

Durability of the B Corp Certification: Implications for Research and Practice

Susan D. Steiner
The University of Tampa

Leon Faifman
The University of Tampa

Thomas G. Pittz
The University of Tampa

Arlene E. Nykaza
The University of Tampa

This study analyzes the characteristics of 7,598 companies that achieved B Corp certification from the certification's inception in 2007 through 2022, including 1,849 that later decertified. Results show increasing international adoption, particularly among smaller firms and service-sector companies, alongside a decline in decertification. Younger firms are more likely to decertify, though most remain in business. Despite lacking regulatory backing, B Corp is overcoming early adoption barriers and gaining legitimacy, suggesting it is on a trajectory similar to established certifications, such as LEED. These findings offer critical insight into the evolution and durability of values-driven certifications in today's global business environment.

Keywords: B Corporations, B Corp certification, values-driven business, corporate legitimacy, global adoption, sustainability standards

INTRODUCTION

Corporate certifications have a long history of both success and failed implementation. Some prove to be long-lasting and enduring, while others become less relevant over time and eventually are replaced by updated standards. Many certifications, such as Energy Star, Fair Trade, the ISO 14000 series, and LEED (Leadership in Energy and Environmental Design), are now widely accepted as industry standards. Others, such as Blue Angel, EPEAT, Green Seal, and Rainforest Alliance, have failed to gain widespread adoption in the marketplace. Previous research has highlighted several aspects of corporate certifications that influence their adoption and longevity (hereafter referred to as their durability). Certifications that are highly relevant to the critical issues affecting an industry are more likely to endure and demonstrate long-lasting value. Those that continue to evolve and are updated by industry best practices are also more likely

to remain relevant to stakeholders (Pittz, et al 2021). Moreover, the reputation and trustworthiness of the underwriting organization and the rigorous method by which it is earned and administered affects both adoption and longevity. Widespread adoption is another critical feature of long-lasting certifications as it creates a powerful incentive, akin to a network effect, for other companies to pursue the credential (Simcoe & Toffel, 2011).

Typically, durable certifications that align with regulatory requirements and/or are recognized by governing bodies are more likely to become essential. These governing bodies encompass both government entities, such as the Environmental Protection Agency (EPA), and accrediting bodies associated with specific industries, such as the Association to Advance Collegiate Schools of Business (AACSB). Moreover, it's important to note that while some certifications are more comprehensive in nature, covering a wide range of criteria, many are specifically designed to focus on a particular aspect or feature. For instance, they might concentrate on areas such as energy efficiency or organic standards, tailoring their requirements to these specific domains.

B Lab defied convention by establishing an independent certification system for businesses committed to social and environmental values by offering an alternative to traditional government and industry-sponsored mechanisms. Founded by three former Stanford University roommates, B Lab capitalized on the growing movement to redefine the role of business in society. It leveraged the meteoric rise of social media to build visibility and engagement. From the outset, the organization aimed to attract a broad range of industries across global markets. This paper examines the evolution of the B Corp movement. It evaluates the certification's durability relative to other third-party standards by analyzing trends in organizational growth and retention over time.

REVIEW OF B CORP CERTIFICATION

B Lab is a nonprofit network founded by Jay Coen Gilbert, Bart Houlahan, and Andrew Kassoy, who share a vision to make “business a force for good,” thereby transforming the global economy to benefit all people, all communities, and the physical planet. B Lab also seeks to recognize companies that have a holistic perspective on impact, versus those focused on one element (e.g., a company that manufactures highly sustainable products under unsafe working conditions would not be certified). This lofty vision means casting a wide net to attract new and established companies across industries and locations to join the “B the Change” movement. One of the primary tools B Lab employs to achieve its mission is a voluntary certification process for companies that wish to demonstrate their prosocial and environmentally responsible philosophies, attitudes, and actions.

The application process to become a certified B Corporation is thorough and rigorous (Marquis, 2020; Roth & Winkler, 2018). Companies are evaluated based on five major categories: (a) community, (b) customers, (c) environment, (d) governance, and (e) workers. B Impact Assessment (BIA) criteria, which are tailored to specific industries, company sizes, and geographical locations, have undergone six iterations as of 2020. Yearly certification fees range from \$1000 to \$50,000+, depending on a company's annual revenues. Certifications were required to be renewed every two years until 2018, and thereafter, every three years (<https://www.bcorporation.net/en-us/>).

