

# “Good” Business: Examining the Benefits of B-corps

Jhana Taylor Valentine

Lewis & Clark College  
Portland, Oregon  
Environmental Studies Department

In partial fulfillment of the requirements for the Degree of Bachelor of Arts in Environmental Studies.

April 29, 2016

# Table of Contents

## Section 1

- Introduction
- Reimagining Capitalism
- Business and Sustainable Development
- Business and Sustainability
  - Corporate Social Responsibility
  - The Certification Revolution
- Sustainability Across Scales

## Section 2

- Benefit Corporations
- The Rise of U.S. Social Enterprise Law
- The U.S. Context
- Portland, Oregon
- Sustainable Business in Portland

## Section 3

- Methodology
- Profile of Portland B-corps
- Certification Comparison
- Case Studies
  - B-corp A: The Furniture Manufacturer
  - Company B: The Software Developer
  - Company C: The Grocery Chain
  - Other Sustainable Businesses
  - Company D: The Furniture Manufacturer #2
  - Company E: The Brew-Pub

## Section 4

- Discussion of Findings
- Certification Impacts
- Particularities of Portland
- Scaling up the Benefits
- Conclusion: Business as a Force for Good

Additional Figures

Bibliography

# Section 1

## Introduction

In President Obama's 2016 State of the Union Address, he posed the question, "What are the building blocks we need to give everyone a fair shot at opportunity and security in the new economy?" (USA). Visions of a "new economy" have gained traction following the 2008 financial crisis, which for some marked the moment when "the dream of global free-market capitalism died" (Bullard 2012, 54). A new global economic development model has yet to emerge since the fall of the Washington Consensus, but there is widespread agreement that coordinated global action is necessary. Climate change has become "one of the most urgent and profoundly complex challenges we face," coloring many visions of the new economy with the green hue associated with the sustainability discourse (USA). For example, green capitalism is seen as the next phase of capitalism, economic development plans are being replaced by sustainable development plans, and sustainable business is at the center of these large-scale transitions.

Underlying these visions to upgrade capitalism, development, and business to new and improved versions of themselves is the assumption that the old systems are inherently corrupt and destructive. There is concern that the capitalist system necessitates that businesses pursue growth at all costs, exploiting ecosystems and vulnerable populations in the process (Hawken et al. 1999). The reality of a finite world ensures that nations, corporations, and communities are in constant competition for resources. The narrative concludes that unchecked, the political and

economic forces acting today will lead to “the spread of the most barbaric forms of class rule, as the imperialist powers fight among themselves and with the global south for continued control of the world’s diminishing resources” (Cock 2011, 47).

Business seems an unlikely hero in this time of global distress, especially considering that multinational corporations have become a symbol of the greedy and exploitative characterization of capitalism. Yet the idea that business has a collective potential which can be harnessed to create the new economy is gaining traction. The key to this, according to Michael Porter, is for each business to abandon the assumption that there is a tradeoff between social and economic performance and instead operate under the belief that the highest degree of success and profit comes from solving social problems (Porter 2013). The Triple Bottom Line (TBL) accounting framework, coined by John Elkington in 1994, has become widely known as the business framework for creating this ambitious shift within capitalism. Sustainability in business has become broadly defined by the integration of “social, environmental, and economic,” concerns into the fabric of the company, also known as the three pillars of sustainability: “people, planet, and profit,” (The Economist).

Historically, the vision for a more prosperous and secure global economy involved allowing business to operate under minimal regulation in a free market. Within the vision of the emerging “green economy<sup>1</sup>,” business can be a positive force by taking on greater social responsibility and adopting a TBL approach (Bullard and Müller 2012). Considering the large-scale, global shift needed to realize a new economy, we must carefully consider the opportunities and constraints of business, asking, *can business a force for good?*

---

<sup>1</sup> A global economic system in which green capitalism, sustainable development and sustainable business exist.

I will explore this overarching question within the context of the B-corp movement, which is seeking “to redefine success in business” and demonstrate their vision of “business as a force for good.” A B-corp (short for Benefit Corporation) is a company that has met the “rigorous standards of social and environmental performance, accountability, and transparency” created by the U.S.-based nonprofit B-Lab. Since the organization was founded in 2006, they have certified over 1,600 companies in 43 countries. As the movement gains momentum, it calls into question what impact the certification, and the movement as a whole, is having on both the businesses that become certified and those that do not. The majority of B-corps are based in the U.S., and within the U.S. the highest concentration are found in San Francisco, California, Portland, Oregon and Boulder, Colorado<sup>2</sup>. I have explored the rise of the B-corp movement within the context of Portland, guided by the question: *How is the B-corp movement shaping the good portland b-corps are pursuing?*

Before delving into this case study, I will explicate the relationship between green capitalism, sustainable development, and sustainable business, drawing on key literature in each field. I will follow with a review of the roots of the B-corp movement, which can be connected to corporate social responsibility (CSR) and the rise of third-party certifications. Examining B-corp as both a certification and a movement, I will turn to an analysis of B-corps in Portland. This section includes a profile of Portland B-corps, a comparison of the B-corp certification with Portland’s Sustainability at Work sustainable business certification, and case studies of certified B-corps and self-proclaimed sustainable businesses in Portland.

---

<sup>2</sup> Quotes and facts regarding the B-corp movement taken from the B-corp website: [www.bcorporation.net](http://www.bcorporation.net).

I will conclude that the standards which B-corp's uphold make them a leading example of the triple bottom line business model. However Portland B-corps' high performance in environmental practices and relatively low performance in promoting diversity and serving marginalized populations reflects the "uneven development" occurring in the city as a whole (Goodling et al. 2015). The benefits created by B-corps are clear at the level of the firm, yet it remains in question the extent to which they create collective, large-scale "good." Ultimately, the B-corp movement, and sustainable business trends in general, are leading a transformation within global business norms by developing expectations and tools that make business more self aware of their own opportunities to create positive impact, as well as their constraints.

Before moving on, I must preface that I hold a U.S.-based perspective and for the remainder of this paper I will focus my attention on the U.S. Cultural context significantly impacts how the concepts of capitalism, development and business are interpreted and practiced, making their cross-cultural study rich and nuanced. Yet it is beyond the scope of this study to compare cultural perspectives. However, it is important to acknowledge that no interpretation of the role of business in society will be fluid across cultures.

## Reimagining Capitalism

Green capitalism (closely related to sustainable capitalism, natural capitalism, and creative capitalism) promotes the vision that within the overarching capitalist system, global systems change can occur and create a green or low-carbon economy. Paul Hawken, Amory Lovins and Hunter Lovins, authors of *Natural Capitalism*, argue that natural capitalism will be the new business model that arises in response to the opportunities created by shifting dynamics

of scarcity. They predict that businesses will adjust through innovations that increase productivity of nature resources, the creation of closed-loop production systems, by shifting to a service-and-flow model<sup>3</sup>, and by reinvesting in natural capital (Hawken et al. 1999). According to Hawken et al., “The next Industrial Revolution is already being led by companies that are learning to profit and gain competitive advantage from these four principles” (Hawken et al.).

While the narratives surrounding green capitalism vary, there are key principles that consistently appear at the core of the discourse. Primarily, green capitalism will originate in the development of new markets built on “green technology” such as solar and wind energy, clean coal technology, and carbon trading regimes (Cock 2011). Additionally, green capitalism involves a significant shift in the way humans, and by extension the economy, values the non-human world. Hawkins et al. argues that natural capital must be valued as an integral factor of production, rather than a free and exploitable resource. Thomas Friedman (2007) argues that green technology will be the “mother of all markets” and that governments will strategically support and incentive the “green revolution.”

The concept of green capitalism is a win-win solution for some, while for others it is a problematic oxymoron. Nicola Bullard and Tazio Müller (2012) suggest that the lack of elite consensus behind the green economy indicates it will not come to fruition in the foreseeable future. Jerry Harris (2013) takes the stance that “[t]he spread of green capitalism will always be undermined by the dominant features of the system—progressing enough to keep reformist hopes alive, but never attaining economic and political hegemony” (Harris 2013). Others, such as Jacklyn Cock, argue that the promise of green capitalism not only provides false hope, but also

---

<sup>3</sup> A continuous flow of services are provided rather than goods.

distracts from the urgent work to “reclaim the notion of sustainability by linking it to considerations of justice” (Cock, pg. 48). Cock, as well as more radical environmentalist, believe that a transition to ecological sustainability can not be achieved without directly challenging capitalism through the development of global systems to equitably distribute limited resources.

Green capitalism appeals to moderates and realists because it does not require the creation of a new economic system to replace capitalism, which is highly improbable. Birdsall and Fukuyama (2011) point out that every leader of a major developing country, as well as formally non-capitalist states such as China and Russia, reaffirmed their commitment to the global capitalist system following the 2008 financial crash. Proponents of green capitalism often demphasise the role of government in creating a green economy however. Almost all ideas of green capitalism require, “a greater degree of state intervention into the economy (such as stimulus packages, active industrial and trade policy) in order to rapidly accelerate the growth of ‘green’ sectors of the economy” (Bullard and Müller 2012, 55). Green capitalism provides a compelling vision, yet it requires an extremely high level of global coordination across multiple scales, including civil society, business, and government, which currently is not the trend in the global political economy.

