FACULTY OF ECONOMICS AND
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The economic consequences of B Corp certification

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DUTCH SUMMARY

B Lab is een non-profitorganisatie die tracht op een zo uniform mogelijke manier bedrijven te controleren en certificeren op een breed scala aan sociale en milieumaatregelen. Ondernemingen die door B Lab gecertificeerd worden, worden Certified B Corporations genoemd.

Deze masterproef onderzoekt de economische gevolgen van de B Corp certificering en tracht een antwoord te geven op de volgende onderzoeksvraag: "Heeft de B Corp certificering invloed op de groei en winstgevendheid van Europese bedrijven?" Een longitudinaal gegevenspanel van 624 Europese CBC's wordt verzameld waarin informatie over B Corp certificering wordt gecombineerd met financiële data van 2010 tot 2018.

De evolutie in groeicijfers (winstcijfers) van CBC’s voor en na certificatie worden vergeleken met de evolutie in groeicijfers (winstcijfers) van niet-CBC’s over dezelfde tijdspanne. Dit proces wordt herhaald voor drie metingen van bedrijfsgroei, namelijk ‘total asset growth’, ‘turnover growth’ en ‘employee growth’. De ROA wordt gebruikt als indicatie voor de winstgevendheid van een onderneming. Zowel univariate als multivariate difference-in-difference analyses worden uitgevoerd.

Er kon geen significante kortetermijnimpact van het B Corp certificaat op de groeicijfers worden geconcludeerd. Echter, bij de opsplitsing van de steekproef in kleine en grote bedrijven, werd een significante stijging van de ‘turnover growth’ op korte termijn aangetoond van 29,91 procent bij CBC’s ten opzichte van niet-CBC’s. Bij de opsplitsing van de steekproef in jonge en oude bedrijven werd een significante daling op korte termijn van de ‘total asset growth’ van 33,38 procent gevonden bij CBC’s ten opzichte van niet-CBC’s. Verder kon een significant positief kortetermijneffect op de winstcijers aangetoond worden van 7,97 procent bij CBC’s ten opzichte van niet-CBC's. Een opmerkelijke bevinding was dat de winsttoename significant was bij jonge bedrijven, waar een winsttoename op korte termijn van 21,28 procent werd waargenomen in vergelijking met niet-CBC's.

PREFACE

I present my master's dissertation in which the effect of B Corp certification on firm growth and profitability of certified companies is investigated. This master's thesis is the final step in completing the master’s degree in Business Economics at Ghent University at the Faculty of Economics and Business Economics. It was a challenging journey in which I expanded my academic skills and provided more insight in the business environment and sustainability. In addition, this master's dissertation was made in exceptional circumstances where the COVID-19 pandemic broke out and people were required to remain in isolation for weeks. However, this pandemic had no impact on the realization of this master’s dissertation.

First of all, I would like to express my gratitude to my supervisor Prof. Dr. Philippe Van Cauwenberge and co-supervisor Valerie Paelman for their assistance in writing this master's thesis. More specifically for all the valuable time they have spent answering questions and giving advice regarding the construction of the research. I would also like to thank Valerie Paelman in particular for the necessary assistance during the statistical analysis in EViews. In addition, I would like to thank Ghent University for the access to the required programs and databases, such as EViews and Orbis, which were essential for the realization of this master's thesis. Finally, I would like to express my gratitude to my parents for the opportunity they gave me to study at Ghent University and to my friends for the wonderful time I had as a student.

Hanne Van Gucht

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LIST OF ABBREVIATIONS

3Ps	Profit, People, Planet
BC	Benefit Corporation
BIA	B Impact Assessment
CBC	Certified B Corporation
CFP	Corporate Financial Performance
CG	Control Group
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
DD	Difference-in-Difference
EBIT	Earnings Before Interest and Taxes
EC	European Commission
ESG	Environmental, Social and Governance
FTE	Full Time Equivalents
LEED	Leadership in Energy & Environmental Design
NGO	Non-Governmental Organization
ROA	Return on Assets
ROI	Return on Investment
SD	Standard Deviation
SCSR	Strategic Corporate Social Responsibility
TBL	Triple Bottom Line
TG	Treatment Group
UNGC	United Nations Global Compact
UN	United Nations
VSEA	Voluntary Social Environmental Audit

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1. INTRODUCTION

For many decades academics have studied firms' social concerns (e.g., Berle, 1931; Bowen, 1953; Davis, 1960; Dodd, 1931; Frederick, 1960), but interest in Corporate Social Responsibility (CSR) has become only recently more widespread (Serenko & Bontis, 2009; Wagner, Lutz, & Weitz, 2009; Aguinis & Glavas, 2012). Since the 1950s, the concept of CSR has evolved and CSR activities are arousing growing interest among both companies and scholars (Jia, 2020).

Large multinationals are seen as powerful entities that have a major impact on the environment, climate and society in general. Because of the fact that unethical business activities can affect the environment and society in a negative way and can even cause them harm, companies are under external pressure to do business in a socially responsible way (Helmig, Spraul, & Ingenhoff, 2016). In addition to these perceived external pressures, an increasing awareness has developed that sustainable growth and success can only be achieved by companies by recognising social responsibilities and contributing to the socio-economic progress of a society and country (Peddada & Abdalla Adam, 2019). To do so, a balance needs to be struck between economic objectives on the one hand and social objectives on the other and a shift is required from a shareholder perspective to a focus on all stakeholders including personnel, suppliers, customers, government, society and so on (Gazzola, Grechi, Ossola, & Pavione, 2019; Peddada & Abdalla Adam, 2019). For this purpose, organizations need to redesign their working paradigm and innovate their business models by integrating CSR principles (Gazzola et al., 2019).

More and more, both researchers and practitioners expect business objectives to go beyond simply maximizing shareholder profits and expect companies to take responsibility for the wider interests of all their stakeholders (Amran & Ooi, 2014). As mentioned earlier, businesses leave their mark by their activities that have an impact on human beings in economic, environmental and social terms. As a result, reporting systems and frameworks, which used to focus mainly on the communication of purely financial information, no longer met the information needs and wishes of the various stakeholders because they did not reach a certain level of accountability and transparency of corporate business activities (Sìmnett, Vanstraelen, & Chua, 2009). They require open and transparent communication by companies on how environmental, economic and social impacts are incorporated into business decisions and strategies, and also require compliance with these when reporting on daily activities (Amran & Ooi, 2014). Also, sustainability reporting is important for the companies themselves in order to demonstrate to the outside world they are trying to achieve their own sustainability goals, future business growth and long-term success (Amran & Ooi, 2014). Non-financial reporting is an aspect of business operations that has increased significantly over the past decade. It allows the business activities to be publicly audited by the various stakeholders (Amran & Ooi, 2014) and offers companies the opportunity to meet the demands of all stakeholders concerning transparency and accountability.

Several alternatives for organizations to report their CSR performances as a means of accountability exist (Wilburn & Wilburn, 2015). Many companies consider third-party certifications which signal to external audiences their commitment to given social or environmental ambitions. This master's dissertation will concentrate on the so-called B Corporation certification, introduced by B Lab, which focuses on, mainly small, companies that want to do good and well. The above voluntary third-party certification system has been developed to assist companies in combining social, environmental and ethical objectives with financial targets (Villela, Bulgacov, & Morgan, 2019) and thus constitutes a popular method for companies confirming their contribution to positive environmental, social and governance (ESG) practices (Gehman & Grimes, 2017).

But what is the impact of such certificates on the social and financial performances of companies? Despite the fact that several scholars have attempted to identify the advantages and limitations of voluntary certification and third-party audits, no consensus has yet been reached on this question (Orlitzky, Schmidt, & Rynes, 2003; Shen & Chang, 2009). More specifically, regarding the impact of certification on economic variables such as growth and profit, there is a lack of research that provides valuable results. In order to bridge this gap in literature, this master's thesis will investigate the following research question: "Does B Corp certification influence firm growth and profitability of European companies?". A similar study was conducted by Parker, Gamble, Moroz and Branzei (2019) where a short-term growth slowdown was noticed after certification among U.S.

companies, which was more pronounced in small and young firms. This study could make an important contribution to literature concerning CSR and hybrid organizations such as Certified B Corporations (CBC). In addition, it can provide future CBCs with a realistic perspective on the benefits and challenges of such certification.

In order to answer the above research question, a list of all CBCs worldwide will be downloaded via https://data.world/blab/b-corp-impact-data. Only European CBCs will be selected, and financial data between 2010 and 2018 will be obtained via the Orbis database. Both B Lab and Orbis data will be merged into one data panel. European companies certified for the first time in 2016 $(t = 2016)$ will be allocated to the treatment group (TG) and companies obtaining their certificate one year later, i.e. in 2017, will be part of the control group (CG). The difference in company growth respectively profitability for the TG companies between $t - 1$ and $t + 1$ is compared to the difference in company growth respectively profitability for the CG companies between $t - 1$ and $t + 1$. Therefore, univariate and subsequently multivariate difference in difference analysis are performed.

This master's dissertation will be structured as follows: the literature review will provide a broad theoretical framework regarding the B Corporation certificate in chapter 2, after which the hypotheses of this study will be discussed. Chapter 3 describes the method of the study, in which the treatment and control group are justified, and the data collection and method of analysis are described. The results of the univariate and multivariate difference-in-difference analysis are presented in chapter 4 and discussed in chapter 5. Finally, the empirical findings are summarized in chapter 6, and limitations of the study as well as possible future research are discussed.

2. LITERATURE REVIEW

2.1. Corporate Social Responsibility

2.1.1. Definition

In recent decades CSR has been an important and popular topic in business environments and academic debates. Many authors have strived to define these responsibilities and this has led to hundreds of concepts and definitions that refer to a more humane, more ethical and more transparent way of doing business (Van Marrewijk, 2003). Nevertheless, an unambiguous, unique, well-defined definition of this concept is lacking. Votaw and Sethi (1973, p. 11) noted that everyone had their own interpretation of the term by making the following statement: *"The term is a brilliant one; it means something, but not always the same thing, to everybody"*. Jackson and Hawker (2001) argued a definition is being sought that actually does not exist at all. Van Marrewijk (2003), on the other hand, is of the opinion that the development and implementation of the concept is hindered by the fact that there is an abundance of definitions that are often biased towards specific interests (Dahlsrud, 2008; Van Marrewijk, 2003). The European Commission (EC) (2001) defined CSR as *"a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on the voluntary basis"*. It stipulates that companies act in a socially responsible manner when they comply with the law and subsequently implement environmental, ethical, social, consumer and human rights issues and interests in their business operations and strategies (Saraykina, 2019). CSR is shaped in line with the social and environmental responsibilities that a sector or even a specific company has in mind and its definition is thereby context independent (Dahlsrud, 2008). The following section provides more insight into the development of the concept of CSR, and several definitions are given according to key authors in a particular time frame.

2.1.2. Development

The concept that we nowadays know as CSR is based on a long and wide-ranging history. Although Chaffee (2017) argues that the origin of the concept of social engagement in business operations dates back to the ancient Roman Laws, referring to institutions such as hospitals, orphanages, shelters and homes for the poor and the elderly, it is more relevant to briefly describe the development of CSR from the 1950s onwards (Chaffee, 2017; Latapí Agudelo, Jóhannsdóttir, & Davídsdóttir, 2019). This period in fact marks the beginning of the modern definitional construct of CSR as attempts have been made to define such social responsibilities in literature since the early 1950s (Latapí Agudelo et al., 2019).

As mentioned by Carroll (1999), Bowen's (1953) publication, represents a milestone in describing CSR in literature. Bowen's work was based on the conviction that the largest companies were centres of power and decision which, through their actions, had a tangible impact on citizens lives and society (Bowen, 1953). He formulated one of the earliest definitions of the CSR concept as: "*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*" (Bowen, 1953, p. 6). Given the relevance of Bowen's work, as it is the first academic work specifically focused on the doctrine of social responsibility, Carroll considers him to be the "Father of Corporate Social Responsibility" (Carroll, 1999; Latapí Agudelo et al., 2019). Following Bowen, other authors have also described the importance of corporate behavior and its impact on society. Eells (1956) for example, stated that large corporations did not take their responsibility at a time of generalized inflation (Eells, 1956; Latapí Agudelo et al., 2019). Similarly, Selekman (1959) investigated the evolution of the moral responsibility of companies in response to the labor expectations of that time (Latapí Agudelo et al., 2019; Selekman, 1959).

Since the 1960s, an increased number of scholars in the United States was observed that attempted to give a more precise interpretation of the concept of CSR. A notable name that should not be overlooked within this timeframe and in relation to CSR is Davis, whose vision would have an influence on the later evolutions in the 70s and 80s (Sabbe, 2013). He explained that businessmen felt external pressure, as a result of social, economic and political developments, to reconsider their role in society as well as their social responsibilities (Latapí Agudelo et al., 2019). Davis had an innovative vision on CSR, in the sense that implementation of social responsibilities as a company can go hand in hand with economic returns to a certain extent (Carroll, 1999; Davis, 1960). He refers to CSR as follows: *"businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest"* (Davis, 1960, p. 70). Also, Frederick (1960) and McGuire (1963) contributed to defining the upcoming concept in that time. Contrary to the aforementioned authors, some were skeptical about the concept of CSR. For example, Friedman (1962) argued that when the principle of profit maximization, as established by the capitalist system, is denied, CSR undermines its own order (Friedman, 1962; Moura-Leite & Padgett, 2011). Although charity was still the most important form of CSR for companies in the early 1960s, by the end of the decade they would also be engaged in improving the working conditions of their employees, consumer relations and shareholder relations (Moura-Leite & Padgett, 2011).