TABLE 1
SAMPLE QUESTIONS FROM THE AREAS OF B CORP IMPACT ASSESSMENT

<i>(www.bcorporation.net: referenced on 08/05/23)</i>	
Governance	What portion of your management is evaluated in writing on their performance with regard to corporate, social, and environmental targets?
Workers	What percentage of the company is owned by full-time workers, excluding founders and executives?
Community	What percentage of management is from underrepresented populations including women, minority, disabled, and low-income communities?
Environment	Does your company monitor and record its universal waste production?
Customers	How do you verify that your product improves the impact of your client organizations?

B Lab and B Corp certification proponents assert that earning a B Corp certificate attracts employees, customers, and investors because it provides credibility, accountability, and transparency. They highlight the extra benefit of being part of a wider, supportive network of other like-minded businesses. Research substantiates the claims made by B Lab, indicating that certified organizations pursue this recognition to meet the expectations of both their internal and external stakeholders, thus aligning with both “inside-out” and “outside-in” motives (Almondoz, 2023; Moroz and Gamble, 2021). Being a B Corp has helped organizations maintain and/or evolve their business practices to align them with their prosocial mission and values (Grimes et al., 2018; Roth and Winkler, 2018; Sharma et al., 2018). Being a B Corp has also helped organizations validate their commitment to social and environmental goals in the marketplace to customers and investors (Bianchi et al., 2020; Conger et al., 2018; Villela, et al., 2019).

METHODOLOGY

In this study, we sought patterns (e.g., company size, location, industry, and years in business) that provided clues as to what is driving the growth trend in B Corp certifications. To conduct our analysis, we compiled a database of 5,749 certified companies and 1,849 decertified companies as of December 31, 2022. The database was built upon B Corp data provided by data.world, which contains information about each company’s certification status; industry; location; number of employees; website address; and the evaluation year, overall B Impact Assessment (BIA) score, and component BIA scores for every year that the company was (re)certified. We added information about the year founded for all companies and the corporate status (e.g., whether the company still exists) for all decertified companies. Additionally, we filled in the missing data related to the number of employees, industry, and/or sub-industries for approximately 20% of all certified and decertified companies by searching company websites and data repositories, including Crunchbase, Dun & Bradstreet, LinkedIn, and government registries.