## Business and Sustainable Development

Sustainable business and sustainable development (SD) are two branches of the same ideological tree. Both have arisen from the sustainability discourse, which calls for careful consideration of both short and long-term impacts regarding economic, social, and environmental factors. Secretary General of the United Nations, Ban Ki-Moon (2011) applies



this rhetoric saying, “Saving our planet, lifting people out of poverty, advancing economic growth... these are one and the same fight. ... Solutions to one problem must be solutions for all.”

The UN has been a key actor in promoting both sustainable business and SD at the global level, most notably through the 2015 launch of the UN Sustainable Development goals, the creation of the UN World Business Council for Sustainable Development, and the UN Global Compact.

These global efforts draw on the people, planet, profit model of sustainability. Bob Giddings, Bill Hopwood and Geoff O’Brien (2002) take the stance that, “Whilst central government and business have embraced sustainable development, the separation into the three sectors can be used to justify a concentration on a part, rather than the whole.” They go on to argue that economic factors continue to dominate over environmental and social ones, as evidenced by the business focus on the economic benefits of green technology and green marketing strategies and the sustained prioritization of economic development as defined by the neo-liberal framework (Giddings et al. 2002, 190). Yet it is important to highlight Michael Hopkins’ finding that when stakeholder demands pose a threat to the long-term profitability of a corporation, MNCs are more likely to contribute to SD efforts (Hopkins 2007, 132).

In the literature, scholars were drawing connections between SD and the business sustainability around the mid-1990s, but that conversation has died down as “the business case for CSR<sup>4</sup>” has captured the attention of researchers and business leaders alike (Dyllick and Muff 2015, 3). Focusing on the economic benefits that businesses gain by becoming more sustainable separates business sustainability from larger-scale SD goals. As Thomas Dyllick and Katrin Muff explain, this is fueling a growing disconnect, where sustainable business operates at the

---

<sup>4</sup> “The business case for CSR” argues that it is profitable for businesses to incorporate a CSR agenda into their strategy (Carroll and Shabana 2010).

micro-level of the firm and does not intersect with the macro-level focus of SD goals. This disconnect is concerning considering that over the past 50 years, as CSR practices have become widely adopted, business efforts have produced no measurable impact on global stresses such as poverty and ecosystem destruction (Dyllick and Muff 2015).

In order to truly appreciate the challenges facing SD, we must engage with the phenomenon of uneven development. The free-market ideology of economic development, which became globally recognized in the Washington Consensus era and persists today, leads to the concentration of capital in the hands of the few (Piketty 2013). Development capital reflects this, serving an elite minority who control the capital, while the majority do not reap the benefits and are excluded from the development process. Furthermore, the concept of uneven development seeks to “problematize the contention that societies—implicitly or explicitly defined as nation-states—pass through similar stages of development, and that the ‘advanced’ societies show to the less developed the image of their own future” (Kiely 2015). SD, as it is widely understood and applied today still operates under this neoliberal agenda, to help the developing countries catch up to the developed ones. Yet globalization has not produced homogenization, on the contrary “there is considerable evidence that globalization is polarizing the world as a whole between geographical haves and have-nots” (Agnew 2015). O’Riordan argues that for development to overcome these challenges requires a ‘massive redistribution of wealth and power,’ however, “wealth creation based on renewability and replenishment rather than exploitation...is a contradiction in terms for modern capitalism” (1989, p. 93). Sustainable development aims to address issues of uneven development and growing global inequality *within*

the capitalist system. For some this is oxymoronic, for others it is the creative challenge of our generation.

## Business and Sustainability

Sustainable business is a key element of both green capitalism and sustainable development, yet the concept has its own distinct theoretical and practical evolution as well. Conversations of sustainability in business have developed primarily in the realm of business management and therefore tend to place business concerns, such as the long-term viability of a company, at the center. Thomas Dyllick et al. (2015) outlines the four overarching trends of sustainable business.

1. **Focusing on specific concerns:** such as accountability for the impact of business decisions, integrating short-term and long-term aspects, and consuming the income not the capital.
2. **Focusing on organizational perspectives:** these include managing the risks and opportunities and embedding sustainability throughout the organization.
3. **Focusing on values created:** involves integrating economic, ecological and social value creation, creating shared value and the re-emergence of social purpose. (5-87)

These different approaches illustrate a key point, that self-proclaimed sustainable businesses produce very different types of benefits depending on how they imagine business as a force for good.

The efforts by businesses to be sustainable have taken many different forms, and arise from a wide variation of motivations. A large collection of literature and research has developed around the business case<sup>5</sup> for sustainability, which argues that sustainability practices are good for the long-term bottom line of the company. This approach engages with the economic and

---

<sup>5</sup> See Carroll and Shabana (2010) for detailed analysis of the concepts, research and practice.

social elements of the triple bottom line, but economic priorities remain the dominant concern (Carroll and Shabana 2010). Within this framework, “business level sustainability is often equated with eco-efficiency” (Dyllick and Hockerts 2002). Thomas Dyllick and Kai Hockerts go on to argue that, “such a reduction misses several important criteria that firms have to satisfy if they want to become truly sustainable.”

As a professor of sustainability management, Dyllick has been one of many business leaders working to move the field of business sustainability beyond superficial greenwashing and toward “truly sustainable” business (Dyllick et al. 2015). Dyllick et al. suggests that, “[t]ruly sustainable business shifts its perspective from seeking to minimize its negative impacts to understanding how it can create a significant positive impact in critical and relevant areas for society and the planet” (Dyllick et al. 2015). The win-win-win ideal, that businesses can serve a triple bottom line, is prominent throughout business sustainability literature.

In order to make sense of a rapidly growing array of businesses that claim to be sustainable, consumers and civil society advocacy groups have demanded greater transparency and accountability from sustainable businesses. The rise of Corporate Social Responsibility (CSR) and the “Certification Revolution,” as described by Michael Conroy, are two prominent examples of how the concept of sustainable business is evolving in practice.

## Corporate Social Responsibility

Modern notions of CSR arose in the early 20th century and by 1950, many scattered ideas began to coalesce and form the beginning of the modern notion of CSR (Frederick 2006). Some argue it arose primarily in the academic sphere in the U.S. (Carroll 1999), while others say it was

an idea born in the minds of business executives (Frederick 2006). One of the fathers of CSR, Howard R. Bowen, providing an early definition of CSR, said, “It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Carroll 1999, 6). The concept of CSR quickly grew to become a highly debated topic. Although a commonly agreed upon definition of CSR has not been reached, the concept is now widely taught in business schools and has been adopted around the world.

The current understanding of CSR encompasses the social, environmental, and economic impact of a company. One clear and complete definition was presented by CSR expert Michael Hopkins (2005), who said,

CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. “Ethically or responsible” means treating key stakeholders in a manner deemed acceptable in civilized societies. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation.

The three-pronged focus of CSR aligns it closely with the John Elkington’s Triple Bottom Line (TBL) (Elkington, 1998). Yet CSR, unlike the TBL framework has been adopted by some of the world’s largest companies.

CSR transitioned from an academic debate into an applied practice as the business community, especially multinational enterprises (MNCs), began receiving increased social pressures and political demands in the 70s and 80s. By the 90s, well-organized and globally-backed advocacy groups were launching large scale media campaigns against prominent global companies in which they actively threatened a company's credibility and reputation if the

company did not improve their practices. For example, Home Depot was targeted for not sourcing legally or sustainably harvested wood and Nike was publicly shamed for profiting off of poor labor conditions in their supplier's factories (Conroy 2007). Companies saw and felt the negative effects of ignoring consumer demands for greater social and environmental responsibility, leading to the widespread use of CSR practices. Current trends within CSR indicate it is "mov[ing] from a public affairs concern to a core strategic activity." (Kolk and Tulder 2010, 120).

In practice, CSR takes shape depending on the size of a company, its industry, the scope of its operations, and the cultures it operates within. Although CSR is not conducive to a one-size-fits-all approach, the Global Reporting Initiative's (GRI) Sustainability Reporting Standards are a globally recognized set of guidelines used by businesses in all sectors for social, environmental, and economic impact reporting. The importance of measuring impact, and its role in prompting and shaping action, is central to the CSR debate. The idea that 'what gets measured gets done' postulates that by engaging in the process of measuring and reporting impact across a broad set of stakeholders, companies will improve their practices (Hopkins 2007, 23). 93% of the world's 250 largest companies reporting on their sustainably performance, yet it remains unclear if or how the reporting process has made the companies more sustainable (About GRI).

