

B Corporations:

their role in reshaping the purpose of business and their
contribution to a Biblical vision for ethical practice

Sophie Ford¹

The capitalist society in which we live is, in a nutshell, an economic system founded on the private ownership of the means of production and their operation for profit.² The Covid-19 pandemic and recent Black Lives Matter protests have accentuated and exacerbated specific underlying inadequacies and inequalities embedded in the operations of capitalism. Consumerism has fuelled the profitability of certain exploitative practices at the price of sustainability and right relationships. Big businesses play a key role in upholding the norm of shareholder primacy; this typically undervalues people and ecosystems in their pursuit of profit. Environmentalists have described this practice as “stealing the future, selling it in the present, and calling it GDP”, and activists are calling these illogical priorities out; “we cannot eat coal... we cannot drink oil”.³ The world is waking up to the failures of shareholder primacy; political parties and leaders in business and finance are recognising a need for resilience, environmental stewardship, and the provision of equal opportunity.⁴

This paper will aim to demonstrate that the B Corporation (B Corp) Movement should be supported by Christians and non-Christians alike because the movement is steadily reshaping the overarching purpose of business in the interest of all stakeholders. The movement challenges the viability of shareholder primacy whilst promoting more ethical and socially responsible practices that are similar to principles drawn from the Bible. This paper will not detail a Christian response to practices of capitalism; instead, I would like to make an argument for why Christians should support B Corps in their efforts to measure and cultivate positive systemic change. I will do this by, first, demonstrating that the Bible both critiques unjust methods of generating wealth and offers alternative purposes and

¹ This research essay was written as part of Jubilee Centre’s SAGE Graduate programme 2020-21

² Rosser, Mariana V.; Rosser, J Barkley, *Comparative Economics in a Transforming World Economy*. (UK, MIT Press. 2003) p. 7

³ Simon Leadbetter, “We Are Stealing the Future, Selling It in the Present, and Calling it GDP” *Blue & Green Tomorrow*, (2013), <https://blueandgreentomorrow.com/energy/we-are-stealing-the-future-selling-it-in-the-present-and-calling-it-gdp/> [Feb 2021]; Vanessa Nakate, @vanessa_vash “We cannot eat coal, we cannot drink oil. No one serves fossil fuels at the dining table.” https://twitter.com/vanessa_vash/status/1319211383905505280?lang=en (Oct 22, 2020). [Feb 2021]

⁴ Frederick Alexander, Holly Ensign-Barstow, Lenore Palladino, Andrew Kasso, ‘From Shareholder Primacy to Stakeholder Capitalism: A Policy Agenda for Systems Change’ (2020) (The Shareholder Commons, B Lab) <https://www.wlrk.com/docs/From-Shareholder-Primacy-to-Stakeholder-Capitalism-TSC-and-B-Lab-White-Paper.pdf> [Feb 2021] p.6

practices of work that value the needs of the vulnerable in the community. This will be followed by a brief explanation of the issues associated with the typical structure and culture of companies that restrict systemic change. I will then compare the B Corp criteria (using predominantly American examples, as this is where B Corps started and are most established) with the proposals set out in the Relational Business Charter (RBC). The RBC has been created by Christian thinkers who have assessed how a company might best operate to generate profits and support healthy relationships within and between companies. The purpose of this comparison is to provide a basis for Christian support and suggest improvements that could be made to B Corps' certification requirements, while further improvements will be explored through a critique of the certification. Lastly, individual and policy applications will be summarised; this will mostly encourage engagement with systems and the support of movements such as B Corp, alongside the promotion of tighter laws and regulation, since multilevel support is crucial in ending shareholder primacy's grip on the business sector.

Biblical critique of certain capitalist practices

Unjust practices of gaining and hoarding wealth are evident throughout history and are critiqued by biblical authors. An example of this is found in Habakkuk, where God condemns those who have gained wealth through extortion and assures Habakkuk that the oppressive Babylonian powers will not escape judgement.⁵ Within this chapter, the link between those plundering and piling wealth, and the consequences that this pursuit has on others and oneself is clear: "you have plotted the ruin of many peoples, shaming your own house and forfeiting your life".⁶ This book suggests that violent and selfish behaviour will not only damage their physical wellbeing but also their spiritual welfare.⁷ Similar critiques are expressed in the New Testament, where James condemns those living in luxury and pleasure and writes of the evil of hoarding wealth and failing to pay workers (reiterating the commands in Leviticus 19:13).⁸ With the focus of the passage centring on the treatment of the poor, in our context, Christians should use their interactions with business and money to empower, rather than exploit, others and view serving the vulnerable as an outworking of their business practices.⁹ In Isaiah 58, God criticises the hypocritical behaviour of those who fast to attempt to gain His favour, whilst simultaneously act in their own interest and oppress their workers.¹⁰ This passage reveals that our relationship with God is also connected to our relationship with others. Our will and actions should be aligned with His: "let the oppressed go free, and to break every yoke", in this place of right relationship with others "you shall call, and the Lord will answer".¹¹

Although there are many differences between the Old Testament, New Testament, and today's societies, "work" exists throughout time to varied degrees and so does the opportunity to act either righteously and justly or unjustly and oppressively. Christians should recognise this need and opportunity to act justly towards others through their interactions with businesses because we are all connected through these operations. We need to observe the warnings given around the pursuit of wealth over relationships and acknowledge that unjust gains have an impact on our soul, as well as our relationships with others and with God.

