how did they deal with the recertification. In this way, we aim to address the gap in the literature arising from the lack of studies about the process of certification for B Corps and its effect on how organizations work in terms of involving stakeholders and improving ethical standards whilst maintaining economic sustainability.

Methods

In order to investigate more deeply the issues presented in this paper, we have engaged in a comparative case study approach (Eisenhardt 1989; Yin 1994) in Brazil. The country was one of the first outside of North America to join the B Corp movement and was also the first country in which a very large company was certified (Natura Brazil, in 2014). Case study research has been considered a useful method in the study of hybrid organizations to explore their structures and strategies while also enabling comparison between different fields of activity and geographical contexts (Cornforth 2014). It "can offer a powerful and useful approach to research on organizations" (Fitzgerald and Dopson 2009, p. 466), providing insights into new areas of research which are often difficult to develop using quantitative techniques or large surveys. It also reflects concerns in the literature on voluntary certification that more methodological approaches focused on the firm's level are needed in order to create more consistency in voluntary certification research (Bowler et al. 2017).

The cases selected followed a theoretical sampling criterion based on their potential to extend the emergent theory (Eisenhardt 1989). Four criteria were observed in the selection process: (i) how the organizations represented the variety of Brazilian B Corps in terms of sector and business model; (ii) how the organizations reflected the average size of Brazilian B Corps (small and medium); (iii) how the sample delivered a diversity of different publics targeted by the organizations; and (iv) the maturity of these organizations as B Corps, in terms of being certified for more than a year. The goal with these criteria was to gather diversity. Companies were anonymized according to their original purpose described in the cases (and further summarized in Table 2). The main details of each company, how they fit the selection criteria and the acronyms used to anonymize them are presented below in Table 1.

The companies were visited, observed and interviewed between June and December of 2015. Semi-structured interviews were conducted with all the companies' founders, most of their shareholders and members of staff, as well as some of the other stakeholders (e.g. clients, suppliers), totalling 70 interviews or 3605 min (an average of 51.5 min per interview). Documents, online available material and

Table 1 The four B corps studied

B Corp	Sector	Number of employees	Size	Market	First certification
Social urbanism neighbourhoods (SUN)	Residential real estate	29 employees (office + sales units)	Medium	Low-income and middle-income individual customers	2012
Humanised financial services (HFS)	Financial solutions	34 employees (office + store + financial agents)	Small	Low-income micro-entrepreneurs in *favelas* and low-income communities	2014
Biomass renewable energy (BRE)	Industrial steam using biomass	97 employees (office + steam units)	Medium	Large corporations (e.g. pulp and paper, mining, and brewery industries)	2014
Mission-led social innovation (MSI)	Sustainability and CSR consultancy	3 employees (plus several specialists sub-contracted)	Small	Large corporations (e.g. renewable energy and insurance industries)	2014

Source Elaborated by the authors

the full certification assessment report were also used as data sources.

The interviews usually started with the founders and then followed a snowball strategy. They were focused on understanding the role and background of each of the participants; the motivations and expectations of the founders regarding their decision to certify their company; any changes made after the certification; corporate governance spaces for stakeholder engagement (e.g. governing boards); how the company's original purpose in terms of social and ethical goals was framed; and the challenges to advance on their socially responsible performance. The interviews in this sense investigated how founders dealt with stakeholders other than shareholders and tried to contrast their discourses with the practices in place. Alongside the interviews, the researcher also conducted observation in the companies' workplaces and visited some of their operations, projects and events.

The interviews were analysed through a coding process focused on identifying the commonalities and discrepancies among the four companies regarding the interplay between their B Corp certification and organizational practices. Hence, an inductive process informed the data analysis, while a deductive one oriented the cases' writing. This process allowed the research to draw some inferences about the potential conflicts embedded in the B Corp model as it is currently implemented. Drawing on this analysis, the Research Findings are organized as follows: (i) the origins of the four companies and how this led them towards the B Corp certification; (ii) their motivations for and expectations regarding the certification; (iii) the companies' performance over time in relation to the B Corp assessment criteria; and (iv) their engagement with stakeholders and the impact on corporate governance. In the Discussion and Conclusion, we draw out our main findings and suggest how they are of more general relevance to the debate on hybrid organizations and the development of ethical as well as economic goals at the organizational core. We acknowledge the limitations of our study whilst suggesting further lines for research which emerge from our discussion.

