RESEARCH ARTICLE

Do prosocial-certified companies walk the talk? An analysis of B Corps' contributions to Sustainable Development Goals

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Abstract

This paper investigates the contribution of the B Corp movement in Europe to achieving Sustainable Development Goals (SDGs) compared with non-B Corps. B Corp certification aims to identify organisations that utilise business as 'a force for good', but there is limited empirical evidence on how effectively certified organisations translate their prosocial claims into measurable SDG contributions. We address this through cluster analysis, comparing 313 B Corp-certified and 1506 non-certified European companies by way of the SDG Action Manager tool. Our findings reveal three clusters of B Corp-certified organisations with varying contribution levels across all SDGs, indicating that the certification does not consistently identify organisations with significant SDG impacts. Non-certified companies, meanwhile, do not exhibit distinct patterns. These results raise doubts about whether the B Corp category identifies a distinctive prototype member that can define clear prosocial norms and practices. The paper contributes to understanding B Corp organisations' narratives by providing insights into their empirical performance compared with non-certified organisations. It also offers potential explanations for these discrepancies and proposes strategies to strengthen B Corp certification bodies in alignment with the SDGs, while acknowledging the presence of intra-category variations.

KEYWORDS
ambiguity, B corps, organisational category, SDGs, social impact, sustainable development

1 | INTRODUCTION

Companies are experiencing increasing public pressure to improve their environmental and social performance in order to address urgent societal challenges (Conger et al., 2018; George et al., 2016). Alongside this pressure, firms see their efforts to avoid environmental degradation and benefit their stakeholders as a potential source of

competitive advantage and legitimacy (Grimes et al., 2018; Mazzi, 2020). As a result, more than two-thirds of the largest 4900 companies in the world are now engaged in reporting their non-financial performance to stakeholders (KPMG, 2017). However, to overcome the different flaws of non-financial reporting frameworks – concerning the quality and accuracy of the reported information Lyon & Montgomery, 2015; Sethi et al., 2017) – firms are increasingly turning to third-party-issued labels that certify prosocial efforts (Moroz et al., 2018). Prosocial certifications assess the effort to generate a positive societal impact through an organisation's business model (Moroz et al., 2018). The certification signals firms' membership to a

specific organisational category (Gehman & Grimes, 2017), which, in the specific case of prosocial certification, can confer certain benefits in terms of attractiveness and promotion (Zuckerman, 1999), identity formation and maintenance (Glynn & Navis, 2013) and organisational distinctiveness (Gehman & Grimes, 2017).

Among the various prosocial certifications, the B Corp label has gained widespread use. Since 2006, when it was established in the United States, more than 6400 companies in 79 countries and 158 industries have acquired the label. Certification is managed by a third-party, not-for-profit organisation, B Lab, based in the United States. It aims to identify companies that meet "the highest standards of verified social and environmental performance, transparency and accountability" (B Corporation, 2021a, 2021b). As the B Corp label leverages this exacting claim, it conveys confidence in the companies' social and environmental performance effectiveness to their stakeholders (Bianchi et al., 2020). Indeed, studies indicate that B Corp certification has a signalling effect on stakeholders, strengthening the company's legitimacy and credibility (Conger et al., 2018; Grimes et al., 2018) and improving its resource acquisition (Reiser & Dean, 2016). For example, some supermarket chains and online grocery retailers have created virtual aisles for B Corp-certified products on their websites.[1] To date, scholars have mostly investigated companies' motivations to be certified (Diez-Busto et al., 2021), the effects on their financial performance, the improvements in decision-making processes (Nigri & Del Baldo, 2018) such as higher employee involvement (Winkler et al., 2019) and effects on organisational reputation following certification (Richardson & O'Higgins, 2019).

However, there are concerns about the credibility of prosocial certifications (Bengo et al., 2022; Boiral & Gendron, 2011; Lucas et al., 2022)—and specifically, the B Corp label (Carvalho et al., 2022; Colamartino, 2022; Villela et al., 2021)—that conjure the spectre of green and social washing practices (Liute & De Giacomo, 2022). For example, a recent article in the Financial Times claimed that the transformative promise of the B Corp movement has been diluted by the increasing inclusion of misbehaving multinational corporations (Raval, 2023). In order to ensure that the B Corp label does not convey a misleading signal, it is crucial to produce hard evidence that certified B Corps contribute to enacting sustainable development, as conceptualised in the United Nations' Sustainable Development Goals (SDGs).[2] However, the topic has rarely been addressed in the existing literature (Kirst et al., 2021; Tabares, 2021); there is only very preliminary evidence by B Lab showing that "despite a lot of talk around engagement, the action and performance is not strategic or bold enough to achieve the SDGs" (B Corporation, 2021a, p. 13). Therefore, this paper seeks to expand the understanding of this issue by answering the following research question: *To what extent do B Corp-certified companies contribute to achieving SDGs compared with non-certified companies?* Focusing on the B Corp movement in Europe, we analysed the SDG contribution of B Corp-certified and non-certified organisations by way of the SDG Action Manager: an

impact measurement and management tool developed by the UN Global Compact together with B Lab (B Corporation, 2021a). The SDG Action Manager is a free and voluntary instrument that organisations can use to set goals and track progress on their SDG contributions with respect to the 2030 Agenda (B Corporation, 2021a). Indeed, the SDG Action Manager was created because companies had awareness of the SDGs, but "they lacked the tools and direction to get started and take action" (B Corporation, 2021b). Thus, B Lab encourages companies to assess their SDG contributions through the SDG Action manager as well as their Environmental Social and Governance (ESG) performance via the B Impact Assessment (BIA). We performed a cluster analysis on 1819 assessments taken from the SDG Action Manager.

Our analysis establishes that SDG contributions are not an intrinsic attribute of B Corp-certified companies; rather, B Corps tend to have different performance patterns across SDGs. Most concerning, we observed a group of B Corps that *underperformed* across all the SDGs, meaning they generated few or no effects on them. Conversely, non-B Corp-certified companies showed higher heterogeneity within groups rather than a precise pattern among clusters.

