

Is the Future of Business \$Green? The Case For & Against B-Corp Certification

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ABSTRACT

Corporate capitalism is a phrase that has been a topic of discussion for groups such as the Business Roundtable and the World Economic Forum. There has been a shift in society and the needs of shareholders are changing. A company that adheres to conscious capitalism ensures that the operations of the company are improving the lives of employees, humanity, and the environment while still having a successful business. Since the rise of conscious capitalism there also has been a rise in companies becoming B Lab B Corp Certified. This certification proves the company's commitment to environmental and social responsibility. Two companies that have seen great successes over the years that are also B Corp certified are Patagonia and Cotopaxi. These companies have gone through a great deal of effort to become B Corp certified and many consumers applaud these companies for doing so. Since environmental and social sustainability has been trending there are a variety of certifications or measuring tools which include Fairtrade, USDA Organic, and Environmental Social and Governance(ESG). Many businesses are adjusting to this changing climate but the question remains, is corporate capitalism and environmental and social responsibility just a trend or here to stay? The primary subject matter of the case concerns the evaluation of the effectiveness of environmental and social sustainability within the world of business. Specifically, this case will discuss B Lab's B Corp certification, Fairtrade, USDA Organic, and ESG. The case also evaluates a variety of certified B corporations, which includes Patagonia and Cotopaxi.

Keywords: B-Corp Certification, ESG, Conscious Capitalism

Introduction

Over the last two decades, there has been a consumer shift toward conscious capitalism. Conscious capitalism refers to the idea of socially responsible capitalism. Consumers are forcing companies to operate ethically. Historically companies focus efforts on bettering the stakeholder's lives with the company's products or services but conscious capitalism ensures that a company is improving the lives of employees, humanity, and the environment. Many companies have benefited from this movement and have seen a rise in popularity. This has also had an adverse effect on companies that have decided to avoid change, and a negative impact has been seen. An article written by Will Kenton stated that around 37% of U.S. consumers seek out environmentally-friendly products and are willing to pay up to 5% more for these products. Similar to conscious capitalism the idea of corporate social responsibility (CSR) has grown in popularity. CSR focuses more on the company's leadership and the responsibility of these individuals on the company's business practices. Since the rise of conscious capitalism, there has been more awareness surrounding ways to measure environmental and social sustainability within business. A few certifications include B Lab's B Corp certification, ESG, Fairtrade, and USDA Organic.

The World Economic Forum published its first document in 1972 titled the "Davos Manifesto", this document was then updated in 2020 titled "The Universal Purpose of a Company in the Fourth Industrial Revolution." The new manifesto emphasizes that the role of a company has shifted from only serving the needs of the shareholders but have stakeholders' best interests in mind. Stakeholders include the company's employees, customers, suppliers, local communities, and society in general. Companies need to operate outside of the money-generating mindset, the success of a company shouldn't rely mostly on wealth but also the accomplishments within environmental or social benchmarks. The manifesto also details the importance of corporate global citizenship which ensures global companies not only improve the places they are physically located but help improve the world in general. "The Manifesto declares that companies should pay their share of taxes, fight corruption, support human rights, push for fair market competition as well as be stakeholders themselves in the future of the globe"(Carlisle, M. 2019, December 2).

The Business RoundTable is a nonprofit formed in 1972, located in Washington D.C. which allows policymakers and American CEOs to work together to create a better economy. In 2019 the Business Roundtable released a statement outlining the future of corporate responsibility. "Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free-market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment, and economic opportunity for all" (Business RoundTable, 2019). Statement on the Purpose of a Corporation outlines five commitments; these include delivering value to customers, investing in employees, dealing fairly and ethically with suppliers, supporting the communities in which they are located, and generating long-term value for shareholders (Business Roundtable, 2019).

Background information for B Lab and B Corps

B Lab is a nonprofit founded in 2006 by Jay Coen Gilbert, Bart Houlahan, and Andrew Kassoy. B Lab works to certify for-profit companies as B Corporations. In the beginning, B

Lab's focus was finding innovative ways for companies to support their stakeholders sustainably, this quickly evolved into certifying companies that reached the B Corps standards. B Lab's mission is to be a change maker, "to change the economic system into a more inclusive, equitable, and regenerative global economy"(B Lab's theory of change, N.D.). To date, there are a total of 6,304 certified B Corps in 83 countries within 159 industries. To become a B Corp a business has to complete the B Corp assessment with a score of 80. The assessment has five focus areas which include governance, workers, community, environment, and customers. "Certified B Corporations are leaders in the global movement for an inclusive, equitable, and regenerative economy. Unlike other certifications for businesses, B Lab is unique in its ability to measure a company's entire social and environmental impact" (B Lab Global Site, N.D.).