Research Findings

Origins of the Companies and First Certification

None of the studied companies were born as B Corps. Rather, all of them began as organizations where the founders wanted to build businesses which were socially and environmentally responsible as well as economically sustainable. They were, therefore, from the start 'hybrid' but in a variety of idiosyncratic ways shaped by their particular business environment and by the values and expectations of the founders.

SUN derived from a small real estate family investment created in the 1990s, which shifted its focus to entry-level housing construction from 2007 to 2008 in response to the growing demand for housing by the emergent Brazilian middle class. In this new phase, the company drew more explicitly on the concept of social urbanism applied to mixed (middle and low) income and mixed-use (commercial and residential) projects for neighbourhoods. The social urbanism concept was brought in by the new Chief Executive Officer (CEO), a social entrepreneur with experience in the private sector. The social and environmental aspects of housing in the design of mixed urban communities became central to the company's vision, as well as the need to develop a sustainable business model. SUN was first certified in 2012 and was one of the founders of the B Corporation movement in Brazil, as well as being the first real estate developer in South America to be certified.

HFS was created in 2011 with the goal of delivering social inclusion through an e-commerce consortium platform. The company went through important changes in its business model at the end of 2013 when it decided to replace

Table 2 Case study summaries

B Corp	Original purpose in terms of social and ethical goals	Corporate governance	Stakeholder engagement	Progress over time on B assessment criteria
SUN	Social urbanism plus focus on low-income customers	Decisions centralized in the co-founders. Advisory Council composed by specialists and Board of Directors planned for 2017	Customers are considered the main stakeholder, but high dependence on a single (traditional) investor reveals it as the most strategic one	Significant increase in assessment score between two registrations reflecting changes in HR, governance, scale of impacts and monitoring
HFS	Humanised approach plus focus on low-income customers	Advisory Management Board composed only by two statutory directors and three investors. An empty chair represents the client in the board	Clients are considered the main stakeholder but are not incorporated in the board. Financial agents seem more strategic to the business	Ranked high on initial assessment but advanced only 4 points on second registration. High scores on Customers and Community, low on Environment
BRE	Biomass renewable energy (steam) avoiding GHG emissions	Three shareholders manage the company full time. Management committee includes only directors and investors	Employees, clients and investors are considered important stakeholders, but the main focus is on clients. Local communities and environments are not targeted	Scored high on Environment but low performance on Governance and Community. Some new practices introduced for second registration
MSI	Social innovation laboratory focused on the development of mission-led businesses	Board of directors composed of two co-founders/directors. One is directly involved with management	Employees are important stakeholders but are disregarded in the governing board	Customer dimension received the highest score and Environment the lowest. Little progress on second registration—limited changes

Source Elaborated by the authors

the online platform by a focus on people. It started recruiting and training financial agents from its targeted communities to deliver microfinance services and products, mainly microcredit, to low-income micro-entrepreneurs. This change brought a new concept to the organization framed around a 'humanised approach', which meant putting people at the centre of its business. The concept was derived from the book *Firms of Endearment: How World-Class Companies Profit from Passion and Purpose* by Raj Sisodia, Jag Sheth, and David Wolfe. HFS' founder shaped the company's vision according to the 'firms of endearment' idea in which to be 'loved' by its stakeholders is the ultimate goal that a company could aim for, as it brings alongside the benefits of being trusted, admired, and valued. The company's mission was therefore redefined as "to humanise financial services". After testing a physical store location in a low-income community in Sao Paulo, the company realized that the cost of such stores was too high for their business and that the best channel to approach clients was the financial agent. Thus, it decided to place the financial agent at the centre of its operation, refining its business model to become lighter and faster to grow into other regions in Brazil. The company was first certified as a B Corp in 2014.

BRE was founded in 2008, aimed at producing power through the burning of biomass in steam boilers. The company targeted the industrial sector in Brazil and had clients in industries such as pulp and paper, mining, and beverages. It implemented and operated biomass boilers in the clients' facilities and was responsible for the whole process of allocating the boilers; prospecting and managing the investments to purchase them; installing, operating and supplying the factory according to its demand; and maintaining the boilers. The goal in this process was to make sure the client faced no financial or operational risks. Although BRE had been operating for 7 years in 2015, its founders believed that its business model was only consolidated a year before, in 2014, as in earlier years the company had suffered from failed clients, fraud and theft. The ethical goals of the company were driven by its environmental concern to facilitate greater use of renewable energy that could be both cheaper and more sustainable than mainstream finite sources, such as oil and gas. Their mission was, therefore, stated as "providing solutions for power generation with renewable sources, creating a growing and long-term economic value". BRE was first certified as a B Corp in 2014.