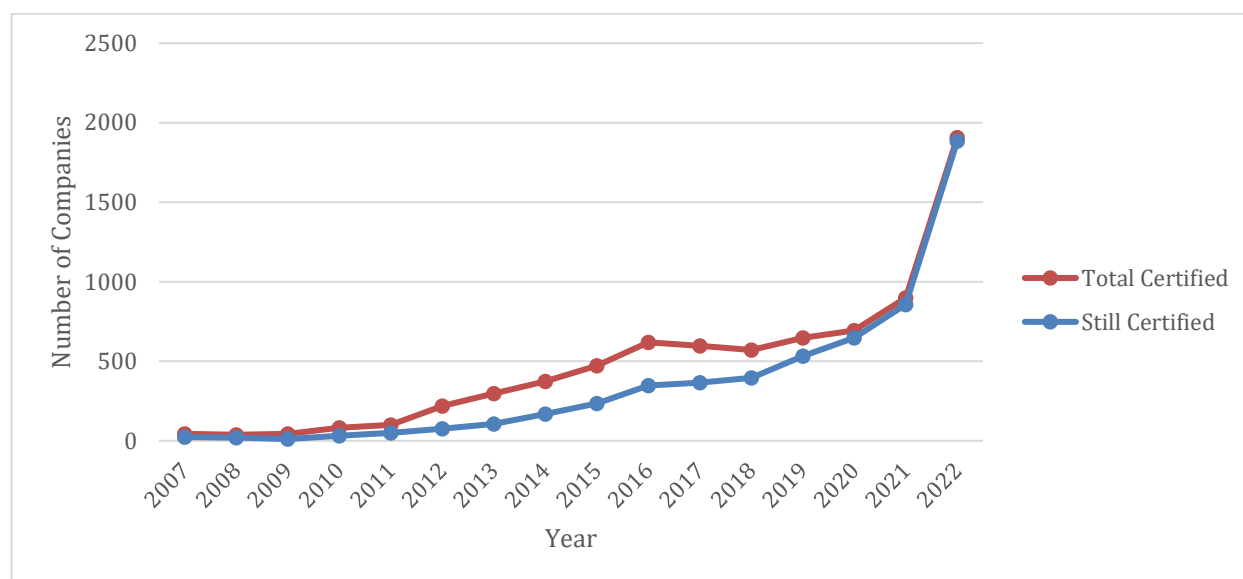
FINDINGS

Overall Trends

Figure 1 shows the number of B Corps that were certified for the first time each year in total and for B Corps that were certified as of December 31, 2022. This data suggests that certification is a growing phenomenon poised to experience exponential growth, with a substantial increase in certifications awarded following the COVID-19 pandemic. While B Corp proponents proclaim that the B Corp designation is recognized worldwide, the number of companies seeking this designation outside of North America initially grew slowly. The adoption of the B Corp certification was sluggish at first, with 44 companies certified in 2007 and rising to 521 by the end of 2012. By the end of 2017, there were 2,358 certified B Corps, and less than five years later, in May 2022, B Lab reached the milestone of 5,000 certified companies. By the end of 2022, the total number of certified B Corps stood at 5,749.

Our analysis also reviewed data from companies that chose not to re-certify after the expiration of their initial B Corp designation. Why would a company choose to decertify after spending considerable time and financial resources in the rigorous assessment process? Priorities can change, perceptual concerns can arise, and legal challenges can cause a shift in demand for B Corp certification. Of the 7598 companies that have obtained certification since 2007, 24% are now decertified. Of the 1,849 decertified companies, 70% are still in business, 25% are no longer in business, and 5% have merged with another company or undergone a significant reorganization.

FIGURE 1
CERTIFIED AND DE-CERTIFIED B CORP BY YEAR FIRST CERTIFIED



Global Presence

During the first two years, 100% of the B Corp certifications originated in the USA. In 2009, companies from Canada joined the B-movement; by 2011, Canadian companies represented 10% of all certified B Corporations. In 2012, B Lab began a concerted effort to extend B Lab reach on the international stage. As a first step, B Lab Global and Sistema B in Latin America were launched in 2012 to encourage certification efforts abroad; the original B Lab was subsequently renamed B Lab US & Canada. Subsequent B-Lab hubs were established for Australia & Aotearoa New Zealand (2013), Europe (2013), the United Kingdom (2015), Africa (2017), Taiwan (2017), Korea (2019), Hong Kong & Macau (2020), and Singapore (2022). B Market Builders were established in Japan (2018), Southeast Asia (2018), and China (2021).

As can be seen in Figure 2, the internationalizing efforts have been successful. Since 2012, the share of B Corp's certified by the rest of the world has outpaced certifications awarded in the USA. By 2017, 62% of newly certified B Corporations did not reside in the U.S.; by the end of 2022, that number rose to 83%. As a result, while B Corp certification originated in the USA, 72% of all certified B Corps were non-USA companies by the end of 2022.