Our work contributes to the emergent literature on prosocial organisational categories (Conger et al., 2018; Durand & Paolella, 2013; Gehman & Grimes, 2017; Zhao et al., 2018). The paper empirically supports the current debate on the future of the B Corp movement (Lucas et al., 2022), as well as the substantial terminological confusion between sustainability and social impact (Torelli, 2023) that prevails in the practitioners' discourse. Considering that the SDG Action Manager replicates a substantial portion of questions from the BIA (B Corporation, 2021a), our findings indicate that a prosocial certification per se (such as the B Corp certification itself) does not guarantee positive contributions to grand societal challenges. Furthermore, our results advance the discourse on category prototypes, supporting the notion that lacking a unique and clear prototype member – as is the case for B Corps (Conger et al., 2018) – produces ambiguous category membership, marked by unclear systems of prosocial values, norms and practices (Durand & Paolella, 2013). Our findings expose the integrity of B Corp companies' prosocial claims and raise concerns about their legitimacy (Lucas et al., 2022).

In addition, the paper provides practitioner-oriented implications concerning the idiosyncrasies of the B Corp movement. Thus, we feed the debate on organisations' social and environmental performance, their roles in the SDG agenda (Günzel-Jensen et al., 2020) and the emerging risk of green and social washing (Findlay & Moran, 2019). Accordingly, our work aims to encourage policymakers and regulators, such as B Lab, to take a more thorough approach to encourage organisations to generate societal benefits. We suggest a shift from the binary narrative that distinguishes only those with (or without) a prosocial certification to an interpretation that reflects how organisations actually generate impact. Our results highlight different subcategories among B Corps based on their ability to substantially contribute to the SDGs. Acknowledging such differences can also compel regulators and organisations such as B Lab to properly develop strategies to improve the SDG contributions of underperforming B Corps, as well

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[1]See The struggle for the soul of the B Corp movement | Financial Times.
[2]https://press.un.org/en/2015/ga11688.doc.htm.

as encourage B Corp managers to go more in-depth into the characterisation of their company's impact.

The paper develops as follows: Section 2 provides a literature review on prosocial certifications. Section 3 describes the research design, outlining the data and methodology. Section 4 summarises the results, while Section 5 discusses the main contributions. Section 6 concludes the paper by highlighting its limitations and opportunities for future research.

2 | PROSOCIAL B CORP CERTIFICATION AND ITS EFFECTS

2.1 | Prosocial certifications

There has been a marked change in the business world, where companies routinely assert that their organisational activities make positive contributions to society and the environment (Moroz et al., 2018; Wry & Haugh, 2018). Prosocial certifications serve as an instrument for entities to signal credibility for their claims (Moroz et al., 2018).

Certifications are one expression of organisations' tendency to gather in specific groups, affiliations and associations (Zuckerman, 1999). In this regard, an organisational category is "a meaningful consensus about some entities' features as shared by actors grouped together as an audience" (Durand & Paolella, 2013, p. 1100). Thus, organisational categories imply symbols, norms and values, signalling a specific and straightforward pattern for a given organisation's membership in a certain category (Granqvist et al., 2013; Zimmerman & Zeitz, 2002). Belonging to an organisational category influences stakeholders' perceptions by mediating their expectations (Lee et al., 2017).

In general, signalling theory suggests that third-party prosocial certifications serve as a credible signal of a company's sustainable nature, enhancing its external credibility via the legitimacy given by category membership (Connelly et al., 2011; Moratis, 2018). The legitimacy depends on a category's definition of its prototype (Durand & Paolella, 2013): a set of features that comprise the ideal form of group membership or resemblance to an exemplar. While an important implication is that members may tend to converge towards the prototype of their category, categorisation is not a 'straitjacket' (Glynn & Navis, 2013). Wry et al. (2011) revealed that categories can feature acceptable variations and should exhibit precise requirements and standards that limit their membership (King & Whetten, 2008). However, a category gains credibility and legitimacy when its prototype is clear and highly focused (Hogg & Terry, 2014). When this condition is set, prosocial categories can be exploited as differentiation strategies to foster interaction with sustainability-oriented stakeholders (Lee & Jay, 2015), engage and retain employees (Kim & Lee, 2020), attract socially responsible customers (Bianchi et al., 2020; Thøgersen, 2000), and establish brand loyalty and reputation (Fosfuri et al., 2016).

The validation offered by B Corp certification offers the opportunity to enlighten stakeholders about the company's sustainability efforts, mainly due to enhancing media exposure, unlocking strategic advantages (Chauhan & O'Neill, 2020; Conger et al., 2018; Grimes et al., 2018; Kim & Lee, 2020) and gaining distinctiveness in a highly competitive environment (Harjoto & Laksmana, 2018). In fact, Chauhan and O'Neill (2020) and Villela et al. (2021) reported that companies usually decide to obtain certification to improve their relationships with external stakeholders (such as clients, suppliers, investors and creditors) rather than to change and innovate their internal processes, values and governance structure. The B Corp certification explicitly claims to recognise its affiliates for their high social and environmental performance (B Corporation, 2021a, 2021b). Within this prosocial category, members (B Corp-certified companies) claim that they 'use the business as a force for good' in order to not only minimise negative effects but proactively create positive impacts on society and the environment (Bengo et al., 2022; Nigri et al., 2020; Stubbs, 2019; Wiek & Basile, 2019). Thus, certification should offer a clear set of features for identifying the category prototype (Glynn & Navis, 2013).

The number of certified B Corps has grown rapidly since 2006 (Paelman et al., 2020) and with that growth has come criticisms about the certification process. For example, Liute and De Giacomo (2022) pinpointed a potential risk for greenwashing in the approach to B Corp certification because of the lack of a "mechanism for verifying certified companies' corporate statements in relation to their scores" (Liute & De Giacomo, 2022, p. 823). Companies might cherry-pick data that show high performance while downplaying or ignoring other areas with lower or zero performance. Liute and De Giacomo's (2022) results partially confirmed this concern: companies are interested in achieving a minimum score to obtain the certification, regardless of the specific performance in different impact areas. The B Corp certification suggests that a crucial feature of prosocial category members is the generation of positive social and environmental outcomes (Günzel-Jensen et al., 2020; Horne et al., 2020; Rahdari et al., 2016; Tabares, 2021). However, flaws in the current certification structure allow companies to exploit the label's implications to obtain the related benefits without proactively contributing to progress towards social and environmental targets. Moreover, there are few studies providing empirical evidence about the actual contributions of B Corps to SDGs, with only one qualitative study specifically focusing on evidence from Latin America (Tabares, 2021; Tabares et al., 2021). Thus, it has not been empirically proven that B Corp certification effectively prototypes members regarding their contributions to social and environmental performances.