Finally, MSI was founded in 2003 as one of the first consultancies in corporate social responsibility and sustainability in Brazil. Ten years later, it shrank its size to become a more specialized consultancy, later defining itself as a social innovation laboratory. Although the consultancy's mission had stated a commitment to sustainable development since its beginning, its goal shifted from merely measuring the value of corporate sponsorship on social issues

and delivering sustainability reports towards facilitating the creation of mission-led businesses through their consultancy expertise. This change went along with a drastic shrinkage of the company. From 25 consultants allocated to different projects in 2012, MSI reduced its staff to only four consultants in 2015. It became more selective in choosing projects to engage with and moved to a co-working space in a process described as the 'dematerialisation' of the organization. MSI was first certified in 2014 and became one of the first B Corps in Brazil, reinforcing its distinctiveness around the focus on mission-led business and social innovation.

Before they made efforts to certify as B Corp, each of our cases had evolved in a distinctive way reflecting their business model and the key interests of their founders. They were all concerned with various aspects of being socially responsible and ethical but in different ways which were idiosyncratic and uneven. In this respect, they reflect the situation of many small businesses which have aspirations to operate in a socially responsible and ethical manner but lack a clear framework. It is this framework that the B Corp certification aims to provide.

Motivations for and Expectations Regarding the B Corp Certification

Because none of the organizations studied were 'born as a B Corp', they reflect a process of development where entrepreneurs and founders with aspirations to achieve social goals gradually understood that this purpose would be helped by undergoing B Corp certification and joining the B Corp network of companies. The following section discusses how the different case companies moved in this direction.

For SUN, the ability to measure and monitor their performance not only on sustainability issues but also on internal governance was a motive for certification as was the ability to develop a market differentiation position through acquiring the B Corp badge (and with it a potential reputational gain). This, in turn, provided them with what they perceived as the valuable opportunity to join the network of 'B entrepreneurs' and supporters to exchange experiences and contacts. They were particularly keen to access 'impact investors' who specifically wanted to invest in companies that were concerned with their social impact, as well as economic benefits, and so were drawn themselves towards the B Corp network. In this sense, the company wished to overcome its dependence on traditional investors that were not concerned with social and environmental impact – this dependence had left SUN in a financially weak situation, and it hoped that its B Corp membership would convince impact investors to support it financially. This expectation grew higher when they recertified in 2014 with a significant increase in their score, which placed them among the top 10% of all scores of certified B Corps worldwide, the B Corp's 'Best for the World' list. As the person in charge of the recertification stated, "our increase [in the certification score] might help us to show investors that we are a responsible company. We are approaching now impact investors that are more aligned with our values." This expected outcome, however, was never achieved as SUN remained unsuccessful in their prospecting efforts. According to its CEO, the main reasons provided by impact investors were the age and size of the company, meaning it was either too old or too big, or both, for their portfolio standards. This created increasing frustration for SUN's founder and CEO, who concluded that they were ahead of their time and that the market was not ready for them.

According to HFS's CEO, the main motivations behind the decision to certify were "more about being part of a movement, being able to influence more people and safeguard my impact, since we count the whole time on an independent and non-conflict body that measures if you are doing what you intend to". He also recognized that the assessment was a useful tool to monitor the company's performance and that the B Corp values were aligned with the 'firms of endearment' ones, which had inspired his business. In this sense, the certification would not jeopardize the company's economic returns, on the contrary: "when I discovered that I could create a company that is 'loved' by all stakeholders and make even more money than the ones which only give return to their shareholders, I could finally work with more purpose and at the end of the day, make more money. So, it is not doing good and making money; it is doing good and making more money than traditional capitalism." The company's directors expected to see the movement growing in Brazil with bigger companies bringing more publicity and a stronger recognition and reputation to the B Corp brand. The founder also expected the movement to become a political force in order to advocate tax incentives for B Corps and provide them with more concrete benefits, such as the ones already available in terms of discounts and free licences to IT software. The major benefit the company had enjoyed early on was media exposure, as confirmed by one of its directors, "in the beginning, we had a press agency that generated much less visibility for us than what we had with Sistema B [B Lab's partner in Brazil], without spending anything."