B Impact Assessment

"B Impact Assessment is a digital tool that can help measure, manage, and improve positive impact performance for the environment, communities, customers, suppliers, employees, and shareholders; receiving a minimum verified score of 80 points on the assessment is also the first step towards B Corp Certification" (B Lab Global Site, N.D.). The B Impact Assessment is broken into five categories: governance, workers, community, environment, and customers. Within each category, there is a set of in-depth questions that the business has to answer. Questions range from "What practices does your company have in place to promote ethical decision-making and prevent corruption to have conservation and efficiency improvements lead to energy savings for your facilities?" (B impact assessment, N.D.). The assessment also focuses heavily on transparency and encourages business practices and dealing to be public. For many businesses the first time through the assessment the business will have a score under 80, the assessment will then allow the business to highlight areas for improvement and then the business can go through the assessment again. There are a variety of pathways for a company to start the process of becoming a B Corp, these will vary depending on the revenue and size of the company. Other factors that may change a business course could include the type of industry or the ownership structure. Also depending on the size of the company, this will impact the certification timeframe, for example, the average wait time for a small to medium company is 6-8 months (How long does it take to get certified, N.D.).

Figure 1: B Corp Certified Logo



Table 1: B Corp certification fee structure.

Each year B Lab will collect the company's gross annual revenue to determine which pricing tier best fits each company for the fiscal year. For companies that have \$1 billion gross annual revenue that fee will be based on the size and complexity of the company. The link below has embedded links that will go step by step through the B Corp certification journey depending on the size of the company.

<https://www.bcorporation.net/en-us/certification>

Table 1 Countries and the total number of certified B Corps					
\$ 0 to less than \$5 million		\$5 Million to Less than \$50 Million		More than \$50 Million	
Annual Sales	Fee	Annual Sales	Fee	Annual Sales	Fee
\$0-<\$4.5M	\$2,000	\$5M -- \$7.4M	\$3,000	\$50M -- \$74.9M	\$20,000
		\$7.5M -- \$9.9M	\$3,750	\$75M -- \$99.9M	\$25,500
		\$10M -- \$14.9M	\$6,000	\$100M -- \$174.9M	\$30,000
		\$15M -- \$19.9M	\$8,500	\$175M -- \$249.9M	\$35,000
		\$20M -- \$29.9M	\$12,000	\$250M -- \$499.9M	\$40,000
		\$30M -- <\$49.9M	\$16,000	\$500 -- \$749.9M	\$45,000
				\$750M -- <\$999.9M	\$50,000

Advantages and disadvantages of achieving the B Lab B Corp certification from the perspective of the company.

Advantages:

- Attract new segments of the market
- First mover advantage
 - Patagonia has benefited for years being one of the first apparel brands to be B Lab B Corp certified.
- Industry alignment,
 - This could force other companies to be more environmentally and socially responsible.
- Use the certification within the company's branding and marketing campaigns.
- The company looks more attractive to prospective employees.
 - Many people want to have aligned values with a company they work for, B Lab B Corp certification could be very attractive to a future employee that believes in sustainable business.

Disadvantages

- Time-consuming and potentially costly

- Going through the impact assessment could take months even years depending on the company size, this is a large commitment to a company's resources. The results could be costly to a company depending on the assessment results, the company may have to change various aspects of its business practices.
- Full transparency
 - The company is forced to make financial statements and other business documents public, potentially exposing the company to future scrutiny.
- Bandwagon effect
 - The more companies that get certified lessons the strategic impact of the certification.
- Recertification process
 - The company has to go through the assessment every three years, this is timely and could get costly.

The advantages and disadvantages of achieving the B Corp certification from the perspective of the consumer.