## The Certification Revolution

Third-party verifications supply a level of legitimacy to sustainable businesses beyond internally developed sustainability reports (Conroy 2007, 33). Michael E. Conroy, an economist

and author, has become an expert on the rise of third-party certifications and their use in holding businesses accountable to higher standards. He calls this phenomenon the “certification revolution” and considers it “CSR with teeth” because the movement has profoundly influenced the social and environmental practices of global corporations and the industries they operate in. According to Conroy, this transformation has occurred in three stages. First nonprofit civil society organizations set new standards, second companies adopt these standards because of NGO pressure, corporate culture, or the new business opportunities they offer, and finally, standard-setting organizations are created to implement the new standards efficiently and legitimately (Conroy 2007).

Conroy argues that in the 21st century, participating in CSR measurement through third-party certification is equivalent to purchasing insurance. Corporations are investing more and more into their brand-image to differentiate in a global market, yet in doing so they become increasingly vulnerable to the risk of civil society campaigns that challenge their CSR practices (Conroy 2007). When companies compete to differentiate and promote themselves through the adoption of best practices in social and environmental responsibility, through third-party certifications or otherwise, it becomes a “race to the top.” This phenomenon is primarily generated by civil-society campaigns, according to Conroy, and the reason third-party certifications are more prevalent and important than ever before. (Conroy 2007)

### “Sustainable” vs. “Good”

The distinct yet related themes of green capitalism, sustainable development, and sustainable business are all pursuing the idea of remaking a flawed system into something better. I have explored the question *can business be a force for good?* rather than, *can business be*

*sustainable?* for two reasons. First, because the visions of a “new economy” I have explored do not suggest that business as we know it should be sustained, on the contrary they advocate for a large-scale transition from business as a negative force in society to a positive force. Second, every certified B-corp signs the movement’s Declaration of Interdependence which says, “we envision a global economy in which business is a force for good.” In the following, I will explore in-depth how this particular sub-set of sustainable businesses are defining and putting into practice their idea of “business as a force for good.”

## Section 2

### Benefit Corporations

The B-corp movement (B stands for benefit) aims to “redefine success in business” so that “companies compete not only to be the best in the world, but the best for the world.” This movement is being led by B-Lab, a Pennsylvania-based NGO founded in 2006. In the last decade, 1,704 companies in 50 countries have earned the B-corp certification, indicating they have met “rigorous standards of social and environmental performance, accountability, and transparency.” This movement traces clear lines of influence back to CSR and is positioned within the “certification revolution,” but it goes beyond the typical framework in both cases. B-Lab and certified B-corps are actively working to increase their recognition as a social movement, rather than just a certification.<sup>6</sup>

B-Lab has been organizing around its mission using four main tactics. First and foremost, they aim to increase the number of certified B-corps. The certification assessment, called the

---

<sup>6</sup> Information and quotes from the B-Lab website: [bcorporation.net](http://bcorporation.net).



Business Impact Assessment (BIA) is free and any company can use the tool to gain insight into how “good” their practices are compared to a baseline. B-Lab has also developed a complementary program called B Analytics, which provides businesses with additional tools for measuring, assessing, and reporting impact. Additionally, the organization has been active in promoting the benefit corporation legal form, which is now an option in 31 states and is being considered in five more. The final aspect of their strategy is a media platform, called B the Change Media, which aims to communicate the B-corp mission and increase participation in the movement.<sup>7</sup>

The four-prong approach of B-Lab has proven effective, and the B-movement is quickly gaining momentum. General knowledge and recognition of the certification is still limited to a relatively niche market in the U.S., but the increasing number of certified B-corps, the increased attention of the movement within academic circles, and political support and endorsements are all contributing to the rapid growth of the global movement. B-lab has organized an active support network for all certified B-corps so when a company earns the B-corp certification they are welcomed into the “tribe” of B-corps. This network further serves the B-corp movement, because in certain cities independently created local peer networks of B-corps have developed, designed for sharing best practices, building local partnerships, and furthering the B-corp movement<sup>8</sup>. As the movement attracts more recognition among consumers and certifies more businesses, it is worth exploring if and how it is impacting local economies. Narrowing in on the overarching question of *Can business be a force for good?*, the following section moves on to

---

<sup>7</sup> Information from the B-Lab website: [bcorporation.net](http://bcorporation.net) and benefit corporation website: [benefitcorp.net](http://benefitcorp.net).

<sup>8</sup> Source: B-corp interviews.

the question: *in what ways are B-corps and the B-corp movement shaping our national and local economies?*

## The Rise of U.S. Social Enterprise Law

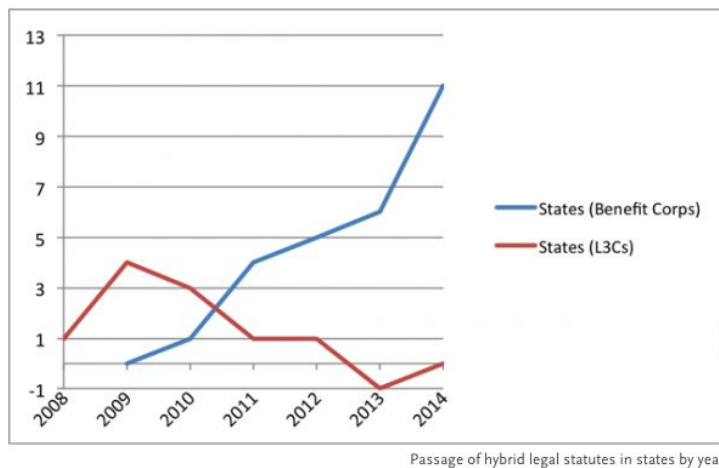


Figure 1. (Cooney et al. 2014)<sup>9</sup>

In the last decade, new legal structures have been specifically designed for social enterprises<sup>10</sup>. The low profit limited liability company (L3C) and the benefit corporation are the two primary examples. Both legal forms “modify traditional business legal structures to clearly enable and mandate the pursuit of social and environmental goals as a for-profit business enterprise” (Cooney et al. 2014). Furthermore, this provided added protection of a company’s mission in the face of an acquisition or merger. A debate has followed the rise of these new business forms. Some argue that the new business forms are unnecessary, because it is a misconception that pre-existing legal structures prevent companies from considering stakeholder interests beyond profit-maximization for shareholders (Noked 2012). Furthermore, they argue,

<sup>9</sup> Source: [http://ssir.org/articles/entry/benefit\\_corporation\\_and\\_l3c\\_adoption\\_a\\_survey](http://ssir.org/articles/entry/benefit_corporation_and_l3c_adoption_a_survey)

<sup>10</sup> A social enterprise is a for-profit business that organizes around a social/environmental mission, they are closely related to concepts of sustainable business.

the new legal forms create a harmful dichotomy (Noked 2012). Regardless, the “shareholder wealth maximization norm,” as it is known as, is a “persistent common perception” and the new legal forms are successful at challenging this assumption (Noked 2012).

Benefit corporation legislation has been passed in 31 states, and B-Lab has been the primary force leading the campaign. The three main requirements of benefit corporations, which set them apart from existing corporation law, are summarized by Hemphill (2014):

- 1) The firm has a corporate purpose to create a material positive impact on society or the environment.
- 2) The firm's directors have expanded fiduciary duties that require consideration of nonfinancial interests.
- 3) The corporation has an obligation to report on its overall social or environmental performance as assessed against a comprehensive, credible, independent, and transparent third-party standard.

To date, state's are not equipped to ensure all registered benefit corporations are following through with these requirements. Additionally, there are varying requirements a company must go through in order to receive benefit corporation status. In some states it is as easy as checking a box, which increases the likelihood that companies will adopt the legal structure but not follow up on the requirements. It is far too early to determine if the social enterprise legal forms will be successful, but the benefit corporation is clearly gaining momentum. At current rates of adoption, it is predicted that the benefit corporation form will soon be available nation-wide (Cooney et al. 2014).

## The U.S. Context

As states pass social L3C and benefit corporation laws, it acts as a legitimizing process for a new sector of the economy that is distinct and trackable. The U.S. is leading the way in

formalizing a social enterprise business structure, but the U.K. and Italy have similar initiatives underway. B-Lab has been a main proponent in the campaign to increase benefit corporation adoption in the U.S. and abroad (Achermann 2014). Although there is still significant inconsistency and lack of clarity within the emerging social enterprise sector here in the U.S., the widespread adoption of the benefit corporation indicates it is moving toward greater legitimacy. Currently, social enterprises assess their impact at the level of the firm, either internally or through third-party certifications. As a social enterprise sector formalizes, it will create the potential for far more robust analysis of impact at the aggregate level, an important step in bridging the gap between social enterprise and SD.

Government support, particularly at the local level, has been instrumental in furthering the development of a more robust social enterprise sector. Governors such as Martin O'Malley of Maryland, the first state to pass benefit corporation legislation, and Jack Markell of Delaware, have endorsed benefit corporation adoption in their state (Takagi 2010; Delaware 2013). Additionally, in the spring of 2015, New York City launched a 'Best for New York' campaign, led by Mayor Bill De Blasio's office of Workforce Development, the New York City Economic Development Corporation (NYCEDC), a team of community organizations, and representatives of B-Lab (Mayor's 2015). With campaigns such as these, B-lab and local governments are instigating a "race to the top" phenomenon where businesses compete to be crowned the company that does the most good for their community. Thinking back on Conroy's analysis of the certification movement, he highlighted examples of partnerships between certifying bodies, civil-society and NGOs to instigate a race to the top. B-Lab's strategy to partner with local

government provides a new and interesting alternative for initiating the same phenomenon. It is yet to be seen if their approach will be effective.