The 1970s witnessed a true expansion of CSR. In spite of the fact that many authors were still concerned with the interpretation of the concept, the first scientific studies emerged and the conversion of theory into practice increased steadily in the business world (Crane, McWilliams, Matten, Moon, & Siegel, 2008). In the beginning of this decade, Friedman's work (1962) was expanded and the acceptance of free market rules, laws and ethical practices in CSR was added (Friedman, 1970; Moura-Leite & Padgett, 2011). Furthermore, he also accepted the integration of some social requirements into the company, as long as these were profitable in the long term and thus justified within the company's own interests (Moura-Leite & Padgett, 2011). Davis (1967) also reinforced his work with the 'Iron Law of Responsibility', in which he states that if a company does not use its social power, it will lose its position within society as other groups will take this position (Davis, 1973). The term CSR was used excessively during the 1970s but was given its own interpretation depending on the context. This created uncertainty about what the concept actually meant and a unique definition was needed (Latapí Agudelo et al., 2019). It was Carroll who proposed a four-part definition of CSR embedded in a conceptual model of corporate social performance (CSP): "*Corporate social responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time*" (Carroll, 1979; Moura-Leite & Padgett, 2011). Economic responsibility means that companies are expected to produce and sell goods and services that society needs and to be able to sustain themselves (Carroll, 1999). This is not possible without generating profit. In addition, companies add value to society by raising profits which are beneficial to all stakeholders. Furthermore, society expects companies to fulfill this economic responsibility within the legislative framework of society, which is the legal responsibility of the four-part definition (Carroll, 1999). In addition to being compliant with regulations and laws while doing business, society expects the business community to behave ethically, which means by standards, norms or expectations that reflect the concern for what consumers, employees, shareholders and the society consider as being fair and just (Carroll, 1991). The last responsibility Carroll describes in his four-part definition is philanthropy. This means that companies are expected to behave as good citizens within society and thus actively participate in actions or programs to stimulate human well-being or good will (Carroll, 1991). The latter responsibility differs from ethical responsibility in the sense that its nature is charitable and voluntary. Later, in 1991, Carroll incorporated the above four responsibilities from the basic definition into its well-known ‘Pyramid of Corporate Social Responsibility’ (Figure 1), whereby the economic responsibilities form the foundation and the philanthropic responsibilities can only be fulfilled if the economic, legal and ethical responsibilities are met (Carroll, 1991). The aim of this pyramid was to provide a useful approach to CSR for business executives in such a way that they could balance their obligations towards shareholders with those towards a wider group of stakeholders (Carroll, 1991).

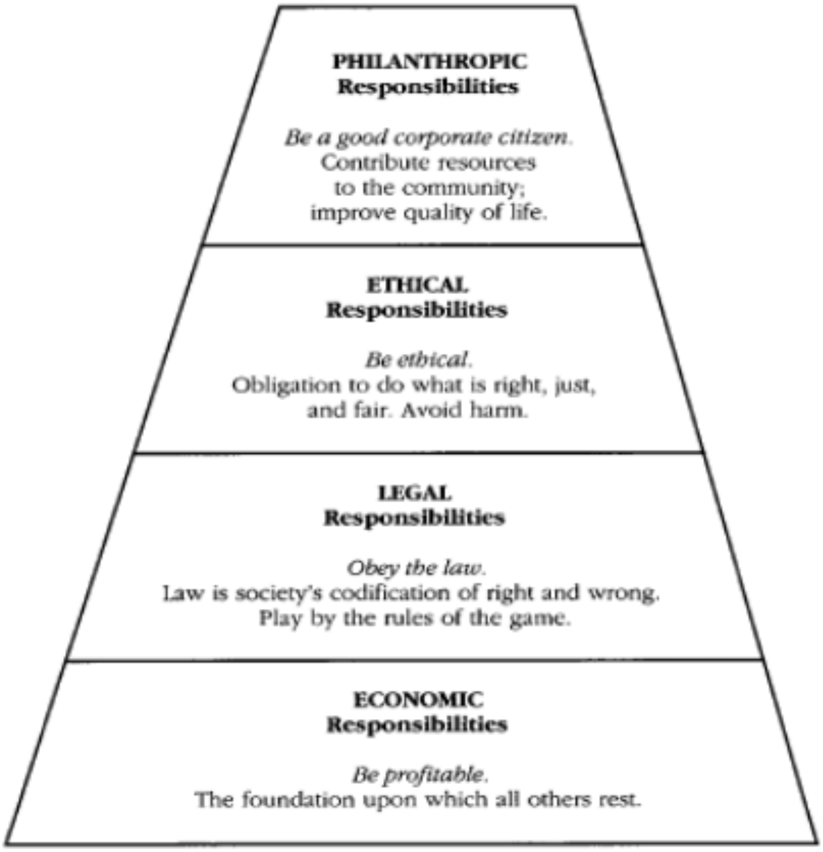

Figure 1. The Pyramid of Corporate Social Responsibility

After the 1970s, a peak was reached in the development of definitions of CSR and the focus shifted in the 1980s from defining to researching both CSR and alternative or complementary concepts, such as corporate social responsiveness, CSP, business ethics and stakeholder theory to name a few (Carroll, 1999). In addition to such alternative concepts and models, the link between economic and social interests within organizations was investigated in the 1980s. It was Jones who, in 1980, was the pioneer author who regarded CSR as a decision-making process that influenced the company's behavior. Jones' (1980) contribution gave way to a new debate on CSR that focused more on operationalization than on the conceptualization, which manifested itself in the creation of new frameworks, models and methods aimed at evaluating CSR from an operational perspective (Latapí Agudelo et al., 2019). A year later, the term 'public liability' was suggested by Preston and Post to emphasize the importance of the public aspect rather than personal opinion or interest groups defining the scope of their responsibilities (Moura-Leite & Padgett, 2011). Earlier mentioned authors argue that companies should take into account the consequences of their business activities, but that they are not obliged to provide a solution to all problems arising in society and should instead focus on areas related to their activities and interests (Moura-Leite & Padgett, 2011; Preston & Post, 1981). A distinction is made between the company's primary and secondary involvement in society, where the former stands for understanding the company's behavior and the latter for the consequences and effects generated by its primary activities (Preston & Post, 1981). Donaldson (1982) made a contribution to literature in the 1980s, indicating that there was a relationship between business and society. Drucker (1984), in turn, showed that CSR is an important opportunity for companies as it can improve the financial profitability of the company in question. Cochran and Wood (1984) also investigated a possible link between CSR and financial profit and found a positive relationship between both variables. Freeman's (1984) work was another important publication, as it has stimulated the attention for stakeholders (Moura-Leite & Padgett, 2011). The term 'stakeholder' was already used before Freeman's book was published, but the author expanded the scope of the concept and defined it as follows: *"Any group or individual who can affect or is affected by the achievement of the organization's objectives"* (Freeman, 1984, p. 46). Stakeholder management was, in his view, the driving force behind addressing CSR, ethical considerations and values (Moura-Leite & Padgett, 2011).

During the 1990s, as in previous decades, there was a strong interest in CSR and during this era, the concept has even acquired international appeal, arguably as a result of the international approach to sustainable development combined with the process of globalization (Latapí Agudelo et al., 2019). Many multinationals emerged during this period and applied the principles of CSR in order to balance the challenges and opportunities of the globalization process in a secure way, which increased the institutionalization of CSR (Carroll, 2015; Latapí Agudelo et al., 2019). Apart from the fact that the institutionalization of CSR became stronger during the 1990s, the concept itself did not undergo much evolution (Carroll, 1999). Nevertheless, it is worth discussing a number of developments that have touched upon the concept of CSR during this decade. First of all, as discussed earlier, in 1991 Carroll extended its definition, consisting of the four responsibilities, to the concept called the 'Pyramid of Corporate Social Responsibility' (Carroll, 1991). That same year Wood (1991) presented a CSP model based on the models of Carroll (1979) and Wartick and Cochran (1985). She defined the three dimensions of CSP, namely the principles, the processes and the outcomes of CSR. First, legitimacy, public responsibility and managerial discretion represent the principles of CSR, which are situated respectively at the institutional, organizational and individual level. The processes of CSR consist of environmental assessment, stakeholder management and issues management. Finally, Wood specified the outcomes of corporate behavior such as social impacts, social programs and social policies. Wood's model was more extensive than the one on which it is based and is also more innovative in the sense that it emphasizes the results and performance of companies (Latapí Agudelo et al., 2019). A last important contribution during the 1990s was made by Burke and Logsdon (1996), who aimed to link CSR to a positive financial performance of the company (Latapí Agudelo et al., 2019). The authors argued that CSR, together with a strategic approach, can be used to strengthen the business's core activities and as such improve its efficiency in achieving the objectives (Burke & Logsdon, 1996).

From the 21st century onwards, CSR was a global phenomenon and several international institutions were established which committed to contributing to CSR (Thomas, 2015). In July 2000, the United Nations Global Compact (UNGC) was established with the aim of filling governance gaps in the field of human rights and social and environmental issues (Latapí Agudelo et al., 2019). They succeeded in establishing 10 principles that are expected to be integrated by UNGC members into their strategies, policies and procedures. These principles are related to human rights, labor, environment and anti-corruption and thus draw attention to social responsibility (“UN Global Compact,” n.d.). One year later, in 2001, the EC presented a green paper entitled 'Promoting a European framework for Corporate Social Responsibility' which set out a European approach to CSR. In 2005, they launched the ‘European Roadmap for Businesses – Towards a Competitive and Sustainable Enterprise’, which outlined the European CSR objectives (Latapí Agudelo et al., 2019). During the 21st century several international certifications, such as ISO 26000 but also the B Corp certification, were introduced that allowed companies to report their social responsibility to the outside world on a voluntary basis. In addition to the various institutions that were born and the interest as a company to report their social responsibilities, a strategic approach for the concept of CSR also emerged. Lantos (2001) argued that CSR can be seen as a strategic instrument when a company implements CSR in its business plan in order to generate profit. According to Latapí Agudelo et al. (2019), Lantos was the first author who linked CSR with a strategic component and the term Strategic Corporate Social Responsibility (SCSR) was created.

2.1.3. Importance

Striving for maximum benefit was traditionally the natural character of any business, while neglecting the well-being of employees, the environment and society (Dewi, 2014). Harmful effects such as climate change, deforestation, air and water pollution, violation of labor rights, and so on were the inevitable consequences. This section seeks to address the importance of CSR by discussing possible internal and external drivers for the implementation of CSR in a company's business operations.

One of the drivers of CSR is globalization, which had a significant impact on the world of business by the late 20th century. Scherer and Palazzo (2009, p. 3) defined globalization as *"the process of intensification of cross-area and cross-border social relations between actors from very distant locations, and of growing transnational interdependence of economic and social activities".* This definition implies that the whole world is interconnected, which means that activities in one country will have global social, economic and environmental consequences (Laridon, 2018). Globalization has led to the new global economy of the 21st century in which companies were expanding internationally, resulting in international competition. During the Industrial Revolution, companies tried to compete for market share through economies of scale (Passaris, 2006). This mass production and consumption resulted in increased social and environmental concerns and created the need for CSR (Clark, 2007). In addition to globalization, the external pressure placed on companies by governments, society and investors has also contributed to businesses being more socially responsible. Although CSR is mainly voluntary, public authorities are concerned about the concept of CSR. One of the reasons is that CSR efforts can contribute to the achievement of policy objectives on a voluntary basis, such as sustainable development, environmental protection, development assistance and so on (Steurer, 2010). Another reason why the government encourages CSR is because it can provide an interesting addition when the so-called hard law regulation is not feasible on an international level (Steurer, 2010). A final argument to illustrate the increasing government pressure is the Directive/2014/95/EU, which obliges large European companies to disclose non-financial information (European Commission, 2020). In addition, society also expects companies to do business in a sustainable way. Important actors to be mentioned in this context are the various non-governmental organizations (NGOs), which Vakil (1997, p. 2060) defines as *"self-governing, private, not-for-profit organizations that are geared to improving the quality of life for disadvantaged people"*. NGOs are committed to promote social change and as business organizations are dominant institutions in the globalized world, they are the target of NGOs (Arenas, Lozano, & Albareda, 2009). Both collaborative and confrontational actions, such as protests and boycotts, cannot be ignored without impacting the company and the actions of NGOs therefore encourage companies to change their policies to meet the demands of stakeholders (Arenas et al., 2009). Lastly, companies also experience external pressure from investors to implement CSR in their business operations. An Institutional Investor Survey carried out by the Morrow Sodali consultancy firm shows that institutional investors demand non-financial information as it is considered an important indicator of corporate culture, integrity and sustainability (Morrow Sodali, 2020).

Alongside the experienced external pressure from governments, society and investors, the implementation of CSR can offer benefits for the company itself. First, it may lead to a better reputation of the company, which in turn brings a variety of benefits. Barakat, Isabella, Boaventura and Mazzon (2016), for example, concluded that CSR-orientated actions improve the company's image which in turn lead to greater employee satisfaction. Walsh, Mitchell, Jackson and Beatt (2009) argued that providing sustainable products or services to gain the trust of customers has the potential to generate positive word of mouth, customer loyalty and profit maximization (Zhu, Sun, & Leung, 2014). Second, the incorporation of CSR would lead to increased financial performance according to Orlitzky et al. (2003), which could motivate companies to invest in CSR. However, the relationship between CSR and corporate financial performance (CFP) is still unclear after years of research (Tang, Hull, & Rothenberg, 2012). A final example of an internal driving force is that CSR initiatives can lead to innovation by using *"social, environmental or sustainability drivers to create new ways of working, new products, services, processes and new market space"* (Little, 2006). In the context of the COVID-19 pandemic, for example, Filliers Distillery, a Belgian distillery that produces spirits such as gin, jenever and whiskey, supplied hospitals and pharmacists with pure alcohol for the production of disinfectant hand gel and produced its own disinfectant.

2.1.4. Criticisms and concerns

As already discussed in the literature review, CSR has an extensive history in which its definitions and concepts have evolved and changed substantially since the 1950s. Whereas initially CSR was seen as purely social and philanthropic activities where responsibility lays with business managers, this vision has been extended to include social, environmental and legal responsibilities to which everyone may contribute. The wide variety of definitions and concepts of the term ‘corporate social responsibility’ raises the problem, as well as the criticism, of the absence of a unique and clear definition. According to Göbbels (2002), the lack of such a comprehensive definition of CSR and the resulting diversity and overlap in terminology, definitions and conceptual models obstruct academic debate and ongoing research (Van Marrewijk, 2003). Each gives its own interpretation to the concept and uses it for their own specific objectives. In the words of Van Marrewijk (2003), the various management disciplines adjust CSR according to their objectives, such as quality management, marketing, communication, finance, HRM and reporting. Depending on the purpose, CSR is presented which is in line with their specific situation and challenges (Van Marrewijk, 2003). Another argument why it is useful to clearly define the concept of CSR concerns the legal and economic consequences which are associated with CSR and misleading CSR claims (Crifo & Forget, 2012; Sheehy, 2014). Without a clear definition, it is difficult to make and defend legal and economic decisions (Sheehy, 2014).