2.2 | The effects of B Corp certification on financial and non-financial aspects

Although most of the literature on B Corp certification has focused on the characteristics and motivations of companies that pursue certification (Cao et al., 2017; López-Navarro et al., 2018), some studies have examined the effects of being certified on financial performance or explored outcomes concerning aspects that are distinct from financial

results (Diez-Busto et al., 2021; Kirst et al., 2021). Concerning the former, scholars have analysed how certification affects the level and volatility of financial performance (Patel & Dahlin, 2022), short- and long-term growth (Paelman et al., 2020; Parker et al., 2019), employee productivity (Chen & Kelly, 2015; Romi et al., 2018) and customers' willingness to pay (Ivanova et al., 2018).

On the non-financial side, some studies have examined the effects of having B Corp certification on organisations' entrepreneurial journeys, including how internal organisational practices and routines are affected (Conger et al., 2018; Moroz & Gamble, 2021; Muñoz et al., 2018; Parker et al., 2019; Sharma et al., 2018; Stubbs, 2019). Richardson and O'Higgins (2019) and Parker et al. (2019) found that certification positively affected reputation. However, contrary to other researchers who identified synergies between social and financial performances (Nath & Arrawatia, 2022), they also found that most certified organisations did not integrate their social and environmental missions with the financial aspects of their business models. Similarly, the results of another study showed that despite high scores in the certification assessment, B Corp certification did not inspire internal organisational changes (Villela et al., 2021).

Thus, the literature indicates that B Corp certification might help sustainable businesses enter a certain visible category that gives credence to their commitment to positive social and environmental impacts (Paelman et al., 2020), generates reputational and legitimacy gains, as well as networking and, potentially, financial benefits (Conger et al., 2018; Gehman & Grimes, 2017; Moroz et al., 2018). For these reasons, B Corp certification invited scholars to investigate the peculiarities of companies' entrepreneurial approaches (Muñoz et al., 2018; Sharma et al., 2018).

Nevertheless, the field lacks empirical investigations into B Corps' contributions to sustainable development. Such investigations are necessary to ensure that the B Corp promise and its related benefits are underpinned by real effort; in other words, that certification is not a mere reporting and reputational tool (Kirst et al., 2021; Villela et al., 2021). Kirst et al.'s (2021) systematic literature review on the state of B Corp management research underlined that research on B Corps' performance should embrace a wider perspective aligned with the movement's overt goal and raised an explicit need for further research about how B Corps "positively contribute to the SDGs and the SDGs Action Manager leverage actions and results" (p. 1836). Therefore, our paper investigated B Corps' contributions to achieving SDGs in order to reveal whether the members of this prosocial category operationalise the feature that sets them apart from other companies—namely, the generation of societal impact.

3 | RESEARCH DESIGN

3.1 | Research context

The B Corp label is one of the most recent examples of prosocial certification (Moroz et al., 2018). It was created in 2006 by a not-for-profit

organisation based in the US, the B Lab, as a comprehensive self-assessment tool to measure the positive impact of for-profit organisations in five main areas: governance, communities, clients, employees and the environment. It is a standard for environmental and social performance, transparency and accountability (Honeyman & Jana, 2019). To gain the B Corp certification, organisations must obtain a score of at least 80 out of 200 points in the B Impact Assessment (BIA) process, a questionnaire of more than 250 questions in which the company reports practices conducted with their stakeholders. Organisations can conduct and assess their performance through the BIA, using it as a free management tool for internal practices, regardless of their intent to certify.

3.2 | Sample and dataset

We used the SDG Action Manager assessment tool to address our research inquiries. SDG Action Manager uses the B Lab's B-Impact-Assessment (BIA) - the process needed to obtain the B Corp certification - to assess organisations' contributions to the grand societal challenges represented by the SDGs. The SDGs form the main international framework—covering 17 social and environmental issues—for governments, institutions and organisations to use when evaluating positive impacts. The SDG Action Manager, developed by the UN Global Compact and B Lab, is an online platform that hosts a questionnaire-based self-assessment tool that is freely available for organisations' evaluation. Specifically, an organisation using the SDG Action Manager tool should complete an introductory section with questions about topics such as commitments to human rights, positive labour practices, environmental management systems and good governance. The SDG Action Manager requires companies to select the most relevant SDGs for their activities and then report the impacts generated in these specific SDGs. Firms then face 16 modules, each addressing a specific SDG (excluding SDG 17), where they can report specific business practices that contribute to that SDG (B Lab & UN Global Compact, 2020). Each module asks for information about the business model, internal operations, supply chain, advocacy activities and potential risks that can negatively affect the targeted SDGs.[3] The SDG Action Manager is relatively new in the research field, being used as an instrument to understand how its integration can help foster a transformation of traditional business practices (Nigri et al., 2021) or be applied to frame potential sustainability strategies (Park et al., 2022).

As the assessment is also available to every organisation aiming to measure its contributions to the SDGs, regardless of the B Corp certification, we thought that a comparative approach between B Corp-certified and non-B Corp companies would help us understand how well the certification meets its promise of distinguishing organisations for their outstanding social and environmental performances and contributions to sustainable development.

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[3]All the questions are accessible at the following link: https://unglobalcompact.org/take-action/sdg-action-manager.

Our research design covers for-profit organisations based in Europe that were conducting the SDG Action Manager assessments. Since the tool is open access and its use is voluntary, the starting database included all European companies that decided to register for assessment between 2015 and 2021. From this list of 12,019 records, we limited our sample to those organizations that completed their assessment and we avoided those that made a simple 'attempt' to test the assessment framework but abandoned the evaluation. Accordingly, the sample of completed assessments from European companies consisted of 2105 observations. This information set included cases of double or triple counting of the same organisations that conducted multiple assessments; we extracted only the most recent assessment in such cases. In this way, we obtained a final sample of 1819 company assessments between 2015 and 2021; 313 were made by European-certified B Corps and 1506 by non-certified companies. The sample covers the European Union countries with the most B Corps: Italy, France, the Netherlands, Spain and Germany, while the group of non-certified companies collects observations from the same countries, as shown in Tables 1 and 2. Table 3 indicates the number of assessments annually, distinguishing between certified and non-certified B Corps.

TABLE 1 Characteristics of the sample of B Corps.

	Frequency	Per cent	Cum.
France	88	28.12	28.12
Germany	18	5.75	33.87
Italy	91	29.07	62.94
Netherlands	72	23.00	85.94
Spain	44313	14.06	100.00

TABLE 2 Characteristics of the sample of non-B Corps.