For BRE, the main motivation behind the decision to join the B Corp community was to find people with a similar approach to how business should be conducted. The company's founders wanted to be part of a movement that recognized business leadership in social change, something that they identified in the B Corp movement but were not sure whether their company was fully aligned with B Corp values. They felt that those companies built with the 'B' Corp DNA right from the start were different from their company. BRE based their distinctiveness on high ethical standards of

business conduct that differentiated the company from what their founders called 'the old Brazil', where *jeitinho* is mainstream. The Portuguese term is used in Brazil to denote ways of getting round or bending rules or conventions in semi-legal or 'sneaky' ways. The company explained, "we have not created a company to change the world. We have created a company because we wanted to be businessmen and do business, but not with the mentality of the 'standard' Brazilian businessmen." In their opinion, to conduct business in a professional and legal manner, without causing loss to third parties, respecting everyone's rights, paying all taxes, and still benefiting the environment was considered "already tough enough" in Brazil. They expected their stakeholders to appreciate this: "if our employees can see that we are a serious company that fulfils all legal obligations, have no misconducts, and can create a good environment that brings good contributions, then we are generating a positive impact on society." In terms of expectations for the B movement in Brazil, both founders and some employees were hoping to see more practical and concrete applications of the B Corp ideology in order to build it into their systems and processes, e.g. through training, new work methods, guidance and support. They also wanted to feel that they could be disseminators of a new culture of doing business in Brazil, embodying in their own practice the key B Corp values.

As for MSI, becoming a B Corp was a natural step, as they already identified some B Corp values in their company. One member of staff stated: "when I say MSI is a social enterprise, I always explain I can tell that for sure because it is something I experience much more from practice than as a concept. In the daily work, we do not only discuss budget and profit, but also the results being delivered to our projects' target publics and how much wellbeing we are creating." Additionally, the company's founder was enthusiastic by the fact that the certification framework sets an expectation for the company's performance of "a great, an average, a below the average and a bad performance for each of the [response] levels", which relates to the way the response options are framed. This attribute and the weighting of questions led him to conclude that the B Corp assessment tool was "a very well succeeded model, maybe the best available", when compared to other tools only focused on reporting and transparency, such as the Global Reporting Initiative (GRI). The fact that the certification brought a new paradigm to the market in which "the leading companies of tomorrow will be the ones that have a clear cause and shared value", as stated by one of the company's employees, was also seen as beneficial. On top of that, the decision to join the movement was also about the quality of people involved and how the network was nurtured as a crucial feature of the movement – as the MSI's founder acknowledged, "it [the movement] has soul, authenticity, it is not a concept born on a table in Geneva, like the Millennium Goals." The certification was also seen as a useful tool to better communicate MSI's business to the general public since this was not their strength.

Although the main factors that influenced these companies' decision to become B Corps were built on the commitment of their founders to social and ethical goals, joining the B Corp community offered something extra. Firstly, the founders valued the opportunity to enhance their market differentiation by identifying themselves with the B Corp movement, given its high reputation internationally for combining social and economic values. Secondly, they believed this would help them better translate and communicate their identity to stakeholders and wider society. Thirdly, they valued the ability it gave them to monitor and adjust their behaviour and performance in line with social values. Finally, they appreciated the chance to become part of a movement, community and network of like-minded businesspeople (including potential customers, partners and financiers). Interestingly though, none of them particularly anticipated having to make much in the way of adjustment to their existing practices as part of the B Corp certification, nor did they express much interest in learning about how to implement their social and ethical concerns more effectively by changing the structure of the company. For some, the emphasis was more on the market benefits which would arise from the reputational enhancements of the B Corp certification. For others, the networks and contacts with like-minded leaders and entrepreneurs were most important. As far as their social and ethical values were concerned, they were all convinced that those were already embedded into the company in one way or another.

Performance on the B Corp Assessment and Changes Over Time

In this section, we explore in more detail how once the decision to certify was made, the companies developed their social and ethical standards through interacting with the B Corp assessment regime. The assessment described itself in terms of allowing any company "to create a roadmap for improved performance year-over-year or quarter-by-quarter" (B Lab 2019e). It was therefore not simply about leaping a single hurdle and gaining certification; rather certification was a regular event every 3 years because "this process ensures that companies who become certified B Corporations continue to engage in a high level of impact with their stakeholders even as the business grows or changes. The B Impact Assessment is updated every 3 years; recertification gives companies the opportunity to set improvement goals against the most up-to-date standards and benchmark their performance over time" (B Lab 2019e). In this context, how far did our case companies engage in setting 'improvement goals'?