Latter argument brings us to the phenomenon of greenwashing, which is discussed by many critics of CSR. A company is guilty of greenwashing when it misleads consumers regarding their environmental practices or the environmental benefits of their products or services (Bazillier & Vauday, 2009). CSR has become the rule rather than the exception during the last decades and companies are invited by different stakeholder groups to behave and present themselves as sustainable entities (Aras & Crowther, 2009). Furthermore, the consumer's willingness to buy environmentally friendly products has increased over time, so that companies have sought to strengthen their contribution to CSR and implement these responsibilities in their business and marketing communications (Vollero, Palazzo, Siano, & Elving, 2016). Many companies find it profitable to invest in CSR, because of the higher demand, and some communicate non-existent or exaggerated CSR contributions, which implies greenwashing. Companies are trying to divert attention from their unethical behavior in order to attract environmentally conscious consumers, prevent protests and appear to be in line with government regulations (Vollero et al., 2016). The aim of the practice of greenwashing is to build a positive reputation towards the stakeholders and to influence the price fairness evaluations of customers (Lyon & Maxwell, 2011; Vollero et al., 2016). In this case, profit and the company's reputation are superior compared to the intrinsic motivation to contribute to society and the environment. The lack of an unambiguous definition of CSR weakens the verifiability of the real commitment of enterprises to CSR (Bazillier & Vauday, 2009), resulting in a skeptical attitude towards these commitments. A report of the British NGO ChristianAid (2004) said: *"The image of multinational companies working hard to make the world a better place is often just that – an image".*

2.2. Relevant theories

The following section briefly introduces some theories related to CSR which are commonly used in literature (Lawrence, 2011). CSR is a complex phenomenon and cannot be explained by a single theory (Gray, Kouhy, & Lavers, 1995b). According to Gray, Kouhy and Lavers (1995a), the following theories should not be seen separately from each other, but rather as being complementary or overlapping in order to explain CSR practices.

2.2.1. Stakeholder theory

Stakeholder theory is about the relationship between an organization and its stakeholders. Although the term 'stakeholder' was used much earlier (Johnson, 1947), it was Freeman who defined stakeholders in the mid 1980s as follows: "*any group or individual who can affect or is affected by the achievement of the firm's objectives*" (Freeman, 1984, p. 49). The rationale behind the stakeholder theory is that companies not only have a responsibility towards their primary stakeholders, such as shareholders and employees, but also towards secondary stakeholders, such as society and NGOs (Lawrence, 2011). Several researchers have attempted to categorize the broad group of stakeholders into more specific units, such as primary and secondary stakeholders

(Clarkson, 1995), external and internal stakeholders (Carroll, 1989), subgroups such as shareholders, employees and consumers (Preston & Sapienza, 1990), and so on. The importance of this categorization reflects the fact that within the broad group of stakeholders smaller stakeholder groups exist where objectives and expectations differ (Lawrence, 2011). Following the stakeholder theory, a socially responsible organization must address the multiple interests of these different stakeholder groups and not just the expectations of the company’s shareholders (Donaldson & Preston, 1995). Ogden and Watson (1999) argued the importance of balancing the competing interests of the different stakeholder groups for the company's performance. A key factor in accountability to stakeholders concerns the disclosure of both financial and non-financial information. In line with the stakeholder theory, the community has a 'right to know' about certain aspects of the business operations (Lawrence, 2011). Gray, Owen and Adams (1996) emphasize that disclosure of information should not be driven by its demand, but by a sense of responsibility.

2.2.2. Agency theory

Next to the many publications concerning the agency problem, it is Jensen and Meckling (1976) who was most quoted (Payne, Petrenko, Payne, & Petrenko, 2019). They developed the agency theory, discussing problems within companies due to the separation between owners and managers as well as possible ways to solve or minimize such problems (Saraykina, 2019).

An organization is regarded as a junction of contracts between individuals and groups, such as managers, shareholders, suppliers, customers, employees and so on, working together in the company (Deloof, Manigart, Ooghe, & Van Hulle, 2019). All these different stakeholders pursue their own objectives and can potentially conflict with each other. These conflicting interests are balanced through agency relationships, which are relationships between individuals based on a contract where one person (the principal) delegates authority to another person (the agent) to act on his behalf (N. Calvo & Calvo, 2018; Deloof et al., 2019). Such agency relationships occur in companies where share ownership and management are separated. The shareholders of the company (principal) delegate a certain decision-making power to the managers (agent), who lead the daily management.

This kind of relationship creates numerous agency problems caused by the fact that shareholders have different objectives compared to managers and vice versa. For example, a manager may decide, in his or her own interest, to take a high risk on investments as they are rewarded for good results, but do not suffer a loss in case of bad results (Deloof et al., 2019). Jensen and Meckling (1976) proposed two ways for shareholders to ensure managers make decisions that maximize the value of their shares. First, the objectives of both parties can be aligned as much as possible by providing appropriate incentives, such as stock options for management. Secondly, a monitoring system can be built up, such as regular auditing of the financial accounts (Deloof et al., 2019).

Conflicts of interest between shareholders and managers may also arise due to information asymmetry. Voluntary reporting and disclosure of (non-)financial information can limit this asymmetry and thus avoid or reduce agency problems (Jensen & Meckling, 1976). The above argues the importance of agency theory for this master's dissertation. In addition, it is directly linked to the stakeholder theory.

2.2.3. Legitimacy theory

Legitimacy is defined by Lindblom (1994, p. 2) as follows: *"a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy."* The legitimacy theory is based on the assumption that companies and the society in which they operate influence each other (Deegan, 2002). It implies that companies have a contract, also known as a 'license to operate', with society (Deegan, 2002; Demuijnck & Fasterling, 2016). Such a contract is fictitious and its terms and conditions are determined by the values and standards prevailing in society at any given moment and the (implicit) expectations of society (Van Eijk & Hooghiemstra, 2007). Businesses are required to remain within the limits of the contract in such a way that they can be considered by society as legitimate and operate successfully (Deegan, 2002). When a company no longer meets the standards, values and expectations in the eyes of society, the organization's image and reputation can be threatened and it is no longer considered as legitimate (Langer, 2008). A legitimacy gap exists and as a result, the society may decide to terminate the contract with the consequence that the company's existence is jeopardized. Enterprises therefore have every advantage in keeping the legitimacy gap within boundaries and have several strategies at their disposal to do so (Van Eijk & Hooghiemstra, 2007). According to Gray, Kouhy and Lavers (1995a, p. 54), in addition to a definition of legitimacy, Lindblom (1994) has drawn up 4 strategies a company can adopt to be regarded as legitimate:

1) educate and inform its "relevant publics" about (actual) changes in the organization's performance and activities;
2) change the perceptions of the "relevant publics" – but not change its actual behavior;
3) manipulate perception by deflecting attention from the issue of concern to other related issues through an appeal to, for example, emotive symbols; or
4) change external expectations of its performance. (Lindblom, 1994; quoted in Deegan, 2002, p. 297 and Gray et al., 1995a, p. 54)

The relevance of the legitimacy theory within this study consists of the fact that the theory provides an explanation of a company's motives for social reporting. It states that organizations use social reporting to enable them to influence the public's perceptions of corporate citizenship and to ensure that their business activities are considered legitimate (Van Eijk & Hooghiemstra, 2007).

2.2.4. Triple Bottom line theory

Sustainability has become a frequently mentioned objective of companies, governments and non-profit organizations in recent decades (Slaper & Hall, 2011). In the mid 1990s, Elkington (1997) sought to establish a framework with the aim of measuring the sustainability of companies. This accounting framework, called the triple bottom line (TBL), went beyond measuring just financial parameters such as profit, return on investment and shareholder value and incorporated also social and environmental dimensions (Slaper & Hall, 2011). The idea behind the TBL theory is that a company's success and health can and should not only be measured by the traditional financial baseline, but also by its social/ethical and environmental performance (Norman & MacDonald, 2004). The TBL dimensions are often referred to as the three Ps (3Ps): profit, people and planet (Slaper & Hall, 2011), which propose a measurement for respectively the profit and loss account, the extent to which the business activities are socially responsible and finally the extent to which they are environmentally responsible (Zak, 2015). The TBL theory is to some extent linked to the stakeholder theory, in the sense that in both cases companies are required to meet the needs and expectations of all stakeholders (Zak, 2015). According to Porter (1991), the voluntary nature of TBL performance creates a competitive advantage for sustainable businesses. Organizations have been encouraged to look for ways to consider triple bottom line performance and can do this through reporting on environmental, social and governance issues, for example, or become a CBC (Hammer, 2015).

2.3. CSR disclosure

In recent decades, the impact of business activities on the environment and society has become increasingly important. Various stakeholder groups put pressure on companies to pursue social and environmental objectives in addition to financial ones and to be more transparent and accountable towards their stakeholders. Consequently, the traditional reporting models, which focus on financial and historical information, no longer met stakeholders' wishes and information needs and a shift towards new reporting frameworks which include CSR disclosure is observed (Bonsón & Bednárová, 2015).

2.3.1. Mandatory and Voluntary CSR disclosure

CSR disclosure can be defined as the information that a company discloses about the impact of its business activities on the environment and society and its relationship with its stakeholders by using relevant communication channels (Gamerschlag, Möller, & Verbeeten, 2011). CSR reporting arose in response to various harmful occurrences such as business scandals, financial crises, climate change, violation of labor rights, and many others (Noronha, Tou, Cynthia, & Guan, 2013). Consumers and investors require companies to disclose reliable non-financial information in order to make informed choices and rational decisions and companies can do so by reporting their CSR results (Wolniak & Hąbek, 2013). Such CSR reporting is mostly of a voluntary and unregulated nature, but in some countries it is made mandatory by public authorities (Bonsón & Bednárová, 2015).

Much debate has focused on whether CSR should be made mandatory through legislation and regulation or whether it should be driven primarily on voluntary efforts (Jain, Keneley, & Thomson, 2015). The voluntary CSR reporting model is mainly supported by enterprises, while the mandatory CSR reporting model is mainly promoted by NGOs, pressure groups and trade unions (Krištofík, Lament, & Musa, 2016). In the academic literature, no consensus has yet been reached on the different effects of voluntary and mandatory CSR reporting, but researchers suggested some benefits and drawbacks (Crawford & Williams, 2010).

Advocates of the mandatory CSR approach believe that the primary objective of business is to maximize profits and therefore it should not be trusted companies will develop their own solutions to societal problems (Adhikari, 2014). In their opinion, the implementation of CSR would merely serve as a branch of public relations rather than an effective approach to social problems and the authorities should therefore make CSR mandatory (Adhikari, 2014). According to critics of voluntary reporting, internally-produced sustainability reports represent no more than a company's report on its own reliability and are often suspiciously interpreted as being self-serving (Crawford & Williams, 2010). Another argument in favor of obliging CSR reporting is that it would solve the problem of information asymmetry between the enterprise and its stakeholders (Hess, 2008). Furthermore, mandatory reporting offers the opportunity for benchmarking and best practices by creating standardized and comparable measures (Hess & Dunfee, 2007).

Under the voluntary CSR approach, self-imposed obligations and negotiated instruments are defined exclusively by business (Adhikari, 2014). By making use of voluntary codes of conduct and other forms of private norm-setting, companies are able to define their responsibilities towards society (Saraykina, 2019). In the view of business, it would be counterproductive to regulate CSR as it would stifle the creativity and innovation of enterprises and could lead to conflicting priorities for enterprises operating in other geographical areas (Adhikari, 2014). Critics argue that mandatory non-financial disclosure is irrelevant and lacking in credibility and see regulation as an additional burden on businesses (Lin, 2010). Moreover, voluntary actions by companies often have inspirational features and can offer benefits to society in a wide range of forms (Einhorn, 2005).

In order to respond to criticisms of voluntary CSR reporting, in particular information asymmetry, labeling can be used as a tool to signal CSR to consumers (Etilé & Teyssier, 2016). Most CSR labels are delivered to companies following a certification procedure undertaken by an independent body, a private or public third party. This ensures that the production process meets a certain quality threshold and guarantees the company in question does not just use CSR as a brand-building strategy (Etilé & Teyssier, 2016). An example of such third-party certification is the B Corp certification, which will be examined in this master's dissertation.

2.3.2. Certified B Corporations

A growing number of companies is engaged in a stakeholder-driven transition towards sustainable, socially responsible business practices (Delmas & Toffel, 2008; Shepherd & Patzelt, 2011). Hundreds of organizations worldwide are involved in certifying for profit and non-profit companies by conducting voluntary, third-party social and environmental audits of their activities and impacts (Moroz, Branzei, Parker, & Gamble, 2018). Certification meets the demand of consumers and other stakeholders to otherwise obtain hidden information about the positive social and environmental impacts companies create and their potential harm to people and the planet (Moroz et al., 2018). Many existing certifications commonly correspond to limited areas of commercial activities such as specific products (e.g. Fairtrade), niche markets (e.g. solar energy), and/or highly visible industries (e.g. green energy) (Moroz et al., 2018). However, one organization, arose to audit and certify all companies in the most uniform way possible on a wide range of typical social and environmental measures, namely B Lab (Moroz et al., 2018).

B Lab was founded on the 5th of July 2006 and is based in Berwyn, Philadelphia (Cao, Gehman, & Grimes, 2017). It can be defined as *"a non-profit that serves a global movement of people using business as a force for good"* (B Lab, 2020b). *"Use business as a force for good"* is therefore also B Lab's vision, such that all companies *"compete not just to be the best in the world, but to be the best for the world"* (Stubbs, 2017). The non-profit organization promotes a movement towards social change through a number of coherent and complementary initiatives (Moroz et al., 2018). In addition to the B Corp certification, B Lab's initiatives include the management of the B Impact Management programs and software and the advocacy for governance structures such as the benefit corporation (B Lab, 2020b).

An organization which is certified by B Lab through the B Corp certification is also known as a B Corporation, B Corp or CBC. B Corp is a status granted to companies which have successfully undergone a voluntary social environmental audit (VSEA), developed by B Lab (Villela et al., 2019). The latter defines B Corps as "*businesses that meet the highest standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose* (B Lab, 2020a)". B Lab's ambition is for CBC to become to business what Fair Trade is to coffee and Leadership in Energy & Environmental Design (LEED) is to green building (Cao et al., 2017). B Lab certification is a fast-growing type of third-party certification and counted at the time of this study 3301 companies spread over 150 different industries and located in 71 different countries (B Lab, 2020f).