	Frequency	Per cent	Cum.
France	383	25.43	25.43
Germany	72	4.78	30.21
Italy	537	35.66	65.87
Netherlands	227	15.07	80.94
Spain	287 1506	19.06	100.00

TABLE 3 Number of observations per year of assessment.

Year of assessment	Non-B Corps	B Corps	Total
2015	41	2	43
2016	115	14	129
2017	173	72	245
2018	328	118	446
2019	489	90	579
2020	360	17	377
	1506	313	1819

To create the dataset, we computed an impact performance score of each company for each SDG, expressing low-impact or high-impact performance as a percentage score. B Lab gives the score assignments, which range from 0 to 100 for each possible answer option in the single and multi-pick question, indicating how much a specific practice/configuration can generate a low or high value on the SDG, respectively. Therefore, we associated each textual answer option (of the more than 200 questions of the SDG Action Manager) with the score assignments provided by B Lab to obtain a total score for each company, for each SDG, that represented each company's impact performance. To build the impact performance score, we adopted the following steps: we chose Pandas (https://pandas.pydata.org/), a data analysis tool in the Python programming language that permits the management of large datasets. We considered both the single-pick questions (only one answer can be chosen) and the multi-pick questions (multiple answers are possible) in the SDG Action Manager, using the score that the B Lab associates with each answer. The SDG Action Manager Technical Guide (B Lab & UN Compact, 2020) captures the structure of the questionnaire and the characteristics of the performance score. As reported, most of the questions present a range of four or five possible answers, often associated with 0, 25, 50, 75 and 100 values. However, certain questions present answer options with associated values of 0, 0, 33, 33 and 33. Single-pick questions have only one value, which corresponds to the answer given. In contrast, the answer values of multi-pick questions encompass the sum of all the values associated with the answer options given.

Each question of the SDG Action Manager is associated with one or more SDGs. We defined an algorithm to calculate the impact performance score for each SDG. This enabled us to standardise all the values associated with the answer options chosen by each company across the set of questions, determining a range of valid scores from 0 to 100 for each area. This process allowed us to generate a score that aggregated answers from both the single- and multi-pick questions, ultimately reflecting the lowest and highest impact performance scores on the SDGs. Higher impact performance scores suggest that an organisation provided answers on the SDG Action Manager that reflect high-value actions or practices according to the 0–100 B-Lab metrics. In short, those firms are presumably generating positive impacts on the associated SDG. Accordingly, we were able to compare the evaluation of the impact performance across each SDG. Figure 1 presents the breakdown of the impact performance scores, distinguishing between B Corps and non-B Corps for each SDG.

Interestingly, the impact performance scores for every SDG are generally skewed to the right for both B Corps and non-B Corps. This is because companies sometimes leave a lot of questionnaire items blank regarding specific practices or actions connected with SDGs. For example, the results on the impact score for SDG 14, which is related to underwater life, show that most firms avoid responding to most aspects related to seas and oceans. This non-completion may be because few companies contribute to that SDG or because the company visualised the question and decided to skip it. The algorithm intercepts and penalises firms more heavily if they avoid answering compared with when they admit to practices or actions with the
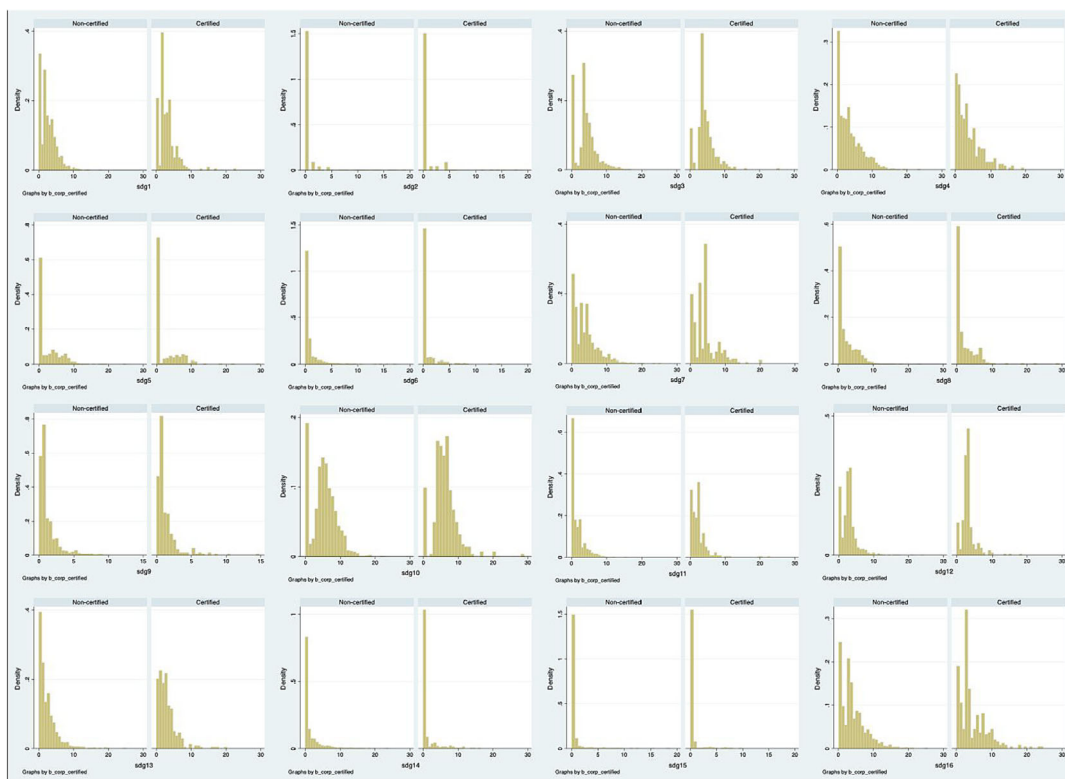
FIGURE 1 Impact performance scores on each SDG for non-certified and certified organisations.

lowest SDG impact values. Conversely, the impact performance scores for SDG 3 (Good health and well-being), SDG 10 (Reducing inequalities) and SDG 13 (Climate action) present score distributions with a more attenuated right skew. This result is because either the disclosure rate is generally higher than for other SDGs or companies are more commonly addressing such SDGs.

3.3 | Methods

We conducted a cluster analysis to understand how B Corps contribute to SDGs. Cluster analysis reinforces the exploratory and comparative aspects of our research, aiding in the identification of patterns within SDG performances between certified B Corps and nonB Corps (Crum et al., 2022).