An alternative vision for business offered in the Bible

While the Bible offers a basis to critique the structures that we can see replicated today, it also offers alternative practices and purposes for business through the commands that God gave to ancient Israel,

⁵ Habakkuk 1,2

⁶ Habakkuk 2: 9-10

⁷ *Ibid.*

⁸ James 5:16; Leviticus 19:13

⁹ Kelly Liebengood, TOW Project, 'James: Faith and Work' (2014) <https://www.theologyofwork.org/new-testament/general-epistles/james-faith-works> [Feb 2021]

¹⁰ Isaiah 58: 2-5

¹¹ Isaiah 58: 6-11

whose economy depended on its agricultural production. In Leviticus, leaving the edges of the fields unharvested was encouraged as a provision for the poor and foreigner living among them.¹² In Ruth, we read how important this practice was for Naomi and Ruth to survive, having lost their husbands and therefore their financial provision and social status.¹³ Beyond agricultural business, Proverbs 31 describes a hard-working skilled woman of noble character who creates garments and manages a vineyard to provide for her family.¹⁴ Her work is profitable and enables her to open “her arms to the poor”.¹⁵ This suggests that the rewards of her business were not solely being able to provide for her immediate relations; but also enabled her to share her profits with the vulnerable.

Despite our advances in knowledge, technology, and welfare, we still exist today in a reality where millions of people need financial assistance. This biblical practice of cordoning off a portion of the profits should become an industry norm, but this is not to say that the business sector has the potential to eradicate all material poverty, rather that the sector is in a powerful position and has an attendant responsibility to reduce these inequalities and lighten the burden on the welfare state. These Bible passages offer Christians reasons to engage with business structures and I aim to further this argument using the Relational Business Charter (RBC) below. It is important to recognise that if this structural change is to be achieved, the audience must be wider than just Christians. I believe that B Corporations’ mission and progress can convince Christians and non-Christians alike to support a movement that is committed to broadening the purpose of business beyond profit to the benefit of all stakeholders.

Section A: Specific issues related to a company’s structure and operations

Before making the comparison between B Corps and the RBC, it is first worth mentioning a few structural norms that have contributed towards the relative neglect of stakeholders.¹⁶ Large companies are run by directors who may not own any of the business nor have any long-term interest in its success. These directors are accountable to the shareholders who own the business, but shareholder priorities lie with profit margins, pushing other stakeholders’ interests aside.¹⁷

Linked to this is the issue of shares being viewed as a commodity, often traded with little regard for the long-term viability of the investment because investors are looking for quick returns.¹⁸ This is an issue because it encourages directors to cut corners and offload costs on to the environment, people, and government. Pension and investment funds, which trade shares on behalf of individuals, exacerbate this problem because they “have no interest or responsibility for the company’s operations, other than for maintenance and increase in a financial return on behalf of the capital providers”.¹⁹ When returns are no longer satisfactory, shares are sold instead of the shareholder attempting to address the company’s problems, thus facilitating the short-term perception of shareholdings.²⁰

¹² Leviticus 23: 22; 19: 9

¹³ Ruth 2,3

¹⁴ Proverbs 31: 10-31

¹⁵ Proverbs 31: 18-20

¹⁶ By ‘structural norms’ I mean the structure of private companies and culture of business that normalise profit above all else.

¹⁷ Jonathan Rushworth, Michael Schluter, ‘The Relational Business Charter: *New Approach to the Purpose, Performance and Assessment of Companies*’ (2011) https://relationshipsfoundation.org/wp-content/uploads/2014/02/Relational_Business_Charter.pdf [Feb 2021] p. 2, 10

¹⁸ Jonathan Rushworth, Michael Schluter. P.11

¹⁹ Jonathan Rushworth, Michael Schluter. P. 16

²⁰ Jonathan Rushworth, Michael Schluter. P. 19

Similar behaviour has been witnessed during the pandemic as suffering businesses have cut costs through mass “layoffs or slashing benefits” to increase their stock prices.²¹ Even before the Covid-19 crisis, however, when indicators suggesting economic strength, the wages of the average American plateaued whilst shareholders enjoyed “extraordinary gains”²².

Regardless of the context, these practices contribute towards the increase of inequality. This structure leaves other stakeholders, who are directly affected by the operations and success of the company, with little control and leaves capital providers with little desire to use their influence on directors to adopt more ethical and sustainable practices.²³ In addition, although laws and government regulations have been created to compensate for the lack of control and accountability that shareholders exert on directors, impersonal rules “can make compliance feel like a burden and diminish motivation to fulfil requirements”.²⁴ Furthermore, government regulations can be exploited by directors, who seek loopholes or make the bare minimum of compliance “rather than taking an approach which looks at the real purpose of the requirement and addresses how best to comply”.²⁵ These are the pressing difficulties that feed into shareholder primacy, and this short-term profit-obsessed culture, and its associated practices, needs to be addressed if the purpose of business is to change.

Section B: What are B Corps and how are they any different to the schemes that already exist?