Advantages

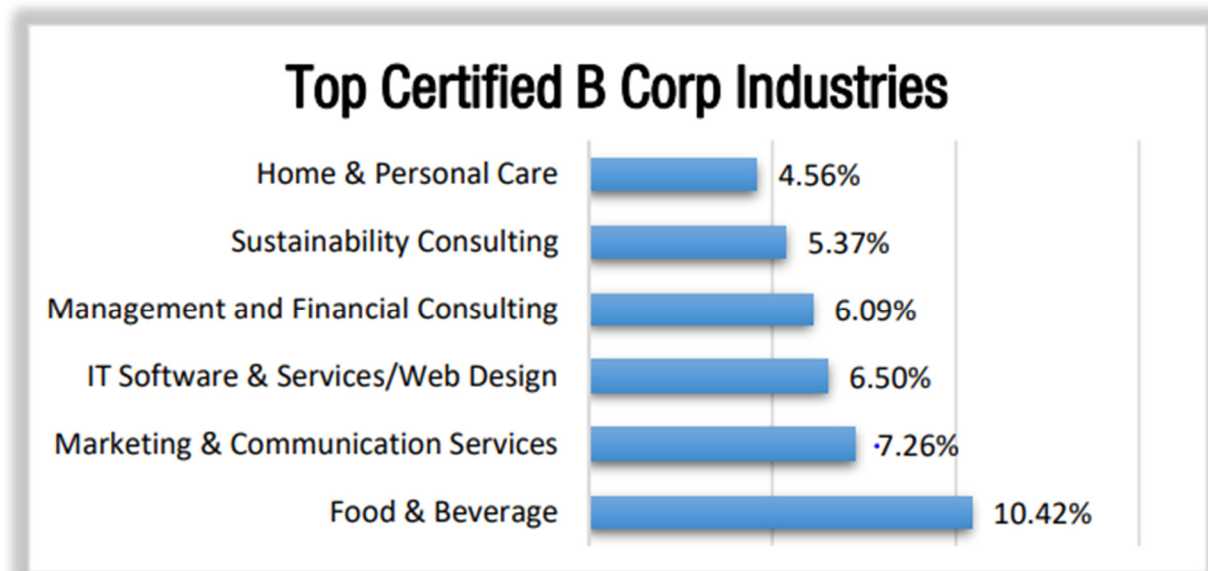
- Support ethical business practices, consumers feel good about their purchase.
- Robust perception of value given the purchase price.
 - Consumers have the willingness to pay higher prices for a product deemed sustainable or have less of a negative impact on the environment.
- The consumer can trust the brand
 - The consumer is more likely to trust a B Corp-certified business because the business has gone through the assessment process.

Disadvantages

- The price of the products is generally higher.
 - This could exclude some consumers.
- Consumers do not recognize their purchase impact.

Figure 2: Top Certified B Corp Industries

Figure 2 lists the top certified B Corp Industries in 2017. The industries include food and beverage rated at 10.42%, marketing, communication services at 7.26%, IT software and services at 6.6%, management, and financial consulting at 6.09%, sustainability consulting at 5.37%, and home and personal care at 4.56%.



Source: B Lab 2017, found on [Just Good Business: An Investor's Guide to B Corps](#)



Table 2: Countries and the total number of certified B Corps (*The world's most popular B Corp businesses*, N.D.).

Table 2		
Countries and the total number of certified B Corps		
	Country	Total number of certified B Corps
1	United States	1418
2	United Kingdom	590
3	Canada	323
4	Australia	296
5	Brazil	181
6	Chile	136
7	France	151
8	Italy	134
9	The Netherlands	126
10	Argentina	119
11	Spain	88
12	Colombia	60
13	Switzerland	52
14	Mexico	53
15	New Zealand	49
16	Germany	41
17	Taiwan	33
18	Denmark	38
19	Peru	28
20	China	27

Table 3: List of 20 B Lab B Corp Certified companies, data collected from various sources, cited within the reference page.

Table 3 List of 20 B Lab B Corp Certified compnaies				
	Company's Name	Revenue 2021	Year Certified	Industry
1	Uncommon Goods	\$2.7 million	2007	Wholesale/ retail
2	Patagonia	\$1 billion	2011	Apparel
3	Warby Parker	\$540.8 million	2011	Other retail sale
4	Ben & Jerry's	\$450 million	2012	Food Products
5	Cotopaxi	\$55.3 million	2015	Apparel
6	Ethique	\$5 million	2015	Personal Care Products
7	Danone	\$28.727 billion	2015	Food products
8	Allbirds	\$277.5 million	2016	Apparel
9	Boomers	\$7 million	2017	Materials recovery & recycling
10	TOMS	\$102.7 million	2018	Apparel
11	Intrepid Travel	\$12 million	2018	Travel agency & related
12	Athleta, Inc.	\$360 million	2018	Apparel
13	Redbox	\$1.1 billion	2020	Paper & paper products
14	Thrive Market	\$87.3 million	2020	Food Products
15	Envato	\$150 million	2020	Other info service activities
16	Frontiers North Adventures	\$2.3 million	2020	Travel agency & related
17	Ocean Bottle	\$2.77 million	2020	Wholesale/ retail
18	Vestiaire Collective	\$63 million	2021	Wholesale/ retail
19	Moodle Pty Ltd	\$6.1 million	2021	Education & training
20	Coursera	\$293.5 million	2021	Education & Training

Examples of B Corporations

Cotopaxi:

Cotopaxi is an adventure clothing brand that offers a variety of products such as travel packs, backpacks, duffle bags, shirts, jackets, sweaters, vests, and a variety of others. The Cotopaxi name was inspired by a Volcano located within the Andes in Ecuador called Cotopaxi. The company was founded in 2014 by Davis Smith and was certified by B Lab as a B Corp in 2015. Detailed in the 2021 Impact Report found on the Cotopaxi website the company's revenue in 2021 was \$55,613,730.29 (Cotopaxi Impact Report, March 2022). According to a Forbes article written by Kari Molvar, Davis Smith created this brand to fight global poverty while also supporting sustainability, Cotopaxi has the Gear for Good promise that all of the company's products will be as ethically and sustainably made as possible. Apart from the Gear for Good promise, the company also is committed to helping communities in need (Molvar, K. 2022, November 8).