## Portland, Oregon

The city of Portland provides a particularly interesting site for examining sustainable business because of its long-standing reputation as progressive and sustainable city (Goodling et al. 2015). Before Portland became an “emerald city,” it was first home to Native American tribes such as the Chinook (Fitzgerald 2010; Native). The land was claimed as a U.S. territory in 1848, and the “new frontier” developed into a working-class industrial port town central to the Pacific Northwest’s booming timber industry in the in the 1900s (Abbott 2008). Present day Portland has all but replaced its industrial economy with “construction, real estate, and other sectors associated with mid-century suburbanization,” but its heritage is still visible in its modern identity (Goodling et al. 2015, 9).

Government-led initiatives have been central in shaping Portland into the sustainable and progressive city is seen as today. In the 1970s, land-use planning directly focused on making Portland greener, both literally and figuratively. First, the Harbor Drive Freeway, which ran parallel to the Willamette River in the city center, was removed and replaced it with an urban greenspace (Goodling et al. 2015). Then in the late 1970s, Portland made the formative decision to establish an urban growth boundary, which serves to limit the city’s footprint by concentrating development within the boundary and thus protecting surrounding agricultural land from sprawl (Goodling et al 2015). In 1993, Portland became the first U.S. city to publish a Climate Action Plan aimed at cutting carbon emissions (The City of Portland). Today, Portland’s Bureau of Planning and Sustainability “develops creative and practical solutions to enhance Portland’s

livability, preserve distinctive places and plan for a resilient future.” (The City of Portland). An example of this motto in action is the recent completion of the nation’s first car-free bridge, designed specifically to support alternative forms of transportation.

The city’s concerted efforts to make Portland an emblem of sustainability have not come without a cost. Erin Goodling, Jamaal Green and Nathan McClintock, graduate scholars and faculty at Portland State University, argue that Portland’s economic development model, which has focused green investments in the city’s core, has contributed to racialized poverty and disinvestment in outer neighborhoods (Goodling et al. 2015). Contributing to a larger body of literature on eco-gentrification and displacement, Goodling et al. found that, “The sustainability fix in Portland is very much a spatial one; as capital returned to inner Portland under the banner of sustainability, livability, and neighborhood revitalization, devaluation of East Portland’s built environment ensued – even as population increased.” (Goodling et al. 2015, 14). Portland provides a stark example of the “urban sustainability fix,” which suggests that modern cities, in search of a way to guide economic development and balance competing economic, social and environmental demands, are prioritizing initiatives that “attract affluent, well-educated, environmentally minded residents and the businesses that cater to their tastes,” (While et al. 2004, Goodling et al. 2010, 8). While Portland contains shining examples of sustainability in urban planning, for the city to claim innovation in sustainable development, it must challenge the structures that reinforce “uneven development” and bring equity into the equation.

## Sustainable Business in Portland

Government initiatives have played a prominent role in shaping and supporting the green business sector of Portland. For example, in 2011 Portland city government launched the Sustainability at Work special project (The City of Portland). This initiative provides free sustainability resources and counseling to local businesses. Additionally, it has a three level (bronze, silver, gold) Sustainability At Work Certification aimed at recognizing local “business’s positive impact on our environment and our community” (The City of Portland).

With the sustainable business culture already in place in Portland, the introduction of the B-corp certification in 2007 and the benefit company<sup>11</sup> legislation in 2013 has been readily accepted. Portland is now home to 47 certified B-corps. At this point, any business can elect to be a benefit company, and in doing so it accepts the obligation to 1) provide “general public benefit,” 2) consider the impact of on multiple stakeholders, and 3) annually report their progress in meeting these goals through a third-party standard (Oregon’s). In these early years of the legislation, it remains to be seen if the benefit companies will uphold these commitments, considering there is limited infrastructure in place to ensure compliance. It is interesting to note the observation of cause marketing expert Aiden Livingston, that “[i]n a very real way, these companies [both B-corps and benefit corporations] were not so much interested in a legal classification as much as they were anxious to join a movement that represented the evolving landscape of how business ought to be conducted in the 21st century.” (Livingston 2012). Portland’s private sector has demonstrated a commitment to this movement through the high

---

<sup>11</sup> Oregon is one of two states that passed legislation for the benefit company LLC rather than the benefit corporation.

concentration of B-corps and benefit companies. Additionally, in the fall of 2015, Portland's government directly showed its support by announcing that it would launch a Best for Portland campaign in 2016<sup>12</sup>.

The rise of this movement in Portland, and the effect it is having on local businesses, has been the guiding focus of my research. The following section outlines the methods through which I have found answers to the question: *How is the B-corp movement shaping the good portland b-corps are pursuing?*

## Section 3

### Methodology

I have used a three-pronged methodology to assess the impact of the B-corp movement and certification on Portland businesses. The methodology was designed to shed light on the different scales of impact created by sustainable businesses and to explore how the actual impacts of sustainable businesses in Portland are shaped by the B-corp certification. I begin by presenting a series of graphs that illustrate how Portland B-corps compare to other certified B-corps and other sustainable businesses. This profile suggests potential characteristics particular to the city's business climate and reveals the collective strengths and weaknesses of Portland's B-corps. Second, I present a comparison of the B-corp certification to Portland's Sustainability at Work business certification, and highlight how these certifications affect the businesses that use them. Finally, I will examine qualitative data I gathered from seven informational interviews to

---

<sup>12</sup> Bcorp tweet: Oct. 15: It's official, PDX - the Best for Portland awards are coming at ya in 2016! [#BInspiredPDX](#) [#BTheChange](#) (@BestforNYC leading the way)



provide an in-depth look into the perspectives and experiences of B-corps and other sustainable businesses.

## Profile of Portland B-corps

Over 40,000 companies have used the the B-Lab's free Business Impact Assessment (BIA). B-Lab compiles these results and publically shares the baseline scores from different groups of participants. Every certified B-corp also makes public their scores in the five main sections of the assessment on the B-Lab website. By pulling the scores from all Portland B-corps, I was able to make a series of graphs that show how the scores of Portland B-corps compare to the median score in a section from a sample of 536 B-corps<sup>13</sup>. There is some overlap and disparity between the data sets however, because it is likely that the scores of newly-certified Portland B-corps are represented within the calculation of the median score. Additionally, some of the Portland B-corps have not yet been assessed using the latest BIA because they are not up for recertification, which occurs every two years. These are limitations to keep in mind, but they do not invalidate the comparison. The second set of comparisons looks at the scores of Portland B-corps in reference to the median score from a sample of 1,075 Other Sustainable Businesses. Other Sustainable Businesses are companies that have voluntarily taken the BIA and have self-identified as a sustainable business or demonstrated a motivation to conduct business in a sustainable way. Only 35% of this data has been verified by B-Lab, and therefore less emphasis is put on this comparison.<sup>14</sup>

---

<sup>13</sup> This sample includes all B-corps who have completed the latest version of the assessment. 100% of these scores have been verified by B-Lab.

<sup>14</sup> Information from the B-Lab website: [bcorporation.net](http://bcorporation.net).

## Environment Score

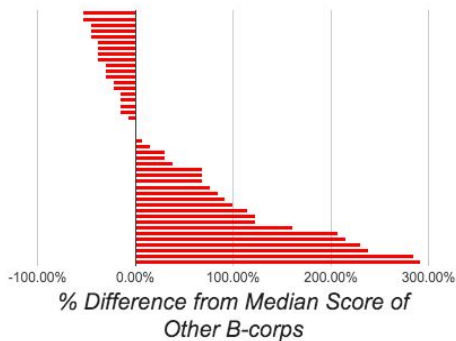


Figure 2.

## Customer Score

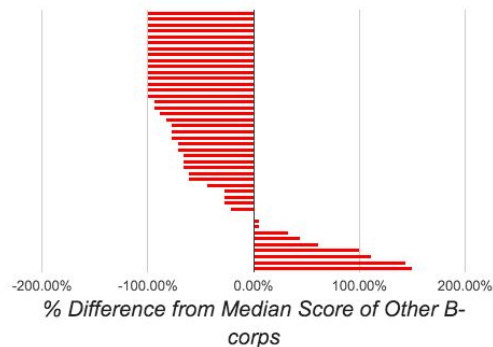


Figure 3.

## Community Score

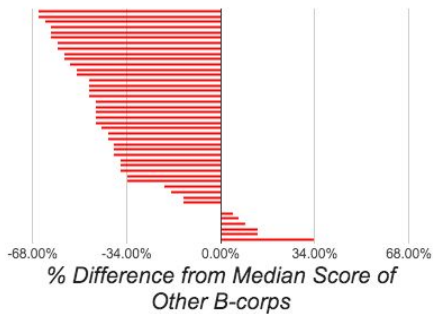


Figure 4.