FIGURE 2
B CORP FIRST-TIME CERTIFICATIONS IN THE USA AND THE WORLD

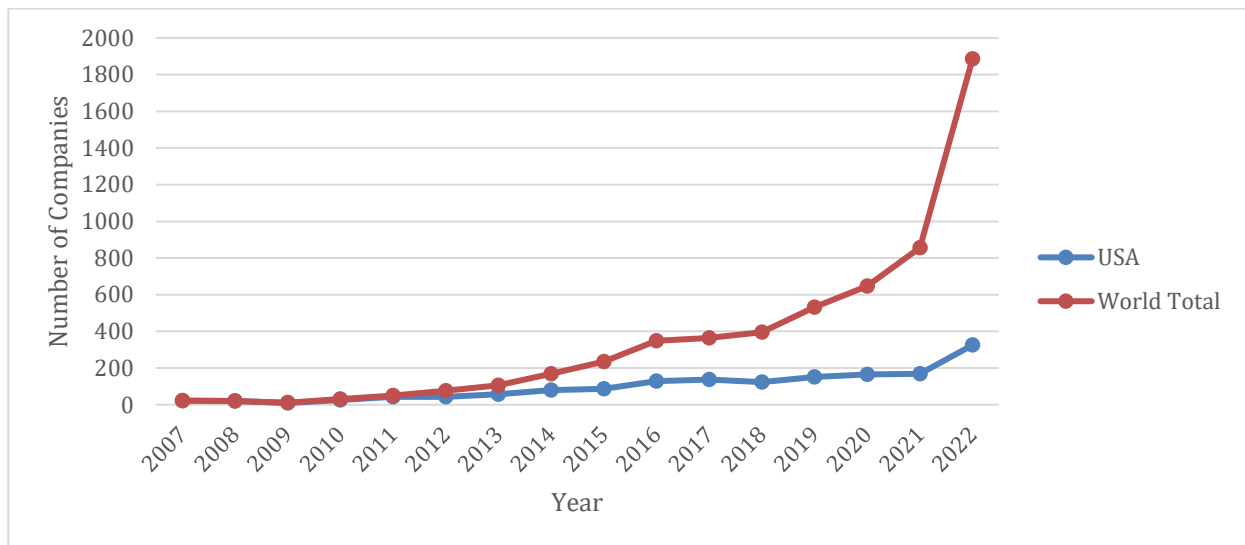
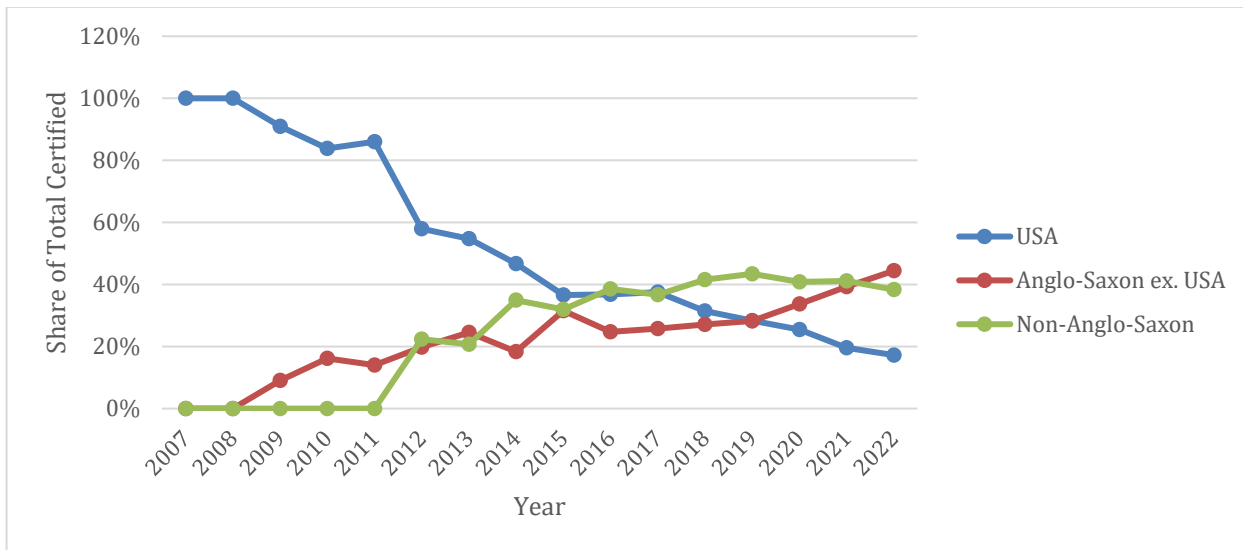


Figure 3, which further parses the certification data, reveals several other trends regarding adoptions that align with the CAGE Distance Framework proposed by Ghemawat (2001). The certification was embraced in four Anglo-Saxon countries (Australia, Canada, New Zealand, and the United Kingdom) early in B-Lab's history, and B Corp certification continues to be embraced by them (e.g., The UK reached the 1500 mark in May 2023 and represents over 50% of the B Corps in Europe.) Not surprisingly, these countries not only share an official language and a close-knit cultural bond with the USA, but also have B-Lab hubs focused on those countries. There has also been noteworthy rapid growth in B Corp certifications in Latin America (which is geographically close to the U.S.) since 2012, when Sistema B was established to actively engage companies in that region. Ten years later, Latin American companies represent almost 15% of all B-Corps. Due to B Lab's subsequent efforts to expand its reach in Europe, Africa, and Asia, approximately 40% of all new B Corps have been in non-Anglo-Saxon countries since 2016 (see Figure 3).