A part of the Cotopaxi brand is the Cotopaxi Foundation which is a 501c3 organization. The foundation provides grants to nonprofits that help communities facing extreme poverty. Since the founder of Cotopaxi spent many years in Latin and South America and witnessed impoverished communities, the Cotopaxi Foundation has focused its efforts on these communities. The foundation is specifically investing in health, education, and livelihood in some of the poorest communities in Latin America. A few examples of nonprofits that the Cotopaxi Foundation supports include True Colors United ending youth homelessness, Mercy Corps empowering people recovering from crisis, ROMP improving access to prosthetic care, and many others. Cotopaxi is also a member of 1% for the Planet, and members have agreed to donate at least 1% of its sales to help support a healthier planet (Industry market research, reports, and Statistics, N.D.).

Similar to many companies that are B Corp Certified transparency is extremely important to the Cotopaxi brand. An example of the company's transparency is every B Impact Assessment since 2015 is published on the website. Essentially this means that anyone can access the company's assessment which is a detailed account of Cotopaxi's business practices. Cotopaxi also has a section on its website that referenced six outcomes of 2021. The outcomes include aiding 1,255,490 people through poverty alleviation programs, assisting 63,300 along Cotopaxi's Supply chain, donating 202,000 masks, providing 67,000 malaria treatments, assisting over 89,100 refugees in Ecuador and Venezuela, and finally sponsoring education for over 24,000 children (Industry market research, reports, and Statistics, N.D.).

Table 4: Cotopaxi's revenue for the last five years: Cotopaxi doesn't have revenue listed for 2016 to 2019 publicly.

Table 4 Cotopaxi Revenue	
Year	Revenue
2021	\$55.6 million
2020	\$30 million
2019	NA
2018	NA
2017	NA
2016	NA

Patagonia:

The clothing and gear brand Patagonia was founded in 1973 by Yvon Chouinard. The company is named after the Patagonia region in South America. Chouinard was an avid rock climber and adventurer, he sold his handmade gear out of the back of his vehicle. He also started working with a man named Tom Frost and made equipment for rock climbing. With the business experience he had gained through selling climbing gear he was inspired to create clothing. Chouinard wanted to incorporate his love for nature and extreme sports with his business practices, the founder even encouraged his employees to take surf breaks during working hours. Patagonia also was a first mover in regards to combining environmental sustainability with business practices. In 1988 Patagonia launched the Magic of Yosemite National Park which was the company's first environmental campaign (Biron, B. 2022, September 17).

In 2011 Patagonia was B Lab B Corp certified, and since 2011 Patagonia has been recognized with various awards regarding the company's social and sustainable efforts. B Lab awarded Patagonia with Best For the World: Community and Best For the World: Environment in 2022. Patagonia is also Fairtrade certified and is also a member of 1% for the Planet. Through 1% for the Planet, the company has donated around \$140 million in cash donations to domestic and international grassroots organizations (1% for the Planet, N.D.).

In 2022 Yvon Chouinard transferred the ownership of Patagonia to a trust and a nonprofit organization. At this point, Patagonia was valued around \$3 billion and revenue was estimated to be around \$1 billion in 2022. The purpose of the nonprofit is to continue the environmental work that Chouinard valued since the conception of Patagonia. Patagonia's revenue will continue to go towards combating climate change and protecting undeveloped land. "We are going to give away the maximum amount of money to people who are actively working on saving this planet" (Yvon Chouinard). Patagonia is a company that has always been known for pushing the boundaries of business and staying true to its mission. Chouinard has stayed true to his mission in life and has made a substantial impact in the world of business (Gelles, D. 2022, September 14).

Table 5: Patagonia's revenue for the last five years (Armstrong, M., & Richter, F. 2022, September 15).

Table 5 Patagonia Revenue	
Annual Sales	Fee
\$50M--\$74.9M	\$20,000
\$75M--\$99.9 M	\$25,500
\$100M--\$174.9M	\$30,000
\$175M--\$249.9M	\$35,000
\$250M--\$499.9M	\$40,000
\$500--\$749.9M	\$45,000
\$750M-- <999.9M	\$50,000

Other Certifications:

Environmental, Social, and Governance (ESG)

In the world of social change and the movement towards environmental and social sustainability, there are many labels or certifications that companies or businesses strive for. Environmental, Social, and Governance (ESG) is an example of an environmental and social sustainability measurement for businesses. Environmental, Social, and governance is a business approach that is aimed toward the stakeholder. ESG was started in 1990 by Innovest Strategic Value Advisors, this company collected data from publicly traded companies and then reported and sold the company's environmental ratings. The company has since evolved into MSCI ESG Research; there is a heavy focus on ESG and climate data investing based on a company's rating (ESG investing, N.D.).