## Governance Score

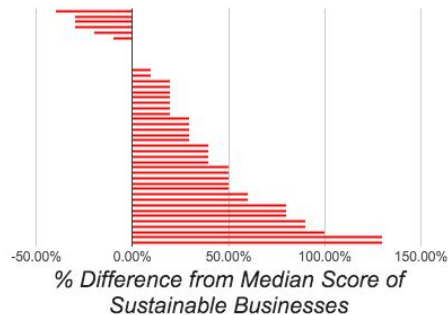


Figure 5.

This comparison was conducted across the four main sections of the BIA: community, workers, customers, environment, and governance, as well as the total scores. As shown in Figure 2, Portland B-corps are doing especially well in the environment section. About half of Portland B-corps have scored higher than the median B-corp score. Roughly one fourth of the companies have received a score that is more than double that of the median score and almost one sixth of Portland B-corps have received a score that is more than triple that of the median score. Portland B-corps have scores much closer to the median Other B-corp score for both the workers section and the governance section (see in Additional Figures). In both these sections

the range of scores is much smaller and there is a roughly even split between Portland B-corps that score above the median and those that score below. Portland has noticeably lower scores in the customer and community sections, as shown in figures 3 and 4. Almost four-fifths of Portland B-corps have scores below the median score in both these sections. The range of scores in the community is smaller however, and Portland B-corps are somewhat closer to the median score. The customers section is where Portland B-corps do the worst as a whole, 15 of the 43 companies did not receive any points in this section. Looking at the Total score for Portland B-corps, besides a few outliers that do quite a bit better than the median, most score relatively close to the median but slightly more than half fall below it rather than above it.

In the comparison between Portland B-corps and Other Sustainable Businesses, the sustainable businesses generally have a slightly lower median score in each sections, so the patterns observed are similar to the Other B-corps comparisons. The one exception to this is in the governance section, shown in figure 5. Almost all Portland B-corps score above the median of Other Sustainable Businesses. This is not because the median score for Other Sustainable Businesses is especially low in governance, rather it shows that Portland B-corps have gone beyond what is common for most sustainable businesses to have good governance. In the following section, I will examine the content of the BIA and Portland's Sustainability at Work Certification to highlight in greater detail potential differences between Portland B-corps and Other Sustainable Businesses.

## Certification Comparison

There are multiple certifications available to businesses that want recognition for being “sustainable,” “green,” or “good.” Some certifications are global, such as B-corp, some are national, such as the Green America Business Certification, and others are regionally or locally focused, such as the ReDirect Guide Green Business Certification and Portland’s Sustainability at Work Certification. I will present a comparison of Portland’s Sustainability at Work Certification and the B-corp Certification to highlight potential differences between Portland certified sustainable businesses and B-corps.

The first important difference to recognize between B-corps’ Business Impact Assessment (BIA) and Portland’s Sustainability at Work Certification is the reason each was created and purpose they are intended to serve. Portland’s certification serves to celebrate and publicize local businesses and have an explicit focus on sustainability. In this case, “sustainability” suggests business practices related to an environmental impact, such as reducing resource consumption and proper waste management. The BIA, on the other hand, was created for the purpose of providing a globally recognized indicator that a company has met “the highest standards of verified, overall social and environmental performance, public transparency, and legal accountability<sup>15</sup>.” The BIA is significantly more rigorous, and as the mission statement indicates, it has a much broader focus.

---

<sup>15</sup> Source: bcorporation.net.

Chart 1. B-corp and Sustainability at Work Certification Comparison.

Certification	B-Corp	Sustainability at Work
Sections	<ul style="list-style-type: none"> <li>- Community</li> <li>- Consumers</li> <li>- Workers</li> <li>- Environment</li> <li>- Governance</li> </ul>	<ul style="list-style-type: none"> <li>- Information &amp; Education</li> <li>- Materials &amp; Waste</li> <li>- Energy</li> <li>- Transportation</li> <li>- Water</li> </ul>
Versions	<ul style="list-style-type: none"> <li>- 50 different assessments based on company size, industry and country.</li> <li>- Versions weight criteria differently to fit industry.</li> </ul>	<ul style="list-style-type: none"> <li>- 5 versions: Office, Retail, Grocery, Restaurant, Other.</li> <li>- Versions weight criteria differently to fit industry.</li> </ul>
Requirements	<ul style="list-style-type: none"> <li>- 80 points or more out of 200.</li> <li>- Annual fee, based on sliding scale.</li> <li>- Meet legal requirements to protect mission.</li> <li>- Adoption of B-corp Constitution of Interdependence.</li> </ul>	<ul style="list-style-type: none"> <li>- 12 or more Bold = Bronze</li> <li>- 30+ = Silver</li> <li>- 45+ = Gold</li> </ul>
Verification	<ul style="list-style-type: none"> <li>- Assessment review conducted over phone for all companies.</li> <li>- 10% receive on-site reviews.</li> </ul>	<ul style="list-style-type: none"> <li>- On-site verification.</li> </ul>

Comparing the certifications themselves further highlights that the depth and breadth of the BIA is far beyond the Sustainability at Work certification. Chart 1 shows similarities and differences between the two assessments. The BIA includes sections of workers, community, consumers and governance, none of which are part of the Sustainability at Work Certification. Both certifications use a positive scoring method and require a business to meet a minimum score in order to receive certification. Both certifications also use different assessments based on what industry the company is in. The Sustainability at Work Certification has four different versions, whereas the BIA has over 50 based on the size of the company and what country it is

located in. For both certifications, the purpose of creating variations is to weight different sections in a way that best reflects the impacts of that industry.

The rigorous nature of the BIA suggests that most businesses who receive the certification have to work to obtain it and then maintain it (it regularly gets updated and most say it becomes more difficult). For companies wanting to certify with B-corp, they must be willing to uphold high standards in areas of operation that are typically not visible to a consumer. The BIA reinforces an internal focus by heavily weighting sections such as wage equality within the company and worker benefits. This suggests that certified B-corps must prioritize areas of operation beyond what consumers might expect or what is commonly considered under the umbrella of “sustainability.” The broad scope of the BIA ensures that certified B-corps maintain a holistic approach to fulfilling their mission. This means that a business with an explicit human rights mission must consider their environmental practices as well, or a business focused on sustainability must include workers rights and governance in their definition of sustainability.

Both the Sustainability at Work Certification and the B-corp Certification provide certified businesses with a marketing tool that can help the company communicate their commitment to being ‘good’ or ‘sustainable.’ While interviewing different Portland businesses for the following case studies, I found that none of the companies cited marketing as a primary reason for getting certified. Yet I consistently heard that communicating their mission was a challenge, and both certifications served as a signal to customers that they were “good” or “sustainable,” and opened the door for more opportunities to communicate their mission.

## Case Studies<sup>16</sup>

One of the best places to find information about how the B-corp certification and movement is affecting Portland businesses is from the business leaders themselves. In this section I will present four case studies that represent Portland companies of distinct sectors, sizes, and years being a B-corp. Drawing from semi-formal informational interviews, I will briefly describe the experience and perspective of three certified B-corps, a furniture manufacturing company, a software company, and a grocery chain, as well as a coffee roaster that is in the process of becoming certified. To illustrate if and how the B-corp movement is affecting Portland companies that are not certified through B-corp, I also include two brief case studies of other sustainable businesses. The first is also a furniture manufacturer and the other is a brew-pub. To respect the privacy of these companies, I will be referring to them as Company A, Company B, and so forth.

### B-corp A: The Furniture Manufacturer

Company A was an early adopter, receiving the B-corp certification in 2010. They were founded in 1982 as a family business committed to serving their community and developing a high quality and sustainable product. For them, sustainability “starts with the product,” and means making good quality furniture that will last forever rather than ending up in a landfill. They also work to reduce energy use in the company, by having solar panels, buying wind-power credits, and using trucks that run on biodiesel. A recent addition to their waste management plan is a briquette machine, which takes all the sawdust produced in the woodshop and compacts it

---

<sup>16</sup> All information in this section based on interviews I conducted with Portland businesses between January 2016 and March 2016.

into bricks which are donated to the community for burning, and in doing so they have diverted 1,200 pounds from the landfill. In the last year they also formed a sustainability team comprised of representatives from each department that meet to discuss what other sustainability-related initiatives to pursue. For example, they decided to join an eco-challenge led by the local company NW Energy Institute, in which they determined goals to pursue as a team, such as not eating meat for as long as possible. Company A has found the greatest value of the B-corp certification has been in reinforcing a culture of sustainability and ‘doing good for others’ within the company and providing a collaborative community of likeminded businesses.