We utilised a hierarchical cluster analysis approach, clustering our sample of observations based on the 16 impact performance scores we created for each SDG. Following similar approaches adopted in the extant literature (D'Souza et al., 2020), we used Ward's hierarchical clustering method to aggregate observations into clusters (Hair et al., 2010). We distinguished between the results of certified B Corps and non-B Corps. Thus, we undertook two parallel analyses on the split subsamples to understand how firms in the B Corp category address SDGs compared with those that do not belong. Ward's method is particularly relevant here because it follows a clustering reasoning that minimises the variance within groups of clusters. Although Ward's method is considered particularly reliable among
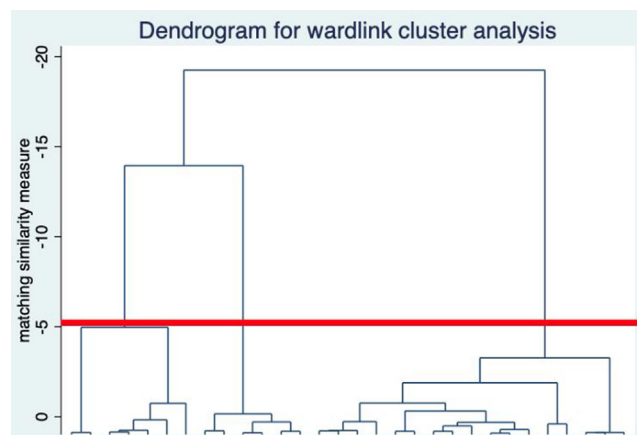

FIGURE 2 Dendrogram structure for the assessment of B Corps.

scholars involved in similar data analysis (Paulraj, 2009; Punj & Stewart, 1983), we conducted additional clustering evaluation to reinforce the robustness of the methodology. Specifically, we used an iterative process after an initial set of clusters was defined hierarchically (Paulraj, 2009). Therefore, we used both the first hierarchical and K-means clustering to validate the initial number of clusters. The use of Ward's methodology suggested three groups of B Corps and six groups of non-B Corps.

The dendrograms (Figures 2 and 3) identify the structure of the clusters for both samples. The formation of many clusters depends on
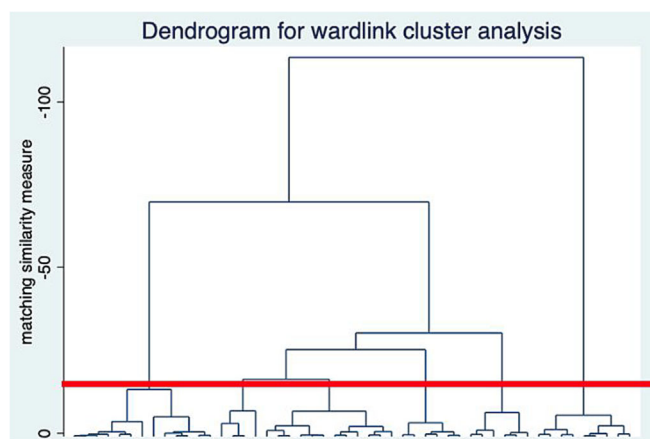
FIGURE 3 Dendrogram structure for the assessment of non-B Corps.

TABLE 4 Structure of assessment made by B Corps.

B Corps	Freq.	Per cent	Cum.
1	152	48.56	48.56
2	23	7.35	55.91
3	138	44.09	100.00

TABLE 5 Structure of assessment made by non-B Corps.

Non-B Corps	Freq.	Per cent	Cum.
1	370	24.57	24.57
2	232	15.41	39.97
3	142	9.43	49.40
4	493	32.74	82.14
5	115	7.64	89.77
6	154	10.23	100.00

the extent to which the level of dissimilarity is relatively small in the group of organisations. However, it is hard to extract useful evidence from many small clusters. Thus, we attempted to reduce the number of clusters as much as the distance among clusters in the hierarchical structure would permit while maintaining a relatively small level of dissimilarity. We obtained larger clusters without risking a significant loss of either homogeneity within clusters or differentiation across them (Zeng et al., 2008). Moreover, to further confirm this result, we used iterative approaches to check the validity of the three- and six-cluster structures for B Corps and non-B Corps, respectively. The K-means clustering suggests using Caliński–Harabasz values to assess the number of clusters K (Steinley, 2003, 2006; Yang et al., 2020). The Caliński–Harabasz method determined the mean values within and between the cluster sum of squares (Yang et al., 2020). Accordingly, the higher the value of the Caliński–Harabasz parameter, the higher the reliability of the cluster structure (Caliński & Harabasz, 1974). Thus, the results on our samples confirmed that the third- and sixth-cluster structures have the highest values: pseudo-F values of 155.26 and 1628, respectively.

4 | RESULTS

Tables 4 and 5 indicate the characteristics of the cluster groups for each subsample. Concerning the B Corp-certified subsample, most of the observations fall within Groups 1 and 3 — 48.56% and 44.09%, respectively; for the non-B Corps, we observed a more balanced allocation among the six groups. Tables 6 and 7 outline the impact performance for the different clusters per SDG.

4.1 | B Corps subsample

For the B Corp subsample, Table 6 shows that the three clusters constantly feature different impact performance scores across the whole set of SDGs. Interestingly, each cluster entailed a different (low, average or high) impact across all SDGs, suggesting that B Corp certification led organisations to address every SDG with high, medium or low efforts. Overall, B Corps present a heterogeneous level of performance across every SDG. They distinguish themselves through their cross-cutting approach rather than by specific contributions. Indeed, those with a high level of impact performance provided a relevant contribution to all or most SDGs; likely, those with a low level of impact performance do not significantly address any SDG. B Corps seem to interpret SDGs in a bundle, recognising the extent of the overall contribution generated. More specifically, Group 1 (the largest), includes the organisations whose impact performances are about the average of the other two groups. However, the clustering of the subsample of B Corps also revealed a group that presents lower scores than its peers and another that presents a higher score than the other groups across the SDGs. In Section 4.3, we present the results of an ANOVA where we further the reliability of the cluster structure and the statistically significant difference across clusters for each SDG.