According to Nasdaq, the top five ESG stocks for 2022 include Linde, Accenture, Microsoft, Salesforce, and Nvidia. Linde was rated the best because the company invests in or acquires other companies that meet or exceed the company's sustainability standards. Accenture consults other companies to be more sustainable and equitable. Accenture also helps transition companies into net-zero carbon emissions. The third company listed was Microsoft, the company has committed to being carbon negative by 2030. The fourth company was Salesforce, Salesforce has listed sustainable priorities which include carbon removal, regulation, policy, innovation, education, mobilization, and ecosystem restoration initiative. Finally, the fifth listed company is Nvidia, this company created a supercomputer to help predict the impacts of climate change (Lisa, 2022, September).

Environmental factors include climate change, biodiversity, energy performance, air and water quality, and natural resource depletion. Social factors include global and local community relations, customer satisfaction, employee diversity, and human rights. Governance factors include company leadership, inclusion policies, and whistleblower programs. All of these factors are used to evaluate a company's overall ESG score. Though a drawback to ESG and other

environmental measurements is greenwashing. Especially regarding ESG investing because it can be extremely difficult to measure. Socially responsible investing is finding companies that have sustainable and ethical impacts (Munk, 2022, April 27).

Fairtrade Certification

The term fairtrade originated in the 1950s when an influx of international travelers identified an issue with local goods and products being produced by local artisans and farmers. The issue was many of these people were selling the majority of their products but they were struggling to stay in business and business travelers started purchasing a higher quantity of local products. Then the travelers would sell the products in their home countries at an increased price. After these travelers would sell the products they would bring the profits back to the original artisan or farmer. There were many flaws in this process and quickly became exploitative.

A man named Paul Rice wanted to take the concept of fairtrade and legitimize the term. In 1997 Paul Rice founded the nonprofit Fairtrade USA, a nonprofit organization that gives the Fairtrade Certification to companies that meet the requirements and expectations. Fairtrade USA also provides guidance and educates companies on how to prioritize products that are ethically sourced as opposed to purchasing or working with unethical producers. Another aspect of the nonprofit is to educate consumers on the Fairtrade logo and to seek these products out.

The timeframe for a producer to be Fairtrade Certified is around six to nine months. Typically third-party auditors run the assessment and walk through the factors and talk to the workers. The factories are evaluated on the expectations and standards of Fairtrade USA. If the factory is certified at the end of the audit then the factory will annually be evaluated to ensure the ethical practices remain. “Brands need to be making commitments, but on the other side we need consumers to be educated, be aware, and make choices that reflect those values as well” (Jennifer Gootman). Jennifer Gootman’s quote describes the purpose of the Fairtrade Certification, that both the producers and consumers have to prioritize ethical business (Shoenthal, A. 2022, October 12).

Two of the most common products that are Fairtrade certified are coffee beans and chocolate. Around 37,000 products sold around the world are Fairtrade certified. (The certification process, N.D.). A few companies that are certified include Cotopaxi, Patagonia, Pottery Barn, Just Ice Tea, and e.l.f Beauty. As shown in the list of certified companies there is a variety of industries listed such as apparel, furniture, beverage, and beauty. The fairtrade concept has evolved since the 1950s but the goal has remained the same, ethical business.

USDA Organic

In 2002 the U.S. Department of Agriculture (USDA) created the USDA Organic certification. “USDA-certified organic foods are grown and processed according to federal guidelines addressing, among many factors, soil quality, animal raising practices, pest and weed control, and use of additives”(McEvoy, 2019, March 13). As of December 2022, there were a total of 17,445 certified organic farms in the U.S. There are five steps that a farm has to follow and complete to become certified. Step one is to develop an organic systems plan, step two is to have the plan properly reviewed and then execute the plan, step three is inspection, step four is to have a USDA organic certifying agent review the inspection report, and step five is the certifying agent will decide to certify or not. (United States Department of Agriculture, N.D.).

USDA Organic covers cultivated crops, livestock, processed foods, and wild crops. The first level of certification is 100% organic, which means that all of the ingredients and how the product is processed are certified organic. The level below is organic, 95% of ingredients are certified organic. The next level is made with organic, around 70% of the ingredients must be certified organic. Along with this level, the other 30% of the ingredients cannot be produced with ingredients that are genetically modified or near sewage sludge. Any product that is grown is required to be grown in soil free from synthetic fertilizers and pesticides. Organic meat products must be raised in proper living conditions, fed organic feed, and cannot be given antibiotics or hormones. (McEvoy, P. 2019, March 13).