The B Corp movement has grown rapidly and become global since its inception in 2006, with over 3,600 Certified B Corps now based in 75 countries and spread across 150 industries.²⁶ B Corporations “are businesses that meet the highest standards of verified social and environmental performance, public transparency and legal accountability”.²⁷

B Lab is a non-profit organisation that measures a company’s impact in five areas - governance, environment, customers, workers, and community – and the B Impact Assessment (BIA) measures these factors within companies. To be certified, a company seeking the certification must achieve a BIA score of 80 or higher (out of 200) and needs to recertify every three years.²⁸ The founders of B Lab want to reshape the purpose of business away from shareholder primacy towards creating value for all stakeholders, such as those listed above.²⁹

The B Corp certification is distinct from other Multi Stakeholder Initiatives (MSI), as the certification process increases transparency and accountability and therefore public trust in their claims.³⁰ This is achieved through the requirement for companies to make legal amendments which “incorporate the interests of all stakeholders into the fiduciary duties of directors and officers”.³¹ This is significant because it protects American companies from being sued by their shareholders if the company’s

²¹ Peter Goodman, ‘Stakeholder Capitalism Gets a Report Card. It’s Not Good.’ (2020) <https://www.nytimes.com/2020/09/22/business/business-roundtable-stakeholder-capitalism.html> [Feb 2021]

²² *Ibid*; Christopher Marquis, *How the B Corp Movement Is Remaking Capitalism: Better Business* (USA, Yale University Press, 2021) p. 1

²³ Jonathan Rushworth, Michael Schluter. P. 16

²⁴ Jonathan Rushworth, Michael Schluter. P. 18

²⁵ Jonathan Rushworth, Michael Schluter. P. 18

²⁶ Frederick Alexander, Holly Ensign-Barstow, Lenore Palladino, Andrew Kassoy. P. 7; B Lab UK ‘Our Story is Still Being Written’ (2020) <https://ourstory.bcorporation.uk/> [Feb 2021] Chapt 1.

²⁷ B Lab UK. Introduction

²⁸ Christopher Marquis. P. 96

²⁹ Suntae Kim, Matthew J. Karlesky, Christopher G. Myers, and Todd Schifeling, ‘Why Companies Are Becoming B Corporations’ (2016) <https://hbr.org/2016/06/why-companies-are-becoming-b-corporations> [Feb 2021] P. 1

³⁰ *Ibid*.

³¹ *Ibid*.

directors decide to value the interests of other stakeholders over maximising profits, such as choosing to use suppliers that are more expensive but more ethical and sustainable.³²

Although these legal barriers exist largely in America (and even within America these barriers are being eroded by B Lab's efforts to change state legislation), the norm of shareholder primacy remains dominant worldwide.³³ The prevalence of B Corp still has a long way to go if real change is to be realised and, even then, it is recognised that "benefit and stakeholder governance will not solve everything; a solution [to restore the public's trust in capitalism] will require many systemic changes".³⁴ The B Corp movement is up against the dominant myth that shareholder primacy is the natural progression of capitalism and the idea that those that benefit from this system will be reluctant to relinquish the power which current practices afford them.³⁵ However, B Corps are being used to model a better alternative of profitable business practice which also has the ambition to promote policy change so that "all companies and investors are responsible for the impact of their decisions on all stakeholders and the economic system as whole".³⁶ As the B Corp movement continues to grow, it is likely to increase its influence globally, building a "stronger reputation among consumers, better employee retention, environmentally sound practices, *and* healthy profits: this is a new capitalism built on interdependencies".³⁷

Section C: What is the Relational Business Charter?

The RBC was created as a practical outworking of the command to "love the Lord your God" and "love your neighbour as yourself".³⁸ The founder of Relationism, Michael Schluter, has predominantly based this theory around this verse, arguing that right relationships should be held with the highest importance in *all* areas of life, including the business sector. Schluter's view is that the "starting point for evaluation of economic and social 'institutions' is the fact that God is a relational being and that his priority is not economic growth, but right relationships both between humanity and himself, and between human beings".³⁹

Relationism makes two observations of our political and economic system that help explain this view. The first is that "human ideals (like freedom) can only be realized in the context of real relationships" and secondly that "in today's globalized world, most relationships are governed not by individuals but by networks that join them together".⁴⁰ For a company to be considered to be in line with the Charter it must embody the following characteristics:

- Include a relational business objective in its constitution,
- Promote dialogue among all significant stakeholder groups
- A significant proportion of shareholders should be named individuals or family trusts
- A high proportion of the shares are owned on a long-term basis
- Evidenced respect from the management for their employees
- Reduced remuneration differentials within the business

³² Rob Harrison, 'Rise of the B Corporation' (2017) <https://www.ethicalconsumer.org/retailers/rise-b-corporation> [Feb 2021]

³³ *Ibid.*

³⁴ Holly Ensign Barstow, Andy Fyfe, 'Can We Restore Trust in Capitalism with Benefit Governance? *Policy Is Needed to Move Our Economy From Stock Value to Shared Value*' (2020) <https://bcorporation.net/zbtcz09z20/can-we-restore-trust-capitalism-benefit-governance> [Feb 2021]

³⁵ Christopher Marquis. P 21,22,26.

³⁶ Holly Ensign Barstow, Andy Fyfe.

³⁷ Christopher Marquis. P 11.

³⁸ Mark 12: 30-31

³⁹ Michael Schluter. *Is Capitalism Morally Bankrupt? Five Moral Flaws and Their Social Consequences.* (2009) UK The Jubilee Centre. Vol 18. No. 3. P.2

⁴⁰ Relationism a. 'What Is Relationism?' (2021) <https://relationism.net/what-is-relationism/> [Feb 2021]

- Suppliers and customers and the local community are treated fairly and with respect
- The risk of company financial instability is minimised
- Obligations to wider society are fulfilled ⁴¹

A Relational Company exists for *all* of its stakeholders, not just its investors, and is recognised for improving its internal and external relationships. ⁴²

Section D: Comparing the B Corp movement to the Relational Business Charter

In this section I will compare the Relational Business Charter (RBC) to the B Corporation movement using the BIA's Impact Measures. There is not the space to go into detail regarding each proposal, so I will focus mostly on the five areas of the BIA and evaluate how the RBC's values are aligned and where they differ.