4.1.1 | Low contributions to the SDGs — underperformers

Our analysis revealed a group of B Corps that underperform on the SDGs. In all, 7.35% of the B Corps had lower impact performance scores than their peers: mostly closer to 0, and in the case of SDGs 1, 5, 10, 11, 13 and 15, the performance was precisely 0 (meaning they tended to omit indications or provide no contributions on those SDGs). Consequently, our findings indicate that while this group of organisations has obtained the B Corp certification, they do not generate a substantial impact on crucial societal challenges such as poverty, diversity, inequalities, climate or biodiversity. In a nutshell, we observed one group of B Corps that did not substantially contribute

TABLE 6 Impact performance of cluster groups per SDG for the B Corp sample.

	SDG1	SDG2	SDG3	SDG4	SDG5	SDG6	SDG7	SDG8	SDG9	SDG10	SDG11	SDG12	SDG13	SDG14	SDG15	SDG16
1	2.33	0.17	3.761	2.49	0.98	0.253	3.061	0.689	0.752	5.318	2.262	2.825	2.582	0	0.32	2.484
2	0	0.13	0.012	0.072	0	0.116	2.586	0.674	0.353	0	0	1.754	0	0.107	0	1.672
3	4.361	1.362	5.904	6.01	5.293	1.642	5.779	4.266	1.973	8.029	3.036	4.061	4.043	2.564	0.698	7.276

TABLE 7 Impact performance of cluster groups per SDG for the non-B Corp sample.

	SDG1	SDG2	SDG3	SDG4	SDG5	SDG6	SDG7	SDG8	SDG9	SDG10	SDG11	SDG12	SDG13	SDG14	SDG15	SDG16
1	1.917	0	3.456	2.979	0.03	0.174	2.58	0.624	0.696	4.676	1.664	2.354	1.78	0	0	2.366
2	4.783	1.322	7.459	6.264	5.284	3.279	6.753	4.721	1.853	8.077	3.433	5.767	5.35	5.815	1.783	7.649
3	2.228	2.13	4.522	2.118	0	1.143	1.998	0.596	1.045	3.99	1.271	2.971	1.511	1.566	0.537	3.705
4	3.386	0	4.62	5.066	4.894	0.541	4.672	3.892	1.375	7.561	1.841	2.592	2.886	1.096	0	5.195
5	2.2	0	0.188	1.335	0	0.529	3.273	0.407	1.775	0.889	0.369	2.341	1.206	1.68	0.002	4.259
6	0	0.152	0.034	0.134	0	0.086	1.879	0.585	0.216	0	0	1.553	0	0.126	0	1.059

to SDGs across their business practices. Companies in this cluster did not mention their effort on the SDGs or showed little interest in taking impactful positions across SDGs, suggesting that the B Corp certification does not reflect a consistent impact on socially and environmentally relevant issues in certain cases.

4.1.2 | High contributions to the SDGs — overperformers

Our results also uncovered a group—representing 44% of the sample—with higher performance than the others across SDGs. Those performance peaks were especially evident in SDGs 4, 5, 7, 10 and 16. Notably, within SDGs 5 and 16, this group of B Corps notably surpassed their peers, showcasing a significant diversity from peers in impact related to gender issues and ethical considerations. However, the analysis suggests that this group of B Corps tends to approach SDGs at a more elevated level than their peers; hence, the consistent overperformance. This result aligns with the generalist approach that B Corps may adopt concerning the SDGs (Park et al., 2022), which reflects a desire to broaden the scope of organisational impact across multiple sustainability issues.

4.1.3 | Average contributions to the SDGs — average-performers

The largest group—representing 48.56% of the B Corps—consisted of companies making average contributions to the SDGs. In other words,

these firms fall within a range of SDG performances where they are generally being held accountable. That said, they do exhibit instances – such as in SDGs 8 and 14 – where their scores are akin to those of companies with low SDG performances.

Extant research suggests that B Corps are unable to contribute to all SDGs at the same level because of limited resources and competencies (Park et al., 2022), so they theoretically distinguish between those that are specialised in certain areas and those that are left without a clear strategy (Ebrahim & Rangan, 2014). Indeed, our results suggest that there is no straightforward prototype of a B Corp member characterised by its significant contribution to social and environmental goals. B Corp members do not specialise (e.g., with high contributions to specific SDGs), but instead, adopt cross-cutting approaches to generating social and environmental value that align with member type (e.g., over- or underperforming).

4.2 | Non-B Corps subsample

In addition, we analysed the clusters of non-B Corps that emerged from the analysis. Table 7 shows that the non-B Corp clusters had a more dispersed distribution than the B Corps. B Corps presented a clear stratification of patterns because of organisations contributing to every SDG at different intensities; however, non-B Corps exhibited more clusters and less-defined patterns. Like B Corps, the cluster structure reflects that Group 2's impact performances generally outperformed the others, representing 15% of the observations. Group 6 – representing 10.23% of observations – tended to have the lowest scores across SDGs. The other four groups presented less evident

TABLE 8 Cluster means and ANOVAs of the three-cluster solution.

	Average N = 152	Underperforming N = 23	Overperforming N = 138	F
SDG1	2.33	0	4.36	51.70***
SDG2	0.17	0.13	1.36	17.22***
SDG3	3.76	0.01	5.91	81.97***
SDG4	2.49	0.07	6.01	74.65***
SDG5	0.98	0	5.29	131.93*
SDG6	0.25	0.12	1.64	29.97***
SDG7	3.06	2.59	5.78	33.59***
SDG8	0.69	0.67	4.27	72.83***
SDG9	0.75	0.35	1.97	28.00***
SDG10	5.32	0	8.03	107.55***
SDG11	2.26	0	3.04	15.47***
SDG12	2.82	1.75	4.06	23.16***
SDG13	2.58	0	4.04	28.97***
SDG14	0	0.11	2.56	46.89***
SDG15	0.32	0	0.69	13.71***
SDG16	2.48	1.67	7.28	90.52***

*$p \leq .05$, **$p \leq .01$, and ***$p \leq .001$.

within-cluster characteristics. Depending on the SDG, the contributions of non-B Corps do not follow a coherent cluster schema that reflects their impact on SDGs. This lack of recurring schemes distinguishing the clusters is coherent with the premise of the sample selection because non-B Corps do not display an acknowledged and recognisable commitment to achieving SDGs. As these companies are not B Corp-certified, they may present an extremely heterogeneous set of features, characteristics and objectives that obscure any patterns based on SDGs. Thus, they may have reported some positive externalities during their normal business activities, but not a precise strategy for generating value for sustainable development.