INSTRUCTOR'S NOTES

ABSTRACT

Corporate capitalism is a phrase that has been a topic of discussion for groups such as the Business Roundtable and the World Economic Forum. There has been a shift in society and the needs of shareholders are changing. A company that adheres to conscious capitalism ensures that the operations of the company are improving the lives of employees, humanity, and the environment while still having a successful business. Since the rise of conscious capitalism there also has been a rise in companies becoming B Lab B Corp Certified. This certification proves the company's commitment to environmental and social responsibility. Two companies that have seen great successes over the years that are also B Corp certified are Patagonia and Cotopaxi. These companies have gone through a great deal of effort to become B Corp certified and many consumers applaud these companies for doing so. Since environmental and social sustainability has been trending there are a variety of certifications or measuring tools which include Fairtrade, USDA Organic, and Environmental Social and Governance(ESG). Many businesses are adjusting to this changing climate but the question remains, is corporate capitalism and environmental and social responsibility just a trend or here to stay? The primary subject matter of the case concerns the evaluation of the effectiveness of environmental and social sustainability within the world of business. Specifically, this case will discuss B Lab's B Corp certification, Fairtrade, USDA Organic, and ESG. The case also evaluates a variety of certified B corporations, which includes Patagonia and Cotopaxi

Keywords: B-Corp Certification, ESG, Conscious Capitalism

TEACHING APPROACHES

This case can be used in a variety of classroom settings, including an introductory marketing course, introduction to business, introduction to public relations course, corporate social responsibility course, sustainable business course, or as a case early in a course related to marketing strategy or marketing management. Students, working individually or in teams, can be assigned the possible case teaching questions discussed below. Any questions regarding the case can be directed to gbrunswi@nmu.edu.

Discussion Questions

Question 1: What is the importance of conscious capitalism and how does this affect the future of business? How significant is this trend and what is the lasting impact on marketing strategy and buying behavior?

Question 2: Is the B Lab B Corp certification a good strategic fit for all types of companies? Select a company then list and discuss the specific requirements needed to obtain B Corp certification. Are there specific examples of companies and/ or products where B Corp certification would be a good fit and why?

Question 3: Name a specific company that you believe would benefit from becoming B Lab B Corp certified. Would the company's customers value this certification?

Question 4: Does B Corp certification have a greater impact on the B2C market or the B2B market?

Question 5: Whose responsibility is it to regulate social and environmental topics regarding business? Is it the job of the business or the government?

Question 6: Can the case be made that other certifications such as Fairtrade, ESG, and USDA Organic, would be a better fit for certain companies? Discuss and provide examples.

Suggested Answers

Question 1: What is the importance of conscious capitalism and how does this affect the future of business? How significant is this trend and what is the lasting impact on marketing strategy and buying behavior?

Suggested Answer for Q1: Conscious Capitalism is here to stay.

Conscious capitalism occurs when consumers purchase and support a company that benefits the environment and society. A Forbes article written by Kent Gregoire states that seven in every ten consumers demand conscious capitalism. As a result, many businesses have been pivoting to a structure that supports these ideals. The idea of conscious capitalism has been expanding especially among millennials and Generation Z, ages ranging from 22 to 38. These generations support businesses that aim to solve or help environmental or social issues. Businesses have the resources to solve these problems, and there is a great influence and power with the right amount of money (Gregoire, K. 2022, April 21). Another article by Forbes describes the term value-based business, consumers are willing to pay more to support a business with shared values.

Instead of keeping the needs of the company separate from the stakeholders, conscious capitalism aims to combine these. Every day there is a new news article that touches on climate change or how dire the environmental issues are. For generations such as Millennials and Generation Z, this has been the world they have grown up in. There has been a trend of conscious capitalism, especially among the younger generations. Though conscious capitalism seems to be the trend of the decade, it is here to stay. For many young people, there is more access to information, which means for generations to come this access to news will continue and the environmental issues seem to stay in the news cycle. People are more aware than they have ever been before that is why conscious capitalism will stick around. Businesses can no longer get away with unethical practices or environmental disasters because they will get broadcasted around the world. Consumers will boycott companies for issues such as the mistreatment of employees or oil spills. The concept of conscious capitalism will continue to evolve and grow, companies need to start growing with it or the company could risk falling behind. Business and marketing strategies will evolve to meet the needs of the consumer and currently, that is environmental and social sustainability.

Suggested Answer for Q1, A Different Perspective:

Conscious Capitalism is a trend.

Conscious capitalism is a business trend, something that consumers want businesses to adhere to now but another trend will soon follow. Companies that have environmentally safe practices will benefit and likely will for years to come but this isn't a disadvantage to companies that make this a priority. Oil companies help supply the world with gas, many people need to purchase gas to drive to work or purchase food. People in larger cities have access to public transportation or can bike. Some individuals are unable to live sustainable lives because of location or income. If many companies transition into becoming environmentally and socially sustainable this could lead to higher-priced goods and services. The bottom line is that business is about money. This trend can be costly. It wouldn't be surprising if many companies don't adhere to this trend.