SUN certified in 2012 with an overall score of 93 points. In 2015, the company recertified with a significant increase to 159 points and made it to the B Corp's 'Best for the World' list. Governance was one of the areas whose score improved most in the recertification. According to the company, much of this increase could be explained by (i) the formalization of different human resource practices that were already in place albeit not officially; (ii) the creation of different governance mechanisms required by SUN's financial investor; (iii) the rise in the number of business projects launched over the period between the two registrations—and, consequently, the growth in the number of customers impacted; and (iv) the implementation of a system to track the projects' quality and the satisfaction of stakeholders, such as employees, suppliers and clients. Hence, for SUN, certification was seen as "a continuous process, a tool that helps us improve and see with more clarity our strong points and where we can continue to improve ourselves". The certification, however, did not help the company prospect impact investors, which was their main expected outcome, and the company closed down in 2017.

HFS certified in 2014 scoring 132 points, the highest score in Brazil at that time, placing the company in the 'Best for the World' list. Almost half of their score was due to a good performance on the Consumers' dimension, while the lowest score was for the Environment dimension. In 2016, the company recertified with a small increase of four points in its overall score. Customers and Community had the two highest scores, and Environment remained the lowest one. One of HFS' directors justified the poor performance of the company on environmental aspects as something that was not their focus: "if I create training on environmental education for the community of *Paraisópolis* [one of their targeted markets], I will divert the attention from my business." The administrative office of the company at that time also had no implemented systems for waste recycling. The certification helped HFS gain media exposure, and they expected the movement to bring further concrete benefits.

BRE certified in 2014 achieving 90 points. It scored highest on the Environment dimension, which contributed more than half to its overall score. In that year and the following one, the company figured in the 'Best for the World: Environment' list. Its lowest score was on Governance, followed by Community, both with a very low performance. After this first certification, some practices were adopted to improve the company's performance in the recertification, such as paternity leave, a code of conduct, a written policy about non-discrimination in the workplace and in the hiring process—nonetheless, the company struggled to achieve a better gender balance among its staff. Despite these changes, the company recertified in 2016 with a small increase of four points in its overall score. Areas such as Governance saw the largest increase in score, but it was still among the lowest scored ones. Environment remained the dimension with the best performance even though it scored less than in the previous certification. The founders interpreted these results by suggesting that the certification, for them, was a pathway, not an end goal. Being part of the B Corp community was important to differentiate themselves from 'the old Brazil' and join a global network of like-minded businesspeople as the company was also interested in "more consolidated external references [of B Corps] outside Brazil, as in the US."

MSI certified in 2014, scoring 109 points, and recertified in 2016 with a small increase of five points. The Customer dimension provided the highest score, justified by most of the company's social impact being achieved through their consultancy projects with clients. Environment was the lowest scored dimension. In the recertification, the Customer dimension remained the highest one, and MSI was listed among the 'Best for the World: Customers' and 'Best for the World: Overall'. The company's main goal was to create a strong community in Brazil to help the movement gain profile and legitimacy, which would also help to grow MSI's market. Given this interest, the founder ended up joining Sistema B's governance board in 2016.

It is noteworthy that three out of the four companies barely improved their scores between the two registrations, with only SUN achieving a significant increase. This suggests that contrary to B Lab's hopes and expectations that the B Impact Assessment would help firms create a 'roadmap' for improvement, in fact our case study companies did not see B Corp registration as a way to identify and, most importantly, advance their internal performance, particularly with regard to internal stakeholders and governance processes. They appeared to be less concerned with the processual learning aspects of being a B Corp certified company and more concerned with certification as a badge of reputation that offered a market advantage within their specific niche of activity. Only SUN, therefore, used the initial registration to identify and address the weaknesses in its certification performance (and further improve in the second one). The responses of HFS, BRE and MSI reflected a mechanistic approach to the Impact Assessment—the goal being to get over a certain number of points and, in a second registration, not to fall back from that.