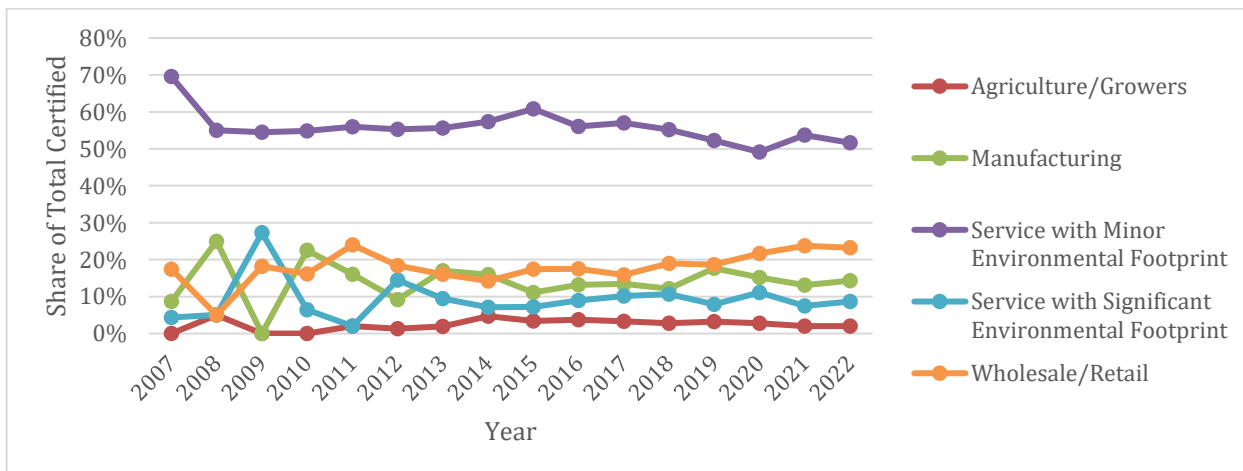
FIGURE 3
B CORP CERTIFICATIONS IN USA, ANGLO-SAXON COUNTRIES AND
NON-ANGLO-SAXON COUNTRIES



Industry Diversification

The leading sector in B Corp certification is within the Services sector, particularly companies with a minor environmental footprint (e.g., legal services, investment consulting, accounting firms, and medical services). Conversely, the lowest number of B Corp certifications comes from companies in the Agricultural sector. These trends have remained stable over the years. Companies in the wholesale and Retail, as Well as Manufacturing sectors, have begun to pursue more B Corp certifications than in the previous five years. Figure 4 demonstrates these trends.

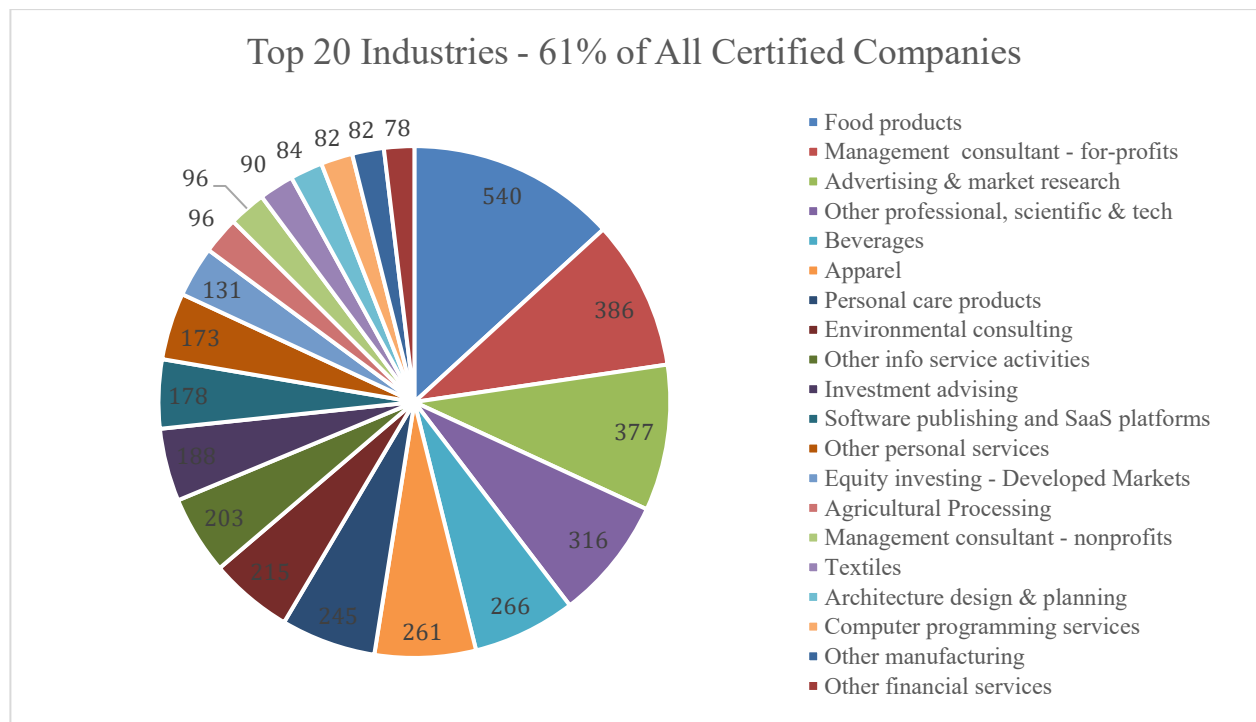
FIGURE 4
SHARE OF CERTIFIED B CORPS BY SECTOR



**Due to the nature of the data, we only looked at the number of B Corp certifications and did not control for the size of the sector in terms of total number of companies.*

Viewing B Corp certifications by industry also highlights some interesting trends. From the 164 unique industries in our database, 61% of all B-certified companies were concentrated in the top 20 industries as of December 2022, as shown in Figure 5 below.