4.3 | Robustness checks

Considering the characteristics of the B Corp-certified sample, we conducted further analysis to ensure the robustness of the results. This secondary analysis aims to confirm the reliability of the clustering methodology (Cerrato & Fernhaber, 2018) by assessing the extent to which each cluster's identity is significant and empirically supports our reasoning. Table 8 shows the characteristics of the three clusters, analysing their mean differences for each of the studied SDGs and testing the significance of differences through F tests. The results of the one-way ANOVA confirmed statistically significant differences across our cluster for all the study variables. This robustness check helped ensure that the cluster analysis properly split organisations across clusters in a way that can explain statistically significant differences between underperforming, average and overperforming B Corps in terms of SDGs.

5 | DISCUSSION AND CONTRIBUTIONS

The B Corp movement claims to certify companies that 'meet high standards of social and environmental performance' by attracting corporations that use 'business as a force for good' (Bcorporation.eu). Thus, the B Corp-certified companies should play a significant role in achieving the different SDGs. However, the extant literature has highlighted that firms struggle to properly assess their social and environmental impacts (Torelli, 2023); thus, it is unclear whether the B Corp movement has generated a positive impact on grand societal challenges (Liute & De Giacomo, 2022). This raises questions for researchers about whether prosocial certifications, such as B Corps, contribute to overarching objectives such as SDGs.

Therefore, this paper undertook an exploratory analysis of how organisations that belong to the same prosocial category, certified B Corps, contribute to SDGs. The results of our cluster analysis showed that adopting the B Corp certification does not ensure a homogeneous 'intensity' of contribution to SDGs; that is, some companies can acquire the certification without significantly contributing to overarching sustainability goals. Indeed, the analysis revealed three levels – overperforming, average and underperforming – of impact performance across all SDGs. Broadly speaking, B Corps do contribute to

every SDG independent of type, but they appear to do this with high, medium and low levels of effort. Thus, our results do not homogeneously support the claim that B Corp certification attracts businesses that meet the highest standards of social and environmental contributions. On the contrary, we observe that B Corps present intra-category variation in their identity.

5.1 | Theoretical contributions

The paper empirically supports the emerging debates on the future of the B Corp movement (Lucas et al., 2022) and the substantial and terminological confusion between sustainability and social impact (Torelli, 2023) that prevails in the practitioners' discourse. Scholars have begun to criticise B Corp certification for failing to push companies to be transformative and pursue innovative solutions to societal challenges (Liute & De Giacomo, 2022). Indeed, the certification tends to be more limited, merely acknowledging companies' efforts to be 'less harmful' in their effects on people and the planet (Raval, 2023). Our paper contributes to this debate by empirically displaying the ambiguity in the categorisation of B Corps by following two main paths of discussion.

5.1.1 | Prosocial prototyping

First, by directly answering the call raised by Paolella and Durand (2016) and Gehman and Grimes (2017), our results showcase the absence of a clear prosocial prototype within B Corps. The literature has not detected any evidence that membership in a prosocial category reshapes firms' values, business models and governance systems (Carvalho et al., 2022; Colamartino, 2022; Villela et al., 2021), which reinforces the concern over whether prosocial certification conveys a proper signal to external stakeholders. Accordingly, our results show that B Corp certification does not significantly impact sustainable development, as it claims to do, given the presence of intra-category variation in firms' contribution to SDGs.

This result complements the evidence obtained by Tabares et al. (2021) on the relationship between hybrid organisations and their contributions to SDGs, albeit from a more global, generalised and quantified perspective. Thus, we confirm that, despite operating in specific sectors, B Corps tend to contribute to multiple SDGs at different levels. Moreover, the intra-category variation confirms the public worries that members of a prosocial category whose main features should be the provision of benefits for society and the environment – such as B Corporations – should not necessarily be venerated as impact champions (Raval, 2023).

The literature suggests that the prototypical member of an organisational category signals the essential features of the category to potential members, which also helps relevant stakeholders formulate their expectations towards said category (Romanelli & Khessina, 2005). Our paper uncovered ambiguity in the prototypical characteristics of certified members of the B Corp category (Durand & Paolella, 2013). The lack of a clearly defined prototype limits the legitimacy of the

category to its audience, leading to an undefined system of prosocial norms, values and practices that provides low barriers to entry into the B Corp category and negatively affects its integrity (Bandini et al., 2022; Glynn & Navis, 2013). Our results echo the extant literature regarding the blurred boundaries of the B Corp movement (Lucas et al., 2022).

5.1.2 | Distinctiveness

Second, our research speaks to the literature stream discussing categories in terms of distinctiveness. Scholars have suggested that distinctiveness must be optimal to make membership in a category rewarding in terms of legitimacy, but should balance conformity with peers and differentiation strategies (Bengo et al., 2022; Zhao et al., 2017). Merely being distinctive from peers may cause internal ambiguity in a category, with high chances of penalising the membership (Taeuscher et al., 2021; Zhao et al., 2018). In the context of B Corps, we analysed whether and how the certification meets its promise of attracting organisations that highly contribute to sustainable development. In doing so, we discovered group members at opposites sides of the spectrum — overperforming and underperforming types. Since these aspects of distinctiveness involve the fundamental values, norms and features of the B Corp category, it is clear that B Corp certification does not produce conformity (Zhao et al., 2018). This result raises concerns about the overall identity of the 'certified B Corp' category.

Our findings also contribute to the literature on distinctiveness in a second way. It appears that the intra-category variation in B Corps' SDG performances was generically 'high', 'average' or 'low' rather than linked to institutional and context-specific variations (Carvalho et al., 2022). This generic characterisation may lead to a more 'prosocially grounded' distinctiveness. B Corp subcategories do not characterise organisations that are over-performing (or under-performing) in specific clusters of SDGs (for example, SDGs 13, 14 and 15 if the company prioritises environmental objectives or SDGs 3, 4 and 8 if its business models emphasise people's health and well-being; Chakravorti, 2017). On the contrary, B Corps' contribution to SDGs is generically 'high'', 'average' or 'low'. This generic distinctiveness underscores the difficulty in anchoring the B Corp certification to the 'quality' of the organisation's sustainability performance.

5.1.3 | The risks of greenwashing and decertification

Taken together, the lack of intra-category homogeneity and the 'non-distinctive' quality of variations suggests the need to further analyse the emergent risk that B Corp certification is a form of green and social washing (Findlay & Moran, 2019). In such cases, firms claim SDG contributions "for marketing [...] purposes without having any demonstrable, substantive social or environmental effects" (Bengo et al., 2021, p. 2). The misalignment between the claim of "meeting the highest standards of social and environmental performance, public

transparency and corporate responsibility to balance profit and purpose" (Diez-Busto et al., 2021) and the evidence that affiliates have no (or weak) impacts on SDGs may nurture greenwashing behaviours.