### Company B: The Software Developer

Company B provides a software platform that enhances communication and collaboration in an organization or team. The founder’s commitment to a triple bottom line is embedded in the internal workings of the company, and externally, the product is often pitched as a tool for tracking a company’s sustainability goals. The founder, who was involved in multiple sustainable business networks in Portland prior to introduction of the B-corp movement, chose to pursue the B-corp certification in 2010 and also registered as a benefit company once the legislation passed in 2013. As a B-corp, Company B has experienced many of the benefits that come with this title, such as co-marketing opportunities with other B-corps. As a benefit corporation as well, the founder has observed some contention between the two groups. The introduction of the benefit company legislation has created some confusion, as consumers are not clear how the certified B-corps are distinct. Additionally, benefit companies are not welcomed



into the B-corp community network organized by B-lab. The founder of Company B advocated that the Portland B-corps and benefit companies find ways to collaborate more.

### Company C: The Grocery Chain

Company C is the largest business of the three case studies, with over 3,000 employees<sup>17</sup> and multiple locations throughout the Pacific Northwest. One of the founders of the company initially proposed the idea of pursuing the B-corp certification in 2011, but it was not considered a value-add until a few years later, when the company adopted capital owners. During this transition, they felt a need to demonstrate to their staff that they were not abandoning the founding values of the company. For them, the B-corp certification was a way of “grounding in who we were already.” They received the certification in 2013 and found that the rigorous process created a sense of pride and satisfaction among their staff. The process also provided them with productive ideas and a “framework for setting improvement goals.” This framework for measuring and communicating their ‘good’ has been an added benefit of the certification. The company first invested in communicating the meaning of the B-corp certification internally. Every staff member underwent a training about how to talk about the B-corp certification. Following, they launched a promotional campaign to educate customers about what the B-corp certification represents and to highlight the products in their grocery stores that came from other certified B-corps. In this way, they are “actively involved” in raising awareness about the social movement surrounding B-corps.

---

<sup>17</sup> Wiki - as of 2013.

## Other Sustainable Businesses

There are many other businesses in Portland that aim to be sustainable or follow a triple bottom line business model. However, it can often be difficult to determine the degree to which a company is pursuing a mission beyond profit maximization. In my search for sustainable businesses in Portland, the factors I looked for were 1) if they publically shared an explicit mission statement, 2) if they were a registered benefit company and 3) if they received Portland's Sustainability at Work certification.

### Company D: The Furniture Manufacturer #2

Company D has similar commitments to sustainability as Company A, yet at the time of the interview, the owner was not aware of the B-corp certification. Company D is certified Gold under Portland's Sustainability at Work certification, and holds to Forest Stewardship Council certification. For the Sustainability at work certification, they did not seek out the certification, rather the city came to them and recommended they apply. They were able to get the a Gold level certification based on the practices they already had in place. Company D highlighted that it is often difficult for a small business to afford certifications. The owner confirmed that the company was founded with the mission to be a sustainable furniture manufacturer, and they make an effort to use local, sustainably-sourced materials. Regarding where they get information and ideas about best practices related to their sustainability mission, Company D cited the "knowledgeable people" in Portland, such as individuals involved in sustainability at Portland State University (PSU) and organizations such as the Pacific Rivers Council. When the owner of

Company D voiced a concern about not having the GREENGUARD<sup>18</sup> certification to an acquaintance at PSU, he received a memorable and helpful piece of advice, “‘common sense has to prevail’.” For Company D, certain certifications are out of reach at this stage, but they uphold a firm commitment to doing what they can to be a sustainable business.

### Company E: The Brew-Pub

Company E was also sought-out by Portland’s Sustainability at Work team and was awarded level gold certification. The company has a “green team” that consists of five volunteers from within the company that spearhead sustainability initiatives for the company. A focus on sustainability is slowly becoming more integrated into the company, but providing community support is their central focus. The company was founded with a clear mission to be a community benefactor. Among all branches of the company (the Portland branch is not the only one) they have contributed over \$400,000 to charity since it was founded in 1998. For a larger company with multiple branches, coordinating sustainability goals is a challenge, but they have monthly conference calls to communicate ideas and efforts.

## Section 4

### Discussion of Findings

The three prongs of my methodology revealed trends among Portland B-corps that suggest important limitations and opportunities within sustainable businesses. I will begin by discussing how the B-corp certification impacts the businesses that certify, examining why

---

<sup>18</sup> “GREENGUARD Certification ensures that a product has met some of the world’s most rigorous and comprehensive standards for low emissions of volatile organic compounds (VOCs) into indoor air.” (greenguard.org).

businesses certify, the benefits they receive from the certification, and how it influences their efforts to create impact. Second, I will discuss the city-level trends of Portland B-corps, exploring broadly applicable concerns, such as uneven development and the challenges of scaling up sustainable businesses impacts.

## Certification Impacts

When I asked the companies why they chose to become a certified B-corp, the common response was, “it just made sense.” I was expecting that certified B-corps would have had a focus on a triple bottom line before certifying, but I did not anticipate the extent to which they saw their values aligning with the B-corp values. This finding suggests one of the key reasons that companies certify has been to reinforce an already present company identity. The certification validates and clarifies the company's mission internally and helps them communicate that commitment externally. The companies I interviewed also reiterated that the B-corp certification was first and foremost a tool that benefited the internal workings and culture of the company, and the benefits they gained from external recognition through B-corp marketing was an additional benefit.

The B-corp case studies also indicated that the B-corp impact assessment (BIA) provided the companies with a “roadmap” or “framework” from which to gain ideas and validation about their initiatives to be a better sustainable business. This suggests there is a unification and standardization happening within Portland’s social enterprise sector. Now, 43 of Portland’s sustainable businesses are all working to uphold one set of standards, while before they were developing and following their own standards. Furthermore, the BIA requires B-corps to uphold

a triple bottom line approach that goes beyond what Other Sustainable Businesses typically take on. While most of the businesses I interviewed did not reflect Dyllick et al.'s definition of a "truly sustainable business," the comparison of B-corps to other sustainable businesses and the analysis of the BIA showed that B-corps rigorously defining a new model for sustainable business.

## Particularities of Portland

The city-level profile showed that many of Portland B-corps have exceptionally high scores in the Environment section of B-corp's Business Impact Assessment (BIA). This reflects the prominence of environmental values in the city as a whole. Portland's image as a sustainable city attracts people with eco-conscious values, who tend to enjoy supporting businesses that reflect these concerns. Whether Portland B-corps consciously cater to environmental values or unconsciously reflect the culture of the city is unclear, yet it is important to consider this phenomenon in light of the historic tendency for uneven development in the city.

Uneven development in Portland has resulted from inner neighborhoods receiving the majority of funding for green infrastructure, attracting wealthier populations to the city center, which raises real estate prices and pushes minority populations into outer neighborhoods where they do not readily enjoy the public amenities developed in the city center. Sustainable businesses are often complicit in this phenomenon because they tend to cater to wealthier customers. Portland B-corps are not exempt. In general, they prioritize good environmental practices, rather than serving people, profits, and the planet equally.

The widespread emphasis on business sustainability in Portland, compared to other cities, has led to the city having the second highest number of B-corps in the U.S. Portland's community of B-corps was described to me in the interviews as "amazing," a "most wonderful surprise," and as "aggressively wanting to grow." The community of B-corps are actively working to take the movement from a niche market to the mainstream. For example, Portland B-corps recently implemented a "B-board," which will serve as the local chapter of the B-corp movement. Roughly 40 representatives from Portland B-corps will meet monthly to plan events, discuss how to improve education about B-corps (both internal and external), how to engage with the community, and how they can help shape the local environment. Additionally, the movement is has harnessed governmental support. The office of Charlie Hales, Portland's mayor, recently announced that later this year a Best for Portland campaign will be launched. Organized by B-Lab,<sup>19</sup> this campaign will challenge Portland businesses to compete for recognition as a business that is doing the most good for the community. As the B-corp movement grows in Portland, it is worth exploring if the collective good they produce is also scaling up, and if so, how?

## Scaling up the Benefits

B-Lab must balance the need to maintain high standards in the certification process with the need to attract and retain big companies to the movement. A criticism of the B-corp model, and sustainable business in general, is that it is only practical for small businesses, and therefore will never reach the large corporations that have the highest impacts. My interviews with

---

<sup>19</sup> B-lab is the NGO behind the B-corp movement.

Portland B-corps reflected this concern. The overwhelming majority of Portland B-corps, and B-corps in general, are small, privately-owned companies. Company C is the largest Portland-based B-corp and they expressed that maintaining their certification and high scores has been increasingly difficult. However, they feel receiving a lower score after a recertification would hurt their reputation, specifically among staff. Since the certification gets updated with more rigorous standards every two years, it has pushed them to continue improving.

Only two publicly traded companies are certified B-corps, the Brazilian cosmetic company Natura, and Etsy, the U.S.-based online craft marketplace. Additionally, there has been significant hype around the news that the third largest consumer product manufacturer in the world, Unilever, is working with B-Lab to try and get certified. These cases indicate it is not impossible for large corporations to become B-corps, but the requirements they must meet become much more complicated than they would be for a small, privately owned company. For example, if a certified B-corp is incorporated, B-Lab requires that the company adopt benefit corporation legal status within four years, if the legislation has passed in that state. This is the case for Etsy, and there is speculation they will not remain a B-corp due to the risk the switch would entail, such as shareholder lawsuits. Without the participation of large and publically traded companies, the B-corp movement faces significant barriers to scaling up their impact.