Engagement with Stakeholders and Impact on Corporate Governance

In this section, we explore in more detail how engagement with stakeholders and corporate governance structures evolved over the period between the first and second certification. Overall, companies' founders and directors appeared to have wide discretion in terms of how they interpreted the

B Corp goals regarding their engagement with stakeholders and developments on corporate governance.

Although SUN considered itself accountable to different stakeholders that were directly (e.g. investors, clients, suppliers, and employees) and indirectly (e.g. community and environment) influenced by its decisions, investors were apparently the most important ones and certainly the only ones taking part in the decision-making. The company relied heavily on its joint-ventures with a global investment firm that invested equity in the company's projects and enabled it to gain scale. SUN also relied on financing to its low-income units provided by a Brazilian state-owned bank under a scheme from the Federal Brazilian housing programme. The standards required by both financial stakeholders had driven most of the governance procedures implemented by the company until 2015, including its advisory board composed by experts in technology, finance, sustainability and architecture. This board did not exist in 2012 when the company was first certified, so its constitution, alongside the inclusion of the first woman, also helped the company increase its Governance score in their recertification. The company planned to convert this board into a board of directors in 2017 as, up to that point, all decisions were centralized in its CEO and COO.

In HFS' case, even though its 'humanised approach' was developed to put people at the centre of the company's business—emphasizing the importance of the different stakeholders such as employees, financial agents, customers and the community to its business model—the client was considered the main stakeholder for the company. As explained by its founder, "despite the will to have a balanced relationship with all stakeholders and expectation to be 'loved' by all of them, the client is the most important for us." In this sense, he saw the importance of having an indicator in the company to measure the workers' happiness as something that would ultimately impact on the clients' satisfaction. Nonetheless, there was no form of representation of either workers or clients in the company's corporate governance. The administrative board only included the founders and shareholders among its five members: two executive directors—its founder/CEO and one director—and three investors. Even though the company had five statutory directors, with only one woman among them, just one male director participated in the administrative board also solely comprised of men. Regarding clients' representation, the CEO highlighted that they always left an 'empty chair' to remind them of their client and consider how clients would react to their decisions.

The long time taken by BRE's business model to consolidate was presented as a justification by its founders for the still elementary governance structure of the company. The fact that three of its founding shareholders managed its operation full time was seen as a potential conflict of interest between the management per se and the control of the company, suggesting that they should withdraw from daily management and implement a shareholders' council. The first step of the company towards this direction was the creation of a management committee, which only took place during the first half of 2015 and included just directors and investors. Stakeholders other than the founders and shareholders were not represented in any governing space in the company. As for other governance practices, BRE elaborated a code of conduct as an input to the certification process and was a signatory of the UN Global Compact Brazil, having issued a report about their employment and anti-corruption practices.

Despite making mission-led business and social innovation the purpose of its organization, MSI's governance structure did not reflect a stakeholder-oriented model. It consisted only of a board of directors formed by its two founders, who were also the company's shareholders. MSI's business mainly relied on human capital and the processes of selecting, hiring and assessing employees always focused on their purpose inside the company. Despite that, they had more executive and managerial roles, while experts and specialists were sub-contracted for specific projects. None of them, though, were part of the company's governing board. At the same time, clients were an important group of stakeholders and MSI directly involved their beneficiary communities in the development of initiatives that could be later incorporated by them. These informal spaces of governance with the clients' communities, however, were not converted into formal ones once MSI had completed its work.

In spite of the centrality to the Impact Assessment of B Corps improving their performance over time, we did not see much change in the corporate governance systems of our case studies. We did not identify practical mechanisms being undertaken in the companies ensure that directors as a group were (a) representative of the wider group of stakeholders with interests in the social and environmental impact of the corporation and (b) exercising their decision-making powers in ways which take into account the hybrid nature of the corporation. None of the B Corps had any stakeholder representation in its governing boards beyond internal managers, directors and shareholders, except for specialists in SUN's case. The latest version of the B Corp assessment released in January 2019—version 6—revised the topic of stakeholder engagement "to more adequately capture the extent of stakeholder engagement conducted and how it is used" (B Lab 2019f). As the previous version only focused on the methods used by companies to engage with their stakeholders, the new version also included the quality or depth of the engagement process by addressing more specific aspects on the management of social and environmental issues (e.g. track of impact metrics, materiality assessments, performance targets, material social and environmental outcomes). This may make a difference as failure to meet these new criteria

will reduce a company's score and may, therefore, lead to a failure to meet the minimum requirement of 80 points.