Finally, some scholars have argued that, within certain contingencies, B Corp certification has generated positive effects on organisations' economic performance (e.g., Colamartino, 2022). However, greenwashing risk, coupled with ambiguity and looseness of the category, may weaken the B Corp movement (and its profitability) in the long-term, following the same pattern of other sustainability certifications that ended up in decertification phenomena. Clougherty and Grajek (2023) recently revealed that firms may not only decertify from 'standard' certification as ISO 9001 or ISO 14001 for reasons of economic convenience, but also because certifications are not distinctive enough for 'radically innovative' firms: the same may happen to 'radically sustainable' firms whenever B Corps lose their 'soul'.

5.2 | Practical implications

Our results offer relevant practical implications for managers of B Corp organisations, supranational regulators and policymakers.

First, certified B Corp managers should recognise that attaining certification might not be a sufficiently robust indicator of the firm's authentic sustainability performance. They may need to pursue additional marketing and communication endeavours in order to effectively highlight the distinctive and profound prosocial character of the business. In this context, certified B Corps are encouraged to place value on the processual approach through which they actualise their contributions to the SDGs. As recognised by B Lab (2021), the SDGs can function as a guiding 'North Star', offering an opportunity to realign companies' strategies and core value chains. In this regard, the SDG Action Manager may aid certified B Corps in discerning and constructing a pertinent strategic framework that will allow them to contribute to specific SDGs in a way that suits their organisational identity.

Second, we offer practical contributions to the B Lab organisation: namely, that it should develop more stringent and tailored impact measurement approaches in order to account for the intra-category variation, as well as for more context- and SDG-specific heterogeneity. To offer a concrete example, we argue that B Lab could better integrate the BIA instrument with the sustainable development perspective offered by the SDG Action Manager.

Third, policymakers could leverage our insights on overperforming, average and underperforming B Corps to elevate the discourse and justify new regulations. Based on our results, policymakers should abandon any binary narrative regarding enterprises' contributions to SDGs (certified/not certified) and embrace a more nuanced consideration of the impact-based subcategories that exist among B Corps.

To illustrate, governments may be inclined to incentivise behaviour based on certification, but they should be aware that B Corps cannot be uniformly incentivised given their disparate contributions to SDGs.

Fourth, regulatory efforts should also tighten the linkage between B Corps and distinctive 'context-based' sustainability objectives. In doing this, B Corps (with the support of B Lab or other supranational

organisations) may be required to strengthen partnerships and collaborations with private and public actors to respond to local challenges. Fostering such partnerships, as highlighted in the social entrepreneurship literature (Choi, 2015; Choi & Chang, 2019), can help B Corps acquire legitimacy and resources in local contexts, and thereby make the certification less generic and more meaningful.

Finally, we argue for greater coordination among B Corp clusters that are performing differently in terms of their contributions to SDGs. More specifically, we contend that B Lab and other supranational organisations may support networking strategies and collaborations between the top-performing B Corps and the underperforming ones. Such networking activity may facilitate the exchange of knowledge and best practices to the underperforming businesses, which could then bolster SDG contributions within the entire category.

6 | CONCLUSIONS AND FURTHER RESEARCH AVENUES

This work explored the B Corp movement in Europe in order to understand how this organisational category contributes to SDGs. The extant management and organisational literature have investigated B Corps using data from the BIA, but our work is one of the first attempts to use the SDG Action Manager tool to analyse this issue.

In this work, we explored the patterns of the European B Corps' impact on the SDGs, framing our reasoning within the literature on certifications and organisational categories. The B Corp movement is emerging as an organisational category that aligns sustainability values, norms and practices with the same network, labels and mechanisms used to assess social and environmental impacts. In this vein, our efforts to empirically disentangle how European B Corps respond to overarching societal challenges are an evolution of previous research on B Corps' non-financial performance.

Our empirical analysis found that B Corps do not equally embody the values, norms and practices that they claim in order to contribute to sustainable development. Our results may stimulate sustainability-oriented certifications to adopt more stringent requirements regarding applicants' contributions to grand challenges. Further, our findings underline that merely adopting prosocial certifications does not necessarily lead to a clear prototype image that organisations embrace. The identity of an impactful organisation is a multifaceted and complex phenomenon that cannot be reduced to the binary securement of a prosocial certification (Bengo et al., 2022).

Our study features some notable limitations. The first is our reliance on the perceived and self-declared nature of the answers to the SDG Action Manager tool. This calls for complementary research that surpasses survey data to investigate B Corps' objective contributions to different sustainable development outcomes, as identified in the contexts where these organisations operate. Moreover, we acknowledge the lack of information in our database concerning the 'quality' and the characterisations of the impacts generated by the different B Corps. Fully analysing the B Corp identity may require a deeper recognition of 'subcategory prototypes'.

Furthermore, our empirical database may be complemented by additional information on the organisational characteristics of the surveyed B Corps. In this regard, novel empirical databases should include information on organisations' size, sectors and geographical context(s). Such data would enrich the exploratory cluster analysis, providing a deeper understanding of why firms belong to each cluster ('underperforming', 'average' and 'overperforming') and how B Corps can better balance organisational distinctiveness with category conformity. In line with this, future research avenues may build on the cluster analysis results to conduct a regression analysis examining "*how 'membership' in a certain cluster might predict other variables*" (Crum et al., 2022, p. 10). Further research should also empirically investigate the contingent conditions that would clarify why certified companies offer disparate levels of contribution to sustainable development. Novel datasets may also offer a conducive means to overcome the inherent self-selection biases exhibited by firms associated with the 'voluntary' decision to utilise the SDG Action Manager database. Lastly, considering the global nature of the B Corp phenomenon, it is imperative that future investigations go beyond our predominantly European focus.

AUTHOR CONTRIBUTIONS

Leonardo Boni: Conceptualization; methodology; data curation; writing—original draft preparation. **Veronica Chiodo:** Conceptualization; writing—original draft preparation. **Francesco Gerli:** Conceptualization; writing—original draft preparation; writing—reviewing and editing. **Laura Toschi:** Supervision; writing—reviewing and editing.

CONFLICT OF INTEREST STATEMENT

The authors have no conflicts of interest to declare that are relevant to the content of this article.

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