Question 2: Is the B Lab B Corp certification a good strategic fit for all types of companies? Select a company then list and discuss the specific requirements needed to obtain B Corp certification. Are there specific examples of companies and/ or products where B Corp certification would be a good fit and why?

Suggested Answer for Q2: Not all companies would benefit from becoming B Corp certified.

No, this type of certification wouldn't be a good strategic fit for all types of companies. Some companies produce products that do more harm to the environment than good. Also, some companies value cheap labor and cause more harm than good within communities. Many industries would struggle to become B Corp certified such as energy, forestry, agriculture, and even fashion. Though many companies that are B Corp certified are in the fashion industry it was a difficult process.

List of companies that wouldn't benefit or qualify for B Corp certification

- Amazon
 - Amazon is a multibillion-dollar company and has millions of selling partners. This would be very difficult for Amazon to verify that all of the suppliers throughout the whole supply chain are keeping ethical standards.
- Nike
 - Nike has been known for having poor working conditions, specifically forced labor, child labor, and low wages. Nike is a very successful company and there hasn't been a drastic drop in sales due to these scandals throughout the last two decades. Nike's customers still purchase from the company so there is no need for the B Corp certification.
- Shein
 - Shein is known as a fast fashion brand, and fashion is one of the most polluting industries. Shein specifically uses harmful materials, so it would be too costly for the company to become a B Corp.
 -

Suggested Answer for Q2, A Different Perspective: Requirements/ steps for Lush to become a B Corp.

For example, here are the requirements/steps for the company or brand known as Lush if they were to become a B Corp. Lush is considered a medium-sized enterprise according to B Lab's website based on Lush's revenue. Also within the B Lab website is a list of six steps a company would have to follow to qualify as a B Corp by B Lab. Step one; Lush has to be completely transparent and provide performance information, and there would be legal aspects of the company that would have to be altered or changed. Lush Cosmetics is already a transparent company, within its website the company's financial statements are published as well as other financial data like charitable donations. Step two is timing; typically the assessment takes around a year but this is a tentative time frame and it can vary. Step three is impact and information; this is specifically the step where Lush would go through the impact assessment. Step four is to build your B Team, which essentially means Lush's stakeholders, managers, partners, and any other individuals that will collect data and work through the assessment. Step five is the certification and verification step; this is where the assessment is completed and submitted for review. Finally, step six is the conclusion; the report is finalized and the company will either be a B Corp or will have to go through the process again once it's adjusted to the recommendations. Technically step six isn't complete because every two years the company will have to go through the assessment to ensure the company can still be considered a B Corp (*Enterprises Guide for Medium B Corp Certification*. 2021).

Question 3: Name a specific company that you believe would benefit from becoming B Lab B Corp certified. Would the company's customers value this certification?

Suggested Answer for Q3: Starbucks is a company that would benefit from becoming a B Corp.

A company that would benefit from becoming a certified B Corp would be Starbucks. The company has dominated the coffee industry for the past few decades. Starbucks customers trust the brand and the company. Recently the former CEO of Starbucks Howard Schultz returned as CEO of the company. He stated, "To achieve the fragile balance between profit, social impact, and a moral obligation, to do everything possible to enhance the lives of our employees and the communities we serve"(Mohn, T. 2017, November 15). Howard Schultz understands the wants and needs of Starbucks consumers and adjusts his business strategy accordingly. For example, Starbucks closed around 130 stores located in Russia in 2022 in response to Russia's invasion of Ukraine. This is an example of a socially sustainable response to a global crisis that many Starbucks consumers supported. Though this was a risk for the company because of its financial losses this strategic move could have prevented a public relations nightmare or even boycotting. Consumers want companies to value what they care about.

Within the Starbucks website, there is a section called "Striving for a Sustainable Future", this section of the website talks about the company's future sustainability plans. Starbucks has five areas of focus which include expanding its plant-based food menu, shifting to reusable packaging, investing in regenerative agriculture, reforestation, forest conservation, water replenishment in its supply chain, better ways to manage waste, and innovating with more responsible stores, operations, manufacturing, and delivery. This section touched on the company's ethics. Starbucks is starting to be more transparent. Starbucks created its impact report similar to the B Corp certification. The company has already taken the proper steps to be

socially and environmentally responsible. Starbucks could easily be certified a B Corp as a result of its efforts (*Striving for a sustainable future*).

Question 4: Does B Corp certification have a greater impact on the B2C market or the B2B market?

Suggested Answer for Q4: B Corp certification would have the greatest impact on the B2C market.

B Corp certification has a greater impact on the B2C market than the B2B market. A B2C company would be able to use the certification to attract stakeholders and consumers by pursuing the certification. Whereas B2B has a different type of stakeholder or consumer. B2C is attempting to appeal to the masses, there is a more competitive advantage for B2C companies. Many of the B2B companies that are currently certified B corp tend to be communications, branding, and advertising companies.