FIGURE 5
B CORP CERTIFICATIONS BY INDUSTRY IN 2022



Company Size and Age

In its first five years, renowned organizations such as Ben & Jerry's, Patagonia, and Warby Parker have embraced the B Corp certification, offering a level of recognition and legitimacy that has helped it gain momentum as a credible and respected standard in the business world. Despite these prominent trailblazers, our analysis shows that smaller companies tend to pursue certification at a higher rate than larger companies. This pattern could be interpreted as a reflection of the distribution of company size within the broader population of businesses. However, when we combine the insights from Figures 6 and 7, a more compelling narrative emerges.

Small businesses, including startups, were among the early adopters of B Corp certification and continue to be the certification's most prominent stakeholders. One contributing factor to this trend is that an increasing number of startups are conceived to create positive social and environmental products and services (Demirel et al., 2019). Moreover, these enterprises view B Corp certification as a strategic means to differentiate themselves and attract socially conscious consumers and investors by validating their commitment to ethical and sustainable practices through an objective third-party assessment (Bianchi et al., 2020; Conger et al., 2018).

FIGURE 6
B CORP CERTIFICATIONS BY COMPANY SIZE

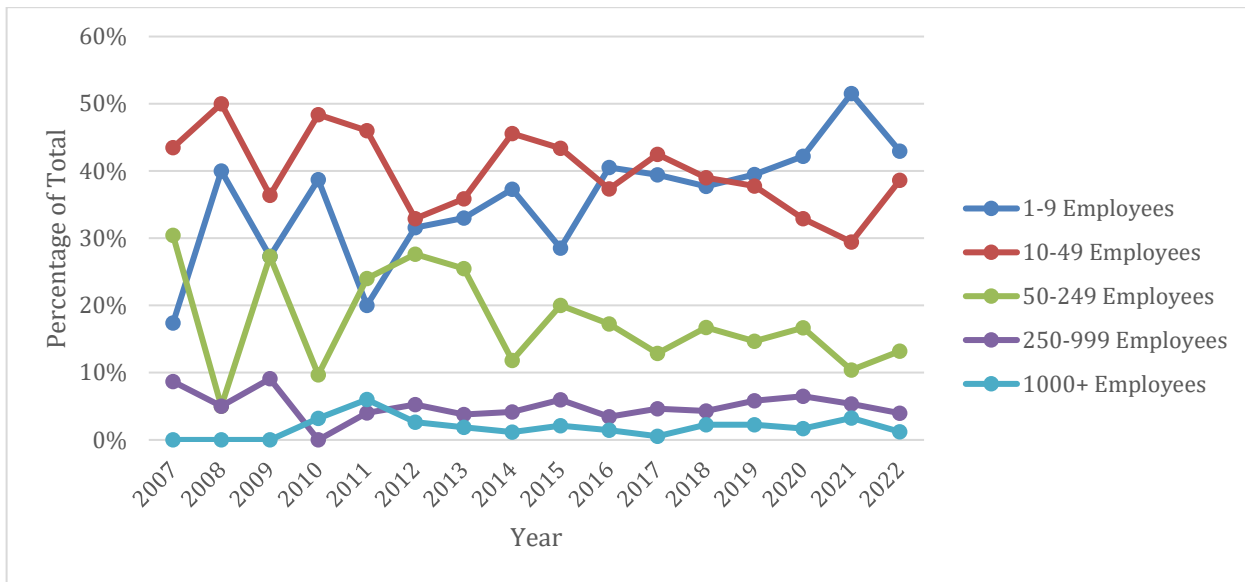
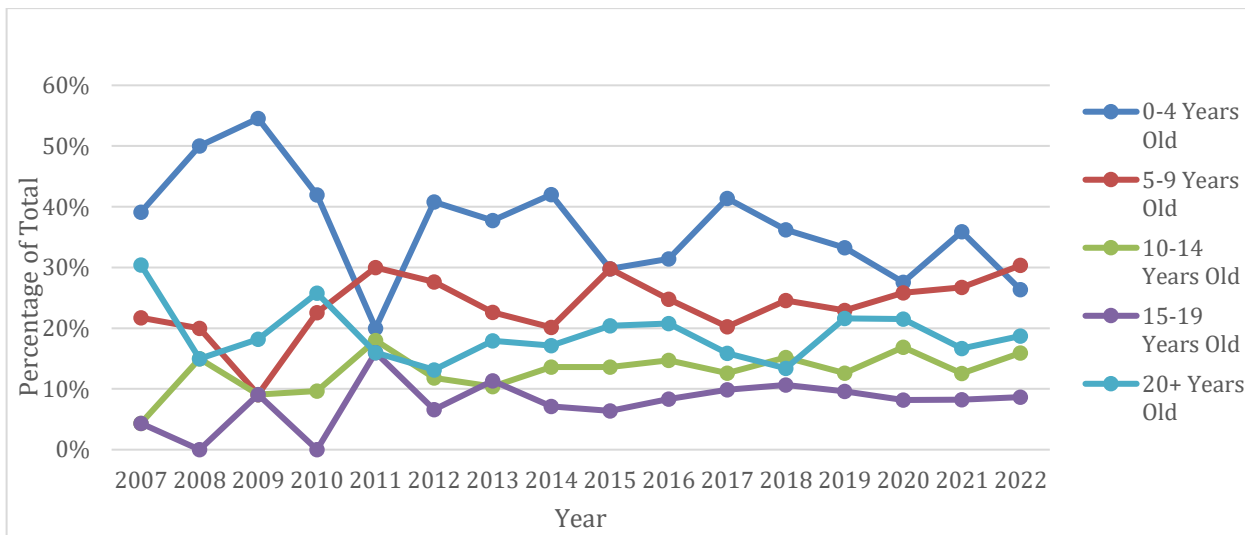