The B Corp certification is built on three performance pillars: social and environmental, public transparency and legal accountability. It is the combination of these three pillars that makes the certification "unique, credible and significant".⁴³ I will start with, and focus on, the social and environmental performance pillar alongside associated RBC characteristics, as this is where the most similarities lie. Such comparisons are necessarily limited due to the nature of the requirements proposed; there will be some overlap but there is an absence of direct comparison, especially as the RBC lacks examples of its effects on companies. Further, the RBC is very specific, whereas the information available from the BIA is more general—a critique of the B Corp movement that will be explored in the next section.

I will start with B Corps' 'Workers' impact measurement and compare it with two characteristics in the RBC.⁴⁴ This includes ensuring both that management have respect for employees' interests and that pay differentials are reduced within the company.⁴⁵ The BIA assesses whether a company's employees are financially secure, healthy physically and mentally, safe, satisfied, and whether they have opportunities to progress in their career.⁴⁶ I will use examples of B Corps to explore the various attributes of the BIA and demonstrate the similarities and differences with the proposals listed in the RBC.

Under 'respect for the interests of employees' in the RBC, companies would be expected to minimise long and unsociable working hours so that staff can maintain and build relationships *outside* of work.⁴⁷ Relational companies should also have lower pay differentials to avoid devaluing the importance of, and the stress experienced by, those in lower paid jobs.⁴⁸ Reducing the pay gap would also help to combat the social divide in and beyond the workplace between those that can and cannot afford to live in certain locations, go on certain holidays, and use certain transport.⁴⁹ B Lab does not specify avoiding long working hours to be able to achieve certification, but there are examples of B Corps embracing the idea that work should not compromise employees' relationships with others. For

⁴¹ Jonathan Rushworth, Michael Schluter. P. 39-57. The RBC framework was chosen as this charter is Biblically based and have been chosen for their relational importance. Where there is crossover between B Corps' and the RBC, B Corps could be argued to be furthering a Biblical vision for ethical practice helping cultivate Christian support for the movement.

⁴² Relationism b. 'Relational Companies' (2021) <https://relationism.net/relational-companies/> [Feb 2021]

⁴³ BIA 'B Corp Certification Steps' (2018)

<https://kb.bimpactassessment.net/en/support/solutions/articles/43000015907-b-corp-certification-steps> [Feb 2021]

⁴⁴ B Lab UK. Introduction

⁴⁵ Jonathan Rushworth, Michael Schluter. P45-46.

⁴⁶ B Lab UK. Introduction

⁴⁷ Jonathan Rushworth, Michael Schluter. P 46.

⁴⁸ Jonathan Rushworth, Michael Schluter. P 48.

⁴⁹ Jonathan Rushworth, Michael Schluter. P 46.

instance, Badger is a B Corp which values parental influence, and so it allows employees to have a flexible schedule, enabling parents to attend important events during “school hours”, and this initiative has positively impacted employee retention.⁵⁰

With regards to reducing pay differentials, B Corps are being called on to address this issue so that companies can continue to push positive change forward. Again, while this is not a requirement, it is something that certain B Corps are doing; Namaste Solar caps the ratios of its “highest salary to its lowest salary at 3:1” and Whole Food Market, a publicly traded company and member of the Fortune 500, caps the pay of its highest paid individual at 19 times that of its average employee.⁵¹ This indicates that the values of the RBC and B Corp movement are somewhat aligned, although B Corps do not need to implement these specific practices as they can do “good” in other areas relating to workers which could allow them to achieve the benchmark for certification.

The different areas for which B Corps’ can achieve points are evident in various initiatives, such as the Business Roundtable (BRT), and their responses to the pandemic.⁵² The BRT is one of B Lab’s latest attempts to shift business culture: nearly 200 CEOs of America’s largest businesses have committed to “lead for the benefit of all”, investing in their employees by providing them with training and education to continue developing new skills and fostering an inclusive culture.⁵³ These commitments have been embodied by B Corps such as Ian Martin Group and EILEEN FISHER, modelling the success of the movement for others to follow. The Ian Martin Group has made practically incorporated power-sharing with its employees through its self-management organisational structure.⁵⁴ This enables employees to “reshape their roles over time to better achieve their goals and the goals of the business”.⁵⁵ Approximately 40% of the woman’s clothing brand EILEEN FISHER is employee-owned; the Democracy Collaborative report has found that employee-owned firms “outperform conventionally owned firms in overall positive environmental and social impact”.⁵⁶ This specific company structure is also part of the Charter’s criterion which requires a significant proportion of shareholders to be named individuals or family trusts.⁵⁷ B Lab is a learning organisation and when it was pointed out that the BIA did not recognise employee ownership, they acknowledged the oversight and amended the BIA to credit companies structured in this way.⁵⁸ The RBC views this as important in improving the contact between the beneficial owners, the company, and all other stakeholders, and encouraging interest and investment into the business.⁵⁹

Lastly, the B Corp community has shown resilience during the pandemic, continuing to demonstrate a commitment to protecting workers and suppliers. Various directors have voluntarily chosen to

⁵⁰ Christopher Marquis. P. 135.