Companies interested in becoming a CBC are required to complete several steps to fulfill the three pillars of B Corp certification, namely performance, legal and transparency requirements (B Lab, 2020e). First of all, an organization needs to complete the B Impact Assessment (BIA) in order to meet the performance requirement. The BIA can be defined as a tool that measures the impact of a company on its employees, community, environment and consumers in a reliable way (B Lab, 2020g). The BIA is a questionnaire consisting of about 200 items divided over the several impact areas: environment, workers, customers, community and governance (Cao et al., 2017). Different versions of the BIA exist depending on the size of the company, the sector and the market (B Lab, 2020e). To successfully complete this assessment, a minimum score of 80 out of 200 is required. Whilst the questionnaire assesses a company's positive impact, the material negative consequences are also taken into account through the Disclosure Questionnaire, background checks and a public complaints procedure (B Lab, 2020e). Using the Disclosure Questionnaire, a company has the opportunity to confidentially disclose sensitive practices, fines and sanctions relating to the company or its partners to B Lab (B Lab, 2020e). This part of the BIA has no impact on a company's numerical score. Once the BIA has been completed, companies undergo a multi-step verification process to determine whether they meet the 80-point standard for certification. Each company will be approached by a B Lab Standards Analyst to confirm the submission as well as review the completed BIA. To support the verification, the company will be required to present supporting documentation related to its business activities. With regard to the legal requirement, it must be agreed in the Term Sheet that the company will legally extend its corporate responsibilities by including stakeholder interests (Gangsted & Gautier, 2018). The Legal Requirement Tool allows a company to determine ways to integrate the attention for all stakeholders in their governance structure. The specific legal requirements of the company and the timeline depend on the location and structure (B Lab, 2020d). More specifically, the intention is for companies to adopt the benefit corporation legislation where possible, and where not to use "analogue language" in governance documents (Woods, 2016). Benefit Corporations (BC) and CBCs should not be confused with each other. Although both share various characteristics, such as higher standards of accountability and transparency and the use of business as a force for good, there are also important differences (B Lab, 2020c). As mentioned earlier, a CBC is a third-party certification managed by the non-profit B Lab and a BC is a legal structure for a company where it is legally empowered to pursue positive stakeholder impact in addition to profit (B Lab, 2020h). In order to meet the transparency requirements, the B Corp Declaration of Interdependence and Term Sheet must be signed by the company (Gangsted & Gautier, 2018). By doing this, CBCs commit themselves to public transparency standards, meaning they have to publish basic profile information as well as their B Impact Report on the B Corp website (Gangsted & Gautier, 2018). The B Impact Report summarizes a company's BIA scores by category and contains no question-level information (B Lab, 2020e). The Term Sheet is the B Corp Agreement which contains all terms and obligations that the company must agree to in order to obtain both the certificate and the rights to use B Lab's intellectual property (Gangsted & Gautier, 2018). Among other things, the agreement states that certified companies are required to update their assessment every 3 years to ensure they are maintaining their commitment to the environment and society. Also, in order to maintain the credibility of the CBC label, each year 10 percent of the recertifying CBCs are selected for an in-depth Site Review. Furthermore, the certified company has to pay an annual certification fee, which depends on region and annual sales (B Lab, 2020d).

2.4. Hypothesis Development

The literature review is aimed to elaborate on the concept of CSR and to emphasize its importance for corporations. Companies, whether or not under external pressure, are shifting from a pure shareholder perspective to a focus on all stakeholders. Additionally, several relevant theories are discussed which attempt to provide an explanation of the reasons why a company considers CSR reporting. Subsequently, a distinction is made between mandatory and voluntary CSR disclosure and eventually the concept of CBC is introduced as a method of voluntary CSR reporting.

Currently, a large number of CSR-related studies has been published. However, the majority of these studies analyzed whether traditional companies were able to operate in the interest of society and still generate profits for their shareholders (Romi, Cook, & Dixon-Fowler, 2018). Such traditional companies imply that shareholders still take precedence over all other stakeholders. In contrast, hybrid organizations such as CBCs emphasize the duality of social impact and generating profits. Their dual mission confronts CBCs with operational challenges and tensions which are not experienced by traditional companies and potentially hamper their financial performance and eventual existence (Romi et al., 2018). Therefore, such hybrid organizations offer an interesting field of research. In addition, only a limited number of studies concerning the financial consequences of B Corp certification is known in literature. Romi et al. (2018) studied the effect of B Corp certification on employee productivity and sales growth and Parker et al. (2019) analyzed the impact of B Corp certification on firm growth. In the above studies, the sample consisted exclusively of U.S. companies. As far as is known, there is no empirical research on the economic consequences of B Corp certification among European companies. In order to bridge this gap in literature, following research question arises: “Does B Corp certification influence firm growth and profitability of European companies?”.

The B Corp certification is a way for CBCs to convince their employees, consumers and other stakeholders of their authentic commitment towards the environment and society (Cao et al., 2017). In this way, CBCs can differentiate themselves from other less socially engaged companies and build consumer trust. A higher willingness of consumers to purchase the product or service could be expected, which would be reflected in a positive effect on firm growth. However, in the short term there are some obstacles which a recently certified company needs to overcome. Firstly, the certification process involves costs the company has to pay. These are annual certification fees which are rather moderate, starting from $1,000 for U.S. companies with annual sales below $150,000 (B Lab, 2020d). Secondly, Parker et al. (2019) describes that companies will need to invest considerable time and resources in reorganizing business operations and processes to meet B Lab's standards. This may result in scarce management attention being focused on identifying and changing internal arrangements and operations rather than developing and operating new sales channels, which may have a negative impact on firm growth in the short term (Parker et al., 2019). The following hypothesis is made:

H1: B Corp certification is associated with a short-term growth slowdown.

The scarce management attention devoted to internal adjustments to meet B Lab standards rather than to the core business could result in lower sales resulting in lower profits. In addition, a study by Chen, Hung and Wang (2018) shows that after the introduction of mandatory CSR reporting, the profits of Chinese companies are decreasing significantly, even though the mandate did not require companies to spend on CSR. Of course, any differences between mandatory and voluntary CSR reporting should be taken into account. The second hypothesis is as follows:

H2: B Corp certification is associated with a short-term decline in profitability.

3. METHODOLOGY

The quantitative method of analysis is used in order to test the formulated hypotheses and to answer the research question "Does B Corp certification influence firm growth and profitability of European companies?". The different steps of the quantitative research process are followed, which consists of drawing up a research question, identifying participants, selecting research methods and analysis tools and finally interpreting the results (Swanson & Holton III, 2005). This chapter describes the process of data collection, clarifies the participants of the study and describes the research design in detail.

3.1. Data collection

A longitudinal data panel of 624 European CBCs is collected in which information on B Corp certification is combined with financial performances at company level over a 9-year window. This timeframe will be shortened at a later stage after the certification year has been determined for the treatment group. The creation of this data panel for this study consisted largely of two parts. On the one hand, data had to be collected about all European companies certified by B Lab and on the other hand, financial data had to be obtained from these companies. A list of all CBCs worldwide, which B Lab makes available via the site of Data.World (https://data.world/blab/b-corp-impact-data), was downloaded. As this study focuses on European companies, a unique identifier was linked to each European company. This identifier was searched in the Orbis database using the company name and other information such as website, address, telephone number and industry. It is of utmost importance that each CBC is linked with its correct enterprise number, since in a next step financial data will be linked to each company based on this unique identifier. Therefore, the linking of CBCs with their unique identifier was carried out by two researchers independently of each other and both outputs were compared to avoid false matches. The second part of the data collection consisted of retrieving financial data between 2010 and 2018 from the Orbis database for all European CBCs for which a company number was found.

3.2. Data

3.2.1. Treatment group and Control group

The main objective of this master's thesis is to investigate whether there are significant differences in growth rates and profitability of European CBCs that can be explained by obtaining the B Corp certificate. As will be discussed in the section of 'method of analysis', the research question and related hypotheses will be tested by means of univariate and multivariate difference-in-difference statistics. The difference in growth rates respectively Return on Assets (ROA) between $t-1$ and $t+1$ for the treatment group will be compared with the difference in growth rates respectively ROA between $t-1$ and $t+1$ for the control group.

Companies certified by B Lab for the first time in year t are allocated to the treatment group whereas companies certified in $t+1$ (meaning one year later) are assigned to the control group. Both groups are comparable to each other in the sense that they submitted a request for B Corp certification at a similar time and therefore both incurred costs to prepare and submit their application (Parker et al., 2019). The control group is in every aspect comparable to the treatment group, apart from the exact date on which the companies were certified. In addition, Parker (2019) stated that to a certain extent it is arbitrary whether a company is certified in t or $t+1$ because of the fact that the certification process is uncertain and may take a considerable amount of time. Companies in the treatment group will thus immediately experience an impact on the growth rates and profitability which can be explained by the B Corp certification. Companies in the control group, on the other hand, cannot experience such effects since they have not yet been certified in year t.

In 2012, the very first European company was certified by B Lab with the B Corp certificate. From a theoretical point of view, every year from 2012 up until 2017 can serve as a certification year for the treatment group. However, the year 2018 cannot be used because no post-treatment growth or profit rate can be calculated since financial data for 2019 was not yet available at the start of the study. The year which contained the most observations, was considered as the certification year for the treatment group. In this case, t was set equal to the certification year 2016. In other words, each company newly certified in 2016 was assigned to the treatment group and consequently the companies certified in 2017 were allocated to the control group. This requires the data panel to include financial information covering 4 years, i.e. from 2014 to 2017. This allows that pre- and post-treatment growth and profit rates can be calculated for both groups.

3.2.2. Exclusion criteria

The initial data included all worldwide CBCs existing at the time of writing this study, with a total of 3741 CBCs. This is more than the previously mentioned figure found on the B Lab website. Presumably, the various subsidiaries of a parent company are not counted separately by B Lab. To give a concrete example: Danone Egypt, Danone Canada, Danone UK, Danone Iberia and so on are counted as one CBC by B Lab. However, when retrieving the list of all CBCs made available by B Lab via Data.World, these entities are listed separately, each with their certification data.

A number of exclusion criteria were applied to this initial dataset. First of all, as the research question suggests, the economic consequences of B Corp certification are only examined for European companies. Consequently, all non-European CBCs were excluded from the dataset, reducing it to 644 European companies. Via the Orbis database, a unique identifier as well as financial data could be collected for 624 companies.

A second exclusion criterion concerns the year in which a CBC obtained its B Corp certificate for the first time. As discussed earlier, the treatment group consists of companies which were certified for the first time in 2016 and the control group includes companies which obtained the B Corp certificate in 2017. All companies which were first certified by B Lab in a year different from 2016 or 2017 were excluded from the study. The data panel so far contained 251 CBCs, of which 136 companies in the treatment group and 115 companies in the control group. This data panel functions as the basic dataset for the various difference-in-difference analyses which will be performed. Appendix 1 lists all the companies belonging to this dataset. The effect of the B Corp certificate will be studied on two different variables, namely firm growth and profitability. In this study the firm growth will be measured in three different ways (total asset growth, turnover growth and employee growth) resulting in a total of four different data panels. The differences in these data panels will depend on the following two exclusion criteria.

A third exclusion criterion relates to the duration of the CBCs' fiscal year. Since financial data of different companies will be compared, it is essential that those figures relate to the same timescale. Normally, a fiscal year covers 12 months, but deviations are possible. In order to enhance comparability between the various CBCs, all companies for which the fiscal year from 2014 to 2017 differs from 12 months are excluded from the data panel.

Eventually, for each CBC a pre- and post-measurement of the growth and profit rates must be available. This study compares the difference in growth rates respectively ROA between $t-1$ and $t+1$ (i.e. 2015 and 2017) for the treatment group with the difference in growth rates respectively ROA for the control group over exactly the same time span. Therefore, for each company belonging to the treatment group, growth and profit figures must be available for both 2015 and 2017. The same is true for the control group. The reason is to prevent a certain company from having only a pre-treatment measurement available and no post-treatment measurement or vice versa.

3.3. Method of Analysis

The following section of the master's thesis will present a detailed overview of how the empirical research is performed. As mentioned before, the purpose of this master's dissertation is to analyze the impact of B Corp certification on economic variables, namely firm growth and profitability. Firm growth will be defined in three different ways: asset growth, turnover growth and employee growth. ROA is used as an indicator for a company's profitability.

Similar to Parker (2019), growth (profit) rates before and after certification are compared to determine if there is a significant difference between them. Companies certified in year t are assigned to the treatment group, whereas companies certified in $t+1$ belong to the control group. As mentioned earlier, $t=2016$. Thus, the difference in growth (profit) rates for TG firms between $t-1$ and $t+1$ (this is 2015 and 2017), indicated by D_g^{TG} (D_{ROA}^{TG}), is compared with the difference in growth (profit) rates for CG firms over the same time span, D_g^{CG} (D_{ROA}^{CG}). Univariate and subsequently multivariate difference-in-difference statistics are performed to test the hypotheses. The statistical analysis of the panel data is carried out using EViews 9.

3.3.1. Firm growth

The growth rates are defined as the difference in ln size of consecutive years (Schoonjans, Van Cauwenberge, & Vander Bauwhede, 2013):

$$Growth_{it} = \ln(Size_{it}) - \ln(Size_{it-1})$$

Three measures of firm growth will be used. First, the effect of B Corp certification on total asset growth is investigated, which is defined as the difference in ln total assets of consecutive years. Secondly, the impact on turnover growth, the difference in ln turnover of consecutive years, is investigated. And lastly, the impact on employee growth, the difference in ln employees of consecutive years, is studied. The reason to use different measures of growth is to test the robustness of the model as well as the fact that results are easier to compare with studies using other growth measures (Delmar, Davidsson, & Gartner, 2003). Both the univariate and the multivariate difference-in-difference statistics will be carried out separately for each approach of firm growth.

3.3.1.1. Univariate Difference in Difference Statistics

The question that is raised is whether there is a significant difference between the treatment group and the control group with regard to the evolution in mean growth rates between $t-1$ and $t+1$. A univariate difference-in-difference statistic is used to test these possible differences and an independent samples t-test is used to assess the significance of this statistic.

To begin with, the evolution of the mean growth rate between 2015 and 2017 is calculated for the treatment group, which are all the companies certified in 2016.

$$D_g^{TG} = g_{2017}^{TG} - g_{2015}^{TG}$$

Subsequently, the evolution of the mean growth rate over the same time span is measured for the control group, which are all companies certified in 2017.

$$D_g^{CG} = g_{2017}^{CG} - g_{2015}^{CG}$$

As a final step, the difference between D_g^{TG} and D_g^{CG} is checked by subtracting both variables. The independent samples t-test assesses the significance of this difference in mean growth rate evolution between the treatment and control group.

3.3.1.2. Multivariate Difference in Difference Statistics

The problem with univariate difference-in-difference statistics is that it ignores the possibility of other factors influencing the growth rates of the treatment group and control group in different ways (Parker et al., 2019). To investigate this possibility, a panel data regression can be used to perform multivariate difference-in-difference statistics in order to test the first hypotheses:

H1: B Corp certification is associated with a short-term growth slowdown.

Following growth regression equation (Schoonjans et al., 2013) is estimated using random effects estimation, in order to examine the impact of the B Corp certificate on firm growth:

$$\begin{aligned} Growth_{it} = {} & \beta_{0i} + \beta_1 T + \beta_2 S + \beta_3 ST + \beta_4 lnSize_{it-1} + \beta_5 (lnSize_{it-1})^2 + \beta_6 lnAge_{it-1} \\ & + \beta_7 (lnAge_{it-1})^2 + \beta_8 lnSize_{it-1} lnAge_{it-1} + \beta_9 Leverage_{it-1} + \varepsilon_{it} \end{aligned}$$

In this model, β_{0i} are the unobserved effects and ε_{it} is the error term. The dependent variable $Growth_{it}$ was previously defined as the difference in ln size of consecutive years. Depending on the growth measure used as dependent variable, the control variable $Size_{it-1}$ will be defined as $Assets_{it-1}$, $Turnover_{it-1}$ or $Employees_{it-1}$. The latter is expressed as the total number of employees in full time equivalents (FTE). A next control variable concerns Age_{it-1}, which is obtained by subtracting the firm's incorporation date from the previous year (i.e. 2018). Schoonjans et al. (2013) included $Size_{it-1}^2$, Age_{it-1}^2, and $Size_{it-1}Age_{it-1}$ in the model to determine potential non-linearities in the growth-size and growth-age relationship. In order to eliminate scale problems and to monitor skewness, it is a conventional technique to use the natural logarithm of these strongly varying and skewed variables, which is the case for size and age (Poirier, 1978). $Leverage_{it-1}$ is the final control variable of this equation estimation and is defined as the debt-to-equity ratio.