Table 2 summarizes below the B Corps' performance on the four areas analysed in the case study.

Discussion and Conclusion

In the pursuit of the B Corp certification, our cases reveal both the impact of the changes in the organizations towards shaping their blended mission and the role played by founders and CEOs in bringing new concepts and innovation to the business, followed by the need to differentiate their companies in the market. An international label backed by reputable companies in the US and elsewhere, bringing also an innovative approach to measure corporate social responsibility, pushed by a young and inter-connected generation of business people, and holding some degree of authenticity, credibility and transparency proved appealing particularly to new business leaders, most under 40 years old, when joining the movement in Brazil.

As MSI's founder explained, the movement "has soul, authenticity; it is not a concept born on a table in Geneva, like the Millennium Goals." This soul was nurtured by a shared belief that businesses could lead changes in society in a more effective and sustainable way than before while also being profitable. A new energy and enthusiasm with the power of businesses would also bring a better reputation for its leaders and help build a community of support for them to network and learn from each other. These were the main motivations and expectations of the companies' leaders to pursue the certification and join the B Corp movement; not necessarily revolutionary goals, but a way to differentiate their companies from 'the old Brazil', the old way of doing businesses, while also being able to do good and profit, access new markets and connect with the new generation of socially responsible, purpose-led businesses.

Despite achieving high scores in the certification, however, these organizations did not use the B Corp certification process to challenge their particular interpretation of their social and ethical values. These remained fairly constant as did most of their internal structure and processes, with the notable exception of SUN. Even though much of the research shows that governing boards are decisive to the balance of multiple goals in the hybrid organization (Spear et al. 2009; Bacq et al. 2011; Ebrahim et al. 2014), none of the B Corps, for example, made significant changes in their board structures between certifications. A board of directors was found only in MSI's case and was formed just by the two co-founders of the company, among who only one was involved in the daily business. Even though SUN had plans to form such a board in 2017, this decision was due to the fact that its CEO was about to leave his executive role but wished to keep control of the firm. As for the other two companies, HFS and BRE, they had an advisory board and a management committee, respectively, but not a board of directors. BRE, the largest B Corp of our sample per number of employees, formed their first governing space only in 2015, 7 years after the company's foundation.

Although acknowledging that the development of corporate governance in hybrid organizations is not common in the early phases of the organization (Spear et al. 2009), none of the B Corps studied were that new when considering their founding dates. It can be said, though, that all of them had gone through important adjustments in their business model led by their founders and CEOs, prior to their decision to engage in the certification. This helped these companies frame their hybridity and, at the same time, establish their market differentiation. After the certification, however, there was limited change in their corporate governance mechanisms and in their further engagement with stakeholders other than shareholders. This could be explained by the primary focus of the founders being on the development of a social innovation and/or a new market niche, leaving governance matters aside (Spear et al. 2009). In this regard, Winkler et al. (2018) suggest that a governance model for B Corps less centred on the founders and more distributed among employees, through mechanisms such as employee ownership or other forms of involvement, could address stakeholder engagement in an effective way. Moreover, even though all companies had achieved high scores and received B Corp certification on the basis of their performance, they did not set improvement goals between certifications and three of the four cases made little progress in terms of their scores.

Our research indicates, therefore, that it is important to distinguish how organizations relate to certification processes such as B Corp over time, i.e. (a) before the certification—what sorts of ethics are already embedded and how are the necessary changes to pass the threshold pursued, and (b) after the first certification—what changes are made and how far are they directed to external audiences, particularly market actors (e.g. investors and consumers/clients) as opposed to internal actors. Additionally, achieving the B Corp label brings a number of reputational and legitimacy gains as well as networking and potentially financial benefits (Gamble et al. 2019; Gehman and Grimes 2017; Conger et al. 2018). We thus suggest that, whether the certification is used to identify more effective ways of integrating social values into the business, improvements in the future depends on how the founders and leaders relate to and build on the certification. Particularly in the sphere of governance, none of the case study organizations went very far to promote and accomplish the involvement of stakeholders beyond those supplying finance. In the other dimensions, changes can be seen as rather incremental, pragmatic and limited.