⁵¹ Ryan Honeyman ‘Why B Corp Should Cap Executive Pay’ (2015)

<https://www.triplepundit.com/story/2015/why-b-corps-should-cap-executive-pay/37761> [Feb 2021]

⁵² Although this initiative is separate from the B Corp certification, it has highlighted certain certified companies and the areas where they have excelled in creating positive impacts. It also demonstrates that B Lab is committed to influencing the culture of business on big scale.

⁵³ Jay Coen Gilbert, ‘10 Ways That B Corps Show How Business Can Create Value for All Stakeholders’ (2019)

<https://bthechange.com/10-ways-that-b-corps-show-how-to-create-value-for-all-stakeholders-7622188ca84a>

[Feb 2021] A company can be part of the BRT without being a B Corp, this led to a lack of accountability for these commitments.

⁵⁴ *Ibid.*

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*

⁵⁷ Jonathan Rushworth, Michael Schuler. P 42.

⁵⁸ John Abrams, ‘What It Looks Like When Businesses Put Employee Development and Their Local Community First — Even in Challenging Times: How B Corp Certification Improves Impact Strategies in Unexpected Ways’ (2020) <https://bcorporation.net/zbtzc10z20/what-it-looks-when-businesses-put-employee-development-and-their-local-community-first-%E2%80%94-even> [Feb 2021]

⁵⁹ Jonathan Rushworth, Michael Schluter. P 43

reduce their salaries to compensate for the loss of income for furloughed workers, “others have implemented new online wellbeing initiatives to ensure employees feel emotionally supported” and suppliers in developing economies were provided with PPE and hygiene supplies.⁶⁰ Although most of these practices go beyond the comparable proposals mentioned in the RBC, these principles will not be uniform amongst all B Corps: a degree of faith in the BIA process is necessary to believe that enough is being implemented in each impact area monitored by B Lab.

The social and environmental performance pillar of the BIA also concerns ‘Customers’, ‘Community’ and the ‘Environment’. These Impact Areas are most similar to the RBC characteristic that states ‘customers and the local community are treated fairly, and their concerns are respected’. The RBC expands this by suggesting that employees should be community-orientated and involved in associated activities, whilst the company should prioritise the long-term interests of the community by striving for job security and environmental sustainability.⁶¹ B Lab assesses the value that a company’s products and services provide to its consumers, and credits its contribution towards “education, infrastructure, underserved communities, society and the environment, health and wellness and more”.⁶² The value created by a company for the community in which it operates is also evaluated on both its local and national “economic impact, poverty elimination, diversity, equity, inclusion and justice, charitable contributions and more”.⁶³ The environmental impact measure relates to a business’s “overall environmental stewardship [of, for instance, air quality and water sustainability], including how the company identifies and manages general environmental impacts”.⁶⁴

The BTR supports American companies in leading the way in meeting or exceeding consumers’ expectations. Fleshing this idea out, they have highlighted two values that they want other companies to incorporate—serving those who are the most marginalised and seeing customers as whole people. American Prison Data Systems is a B Corp that equips incarcerated individuals with the digital skills to give them the potential to successfully reintegrate into society and contribute to their communities.⁶⁵ Healthcare provider Northwest Permanente recognises the impact of an individuals’ environment on their health, such as housing or transport, and has created a social health network that facilitates better coordinated social and healthcare.⁶⁶ It also recognises the connection between health and the climate crisis and has accordingly set up an action plan that raises the voices of the most vulnerable by constructing a climate intervention plan.⁶⁷ B Corps like Patagonia and Natura have pioneered sustainable practices for years and are keen for others to follow in their footsteps.

As shown in these examples, the aims of B Corps are similar to those set out in the Charter, but performance Impact Areas are more distinct and therefore each area is explored in more detail than the Charter’s comparable characteristic. These examples, however, are “golden” examples and most B Corps would not be able to prove the same level of dedication towards these areas.

Community features heavily in B Corps’ mission, differentiating themselves from the Charter, whilst still appealing to the foundations of Relationism, by going beyond improving interactions with connected communities to cultivating the B Corp community itself. B Lab has grown the B Corp movement at the grassroots level, helping local B Corps to engage with their city or states and with one another for support within their industries and geographical networks.⁶⁸ B Corps are likely to prioritise using other B Corps as suppliers or influence their suppliers to take the BIA with the intention

⁶⁰ B Lab UK. Chapt 2.

⁶¹ Jonathan Rushworth, Michael Schluter. P 53.

⁶² B Lab UK. Introduction.

⁶³ *Ibid.*

⁶⁴ *Ibid.*

⁶⁵ Jay Coen Gilbert.

⁶⁶ *Ibid.*

⁶⁷ *Ibid.*

⁶⁸ Christopher Marquis. P 151.

of increasing their suppliers' knowledge of their operation's impact and assisting with policy changes to promote responsible business.⁶⁹ Moreover, companies wishing to become a B Corp need to sign a Declaration of Interdependence, acknowledging that their business is part of something bigger than itself and that no one can succeed alone.⁷⁰ The B Hive network, a private social media platform for B Corps, is another feature that B Corps' employees and executives may enjoy in sharing information and expertise—this has been especially useful during lockdown and has allowed collaboration to continue.⁷¹ B Lab does not solely focus on connecting B Corps at the local level, it has regional teams, such as B Lab Europe, who are determined to share the mission, relying heavily on dialogue and relationships: “we talk about it, we promote it, and we share information”.⁷² The co-founder of B Lab, Coen Gilbert, has stated that “community has been one of the most powerful offerings that we have created that drives performance within individual companies while creating the conditions for collective and systemic change”.⁷³