In addition to the dependent variable and the control variables, the regression model contains three dummy variables, namely S, T and ST. S is a dummy variable which has the value 1 if the company is a CBC and 0 otherwise. This variable indicates whether a company belongs to the treatment group or to the control group. T is a second dummy variable having the value 1 if $\tau = t + 1$ and 0 otherwise. In other words, it reflects whether the observation took place in a pre-treatment or a post-treatment year. ST is the difference-in-difference variable and is the product of the two preceding variables. When the DD term is positive, it means that the B Corp certificate had a positive impact on the growth rates. The DD term is negative if the B Corp certificate had a negative impact on the growth rates. All variables, with the exception of the dummy variables, are winsorized at the 5th and 95th percentile to diminish the outliers' weight (Hoo, Tvarlapati, Piovoso, & Hajare, 2002).

This empirical analysis is first applied to the entire sample. In the next step, the regressions are applied to subsamples varying in firm size and age, to check if the effect of the B Corp certificate differs according to these firm characteristics. By analogy with Parker (2019), small enterprises are defined as those with 10 employees or less at the moment of certification, large enterprises are those employing more than 10 employees. Young enterprises are defined as those that are less than 10 years old at the moment of certification, old enterprises are 10 years or older.

3.3.2. Profitability

To assess a company's profitability, ROA is used:

$$ROA_{it} = \frac{EBIT_{it}}{total\ assets_{it-1}}$$

ROA is a type of a return on investment (ROI) metric that gives an indication of a company's profitability in relation to its total assets. The ratio reflects the efficiency by which a company's management uses its assets to generate earnings. The higher the ROA, the more efficient the management uses its economic resources.

3.3.2.1. Univariate Difference in Difference Statistic

Analogous to the previous univariate difference-in-difference statistic, the question is posed whether there is a significant difference between the treatment group and the control group with regard to the evolution in mean profit rates between $t-1$ and $t+1$. A univariate difference-in-difference statistic is used to test these possible differences and an independent samples t-test is used to assess the significance of this statistic.

Again, the evolution of the mean profit rates between 2015 and 2017 is calculated for the treatment group.

$$D_{ROA}^{TG} = ROA_{2017}^{TG} - ROA_{2015}^{TG}$$

Subsequently, the evolution of the mean profit rates over the same time span is measured for the control group.

$$D_{ROA}^{CG} = ROA_{2017}^{CG} - ROA_{2015}^{CG}$$

Finally, the difference between D_{ROA}^{TG} and D_{ROA}^{CG} is verified by subtracting both variables. The independent samples t-test assesses the significance of this difference in mean profit evolution between the treatment and control group.

3.3.2.2. Multivariate Difference in Difference Statistic

Again, to investigate the possibility that other factors influence the profit rates of the treatment group and control group in different ways, a multivariate difference-in-difference statistic is performed. A panel data regression is used to test the second hypotheses:

H2: B Corp certification is associated with a short-term decline in profitability.

Following regression equation (De Schoenmaker, Van Cauwenberge, & Vander Bauwhede, 2013) is estimated using random effects estimation, in order to examine the impact of the B Corp certificate on firm profitability:

$$ROA_{it} = \beta_{0i} + \beta_1 T + \beta_2 S + \beta_3 ST + \beta_4 \ln(Total\ assets_{it-1}) + \beta_5 \ln(Age_{it-1}) + \beta_6 Leverage_{it-1} + \varepsilon_{it}$$

In this model, β_{0i} are the unobserved effects and ε_{it} is the error term. The dependent variable ROA_{it} was previously defined as the yearly net income before interest costs and taxes, divided by the total assets of the previous year. The control variables implemented in the regression model are $Total\ assets_{it-1}$, Age_{it-1} and $Leverage_{it-1}$. Similar to the growth regression model, age is calculated by subtracting the year of incorporation from the year 2018. As an approximation for leverage, the debt-to-assets ratio is used. The natural logarithm of total assets and age is used to deal with scale problems and to monitor skewness. In this model the three dummy variables are also included. S has the value 1 if the company is a CBC and 0 otherwise, T is having the value 1 if $\tau = t + 1$ and 0 otherwise and ST represents the DD variable which is positive (negative) if profit rates are increased (decreased) due to B Corp certification. All variables, with the exception of the dummy variables, are winsorized at the 5th and 95th percentile to diminish the outliers' weight (Hoo et al., 2002).

After this empirical analysis has been carried out for the entire sample, the regression is repeated for sub-samples which differ in size and age to check if the effect of certification differs according to these characteristics. Young compared to old companies and small compared to large companies are defined in the same way as for the model used for growth.

4. EMPIRICAL RESULTS

4.1. Firm growth as dependent variable

As mentioned earlier, three business growth measures are used to examine whether they are affected by B Corp certification. Delmar et al. (2003) stated that implementing different growth measures in an empirical research is valuable to assess the model's robustness. Table 1 shows the correlations between the different measures of firm growth used in this study. No strong correlations are observed between these different growth measures. Consequently, three regression models are estimated, namely total asset growth, turnover growth and employee growth.

Table 1. Different Growth Measures: Correlation Matrix

	Total Asset Growth	Turnover Growth	Employee Growth
Total Asset Growth	1.000		
Turnover Growth	0.418	1.000	
	(0.000)		
Employee Growth	0.255	0.344	1.000
	(0.000)	(0.000)	

p-values are given in parentheses

Table 2 presents the descriptive statistics of the mean growth rates per measure of firm growth. Only the firms are described which are included in the regression estimation. Panel A displays the mean growth rates of year $t-1,\ t$ and $t+1$. This table shows that the mean total asset growth rates fluctuate over time, declining from 23.8 percent in 2015 to 13.1 percent in 2016, and rises again slightly to 14.4 percent in 2017. Based on the one-way ANOVA test, there is a significant difference between these different mean total asset growth rates. When looking at the mean turnover growth rates, a slight decrease is noted from 18.9 percent in 2015 to 17.1 percent in 2016, which further decreases to 8.7 percent in 2017. However, the one-way ANOVA test does not indicate any significant difference between these means. Finally, the mean employee growth rates also show a decrease from 16.7 percent in 2015 to 2.5 percent in 2016, which increases again in 2017 to 5.6 percent. The one-way ANOVA test reveals that these mean employee growth rates are significantly different from each other. Panel B and C provide background information, necessary for the mean difference statistics and the difference-in-difference statistics, which will be elaborated later on.

Table 2. Descriptive Statistics: Mean Growth Rates

	Total Asset Growth			**Turnover Growth**			**Employee Growth**		
	Mean	**SD**	**Obs.**	**Mean**	**SD**	**Obs.**	**Mean**	**SD**	**Obs.**
Panel A: All firms									
g(i,2015)	0.238	0.451	125	0.189	0.278	62	0.167	0.340	52
g(i,2016)	0.131	0.366	125	0.171	0.481	62	0.025	0.233	52
g(i,2017)	0.144	0.310	125	0.087	0.267	62	0.056	0.242	52
One-Way Anova	$F(2,372)=2.923$			$F(2,183)=1.442$			$F(2,153)=3.797$		
	(p=0.0550)			(p=0.2390)			(p=0.0246)		
Panel B: firms certified in 2016, TG									
g(i,2015)	0.291	0.474	75	0.206	0.279	36	0.227	0.358	31
g(i,2017)	0.173	0.310	75	0.127	0.290	36	0.090	0.245	31
Panel C: firms certified in 2017, CG									
g(i,2015)	0.158	0.405	50	0.165	0.281	26	0.078	0.297	21
g(i,2017)	0.102	0.309	50	0.031	0.226	26	0.006	0.236	21

SD = Standard Deviation, Obs = number of observations

Table 3 shows descriptive statistics of the control variables included in the estimated models for the three different samples separately. This shows that CBCs are generally smaller and younger than the companies which had not yet been certified. However, the difference in mean firm growth is only significant for the sample of total asset growth. The difference in mean age is significant for the sample of both asset growth and turnover growth.

Table 3. Firm Growth: Descriptive Statistics of the Control Variables

	CBC (TG)					non-CBC (CG)					*t*-stat
	Mean	**SD**	**min**	**max**	**Obs**	**Mean**	**SD**	**Min**	**Max**	**Obs**	
Total Asset Growth											
Size (in million €)	4.791	11.396	0.028	54.732	150	9.813	17.367	0.028	54.732	100	-2.762***
Age	13.307	12.710	2.000	49.000	150	17.300	13.204	2.000	49.000	100	-2.396**
Leverage	2.074	4.357	-4.551	16.964	150	2.278	4.030	-4.551	16.964	100	-0.374
Turnover Growth											
Size (in million €)	11.835	24.992	0.035	94.146	72	18.903	27.937	0.121	94.146	52	-1.479
Age	15.489	15.744	2.000	62.800	72	20.685	16.284	2.000	62.800	52	-1.788*
Leverage	3.297	4.158	-1.947	17.553	72	3.180	4.273	-1.947	17.553	52	0.153
Employee Growth											
Size	56.415	104.808	1.00	437.900	62	93.686	130.224	1.000	437.900	42	-1.612
Age	20.231	15.786	3.700	56.600	62	23.338	16.259	3.700	56.600	42	-0.973
Leverage	2.762	4.665	-3.538	18.166	62	3.362	3.934	-3.538	18.166	42	-0.684

SD = Standard Deviation, Obs = number of observations; *t*-statistics are two-tailed

Each firm has 2 measurements of each variable, making the number of observations equal to double the number of firms included in the sample.

* indicates significance at the 0.10 level, ** at the 0.05 level, and *** at the 0.01 level

The mean difference test statistics for the treatment group and control group are shown separately in table 4. For both groups the evolution in mean growth rate between 2015 and 2017 is calculated and checked if this evolution is different from zero. Here the null hypothesis states that the difference between the mean growth rate of 2015 and 2017 is equal to zero and the alternative hypothesis that it is different from zero.

The evolution in mean total asset growth rates is negative and significant (p=0.0563) for the companies in the treatment group, but no significant difference is observed for the companies in the control group. Only for the control group, the evolution in mean turnover growth rates is negative and significant (p=0.0357). Lastly, the evolution in mean employee growth rates is negative and significant (p=0.0702) for the companies in the treatment group, but no significant difference is observed for companies in the control group. The last column of table 4 reports the univariate difference-in-difference test statistics. For none of the growth measures, a significant difference is observed between the mean growth rate evolution of the treatment group and the mean growth rate evolution of the control group. In other words, based on the univariate DD test statistics, no impact of B Corp certification on growth rates can be concluded.

Table 4. Firm Growth: Mean Difference and Difference-in-Difference Test Statistics

	Difference						Difference-in-Difference		
	D_g^{TG}			D_g^{CG}			$D_g^{TG} - D_g^{CG}$		
	Asset	**Turnover**	**Employee**	**Asset**	**Turnover**	**Employee**	**Asset**	**Turnover**	**Employee**
Obs.	75	36	31	50	26	21			
Mean	-0.119*	-0.079	-0.137*	-0.057	-0.133**	-0.072	-0.062	0.054	-0.065
St. Err.	0.061	0.063	0.073	0.067	0.060	0.071	0.093	0.090	-0.106
Test Statistic	-1.939	-1.261	-1.878	-0.846	-2.220	-1.008	-0.669	0.600	-0.613

SD = Standard Deviation, Obs = number of observations; *t*-statistics are two-tailed

* indicates significance at the 0.10 level, ** at the 0.05 level, and *** at the 0.01 level

Table 5 reports the multivariate difference-in-difference test statistics in which three random effects models are estimated: total asset growth, turnover growth and employee growth. Based on the coefficient of the DD term (which is the ST variable), a decrease of 3.07 percent in the total asset growth rates for the companies included in the sample can be determined. However, this coefficient is not significantly different from zero, which means that the previous conclusion cannot be generalized to the entire population. The same is true for the employee growth rates. These are decreased by 2.88 percent for the sample firms, but the difference is not significant from zero so it cannot be generalized. The DD term for the turnover growth model is positive and an increase in turnover growth rates of 4.65 percent for the sample firms is observed. Again, this difference is not significantly different from zero and therefore no conclusion for the entire population can be made. In summary, the performed multivariate difference-in-difference statistics do not show any significant impact of B Corp certification on the growth rates for any of the models.

Table 5. Firm Growth: Difference-in-Difference Panel Regressions

	Asset Growth	**Turnover Growth**	**Employee Growth**
C	3.0132***	3.6763***	0.0455
	(0.8935)	(1.1073)	(0.1984)
T	-0.0038	-0.0896	-0.0115
	(0.0682)	(0.0643)	(0.0591)
S	0.0701	0.0069	0.0940
	(0.0716)	(0.0668)	(0.0592)
ST	-0.0307	0.0465	-0.0288
	(0.0880)	(0.0839)	(0.0771)
ln(total assets)	-0.2992**		
	(0.1308)		
ln(total assets)^2	0.0080*		
	(0.0047)		
ln(total assets) * ln(age)	0.0167***		
	(0.0054)		
ln(turnover)		-0.4786***	
		(0.1665)	
ln(turnover)^2		0.0155**	
		(0.0063)	
ln(turnover) * ln(age)		-0.0014	
		(0.0186)	
ln(employees)			-0.0807
			(0.0524)
ln(employees)^2			0.0198**
			(0.0096)
ln(employees) * ln(age)			-0.0206
			(0.0235)
ln(age)	-0.4177***	0.1446	0.1358
	(0.1391)	(0.1898)	(0.1576)
ln(age)^2	0.0272	-0.0279	-0.0219
	(0.0290)	(0.0383)	(0.0375)
leverage	-0.0185***	-0.0047	0.0042
	(0.0050)	(0.0052)	(0.0042)
R^2	0.1743	0.1717	0.1773
Obs.	250	124	104
Groups	125	62	52

Standard Errors are given in parentheses

* indicates significance at the 0.10 level, ** at the 0.05 level, and *** at the 0.01 level

Number of groups represents the distinct firms used in the regressions, number of observations is equal to double the number of groups because every firm has a pre- and post-certification measurement.