Suggested Answer for Q4, A Different Perspective: B Corp certification would have the greatest impact on the B2B market.

B2B companies would benefit the most from becoming B Corp because it could draw more business to want to work with the company. Ethics and values are strong driving forces for business and people, and being B Corp certified shows the business's commitment above just profits. BBMG is an example of a B Corp certified B2B company, it's a branding and social impact consulting company. The company works with other companies that share the same and sets the tone for others.

Question 5: Whose responsibility is it to regulate social and environmental topics regarding business? Is it the job of the business or the government?

Suggested Answer for Q5: It is the responsibility of the government to regulate a business's environmental and social impact.

In the United States business is regulated by policy and regulations and these vary depending on the current president and government policies. A few environmental laws in the U.S. include the Clean Air Act, Clean Water Act, and Safe Drinking Water Act. In contrast to business operations in the United States, the European Union has many strict environmental and social regulations put in place by governmental institutions. Laws and regulations hold companies accountable, if there is going to be a change to lessen the negative impacts of business the government has to set the standard. If the government doesn't regulate a business's environmental and social impact that leaves room for unethical companies to succeed in the downfall of others.

Suggested Answer for Q5, A Different Perspective: It is the responsibility of the business to regulate its environmental and social impact.

As seen throughout the case there are many strategic advantages to being a sustainable business. If the responsibility is held within a company to ensure all of the company's business practices are sustainable then consumers will be more inclined to repurchase. Similar to the concept of quality standards, companies that are the best in their industry draw in the most

customers. This could be true with the best environmental impact businesses. If there is a lack of government regulations then the business mustn't become unethical.

Question 6: Can the case be made that other certifications such as Fairtrade, ESG, and USDA Organic, would be a better fit for certain companies? Discuss and provide examples.

Suggested Answer for Q6: Example for Fairtrade

Coffee and cocoa were the two products listed the most with Fairtrade products. Fairtrade and USDA Organic are related more to the type of products procured rather than a specific company. Though if a company's primary product contains ingredients that could be Fairtrade Certified such as Starbucks. As mentioned throughout this paper Starbucks should be a B Corp, and the company's products should also be Fairtrade. Starbucks was under fire in 2019 for slave-like treatment of its farmers, the company has a program called Coffee And Farmer Equity(C.A.F.E.) Practice. Which is supposed to ensure Starbucks coffee beans are ethically sourced, the problem with the C.A.F.E. Practice program is through Starbucks, not an outside organization. Fairtrade sets the standards and holds the company accountable, Starbucks would benefit from having Fairtrade-certified products. Other companies that would benefit from having Fairtrade products would be the Hershey, Nestle, and Mars Companies. These three companies are constantly claiming that their products are Fairtrade but are not certified. For example, there was a great controversy when Nestle announced that KitKat would no longer be Fairtrade there were many articles written about this. Conscious Capitalism is on the rise and these companies should pivot quickly.

Suggested Answer for Q6, A Different Perspective: Example for USDA Organic

USDA Organic relates specifically to produce like vegetables and fruits, companies can't be certified USDA Organic. Annie's which is an organic food brand owned by General Mills uses USDA Organic standards but isn't certified USDA Organic. Though this could evolve as the concept of organic food continues to shift today there aren't any companies that would benefit from becoming completely organic, it's extremely costly to pivot to USDA Organic standards ("Why Organic: USDA Organic." 3 Sep. 2021).

Suggested Answer for Q6, A Different Perspective: A case is made for ESG

As for ESG, this is very broad and many companies could benefit from a good ESG score. Though ESG ratings are less from the consumer's perspective, also this is a questionable form of rating companies. ESG measures companies' greenhouse gas emissions, water consumption and waste, energy use, levels of waste generated, safety records, and community impact. Then these measures are compared to the others within the same industry. Within the top 20 highest ESG scores for 2022 were ConocoPhillips, an oil company. This company had to pay around \$191 million to China over an oil spill. Though that was over 10 years ago, the environment is a large aspect of ESG so where as an investor or consumer should the line be drawn? Since there are multiple ESG measuring firms it is difficult to determine what scores or lists to trust. Also, the ESG landscape is constantly changing, it can be difficult to determine if the measuring tool has been updated. According to an Impact Investor article "Sustainalytics, MSCI, and ESGI are the top rating agencies for ESG that offer access to their information to allow investors more transparency and to help companies improve their ESG practices '. (9 Best ESG Rating Agencies, 18 Feb. 2023). A company that is rated with good ESG leads to more

investments and looks more attractive to future employees while a low rating could lead to financial loss and less likely to attract quality employees. Though ESG investing tends to be held in a negative viewpoint The World Economic Forum stated “truly sustainable investing will be key to supporting the transition to a greener and more sustainable future and should not be dismissed” (Here's Why We Must Still Focus on ESG, despite the Backlash, January 2023).



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