The remaining B Corp performance pillars are public transparency and legal accountability, which fall under the ‘governance’ Impact measure. This assesses a business’s “overall mission, ethics, accountability and transparency” which evaluates “corporate boards and governing bodies, codes of ethics, financial metrics, as well as corporate forms and amendments that consider stakeholders regardless of company ownership”.⁷⁴ These measures are more consistent across B Corps, compared with the other Impact Areas, as all certified B Corps must make a legal transition away from the traditional power structure, which favours shareholders’ primacy, towards incorporating the interests of *all* stakeholders. This could mean that a company becomes a Benefit Corporation, which are “required *by law* to consider the interests of stakeholders” or could amend its business charter to build a “commitment to mission and purpose into its legal DNA”.⁷⁵

While this legal element to the B Corp movement is a key part of addressing our broken economic system, laws must also change so that eventually all businesses will be expected to create measurable positive social and environmental change.⁷⁶ This governance impact measure is an important difference compared with the RBC and other MSIs because it creates multiple layers of accountability. One of these layers is realised in the attempt to be publicly transparent, as every B Corp’s BIA scores are accessible on its website, so anyone can view the scores awarded in each area. This allows workers and the public to compare B Corps, which helps foster healthy competition, especially between companies offering similar products or services.⁷⁷

B Lab credits various methods and schemes that can improve companies’ positive social and environmental impact, which they hope will influence the culture of business, but the RBC views right relationships within and between companies as the key to enacting these positive changes. Indeed, the Charter states that a company should include a “relational business objective in its constitution” meaning that training should be provided to investors, directors, and employees to improve the responsibility and interest of shareholders in the company to help keep directors held to account.⁷⁸

I hope that I have shown that there are ways in which these two methods of better business are alike and how they are different, even within these similarities. Although there were only four RBC proposals (out of ten) that are comparable with the BIA, I believe that there is still crossover in some

⁶⁹ Christopher Marquis. P 151-152

⁷⁰ Christopher Marquis. P 124.

⁷¹ Christopher Marquis. P163; B Lab UK. Chapt 1.

⁷² Christopher Marquis. P 178.

⁷³ Christopher Marquis. P 149.

⁷⁴ B Lab UK. Introduction

⁷⁵ Christopher Marquis. P 32; Holly Ensign Barstow, Andy Fyfe

⁷⁶ Christopher Marquis. P 83.

⁷⁷ Christopher Marquis. P 176.

⁷⁸ Jonathan Rushworth, Michael Schluter. P 39.

of the remaining six RBC characteristics and they are not completely neglected by the B Corp movement. It is because they are not measured that there is less focus on them. Overall, I think these overlaps provide a good basis for Christian support for the B Corp movement; it is spreading a standard of ethical practice that is picking up traction and, in many cases, B Corps go further than the ideas presented in the RBC. The B Corp movement prides itself on continual improvements and supports businesses to do the same—perhaps there is room for more relationally focussed improvements in the future.⁷⁹

Critiques

Of course, the B Corp movement is by no means perfect, and improvements need to be made to it in conjunction with practical support from consumers, governments, and international bodies. B Corps have been criticised for being unsuccessful in overriding a company's profit-driven focus, because the standards are "not legally enforceable", meaning "neither the board nor the corporation are liable for damages if a company fails to meet them".⁸⁰ This is the issue that MSIs struggle with and is something that B Corps have also not been able to solve, even with their 'governance' Impact Measure. They will not be able to hold companies fully accountable without additional support from consumers and governments.

Another critique questions what value B Corp certification adds when in some cases the certification has been used to dismiss unsatisfied customers and attract investors, while in other cases companies have walked away from the B Corp status, choosing instead to continue their pursuit of profit.⁸¹ Unsurprisingly, there is no directory of former B Corps but Etsy, the Honest Company, and Warby Parker were all former B Corps, which indicates both that it is challenging to maintain these standards and that the continued success of a company is not dependent on retaining the certification.⁸² B Lab will not be able to solve the issue of companies deciding to ditch the label, as is the nature of voluntary certifications, but customer mistreatment should be addressed.

There are also question marks over the private nature of the self-assessment questionnaires and the certifying body, B Lab. Although B Lab claims to incorporate better public transparency, this does not make it fully transparent nor wholly trustworthy, especially considering its recent "aggressive expansion".⁸³ Since certifying larger companies, however, it has introduced an independent Standards Advisory Council to manage BIA to avoid leniency in awarding the certification.⁸⁴ While these formalities might leave some room for companies to appear more sustainable or ethical than they actually are, these methods still ensure that the certification can for the most part be trusted.

The Business Roundtable mentioned earlier has been held up as a "landmark in the evolution of corporate governance" but, under the pressure of the pandemic many of its signatories have failed to distinguish themselves from other companies in relation to protecting jobs and working conditions.⁸⁵ Jeff Bezos is a signatory and Amazon is one example of a business that has profited significantly during the pandemic but has also failed to protect its employees, suggesting that the initiative has so far been limited and arguably potentially meaningless under recent pressures.⁸⁶ B Lab has also drawn criticism for certifying controversial companies, such as for-profit education providers, but more can be learned

⁷⁹ John Abrams.

⁸⁰ Michael O'Regan, 'B Corp Certification Won't Guarantee Companies Really Care For People, Planet and Profit' (2019) <https://theconversation.com/b-corp-certification-wont-guarantee-companies-really-care-for-people-planet-and-profit-124459> [Feb 2021]

⁸¹ *Ibid.*

⁸² Christopher Marquis. P 192.

⁸³ Michael O'Regan.