The regression models are re-estimated, with the sample being split up into small and large companies and next into young and old companies. As previously defined, young companies have an age of less than 10 years and old companies have an age of 10 years or more. Small firms have fewer than 10 employees and large firms consist of more than 10 employees. Observations have been lost due to unavailable data concerning the number of employees. Table 6 shows the results of the different estimation models.

Based on the coefficients, it can be argued that the total asset growth rates and the employee growth rates of the small firms in the sample decrease and increase for the large firms. However, these differences are not significantly different from zero so that these observations cannot be generalized to the entire population. The small companies, however, experience a significant (p=0.0697) turnover growth increase of 29.91 percent compared to non-CBCs. It can be concluded that the B Corp certification has a positive impact on the turnover growth rates of small enterprises. No significant results were obtained for large companies.

Considering the coefficients, it can be assumed that the turnover growth rates and the employee growth rates for young companies in the sample increase and decrease for old companies in the sample. However, the DD term is not significantly different from zero, so this cannot be generalized for the entire population. The young certified companies, however, experience a significant (p=0.0525) total asset growth decline of 33.38 percent compared to non-CBCs. It can be concluded that B Corp certification has a negative effect on the total asset growth rates of young companies. No significant results were obtained for old companies.

Table 6. Firm Growth: Difference-in-Difference Panel Regressions by Size and Age

	Small firms			Large firms			Young firms			Old firms		
	Assets	Turnover	Employee	Assets	Turnover	Employee	Assets	Turnover	Employee	Assets	Turnover	Employee
C	2.4853	11.4678***	-0.5875	4.3205**	1.3477	0.7597***	6.5363***	6.4993*	0.5846	0.8083	2.1745	0.4136
	(3.6125)	(3.6623)	(0.5613)	(1.9615)	(3.3177)	(0.2582)	(2.1427)	(3.6878)	(0.9320)	(1.5130)	1.3483	(1.0556)
T	0.1003	-0.2732**	-0.0052	-0.0096	0.0378	-0.0090	0.2937*	-0.3112*	0.0189	-0.0877	-0.0274	-0.0083
	(0.1470)	(0.1314)	(0.1073)	(0.0673)	(0.0522)	(0.0515)	(0.1522)	(0.1756)	(0.1994)	(0.0655)	(0.0496)	(0.0555)
S	0.1923	-0.0294	0.2050	0.0735	0.0508	0.0349	0.1221	-0.1331	0.3513**	0.0437	0.0574	0.0720
	(0.1465)	(0.1529)	(0.1433)	(0.0837)	(0.0712)	(0.0550)	(0.1187)	(0.1594)	(0.1361)	(0.0865)	(0.0532)	(0.0707)
ST	-0.1813	0.2991*	-0.1564	0.0498	-0.1046	0.0183	-0.3338*	0.3007	0.0137	0.0890	-0.0342	-0.0327
	(0.1950)	(0.1602)	(0.1439)	(0.0892)	(0.0746)	(0.0701)	(0.1702)	(0.1983)	(0.2430)	(0.0945)	(0.0726)	(0.0756)
ln(total assets)	-0.2694			-0.6003**			-0.6756**			-0.0769		
	(0.5438)			(0.2771)			(0.3268)			(0.1650)		
ln(total assets)^2	0.0077			0.0214**			0.0199			0.0008		
	(0.0205)			(0.0098)			(0.0130)			(0.0054)		
ln(total assets) * ln(age)	0.0385			-0.0334			0.0616**			0.0110*		
	(0.0371)			(0.0229)			(0.0291)			(0.0065)		
ln(turnover)		-1.6271***			-0.0980			-0.8989			-0.3102*	
		(0.5782)			(0.4570)			(0.6157)			(0.1560)	
ln(turnover)^2		0.0538**			0.0027			0.0288			0.0111**	
		(0.0225)			(0.0154)			(0.0253)			(0.0051)	
ln(turnover) * ln(age)		0.0514			-0.0044			0.0426			-0.0164	
		(0.0488)			(0.0265)			(0.0633)			(0.0179)	
ln(employees)			0.7096**			-0.4269***			0.1768			-0.1918**
			(0.2633)			(0.0983)			(0.1420)			(0.0884)
ln(employees)^2			-0.1787*			0.0426***			0.0147			0.0217**
			(0.0894)			(0.0145)			(0.0320)			(0.0108)
ln(employees) * ln(age)			-0.1919*			0.0245			-0.1528**			0.0082
			(0.0956)			(0.0239)			(0.0634)			(0.0344)
ln(age)	-0.7351	-0.0278	0.2312	0.4544	-0.1000	0.2103	-2.1445**	0.3291	-1.3878	0.0566	0.3034	0.0694
	(0.6285)	(0.5813)	(0.4764)	(0.3704)	(0.3878)	(0.1629)	(0.8181)	(0.9744)	(1.2509)	(0.6562)	(0.4487)	(0.7440)
ln(age)^2	0.0598	-0.1325	0.0323	0.0057	0.0179	-0.0703	0.4205*	-0.3019	0.5468	-0.0394	-0.0115	-0.0314
	(0.0941)	(0.1037)	(0.1094)	(0.0335)	(0.0347)	(0.0332)	(0.2146)	(0.2379)	(0.4011)	(0.1110)	(0.0779)	(0.1321)
leverage	-0.0210**	0.0064	0.0055	-0.0013	-0.0167**	-0.0033	-0.0203***	-0.0037	0.0100	-0.0184***	0.0001	-0.0014
	(0.0087)	(0.0089)	(0.0067)	(0.0064)	(0.0077)	(0.0047)	(0.0076)	(0.0085)	(0.0062)	(0.0064)	(0.0071)	(0.0057)
R^2	0.1040	0.3760	0.5015	0.1794	0.3037	0.3781	0.2257	0.2388	0.4785	0.1195	0.1950	0.2055
No. observations	88	47	36	93	55	68	115	53	29	135	71	75
No. groups	56	28	20	55	30	36	65	29	16	75	38	39

Standard Errors are given in parentheses

* indicates significance at the 0.10 level, ** at the 0.05 level, and *** at the 0.01 level

Number of groups represents the distinct firms used in the regressions, the maximum of number of observations is equal to double the number of groups because every firm has a pre- and post-certification measurement. If the maximum number of observations is not reached, there are missing values for some of the variables in the regression.

4.2. Profitability as dependent variable

Table 7 presents the descriptive statistics of the mean profit rates, using the return on assets ratio as indicator for a firm's profitability. Only the firms are described which are included in the regression estimation. Panel A displays the mean profit rates of year $t - 1$, t and $t + 1$. This table shows that the mean profit rates fluctuate over time, increasing from 1.79 percent in 2015 to 2.07 percent in 2016, and further to 4.22 percent in 2017. Based on the one-way ANOVA test, there is no significant difference between these different mean profit rates. Panel B and C provide background information, necessary for the mean difference statistics and the difference-in-difference statistics, which will be elaborated later on.

Table 7. Descriptive Statistics: Mean Profit Rates

	Return on Assets		
	Mean	**SD**	**Obs.**
All			
ROA(i,2015)	0.0179	0.3579	66
ROA(i,2016)	0.0207	0.2400	66
ROA(i,2017)	0.0422	0.1441	66
One Way ANOVA		$F(2,195) = 0.1688$ ($p = 0.8448$)	
Certified in 2016, TG			
ROA(i,2015)	-0.0075	0.4360	39
ROA(i,2017)	0.0774	0.1350	39
Certified in 2017, CG			
ROA(i,2015)	0.0545	0.2003	27
ROA(i,2017)	-0.0087	0.1441	27

SD = Standard Deviation, Obs = number of observations

Table 8 shows descriptive statistics of the control variables which are included in the estimated model for profitability. This shows that CBCs are significantly smaller in terms of total assets compared to the companies that have not yet been certified. Based on the mean age, it can be suggested that CBCs are younger than non-CBCs, but this difference is not significantly different from zero.

Table 8. Profitability: Descriptive Statistics of the Control Variables

	CBC (TG)					non-CBC (CG)					*t*-stat
	Mean	**SD**	**min**	**max**	**Obs**	**Mean**	**SD**	**Min**	**Max**	**Obs**	
ROA											
Total assets (in million €)	9.527	21.304	0.061	96.246	78	20.862	29.293	0.061	96.246	54	-2.574**
Age	15.605	14.969	2.000	57.800	78	19.989	15.702	2.000	57.800	54	-1.621
Leverage	0.657	0.217	0.198	1.092	78	0.666	0.259	0.198	1.092	54	-0.224

SD = Standard Deviation, Obs = number of observations; *t*-statistics are two-tailed

Each firm has 2 measurements of each variable, making the number of observations equal to double the number of firms included in the sample.

* indicates significance at the 0.10 level, ** at the 0.05 level, and *** at the 0.01 level

The mean difference test statistics for the treatment group and control group are shown separately in table 9. For both groups the evolution in mean profit rates between 2015 and 2017 is calculated and checked if this evolution is different from zero. Here the null hypothesis states that the difference between the mean profit rates of 2015 and 2017 is equal to zero and the alternative hypothesis that it is different from zero. The evolution in mean profit rates is positive but insignificant different from zero for the firms belonging to the treatment group. A significant difference in mean profit rates is found for the companies in the control group, with a decrease of 6.3 percent being observed. The last column of table 4 reports the univariate difference-in-difference test statistics. A significant difference of 14.8 percent is observed between the mean profit rate evolution of the treatment group and the mean profit rate evolution of the control group. In other words, based on the univariate DD test statistics, a positive impact of B Corp certification on profit rates can be concluded.

Table 9. Profitability: Mean Difference and Difference-in-Difference Test Statistics

	Difference		Difference-in-Difference
	D_{ROA}^{TG}	D_{ROA}^{CG}	$D_{ROA}^{TG} - D_{ROA}^{CG}$
Obs.	39	27	
Mean	0.085	-0.063*	0.148*
St. Err.	0.057	0.036	0.074
Test Statistic	1.502	-1.746	1.991
p-value	0.1413	0.0927	0.0510

SD = Standard Deviation, Obs = number of observations; *t*-statistics are two-tailed

* indicates significance at the 0.10 level, ** at the 0.05 level, and *** at the 0.01 level

Table 10 reports the multivariate difference-in-difference test statistics in which a random effects model is estimated for ROA. Based on the coefficient of the DD term (which is the ST variable), an increase of 7.97 percent in the profit rates is determined. The performed multivariate difference-in-difference statistic shows a significant positive impact of the B Corp certification on a firm's profit rates.

Table 10. Profitability: Difference-in-Difference Panel Regression

	Coefficient	Test Statistic	*p*-value
C	-0.1702 (0.1534)	-1.1094	0.2694
T	-0.0811** (0.0319)	-2.5415	0.0123
S	0.0335 (0.0504)	0.6647	0.5074
ST	0.0797* (0.0412)	1.9340	0.0554
ln(total assets)	0.0093 (0.0123)	0.7577	0.4500
ln(age)	0.0291 (0.0289)	1.0065	0.3161
leverage	0.0282 (0.0595)	0.4738	0.6365
R^2		0.0952	
Obs.		132	
Groups		66	

Standard Errors are given in parentheses

* indicates significance at the 0.10 level, ** at the 0.05 level, and *** at the 0.01 level

Number of groups represents the distinct firms used in the regressions, number of observations is equal to double the number of groups because every firm has a pre- and post-certification measurement.

The regression model is re-estimated, with the sample being split up into small and large companies and then into young and old companies. As previously defined, young companies have an age of less than 10 years and old companies have an age of 10 years or more. Small firms have fewer than 10 employees and large firms consist of more than 10 employees. Observations have been lost due to unavailable data concerning the number of employees. Table 11 shows the results of the estimation model.

Based on the coefficients, it can be argued that the profit rates increase for both small and large CBCs, with a higher profit growth observed for the small firms. However, these differences are not significantly different from zero so that these observations cannot be generalized to the entire population. The DD term of the ROA estimation model is positive and significant for young firms. A significant profit growth for CBCs of 21.28 percent is observed (p=0.0130), compared to non-CBCs. It can be concluded that B Corp certification has a positive effect on the profit rates of young companies. However, no significant differences in profit rates are observed for the old companies.

Table 11. Profitability: Difference-in-Difference Panel Regressions by Size and Age

	Small firms	Large firms	Young firms	Old firms
C	0.3242	-0.2484	-0.2561	0.0089
	(0.3659)	(0.2584)	(0.3366)	(0.1475)
T	-0.1388*	-0.0448	-0.2191***	-0.0400
	(0.0812)	(0.0312)	(0.0751)	(0.0267)
S	0.0627	0.0508	-0.0426	0.0805*
	(0.0907)	(0.0582)	(0.0991)	(0.0414)
ST	0.1324	0.0397	0.2128**	0.0054
	(0.0969)	(0.0434)	(0.0826)	(0.0383)
ln(total assets)	-0.0408	0.0214	0.0042	0.0105
	(0.0306)	(0.0182)	(0.0275)	(0.0097)
ln(age)	0.0952*	-0.0339	0.1318	-0.0159
	(0.0535)	(0.0360)	(0.0809)	(0.0295)
leverage	0.0468	0.1345	0.1519	-0.1099*
	(0.1083)	(0.0859)	(0.0949)	(0.0611)
R^2	0.1566	0.1436	0.2000	0.1847
Obs.	51	59	57	75
Groups	30	32	31	40

Standard Errors are given in parentheses

* indicates significance at the 0.10 level, ** at the 0.05 level, and *** at the 0.01 level

Number of groups represents the distinct firms used in the regressions, the maximum of number of observations is equal to double the number of groups because every firm has a pre- and post-certification measurement. If the maximum number of observations is not reached, there are missing values for some of the variables in the regression

5. DISCUSSION

This chapter of the master's thesis interprets and discusses the results of the performed univariate and multivariate difference-in-difference statistics.

The main objective of this research consisted of answering the question whether B Corp certification has an impact on firm growth and profitability of European companies. In addition, it is investigated whether this potential impact of B Corp certification is different for young compared to old companies and small compared to large companies.

Both the univariate and the multivariate difference-in-difference statistics cannot show significant differences in the evolution of firm growth between the certified companies and the companies which did not yet obtain the B Corp certificate. Therefore, no short-term impact of the B Corp certificate on firm growth can be proven.

However, when splitting the sample into small and large companies, it can be concluded that small CBCs experience, ceteris paribus, a short-term turnover growth acceleration of 29.9 percent compared to the small non-CBCs. A possible explanation could be that CBCs develop a competitive advantage by submitting to third-party VSEA certification. Offering socially and environmentally conscious products or producing their products in a sustainable manner can attract new customers, with a positive impact on turnover growth rates as a result (Romi et al., 2018). Companies that engage in responsible business practices would also gain greater trust of their stakeholders and thus develop a positive image in society, resulting in better financial growth and higher market value (Prajogo, Castka, Yiu, Yeung, & Lai, 2016). In addition, the literature states that smaller companies generally have higher growth rates than large companies (J. L. Calvo, 2006; Fitzsimmons, Steffens, & Douglas, 2011; Schoonjans et al., 2013). A positive short-term impact of the B Corp certificate on turnover growth rates of small firms is demonstrated.