## Conclusion: Business as a Force for Good

The question *can business be a force for good?* inevitably brings up questions of scale. A sustainable business that aims to serve a triple bottom line must learn to balance a range of stakeholder interests that span from the individual level of the worker to the global scale of

ecological protection. My analysis of sustainable businesses in Portland has shown that B-corps are held to exceptionally high business standards that make them a leading model of the triple bottom line sustainability framework. The B-corp certification therefore, is a force for good in itself, because it is helping businesses realize their respective missions to do good. Yet the Portland case study prompts further questions about who receives the benefits created by sustainable businesses and if those benefits can be scaled up to serve broader community needs.

The case study of Portland affirms that the collective good created by sustainable businesses are not yet generating large-scale shifts toward sustainable development or green capitalism. Dyllick et al. would argue this is because they are not yet, “truly sustainable businesses.” Meaning they are still focused on minimizing negative impacts rather than finding ways to “create a significant positive impact in critical and relevant areas for society and the planet” (Dyllick et al. 2015). However it is unlikely that the focus of minimizing negative impacts will ever be irrelevant. Negotiations, compromises and tradeoffs are inherent to business; there will always be winners and losers.

This is not to give up on the idea that business can be a force for good, rather, I propose a shift away from the idealism that business can produce win-win-win solutions that serve all stakeholders at all times. Instead the focus should be on making businesses more self aware of their own opportunities to create positive impact, as well as their constraints. This process is already underway, led by global movements such as B-corp and the global reporting initiative, which are developing tools for businesses to measure, track, understand, and improve their impact across a broad range of indicators. Worldwide there are 1,704 certified B-corps and 93% of the world’s 250 largest companies reporting on their sustainably performance. Businesses are

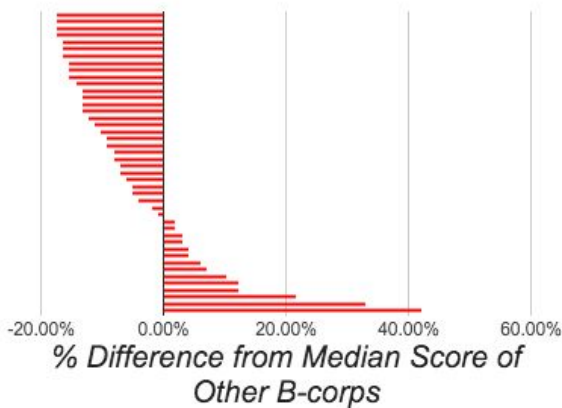


clearly *looking* for ways to minimize their negative impacts and maximize social, environmental and economic benefits. Business is not the magic bullet that will transform society into a sustainable utopia, but good work is being done toward helping businesses that want to improve become more self-aware.

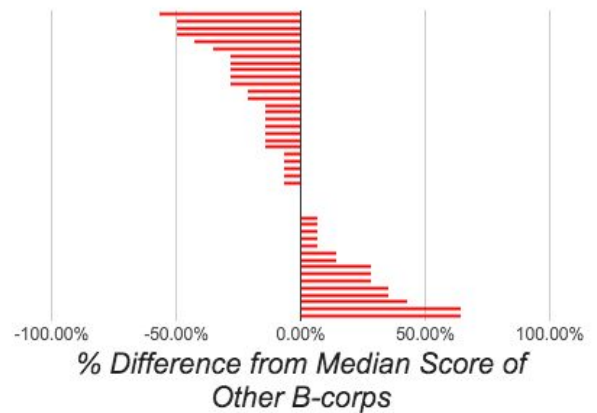
## Additional Figures

Each chart shows a comparison of Portland B-corps' scores in different sections to the median score of other B-corps (red) or other sustainable businesses (blue).