⁸⁴ Christopher Marquis. P 73.

⁸⁵ Peter Goodman.

⁸⁶ *Ibid.*

on [their website](#) about the additional hurdles that these types of companies have to jump over, which I believe to be sufficient in attempting to acknowledge this issue whilst also equipping these companies with the ability to improve using the BIA.⁸⁷

The last challenge I will touch on is the discussion around multinational corporations (MNCs) and whether their inclusion in the B Corp movement is necessary in order to effect systemic change, or whether this move will result in a diminishment of the standards to make it possible for global companies to certify.⁸⁸ B Corps are mostly small to medium sized businesses but Andrew Kassoy, the B Lab Co-Founder and Global CEO, commented that the way to accelerate the emergence of a more resilient and inclusive economy is through certifying large MNCs.⁸⁹ Two MNCs are already within the certification process; Danone and Natura & Co have both “certified at least 30% of their global business”.⁹⁰ I think this is ultimately the best direction for B Lab to pursue, because once a major MNC has joined and proven that it is possible to become a B Corp, it is likely to generate more attention and have a wider influence on other large companies. Even if that just means that they go through the process of using the BIA, at least companies would be made aware of areas that need significant attention and can implement improvements. Also, as mentioned above, standards are being maintained by a third party and additional changes have been made to the BIA to account for MNCs’ breadth and scale.⁹¹ The certification never claims to ensure that a company is entirely green or socially responsible, but instead celebrates a company’s efforts towards adopting better practices whilst pushing them to improve. They set a base level for all Impact Areas and so a company that has carbon neutral operations but still mistreats its workers and neglects its community would not be awarded the certification.⁹² As B Lab and the B Corp movement continue to grow, I have hope that they will also continue to improve and refine their BIA so that their influence is used to hold both themselves and businesses to account.

Applications

What can be taken away from this research and how it can be applied at the personal and policy level? As explored through the first section, at the personal level, Christians have a responsibility to confront injustices that are evident in most companies or their supply chains. If we are to love our neighbour, Christians need to acknowledge our connections to people across the globalised economy and loving them means catering for their interests. In the Western world, we hold the power and have the responsibility to spend our money in a way that will empower people and protect the environment.

This seems logical but is much harder to achieve in practice. Most companies are reliant on external businesses and workers to make their operations viable and the larger a company is, the more complex the web of operations this is likely to be, and globalisation has made it hard for companies to measure their positive and negative impacts. As consumers, we should be informed about our suppliers (through articles, apps, ethical influencers) and buy products that are making a difference. In building consumer pressure for more ethical and sustainable products and services, the hope will be that companies will conform to the consumers’ will in order to continue to attract finance. One problem that has arisen from these consumer pressures is greenwashing, which effectively means that people need to be even more informed and alert to clever – but misleading – advertising. In addition, these conscious behaviours should be emulated by Christian leaders, who could use their position to

⁸⁷ B Lab, ‘Controversial Issues’ <https://bcorporation.net/controversial-issues> [Feb 2021]

⁸⁸ Rob Harrison.

⁸⁹ B Lab ‘Stakeholder Capitalism Model Now Includes Multinational Brands with Addition of B Movement Builders: 4 Multinational Companies Launch Business Community Focused on Sustainability, Resilience, Transparency, and Governance’ (2021) <https://bcorporation.net/zbtz09z20/stakeholder-capitalism-model-now-includes-multinational-brands-addition-b-movement-builders> [Feb 2021]

⁹⁰ *Ibid.*

⁹¹ Christopher Marquis. P 205.

⁹² Christopher Marquis. P69.

influence people to support movements like B Corps and promote the relational values found in the RBC.

In the UK, individuals should also lobby their MPs and ask them to incorporate stronger laws and regulations so that companies take more responsibility for recording and improving their social and environmental impacts. In America, shareholder primacy is viewed by both parties as “the cancer that’s killing American competitiveness, American communities, and American workers” and I would hope that in the UK this issue could also be a multilateral issue.⁹³ For this to happen, individuals, networks, and constituents need to generate the momentum to attract attention to the issue. There are also other movements that individuals could be a part of which would also help further the mission of B Corps. For example “Build Back Better” wants to take the opportunity that the pandemic has presented to prioritise people, invest in the NHS, and create a resilient economy that is capable of tackling the climate crisis.⁹⁴

At a public policy level, governments should make it mandatory for businesses to be held accountable for their negative impacts on people and the environment, as has been discussed above. For this to be possible, the issue that companies are often unaware of is their external impact and the government should therefore prioritise passing laws which ensure that all companies use a standardised impact measure, such as the BIA. I would also hope that, as the BIA develops, it incorporates a relational angle to use as a tool in furthering B Lab’s goals; this important contribution could be offered by Christians mobilised through the Church. If support for these changes is fostered at each level, this movement stands a chance of dismantling the dominance of shareholder primacy.

The time is ripe for change. Evidence of the environmental and social damage that various business practices are linked to is piling up and the effects of Covid-19 has accelerated public acceptance that these practices are unsustainable. At present, the collective Christian voice and leadership appears to be missing from the discussion of change, despite the Relational Business Charter - which offers practical principles for companies to follow – being founded in Christian thought. Christians should support B Corp’s mission to reshape the purpose of business and acknowledge the need to engage with systems, rather than just personal practices. I have shown why the B Corp movement would be beneficial to people and to the planet and how it promotes similar values to the RBC. The B Corp movement is not perfect but, as it continues to improve, I would suggest that Christians use their voice to influence these improvements so that relationships can also be prioritised. The “new normal” in the business sector should see companies making the fundamental shift to consider themselves successful only if they are profitable without compromising the environment or the people.