A second remarkable finding is that young CBCs experience, ceteris paribus, a total asset growth slowdown of 33.38 percent compared to non-CBCs. However, this seems to contradict the previously discussed finding regarding turnover growth rates. In this context, it is relevant to point out that no strong correlation was found between the total asset growth and the turnover growth (see table 1). This total asset growth slowdown, however, is consistent with the results of Parker (2019), who attributed a growth slowdown to a shift of managerial and workforce attention to the internal reorganization of the company. Young companies would have insufficient resources to combine the core business with efforts to meet the requirements of B Lab (Parker, 2019). This reallocation of managerial attention would result in a growth slowdown in young companies. A negative short-term impact on total asset growth rates of young companies is shown in this master's dissertation.

Subsequently, a significant positive short-term effect of B Corp certification on the profitability of CBCs was observed using the multivariate difference-in-difference statistics. CBCs experience, ceteris paribus, a 7.97 percent profit increase compared to the non-CBCs. As mentioned earlier in the literature review, the link between CSR and CFP is still unclear. However, several studies show that the implementation of CSR has a positive effect on the profitability of a company (Khojastehpour & Johns, 2014; Lindgreen, Swaen, & Johnston, 2009). Customers would be more willing to buy goods and services from companies which they perceive as being socially responsible (Khojastehpour & Johns, 2014). This positive customer perception can lead to a more favorable corporate image and higher profitability as a result (Khojastehpour & Johns, 2014). Applied to CBCs, by making consumers aware that they are socially responsible, for example by using the B Corp logo, they may create a more favorable corporate image and enhance their corporate reputation which in turn would have a positive effect on their profit rates. In addition, Mcwilliams and Siegel (2001) stated that consumers are prepared to pay more for goods and services that are socially responsible or produced in a socially responsible manner. These higher prices and higher sales volumes, resulting from the implementation of CSR, can therefore lead to higher profitability of the companies.

Finally, when the sample is split into young and old companies, it is found that only young companies experience, ceteris paribus, a significant short-term profit increase of 21.28

percent compared to young non-CBCs. Old companies, on the other hand, do not experience any significant impact of certification on their profit rates. This difference between old and young companies may be explained by the fact that the average profitability follows a hump shape over a company's life cycle (Warusawitharana, 2016). Warusawitharana (2016) documented that profitability increases with age for young companies, then remains high, and slowly decreases for mature companies.

6. CONCLUSION

6.1. Research findings

This master's dissertation examines the economic consequences of the B Corp certification and seeks to answer the following research question: "Does B Corp certification influence firm growth and profitability of European companies?”. A longitudinal data panel of 624 European CBCs was collected in which information on B Corp certification was combined with financial performances at company level from 2010 to 2018.

The evolution in growth (profit) rates of CBCs before and after certification was compared to the evolution in growth (profit) rates over the same time span of non-CBCs using both univariate and multivariate difference-in-difference statistics.

From this empirical research no significant short-term impact of the B Corp certificate on the growth rates could be concluded. The first hypothesis developed in chapter 2.4 should therefore be rejected as no significant negative effect could be proven. However, when splitting the sample into small and large companies, a significant short-term turnover growth increase of 29.91 percent was found for small companies. When the sample was split up into young and old companies, a significant short-term total asset growth slowdown of 33.38 percent was found.

The statistical analysis could show a significant positive short-term effect of the B Corp certificate on the profitability of a company. An increase of 7.97 percent in the profit rates was observed for CBCs compared to non-CBCs. The second hypothesis developed in chapter 2.4 must also be rejected as a significant short-term increase in profit rates was proven instead of a decrease. A noteworthy finding was that the profit increase was mainly significant in young companies, where a short-term profit increase of 21.28 percent was noted compared to non-CBCs.

6.2. Limitations and Future Research

This study is really not without some limitations that have to be taken into account when interpreting the results.

First, the empirical analysis is applied to relatively small samples. Since a pre- and post-measurement of each variable has to be available, many observations have to be excluded from the study. This could possibly have a negative impact on the generalization of the empirical findings. In addition, the statistical analyses are carried out on a relatively short panel of 4 years. In follow-up studies, it would be desirable to collect more data and over a longer period of time so that the effect of the B Corp certificate can be investigated on a longer term.

Secondly, this study does not take into account the extent to which a CBC meets the requirements of B Lab. It is possible that the impact of the certificate on growth and profitability differs depending on the company's score on the BIA. Also, the separate partial scores on different impact areas, such as workers, community and environment, could possibly influence the impact of the certification on company growth and profitability. The entire BIA score or the individual sub-scores of the BIA could be taken into account in follow-up research.

Next, this study focuses solely on the financial performance of the CBCs before and after B Corp certification. However, no attention is paid to the social and environmental impact of these companies. Follow-up research could investigate such social and environmental impact of CBC's in order to better understand such hybrid organizations.

Finally, during this study the impact of the B Corp certificate on company growth and profitability was examined. However, follow-up research could also examine the impact of this certificate on other financial parameters such as firm survival, productivity, cost of debt and so on. But also, the impact of the B Corp certification on employee and customer satisfaction would be useful since employees and consumers are important stakeholders of a company.

Despite the various limitations associated with this research, it also offers some important contributions. This study could make an important contribution to literature concerning CSR and hybrid organizations such as CBCs. Such hybrid organizations face a number of challenges as they seek to combine profit generation with social objectives. Furthermore, there are already numerous publications in literature investigating the link between CSR and CFP, but the results are still contradictory. In addition, this study can provide future CBCs with a realistic perspective on the benefits and challenges of such certification so they can prepare themselves in a proper way.

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APPENDICES

Appendix 1: List of European companies included in the basic sample

Name	BvDiD	Country	Date First Certified
ACCES PERSONNEL SA	CHCHE103260265	Switzerland	24/06/2016
ACTIMPACT S.L.	ESB54316674	Spain	20/06/2016
AGUIA CONSULTING	FR513286799	France	26/05/2016
ALLEGRO 234 SL	ESB83710525	Spain	5/05/2016
ALMACH ENERGY LTD	GB09169474	United Kingdom	10/11/2016
AND RISING LIMITED	GB07067756	United Kingdom	1/11/2016
ANTICA ERBORISTERIA - SOCIETA' PER AZIONI SOCIETA' BENEFIT O IN FORMA ABBREVIATA ANTICA ERBORISTERIA SPA SB	IT10257601004	Italy	5/04/2016
ARCHITECTENBUREAU PAUL DE RUITER B.V.	NL33113351	Netherlands	9/02/2016
AUTHENTICITYS EXPERIENCES SL.	ESB66435025	Spain	8/08/2016
BANCA PROSSIMA SPA	IT05836420967	Italy	25/11/2016
BAXENDALE ADVISORY LIMITED	GB08232067	United Kingdom	15/08/2016
BEBRIGHT CONSULTANCY B.V.	NL30224501	Netherlands	15/12/2016
BEING DEVELOPMENT B.V.	NL55405207	Netherlands	21/03/2016
BIKONSULTING S. C. PEQUENA	ESF01521764	Spain	31/05/2016
BIOCLEAN PULIZIE ECOSOSTENIBILI S.R.L. SOCIETA' BENEFIT O IN FORMA ABBREVIATA BIOCLEAN PULIZIE ECOSOSTENIBILI S.R.L. SB	IT10135500964	Italy	30/11/2016
BIRDEO	FR524896495	France	15/06/2016
BOA ENERGIA, LDA	PT510324347	Portugal	19/12/2016
BULB ENERGY LTD	GB08469555	United Kingdom	5/05/2016
CASA VINICOLA LA TORRE COOPERATIVA AGRICOLA ZANOLARI PER BREVITA' C.V.L.T. COOPERATIVA AGRICOLA ZANOLARI	IT00862040144	Italy	21/07/2016
CAUSE4 LIMITED	GB06658983	United Kingdom	8/02/2016
CIRCLE PRODUCTS GMBH	DE2012163008	Germany	31/05/2016
CITIZENS MEDIA LIMITED	GB04212784	United Kingdom	14/01/2016
COMETECH S.R.L.	IT02398450425	Italy	7/01/2016
CONCEITO F.A. - FORMACAO E ARQUITECTURA, LDA	PT504030922	Portugal	20/09/2016
CONSER INVEST SA	CHCHE101014011	Switzerland	30/11/2016
COPPER8 B.V.	NL57462321	Netherlands	2/05/2016
CULTURA SPAREBANK	NO977041244	Norway	27/04/2016
DAMIANO S.P.A.	IT00400930830	Italy	5/12/2016
DANONE, SA	ESA17000852	Spain	27/09/2016
DAVINES S.P.A.	IT00692360340	Italy	23/11/2016
DIVINE CHOCOLATE LIMITED	GB03433202	United Kingdom	19/10/2016
ECOVERITAS SA	ESA62772629	Spain	10/06/2016
ECROWD INVEST PLATAFORMA DE FINANCIACION PARTICIPATIVA SL.	ESB66143736	Spain	19/12/2016
EINHORN PRODUCTS GMBH	DE2012554982	Germany	1/09/2016
ELEPHANT CREATIVE SOLUTIONS LIMITED	GB07261689	United Kingdom	11/11/2016
ELIDRIA S.R.L. SOCIETA' BENEFIT	IT04097760161	Italy	7/12/2016
ELLA'S KITCHEN (BRANDS) LIMITED	GB05183743	United Kingdom	12/02/2016
EMMERRE S.R.L. SOCIETA' BENEFIT IN FORMA ABBREVIATA EMMERRE S.R.L. SB	IT03568470987	Italy	24/11/2016
ESTERHAZY WEIN GMBH	AT9110365737	Austria	4/11/2016
EXECUTIVE SERVICE S.R.L. SOCIETA' BENEFIT	IT03832610376	Italy	18/05/2016

FACILE AIUTO S.R.L.	IT04171890231	Italy	15/07/2016
FAIR-GREEN CREATIVES B.V.	NL54990637	Netherlands	18/01/2016
FARM BROTHERS B.V.	NL61216216	Netherlands	5/10/2016
FARO ENERGY LTD	GB09241600	United Kingdom	6/04/2016
FLAGSHIP COMMUNICATIONS LTD, ODSTEPNY ZAVOD	CZ03988333	Czech Republic	28/04/2016
FLOOGLEBINDER LIMITED	GB08029998	United Kingdom	22/09/2016
FOCUS LAB S.R.L.	IT02747920367	Italy	14/03/2016
FRANK BOLD, S.R.O.	CZ08276234	Czech Republic	11/02/2016
GOGREEN STORE S.R.L.	IT10635711004	Italy	9/06/2016
GOOD POINT S.R.L SOCIETA' BENEFIT	IT07392060963	Italy	10/11/2016
GOODFORGROWTH GMBH	DE2012647139	Germany	16/03/2016
GOODNESS GRACIOUS FOODS LTD	GB07727568	United Kingdom	11/02/2016
GRANDS VIGNOBLES EN MEDITERRANEE	FR409556917	France	2/09/2016
GREEN ELEMENT LIMITED	GB05386932	United Kingdom	11/01/2016
GREENAPES SOCIETA A RESPONSABILITA LIMITATA SOCIETA' BENEFIT	IT12116111001	Italy	13/06/2016
GREENGOWEB SARL	CHCHE451180179	Switzerland	10/03/2016
HANDS-ON B.V.	NL55711766	Netherlands	8/04/2016
HELIOZ GMBH	AT9110790580	Austria	25/10/2016
I AM POSSIBLE LIMITED	GB07797252	United Kingdom	23/03/2016
IGLOO REGENERATION LIMITED	GB04057460	United Kingdom	20/01/2016
IMPACT HUB AMSTERDAM B.V.	NL34307678	Netherlands	30/03/2016
IMPACT HUB SRL	IT06608860968	Italy	4/10/2016
IMPACTREADY LLP	GBOC370678	United Kingdom	12/02/2016
IMPOSSIBLE LABS LIMITED	GB05378095	United Kingdom	12/07/2016
INSIEME SOCIETA' COOPERATIVA BENEFIT	IT03331290365	Italy	20/06/2016
INSPIRED VENTURES LIMITED	GB03976103	United Kingdom	15/08/2016
JOJO MAMAN BEBE LTD	GB02737508	United Kingdom	18/08/2016
KINDRED SPIRIT CONSULTANCY LIMITED	GB04622890	United Kingdom	23/06/2016
KIRKMAN COMPANY B.V.	NL30164279	Netherlands	27/06/2016
KOIKI HOME SL.	ESB87071288	Spain	12/12/2016
KONINKLIJKE VAN WIJHE VERF B.V.	NL05057080	Netherlands	23/05/2016
KUDU S.R.L. SOCIETA' BENEFIT	IT03586020137	Italy	8/11/2016
LEAP MEDIA LTD	GB05972004	United Kingdom	13/01/2016
LEMON TRI	FR529759110	France	18/10/2016
LIB INTERNATIONAL LTD	GB09187852	United Kingdom	8/04/2016
LIVING SCHOOL	FR493810337	France	5/01/2016
LUCID. BERLIN GMBH	DE2012810894	Germany	15/04/2016
LYGO	FR502951494	France	17/10/2016
MAILWORK ECOSOSTENIBILI S.R.L. SOCIETA' BENEFIT	IT01858260670	Italy	21/03/2016
MANAGING A SUSTAINABLE BUSINESS SL.	ESB83943191	Spain	23/03/2016
MANRESANA DE MICOBACTERIOLOGIA SL.	ESB66008095	Spain	21/04/2016
MARIOWAY S.R.L. SOCIETA' BENEFIT IN LIQUIDAZIONE IN FORMA ABBREVIATA MARIOWAY S.R.L. SB	IT03908160165	Italy	12/05/2016
MOBILE SCHOOL	BE0478688664	Belgium	18/07/2016
MORE THAN HONEY, UNIPESSOAL, LDA	PT513662073	Portugal	20/05/2016
MULONDON LIMITED	GB09721893	United Kingdom	29/04/2016
MUSTARD SEED IMPACT LTD	GB09418809	United Kingdom	10/02/2016
N.& B. S.R.L. SOCIETA' BENEFIT	IT03749670752	Italy	29/09/2016
NEO:CREATIVE LTD	GB04612139	United Kingdom	19/07/2016
NEWFORESIGHT HOLDING B.V.	NL32160244	Netherlands	24/11/2016
NWG ENERGIA S.P.A. SOCIETA' BENEFIT	IT02294320979	Italy	17/03/2016
ONE PLANET CROWD B.V.	NL55758223	Netherlands	10/03/2016
ORBELL & COMPANY LIMITED	GB06496027	United Kingdom	23/03/2016