FIGURE 7
B CORP CERTIFICATIONS BY COMPANY AGE



DISCUSSION

B Corp certification has emerged as a gold standard in corporate governance, attracting increasing attention from businesses and stakeholders alike. Our research indicates that B Corp certification has not only maintained its relevance throughout this period but has experienced a notable acceleration in adoption in recent years. This trajectory bears a striking resemblance to other widely accepted certifications, such as LEED, which historically underwent an initial period of rapid uptake, followed by a slower diffusion phase, before achieving widespread market legitimacy and subsequent rapid growth. What distinguishes B Corp's expansion is its reliance on market-driven acceptance rather than government mandate, a characteristic

often associated with established certifications. This market-led growth underscores a unique form of legitimacy that warrants closer examination.

The rigorous assessment process inherent in B Corp certification serves as a testament to the significant commitment to social and environmental goals demonstrated by certified companies. This comprehensive evaluation, which delves into areas such as governance, workers, community, environment, and customers, provides a robust framework for accountability and transparency. Given its accelerated adoption and the depth of its assessment, B Corp certification is transcending its niche origins and is poised for broader market acceptance—a phenomenon akin to 'crossing the chasm' in innovation adoption. This evolution makes B Corp a critical subject for contemporary discussions within both corporate strategy and academic curricula across entrepreneurship, finance, management, marketing, and public administration. Understanding the intricacies of B Impact Assessments is becoming increasingly essential for managers navigating evolving stakeholder demands and for students preparing for a business landscape where social impact metrics, including B Corp status, are likely to influence investment decisions and market positioning.

Implications for Future Research

B Lab continues to adapt its strategies in pursuit of broader outreach and influence and the scaling of the B Corp certification poses challenges. Operationally, B Lab introduced Genashtim as a verification partner in 2022 to facilitate the processing of certification applications. The enhanced processing capacity facilitated the exponential growth of B Lab by increasing its ability to review the growing backlog of applications, which had exceeded 6,000 by the end of 2021. While recent strategic moves, such as this partnership, may increase B Lab's influence (Intindola et al., 2020), the question is whether they will enhance or distort its original purpose, cultivating or alienating its original client base.

B Lab has also implemented several strategic modifications in the past few years. In 2020, B Lab underwent a deliberate campaign to encourage multinational corporations to join its ranks through its B Movement Builders initiative. This endeavor has resulted in the B Corp certification of over 90 multinationals (viz., companies with over 1 billion USD in revenues). This shift toward larger conglomerates has been met with apprehension among some smaller B Corps, which contend that large multinationals often lack a comprehensive approach to Environmental, Social, and Governance (ESG) matters and can have a history of ethically questionable practices (Kim & Schifeling, 2024). How should B Lab successfully navigate the inherent tension between maximizing social and environmental impact and maintaining financial viability? More longitudinal research is needed, and comparative analyses would be valuable.