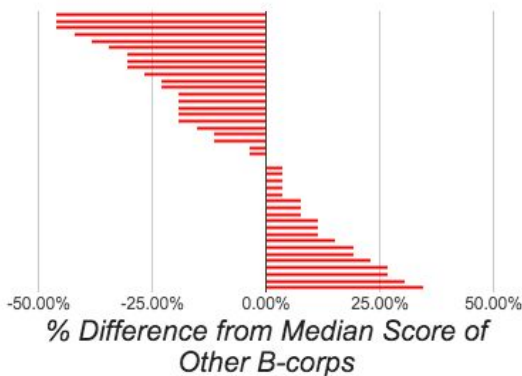
### Total Score



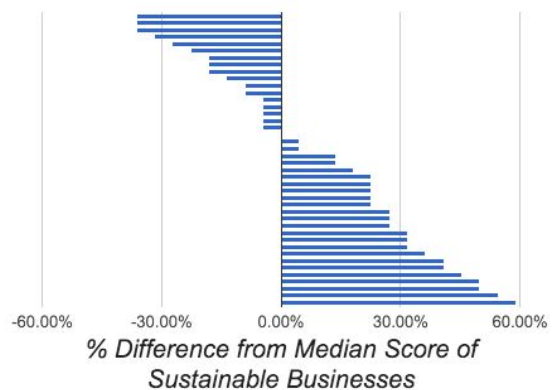
### Governance Score



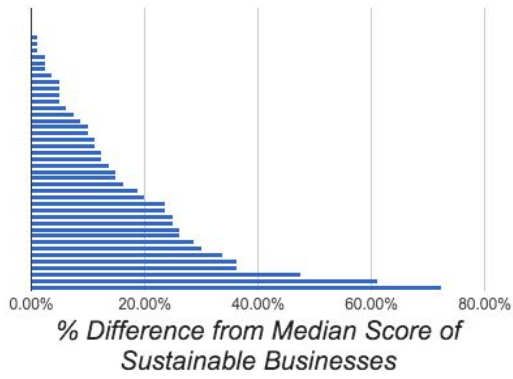
### Worker Score



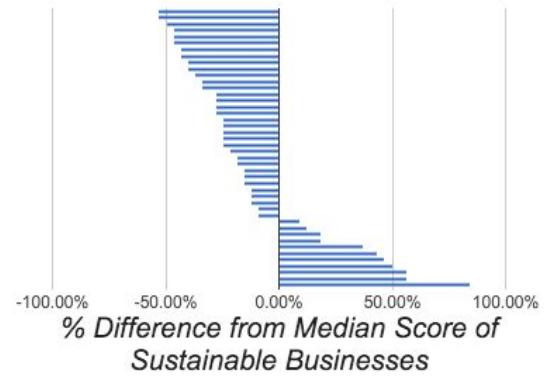
### Worker Score



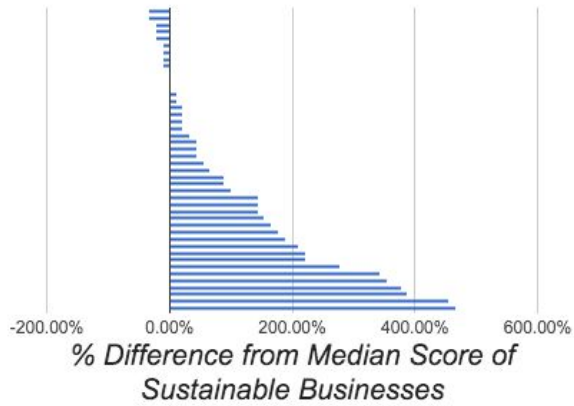
## Total Score



## Community Score



## Environment Score



## Bibliography

- 1) Abbott, Carl. *Portland's Working Rivers: The Heritage and Future of Portland's Industrial Heartland*. Report. Working Waterfront Coalition, 2008.
- 2) "About GRI." About GRI. Accessed March 18, 2016.  
<https://www.globalreporting.org/information/about-gri/Pages/default.aspx>.
- 3) Achermann, Claire, Bettina Forde, and Michael Ouzas. *Benefit Corporation - A Case Study of the US and Lessons for Australia*. Report. Social Impact Hub, 2014.
- 4) Agnew, John. "The New Global Economy: Time-Space Compression, Geopolitics, and Global Uneven Development." *JWSR Journal of World-Systems Research* 7, no. 2 (2015): 133. doi:10.5195/jwsr.2001.167.
- 5) "B Corporation." The B Corp Declaration. Accessed April 29, 2016.  
<https://www.bcorporation.net/what-are-b-corps/the-b-corp-declaration>.
- 6) Birdstall, Nancy, and Francis Fukuyama. "The Post-Washington Consensus." *Foreign Affairs*. 2011. Accessed April 29, 2016.  
<https://www.foreignaffairs.com/articles/2011-02-16/post-washington-consensus>.
- 7) Bullard, Nicola, and Tazio Müller. "Beyond the 'Green Economy': System Change, Not Climate Change?" *Development* 55, no. 1 (2012): 54-62. doi:10.1057/dev.2011.100.
- 8) Carroll, A. B. "Corporate Social Responsibility: Evolution of a Definitional Construct." *Business & Society* 38, no. 3 (1999): 268-95.
- 9) Carroll, Archie B., and Kareem M. Shabana. "The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice." *International Journal of Management Reviews* 12, no. 1 (2010): 85-105.
- 10) Chandler, Alfred D. *The Visible Hand: The Managerial Revolution in American Business*. Cambridge, MA: Belknap Press, 1977.
- 11) Cochran, Philip L. "The Evolution of Corporate Social Responsibility." *Business Horizons* 50, no. 6 (2007): 449-54.
- 12) Cock, Jacklyn. "Green Capitalism or Environmental Justice: A Critique of the Sustainability Discourse," *Focus*, 63, November 2011, pp.45-51.
- 13) Conroy, Michael E. *Branded!: How the 'certification Revolution' Is Transforming Global Corporations*. Gabriola Island, B.C.: New Society Publishers, 2007.
- 14) Cooney, Kate, Justin Koushyar, Matthew Lee, and Haskell Murray. "Benefit Corporation and L3C Adoption: A Survey." *Stanford Social Innovation Review*, 2014.
- 15) Dyllick, Thomas, and Kai Hockerts. "Beyond the Business Case for Corporate Sustainability." *Business Strategy and the Environment Bus. Strat. Env.* 11, no. 2 (2002): 130-41. doi:10.1002/bse.323.
- 16) Dyllick, T., and K. Muff. "Clarifying the Meaning of Sustainable Business: Introducing a Typology From Business-as-Usual to True Business Sustainability." *Organization & Environment*, 2015.
- 17) Elkington, John. *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Gabriola Island, BC: New Society Publishers, 1998.

- 18) Fitzgerald, Joan. *Emerald Cities: Urban Sustainability and Economic Development*. New York: Oxford University Press, 2010.
- 19) Frederick, William C. *Corporation, Be Good!: The Story of Corporate Social Responsibility*. Indianapolis, IN: Dog Ear Publishing, 2006.
- 20) Friedman, Thomas L. "The Power of Green." *The New York Times*. 2007. Accessed April 29, 2016. <http://www.nytimes.com/2007/04/15/magazine/15green.t.html?scp=1>.
- 21) Giddings, Bob, Bill Hopwood, and Geoff O'Brien. "Environment, Economy and Society: Fitting Them Together into Sustainable Development." *Sustainable Development Sust. Dev.* 10, no. 4 (2002): 187-96. doi:10.1002/sd.199.
- 22) Goodling, Erin, Jamaal Green, and Nathan McClintock. "Uneven Development of the Sustainable City: Shifting Capital in Portland, Oregon." *Urban Geography* 36, no. 4 (2015): 504-27.
- 23) Harris, Jerry. "Can Green Capitalism Build a Sustainable Society?\*" *Perspectives on Global Development and Technology* 13, no. 1-2 (2013): 43-60. doi:10.1163/15691497-12341288.
- 24) Hawken, Paul, Amory B. Lovins, and L. Hunter Lovins. *Natural Capitalism: Creating the next Industrial Revolution*. Boston: Little, Brown and, 1999.
- 25) Hawken, Paul, Amory Lovins, and Hunter Lovins. "Natural Capitalism: Creating the Next Industrial Revolution Synopsis." *Natural Capitalism*. <http://www.natcap.org/>.
- 26) Hemphill, Thomas, and Francine Cullari. *The Benefit Corporation: Statutory Barriers to Adoption*. Report. 2014.
- 27) Hopkins, Michael. *The Planetary Bargain: Corporate Social Responsibility Comes of Age*. New York: St. Martin's Press, 1999.
- 28) Ikerd, John E. *Sustainable Capitalism: A Matter of Common Sense*. Bloomfield, CT: Kumarian Press, 2005.
- 29) Keily, Ray. "Uneven Development." *The Wiley Blackwell Encyclopedia of Race, Ethnicity, and Nationalism*, December 30, 2015. doi:10.1002/9781118663202.wberen425.
- 30) Ki-moon, Ban. "Address to the 66th General Assembly:." *UN News Center*. 2011. Accessed April 29, 2016. [http://www.un.org/apps/news/infocus/speeches/statments\\_full.asp?statID=1310#.VyOnepMrKRt](http://www.un.org/apps/news/infocus/speeches/statments_full.asp?statID=1310#.VyOnepMrKRt).
- 31) Kolk, Ans, and Rob Van Tulder. "International Business, Corporate Social Responsibility and Sustainable Development." *International Business Review* 19, no. 2 (2010): 119-25.
- 32) "Oregon's New Benefit Company Statute (Portland)." *Lane Powell PC RSS*. 2013. Accessed March 18, 2016. <http://www.lanepowell.com/16345/oregons-new-benefit-company-statute-portland/>.
- 33) Livingston, Aiden. "To B or Not to B? Weighing the Benefits of Benefit Corporations." *Mashable*. March 02, 2012. Accessed March 18, 2016. <http://mashable.com/2012/03/02/benefit-corporations/#mryQ02RQGkqR>.
- 34) Murray, Haskell. "Choose Your Own Master: Social Enterprise, Certifications and Benefit Corporation Statutes." *American University Business Law Review*, 2012.
- 35) "Mayor's B Corp Program 'Best for NYC' Hopes to Get Businesses to Be More like Etsy - New York Business Journal." *New York Business Journal*. March 11, 2015. Accessed

March 18, 2016.

<http://www.bizjournals.com/newyork/news/2015/03/11/best-for-nyc-program-encourages-businesses-to-be.html>.

- 36) Nakhoda, Smita. "Climate Finance: What Was Actually Agreed in Paris?" Overseas Development Institute (ODI). Accessed April 29, 2016.  
<https://www.odi.org/comment/10201-climate-finance-agreed-paris-cop21>.
- 37) Noked, Noam. "Benefit Corporations vs. "Regular" Corporations: A Harmful Dichotomy." The Harvard Law School Forum on Corporate Governance and Financial Regulation Benefit Corporations vs Regular Corporations A Harmful Dichotomy Comments. 2012. Accessed March 18, 2016.  
<https://corpgov.law.harvard.edu/2012/05/13/benefit-corporations-vs-regular-corporations-a-harmful-dichotomy/#10>.
- 38) Piketty, Thomas. *Capital in the Twenty-first Century*. 2013.
- 39) Porter, Michael. *The Case for Letting Business Solve Social Problems TED Talk*. 2013.
- 40) [https://www.ted.com/talks/michael\\_porter\\_why\\_business\\_can\\_be\\_good\\_at\\_solving\\_social\\_problems?language=en](https://www.ted.com/talks/michael_porter_why_business_can_be_good_at_solving_social_problems?language=en)
- 41) Porter, Michael E., and Mark R. Kramer. "Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility." *Harvard Business Review*, 2006.
- 42) Smelser, Neil J., and Paul B. Baltes. *International Encyclopedia of the Social & Behavioral Sciences*. Amsterdam: Elsevier, 2001.
- 43) Chapter on Multinational Corporations
- 44) "Delaware Unveils Public Benefit Corporation Legislation." State of Delaware News. April 18, 2013. Accessed March 18, 2016.  
<http://news.delaware.gov/2013/04/18/delaware-unveils-public-benefit-corporation-legislation/>.
- 45) Summers, Clyde. "The Battle in Seattle: Free Trade, Labor Rights, and Societal Values." *International Economics*, 2001.
- 46) Takagi, Gene. "Maryland's Benefit Corporation - Nonprofit Law Blog." Nonprofit Law Blog. 2010. Accessed March 18, 2016.  
<http://www.nonprofitlawblog.com/marylands-benefit-corporation/>.
- 47) "The City of Portland, Oregon." 2015 Climate Action Plan RSS. Accessed March 18, 2016. <https://www.portlandoregon.gov/bps/66993>.
- 48) "The City of Portland, Oregon." Certification RSS. Accessed March 18, 2016.  
<http://www.portlandoregon.gov/sustainabilityatwork/62171>.
- 49) "Triple Bottom Line." The Economist. 2009. Accessed April 29, 2016.  
<http://www.economist.com/node/14301663>.
- 50) "Native American History - Travel Portland." Travel Portland. 2013. Accessed March 18, 2016. <https://www.travelportland.com/article/native-american-history/>.
- 51) USA. The Secretary of State. By John F. Kerry.
- 52) <http://www.state.gov/documents/organization/219040.pdf>
- 53) USA. The White House. *Back to Work: What Comes After the President's Final State of the Union Address*. By Denis McDonough.
- 54) While, Aidan, Andrew E. G. Jonas, and David Gibbs. "The Environment and the Entrepreneurial City: Searching for the Urban 'sustainability;fix' in Manchester and

Leeds." *International Journal of Urban and Regional Research Int J Urban & Regional Res* 28, no. 3 (2004): 549-69.

55) "Business History." Wikipedia. Accessed March 18, 2016.  
[https://en.wikipedia.org/wiki/Business\\_history](https://en.wikipedia.org/wiki/Business_history).