⁹³ Christopher Marquis. P 26.

⁹⁴ Build Back Better ‘What We Want’ (2020) <https://www.buildbackbetteruk.org/what-we-want> [Feb 2021]

Bibliography

Christopher Marquis, “How the B Corp Movement Is Remaking Capitalism”: Better Business (USA, Yale University Press, 2021)

Rosser, Mariana V.; Rosser, J Barkley, “Comparative Economics in a Transforming World Economy”. (UK, MIT Press. 2003)

Michael Schluter. “Is Capitalism Morally Bankrupt? Five Moral Flaws and Their Social Consequences”. (2009) UK The Jubilee Centre. Vol 18. No. 3.

Vanessa Nakate, @vanessa_vash “We cannot eat coal, we cannot drink oil. No one serves fossil fuels at the dining table.” https://twitter.com/vanessa_vash/status/1319211383905505280?lang=en (Oct 22, 2020). [Feb 2021]

Build Back Better “What We Want” (2020) <https://www.buildbackbetteruk.org/what-we-want> [Feb 2021]

B Lab “Stakeholder Capitalism Model Now Includes Multinational Brands with Addition of B Movement Builders: 4 Multinational Companies Launch Business Community Focused on Sustainability, Resilience, Transparency, and Governance” (2021) <https://bcorporation.net/zbtcz09z20/stakeholder-capitalism-model-now-includes-multinational-brands-addition-b-movement-builders> [Feb 2021]

B Lab UK “Our Story is Still Being Written” (2020) <https://ourstory.bcorporation.uk/> [Feb 2021]

B Lab, “Controversial Issues” <https://bcorporation.net/controversial-issues> [Feb 2021]

BIA “B Corp Certification Steps” (2018) <https://kb.bimpaceassessment.net/en/support/solutions/articles/43000015907-b-corp-certification-steps> [Feb 2021]

Frederick Alexander, Holly Ensign-Barstow, Lenore Palladino, Andrew Kassoy, “From Shareholder Primacy to Stakeholder Capitalism: A Policy Agenda for Systems Change” (2020) (The Shareholder Commons, B Lab) <https://www.wlrk.com/docs/From-Shareholder-Primacy-to-Stakeholder-Capitalism-TSC-and-B-Lab-White-Paper.pdf> [Feb 2021]

Holly Ensign Barstow, Andy Fyfe, “Can We Restore Trust in Capitalism with Benefit Governance? Policy Is Needed to Move Our Economy From Stock Value to Shared Value” (2020) <https://bcorporation.net/zbtcz09z20/can-we-restore-trust-capitalism-benefit-governance> [Feb 2021]

Jay Coen Gilbert, “10 Ways That B Corps Show How Business Can Create Value for All Stakeholders” (2019) <https://bthechange.com/10-ways-that-b-corps-show-how-to-create-value-for-all-stakeholders-7622188ca84a> [Feb 2021]

John Abrams, “What It Looks Like When Businesses Put Employee Development and Their Local Community First — Even in Challenging Times: How B Corp Certification Improves Impact Strategies in Unexpected Ways” (2020) <https://bcorporation.net/zbtcz10z20/what-it-looks-when-businesses-put-employee-development-and-their-local-community-first-%E2%80%94-even> [Feb 2021]

Jonathan Rushworth, Michael Schluter, “The Relational Business Charter: New Approach to the Purpose, Performance and Assessment of Companies” (2011)

https://relationshipsfoundation.org/wp-content/uploads/2014/02/Relational_Business_Charter.pdf
[Feb 2021]

Kelly Liebengood, TOW Project, "James: Faith and Work" (2014)
<https://www.theologyofwork.org/new-testament/general-epistles/james-faith-works> [Feb 2021]

Michael O'Regan, "B Corp Certification Won't Guarantee Companies Really Care For People, Planet and Profit" (2019) <https://theconversation.com/b-corp-certification-wont-guarantee-companies-really-care-for-people-planet-and-profit-124459> [Feb 2021]

Peter Goodman, "Stakeholder Capitalism Gets a Report Card. It's Not Good." (2020)
<https://www.nytimes.com/2020/09/22/business/business-roundtable-stakeholder-capitalism.html>
[Feb 2021]

Relationism a. "What Is Relationism?" (2021) <https://relationism.net/what-is-relationism/> [Feb 2021]

Relationism b. "Relational Companies" (2021) <https://relationism.net/relational-companies/> [Feb 2021]

Rob Harrison, "Rise of the B Corporation" (2017) <https://www.ethicalconsumer.org/retailers/rise-b-corporation> [Feb 2021]

Ryan Honeyman "Why B Corp Should Cap Executive Pay" (2015)
<https://www.triplepundit.com/story/2015/why-b-corps-should-cap-executive-pay/37761> [Feb 2021]

Simon Leadbetter, "We Are Stealing the Future, Selling It in the Present, and Calling it GDP" Blue & Green Tomorrow, (2013), <https://blueandgreentomorrow.com/energy/we-are-stealing-the-future-selling-it-in-the-present-and-calling-it-gdp/> [Feb 2021]

Suntae Kim, Matthew J. Karlesky, Christopher G. Myers, and Todd Schifeling, "Why Companies Are Becoming B Corporations" (2016) <https://hbr.org/2016/06/why-companies-are-becoming-b-corporations> [Feb 2021]