ORGANIZZARE ITALIA SOCIETA' A RESPONSABILITA' LIMITATA SOCIETA' BENEFIT , IN FORMA ABBREVIATA ORGANIZZARE ITALIA S.R.L. S.B.	IT04185810407	Italy	30/11/2016
OVALIE	FR500884432	France	2/02/2016
PARADISI - S.R.L.	IT00948710421	Italy	1/12/2016
PASTICCERIA FILIPPI SRL SOCIETA' BENEFIT	IT00232140244	Italy	1/06/2016
PATTE BLANCHE	FR499568129	France	12/12/2016
PEOPLE WHO GLOBAL SL.	ESB86980059	Spain	3/08/2016
PERLAGE S.R.L.	IT01799290265	Italy	30/11/2016
PERMICRO S.P.A.	IT09645130015	Italy	24/11/2016
PRIVALORE INMUEBLES, SOCIEDAD LIMITADA.	ESB66482266	Spain	28/11/2016
PROSPECTUS LIMITED	GB00877269	United Kingdom	29/02/2016
PUBLIC SERVICE DESIGN PRACTICE CIC	GB08676977	United Kingdom	14/04/2016
PUKKA HERBS LIMITED	GB04275539	United Kingdom	19/09/2016
QBIC HOTELS LIMITED	GB07992488	United Kingdom	30/03/2016
RADFIELD HOME CARE LTD	GB06350293	United Kingdom	8/12/2016
RESOURCE FUTURES LIMITED	GB05753433	United Kingdom	25/10/2016
RIGHT HUB S.R.L.	IT08912590968	Italy	22/06/2016
SARL DAKTARI	FR351611835	France	20/06/2016
SEETEC EMPLOYMENT LIMITED	GB02852862	United Kingdom	21/06/2016
SIDIESE	FR484482658	France	20/01/2016
SOCIETA' AGRICOLA SALCHETO S.R.L. IN SIGLA SALCHETO S.R.L. O SAL S.R.L. O SOC.AGR. SALCHETO S.R.L.	IT01034860526	Italy	6/10/2016
STARTERS4COMMUNITIES B.V.	NL63805170	Netherlands	6/10/2016
STEELTER TALENT SOLUTIONS S.L.	ESB66016981	Spain	16/09/2016
STONE SOUP CONSULTING, LDA	PT508742765	Portugal	30/11/2016
SUPPORT BILDUNG, SOZIALES & GESUNDHEIT (SUBISO) GMBH	CHCHE305445919	Switzerland	1/03/2016
SUSTAINABLE GROWTH ASSOCIATES GMBH	DE8330368981	Germany	18/04/2016
TALENTS4GOOD GMBH	DE2012377887	Germany	10/11/2016
TETERUM SL.	ESB66175456	Spain	15/06/2016
THE CHURCH PALACE S.R.L.	IT14397961005	Italy	21/06/2016
THE PURE PROJECT	FR502303803	France	29/03/2016
THE SOCIAL CHANGE AGENCY LTD.	GB08382892	United Kingdom	28/06/2016
THE TRUST PARTNERSHIP LTD	GB05363447	United Kingdom	13/01/2016
THERMAFLEX IZOLACJI SP. Z O.O.	PL930637588	Poland	18/01/2016
THERMAFLEX-ISOLIERPRODUKTE GMBH	DE3130137668	Germany	28/04/2016
THREE POINT OH LIMITED	GB09598885	United Kingdom	4/11/2016
TIGH NA MARA SALEN LTD	GBSC441616	United Kingdom	19/02/2016
TURNINGPOINT	FR501746028	France	14/06/2016
UNFORGETTABLE LIMITED	GB03161972	United Kingdom	2/11/2016
VALLI DEL BITTO S.P.A. SOCIETA' BENEFIT	IT00815750146	Italy	29/11/2016
WA VERLICHTING B.V.	NL61993719	Netherlands	5/01/2016
WATERBOMB LIMITED	GB06331798	United Kingdom	8/01/2016
WEHLERS APS	DK32307264	Denmark	20/01/2016
WHEB ASSET MANAGEMENT LLP	GBOC341489	United Kingdom	27/05/2016
ZEKOGRAM INNOVA SL.	ESB66233941	Spain	12/12/2016
ZORDAN S.R.L. SOCIETA' BENEFIT IN FORMA ABBREVIATA ZORDAN S.R.L. SB	IT02734390244	Italy	20/10/2016
ABURY COLLECTION GMBH	DE2012209932	Germany	5/05/2017
ACTIVE HEALTH BEDRIJFSARTSEN B.V.	NL61978752	Netherlands	7/04/2017
ALESSI S.P.A.	IT00465840031	Italy	17/05/2017
ALTMAN PARTNERS	FR793592031	France	8/06/2017

ANOCHE TUVE UN SUENO SL.	ESB85837573	Spain	3/01/2017
APIVITA S.A.	GR094280564	Greece	4/10/2017
ARP ASTRANCE	FR388212698	France	26/10/2017
ARTATTACK GROUP S.R.L.	IT01989890593	Italy	10/11/2017
BAABUK SARL	CHCHE316584092	Switzerland	21/07/2017
BEAUTY KITCHEN	GBML7194761	United Kingdom	26/04/2017
BEBIONIKA	RU54789998N	Russian Federation	31/03/2017
BETTER WORLD FASHION APS	DK36559489	Denmark	13/01/2017
BJORG BONNETERRE ET COMPAGNIE	FR970502761	France	8/02/2017
BO BERLIN ORGANICS GMBH	DE2012608454	Germany	6/04/2017
BOBOTO S.R.L. SOCIETA' BENEFIT	IT04804810754	Italy	6/11/2017
BOTTEGA FILOSOFICA S.R.L. SOCIETA' BENEFIT	IT12766781004	Italy	29/09/2017
C-LEVEL EARTH LIMITED	GB04105851	United Kingdom	20/02/2017
C.P.I. GOVERNANCE B.V.	NL34224065	Netherlands	13/01/2017
CALLA LILY PERSONAL CARE LTD	GB03502936	United Kingdom	20/11/2017
CAN MEZZANINE LIMITED	GB05976914	United Kingdom	13/02/2017
CAREERSHIFTERS LIMITED	GB06319648	United Kingdom	19/12/2017
CENTOR INSURANCE & RISK MANAGEMENT LIMITED	GB01151611	United Kingdom	2/02/2017
CIVIL SUPPORT KOZHASZNU NONPROFIT KORLATOLT FELELOSSEGU TARSASAG	HU24129338	Hungary	15/02/2017
CODALIS SA	CHCHE107755347	Switzerland	31/03/2017
DANONE LIMITED	GB01769822	United Kingdom	18/12/2017
DIASEN S.R.L.	IT01553210426	Italy	21/11/2017
DOISY & DAM LIMITED	GB07999718	United Kingdom	4/04/2017
EAST HALL FARMS LIMITED	GB02002869	United Kingdom	10/10/2017
EDCOMS LIMITED	GB02983471	United Kingdom	5/04/2017
EDIZIONI GREEN PLANNER DI M. CRISTINA CERESA	ITCRSMCR65A63F 205V	Italy	15/06/2017
EQUANUM	FR528203755	France	2/02/2017
ETHIKOS 3.0 SL.	ESB66590936	Spain	8/03/2017
ETT S.P.A.	IT03873640100	Italy	29/05/2017
EVOLVERE S.P.A.	IT03686450283	Italy	28/11/2017
FARAD INTERNATIONAL SA	LULB80587	Luxembourg	16/01/2017
FIRSTFLOOR S.R.L. SOCIETA' BENEFIT IN FORMA ABBREVIATA FIRSTFLOOR SRL SB	IT09307480963	Italy	5/10/2017
FONCIERE CHENELET	FR515161248	France	6/12/2017
FOTORAPORTO SL.	ESB66495730	Spain	1/06/2017
FUSIO D'ARTS TECHNOLOGY SOCIEDAD LIMITADA.	ESB98369788	Spain	10/11/2017
GOLDMANN & PARTNERS S.R.L.	IT06258520961	Italy	1/09/2017
GONG COMMUNICATIONS LTD	GB04491360	United Kingdom	7/06/2017
GREENHEART BUSINESS CONSULTING LIMITED	GB09870915	United Kingdom	15/08/2017
GREENHOUSE PR LTD	GB05055089	United Kingdom	9/02/2017
GROUPE 148	FR531992055	France	28/11/2017
HAUS DES STIFTENS GGMBH	DE8190456204	Germany	21/12/2017
HEART IN BUSINESS LIMITED	GB03394582	United Kingdom	19/07/2017
HELSINKI CAPITAL PARTNERS OY	FI21543362	Finland	8/05/2017
HOVIONE FARMACIENCIA, S.A.	PT500135495	Portugal	19/06/2017
I&P	FR441734746	France	27/11/2017
IDEEGREEN SRL SOCIETA' BENEFIT	IT08578340963	Italy	31/07/2017
IMPACT AND GROWTH ADVISORS LIMITED	GB07592873	United Kingdom	21/08/2017
IMPACT MARATHON SERIES LIMITED	GB09561970	United Kingdom	12/04/2017
INBONIS SA	ESA87385092	Spain	29/12/2017
INTEGRAL SA	ESA08241986	Spain	17/02/2017

INTERNATIONAL NAPOLI NETWORK - SOCIETA' COOPERATIVA DI PRODUZIONE	IT08018911217	Italy	8/02/2017
INVENTO INNOVATION LAB IMPRESA SOCIALE S.R.L.	IT08608770965	Italy	30/07/2017
INVESTING FOR GOOD COMMUNITY INTEREST COMPANY	GB05056928	United Kingdom	30/10/2017
KEEN BULL SAGL	CHCHE223535454	Switzerland	26/05/2017
KIN&CO ENTERPRISES LIMITED	GB09890548	United Kingdom	11/01/2017
L'OFFICINA DELLA TERRA AZIENDA AGRICOLA BIOLOGICA DI LONGONI LU CIA	ITLNGLCU77B55I6 25S	Italy	16/01/2017
LAIA S PROTEINHANF GMBH	DE2410071166	Germany	8/05/2017
LAM CONSULTING SRL SOCIETA' BENEFIT O ANCHE, IN BREVE LAM CONSULTING SRL SB	IT02250260391	Italy	19/07/2017
LES PRES RIENT BIO	FR489872903	France	13/09/2017
LIM COSMETICS GMBH	AT9110507878	Austria	27/01/2017
LOCAL TO YOU S.R.L.	IT03538051206	Italy	23/06/2017
MAGICTOMATO SA	CHCHE408802672	Switzerland	23/10/2017
MAKER S.R.L	IT00877330142	Italy	19/05/2017
MAREALIS AS	NO977049490	Norway	10/11/2017
MEDIA RESPONSABLE SL	ESB63958698	Spain	12/04/2017
METALLI LINDBERG S.R.L.	IT03578830261	Italy	5/10/2017
N.W.G. S.P.A.	IT01932360975	Italy	24/02/2017
NEXT W	FR750344947	France	15/06/2017
NEXTVIEW HOLDING B.V.	NL14118756	Netherlands	3/01/2017
NOW TRANSFORMING HOSPITALITY GMBH	CHCHE454554833	Switzerland	7/09/2017
OCEAN OBSERVATIONS AB	SE5566121157	Sweden	8/06/2017
OERLIKON METCO COATING SERVICES GMBH	DE5330001039	Germany	30/06/2017
OMAL SPA	IT01661640175	Italy	28/09/2017
ON THE ROCKS B.V.	NL64170551	Netherlands	23/06/2017
ONE CREATION COOPERATIVE	CHCHE115818895	Switzerland	17/02/2017
ORIENS GESTION CULTURAL SCA	ESF91630475	Spain	19/05/2017
OSSA LIMITED	GB09450368	United Kingdom	19/04/2017
PALM - S.P.A.	IT00588470203	Italy	27/11/2017
PHYSEE GROUP B.V.	NL61486183	Netherlands	12/09/2017
RAINBOW COLLECTION B.V.	NL51880970	Netherlands	28/09/2017
REBEL KITCHEN LTD	GB11868351	United Kingdom	24/05/2017
RED-INC	GBML5776349	United Kingdom	12/04/2017
SANTA FRANCESCA CABRINI SRL SOCIETA' BENEFIT IN BREVE SFC SRL SOC IETA' BENEFIT	IT09608450962	Italy	30/11/2017
SCAMPER LIMITED	GB06167989	United Kingdom	10/03/2017
SCHOOL FOR STARTUPS LIMITED	GB06469607	United Kingdom	25/08/2017
SKAGERAK DENMARK A/S	DK28855990	Denmark	18/01/2017
SOCIAL VALUE NETWORK UK	GBSC322057	United Kingdom	11/05/2017
SOFTWEB SARL	CHCHE101885520	Switzerland	12/01/2017
SORRISO E SALUTE S.R.L.	IT04200970277	Italy	15/02/2017
TANGIERS INTERNATIONAL LTD	MTC43806	Malta	27/04/2017
TBL SERVICES LTD	GB10499126	United Kingdom	13/09/2017
TEK S.R.L.	IT10320750150	Italy	16/03/2017
THE CHANGER GMBH C/O IMPACT HUB BERLIN	DE2012590011	Germany	14/07/2017
THE DO NATION ENTERPRISE LIMITED	GB08688899	United Kingdom	21/03/2017
THE HOUSE LIMITED	GB04410205	United Kingdom	4/04/2017
THE HUB KINGS CROSS LIMITED	GB06332167	United Kingdom	22/09/2017
THE PLAYMAKERS B.V.	NL65583981	Netherlands	29/11/2017
THE WORK PLAYGROUND LTD	GB05683324	United Kingdom	16/06/2017
TIN SMART SOCIAL LIMITED	GB09377718	United Kingdom	9/03/2017

TLAG	FR800163073	France	3/05/2017
TOOVALU	FR788888493	France	5/09/2017
TWENTYFIFTY LIMITED	GB05041402	United Kingdom	12/01/2017
WAMI S.R.L. S.B.	IT09434630969	Italy	6/09/2017
WASTE IS MORE	FR819048844	France	24/07/2017
WATTVALUE	FR491586657	France	2/11/2017
WEKIWI S.R.L.	IT02968081204	Italy	26/07/2017
WENOW	FR808051502	France	1/08/2017
WHOLE LEAF TEA COMPANY LIMITED	GB07928983	United Kingdom	27/07/2017
WINNOW SOLUTIONS LIMITED	GB08551367	United Kingdom	22/03/2017
WISDOM OF CROWDS LTD	GB07495994	United Kingdom	25/01/2017
XBRIDGE LIMITED	GB03967717	United Kingdom	14/06/2017