Implications for Practice

B Lab has transitioned its focus from a primarily certification-centric approach to a more community-centric one. Entities such as B Lab Africa, despite having a small number of certified companies (over 60 as of 2023), reported that more than 5,500 companies have utilized the B Impact Assessment (BIA) tool to measure and manage their impact. While B Lab has paused new certifications for companies operating outside of Global or Country Partner regions in 2023 due to its inability to conduct proper assessment in those locations, it encourages companies in those regions to utilize its free assessment tools and resources. B Lab views its recent actions as consistent with its overarching mission, which it describes as “lead[ing] economic systems change to support our collective vision of an inclusive, equitable, and regenerative economy” (<https://www.bcorporation.net/en-us/>).

At this juncture, the impact of these strategic changes on the operational effectiveness and reputation of B Lab remains an open question. There exists potential for significant positive outcomes, such as democratizing sustainable business practices, amplifying the movement's overall market influence, and enhancing the durability of the certification. There are also inherent risks, including the potential for diluting the certification's rigor, alienating existing B Corps that have invested in previous frameworks, or potentially creating a perception of moving goalposts. While B Lab's foundational role in the responsible business landscape is firmly established, the long-term ramifications of these strategic changes will be

pivotal in shaping the future trajectory of the B Corp movement and the global reputation of the B Corp standard.

REFERENCES

- Almandoz, J. (2023). Inside-out and outside-in perspectives on corporate purpose. *Strategy Science*, 8(2), 139–148.
- Bianchi, C., Reyes, V., & Devenin, V. (2020). Consumer motivations to purchase from benefit corporations (B Corps). *Corporate Social Responsibility and Environmental Management*, 27(3), 1445–1453.
- B Lab. (2023). Retrieved from <https://www.bcorporation.net/en-us/>
- Conger, M., McMullen, J.S., Bergman, B.J., Jr., & York, J.G. (2018). Category membership, identity control, and the reevaluation of prosocial opportunities. *Journal of Business Venturing*, 33(2), 179–206.
- Demirel, P., Li, Q.C., Rentocchini, F., & Tamvada, J.P. (2019). Born to be green: new insights into the economics and management of green entrepreneurship. *Small Business Economics*, 52, 759–771.
- Ghemawat, P. (2001). Distance still matters. *Harvard Business Review*, 79(8), 137–147.
- Grimes, M.G., Gehman, J., & Cao, K. (2018). Positively deviant: Identity work through B Corporation certification. *Journal of Business Venturing*, 33(2), 130–148.
- Intindola, M.L., Pittz, T.G., Rogers, S.E., & Weisinger, J.Y. (2020). Partner selection in social entrepreneurship collectives: How team selection control can enhance satisfaction in cross-sector social partnerships. *Journal of Social Entrepreneurship*, 11(3), 343–368.
- Kim, S., & Schifeling, T. (2024, March 4). The Paradox of Growing as a Values-Driven Company. *Harvard Business Review*. Retrieved from <https://hbr.org/2024/03/the-paradox-of-growing-as-a-values-driven-company>
- Marquis, C. (2020). *Better Business: How the B Corp Movement is Remaking Capitalism*. New Haven, CT: Yale University Press.
- Moroz, P.W., & Gamble, E.N. (2021). Business model innovation as a window into adaptive tensions: Five paths on the B Corp journey. *Journal of Business Research*, 125, 672–683.
- Pittz, T., Bendickson, J.S., Cowden, B.J., & Davis, P.E. (2021). Sport business models: A stakeholder optimization approach. *Journal of Small Business and Enterprise Development*, 28(1), 134–147.
- Roth, F.M.S., & Winkler, I. (2018). *B Corp Entrepreneurs: Analysing the Motivations and Values behind Running a Social Business*. New York, NY: Springer.
- Sharma, G., Beveridge, A.J., & Haigh, N. (2018). A configural framework of practice change for B corporations. *Journal of Business Venturing*, 33(2), 207–224.
- Simcoe, T., & Toffel, M.W. (2011). *LEED Adopters: Public procurement and private certification*. Boston: Boston University School of Management and Harvard Business School.
- Villela, M., Bulgacov, S., & Morgan, G. (2019). B Corp certification and its impact on organizations over time. *Journal of Business Ethics*, 170, 343–357.