This could relate to the fact that these organizations did not present good levels of integration between their social and environmental missions and the financial aspects of their business model (Gamble et al. 2019), and neither attempted to 'hard-wire' the interests of non-financial stakeholders through mechanisms such as share rights, new legal forms (Levillain et al. 2018) or employee ownership and involvement structures of participatory decision-making (Winkler et al. 2018).

We recommend, therefore, that B Corps be examined in a more cautionary way in terms of practices and that the influence of the certification should not be overstated as a single factor to differentiate certified companies from traditional ones. The achievement of certification is just a first step, and we need to know more about what organizations do afterwards across a variety of areas, but particularly regarding stakeholder involvement and corporate governance. The high scores of B Corps should not be considered as direct evidence of them embedding social values into the core of the organization. In terms of limitations and future studies, we suggest more meticulous qualitative examination of the companies' practices in place and over time is necessary to provide a clearer picture of how far they have achieved this. At the same time, it should not be taken for granted that the certification automatically entails an interest from the corporate leader in issues covering all the ethical aspects of social responsibility, as there are clear instrumental interests expressed – gaining reputation amongst customers, clients and financiers, networking with influential business leaders, and accessing new markets by identifying with the B Corp movement.

In this process, future research could focus on aspects such as the reluctance of social entrepreneurs to give up control, the existence of governance and ownership models sharing leadership and control with employees and broader stakeholders, among others, in order to understand the underlying factors behind the governance configuration of B Corps. The founders' motivations to engage with networks, and join a community of like-minded businesspeople who seek to differentiate themselves from old business as usual also need further examination to shed light on the bigger picture around the companies' decisions to become B Corps. As in SUN's case, the need to approach social investors played a major role in the company's decision to pursue the certification; and, in HFS's case, the opportunity to increase profits and build reputation as a hybrid business to differentiate themselves in the market were also crucial elements in their decision. In this sense, companies that *become* B Corps could also be compared against others which claim to be *born* B Corps in order to understand whether and how they relate to the certification differently and if the latter presents any comparative advantages against the former. Ultimately, issues about identity and power could be further analysed in the context of B Corps to better explore the origins and implications of the role of founders in framing the companies' hybridity concept and their reluctance to give up control. The profile of founders and leaders could also be examined in the light of issues of inclusion and gender balance as it is noteworthy that the profile of business leaders engaged with the movement in Brazil is mainly white, middle-class (and upper-middle-class) men.

In order to advance on these aspects and understanding, we recognize that it is necessary to go beyond a limited number of case studies. Case studies are at their most helpful when they point to further questions and areas for future research. Our paper accomplishes that through highlighting the link between antecedent organizational structures and values shaped around the founders, the B Corp certification, its purpose in relation to external and internal stakeholders, and the processes of change in the companies' practices and policies. Certainly, more longitudinal studies of B Corps are needed, as well as surveys and comparative approaches across organizational, entrepreneurial and small business research areas. In this process, future research on the latest version of the B Corp assessment (version 6—2019) would be useful to investigate whether the revision brings about improvement in stakeholder engagement and/or formal corporate governance. Comparisons with other certification schemes and examining the governance of the certification and the certifier body, B Lab US, are also needed in order to scrutinize the certification standards and credibility, and understand how B Lab sees its responsibilities evolving over time in relation to certified B Corps.

In terms of the emergence of new hybrid organizational forms, our paper contributes to the existing debates on the difficulties of balancing social and economic objectives. By introducing a longitudinal dimension, we show the importance of imprinting by the founders on the idea of how the company is ethical and pursuing social values (see Moroz et al. 2018). Certification processes such as B Corp have to interact with this legacy as well as with external business conditions. Our research suggests that often the original imprint remains strong and founders believe that they are already operating an ethical organization in their own way but are keen for the rest of the world to know this. The B Corp certification gives them this external badging and legitimation which they hope will influence potential investors, clients and customers. They, therefore, may not use the scheme as a way to thoroughly modify their internal structure and processes, leaving aspects of governance and stakeholder involvement rather under-developed compared to their use of B Corp membership as a reputational badge for influencing investors and consumers. Managing hybrid organizations in the context of firstly, certification schemes (such as the B Corp model) and secondly, economic environments that are volatile and uncertain (such as Brazil) is

clearly a complex task and further research to explore these processes is undoubtedly needed if the development of more social and ethical corporation is to be encouraged.

Compliance with ethical standards

Conflict of interest All authors declare that they have no conflict of interest.

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