

Exploring B Corporations and Traditional Businesses Introduction

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Abstract

B-Corporations (B-Corps) are an emerging business model moving from profit maximization to a blend of social, environmental, and financial goals. The premise of a certified B-Corp indicates validation of a company's corporate social responsibility. We use social programs of two certified B-Corps and two Fortune 500 Companies to explore the differences between B-Corps and traditional corporations in the beverage industry. We research the impact of the company's social programs on their stakeholders to analyze the differences between B-Corps and traditional businesses. We found all four companies to focus on their workers, customers, communities and Board of Directors as stakeholders. The companies exhibit similar focus and actions for their workers, customers and communities. We found the main difference to relate to the Board of Directors as a stakeholder. The Board of Directors for B-Corps must focus on stakeholder impact per their corporate governance while traditional corporations focus on the accountability to their shareholders.

Keywords

B-Corporations, Traditional Businesses, impact workers, impact customer

Introduction

This report examines the B-Corp business model and its differences with traditional businesses. A B-Corp is a business that moves beyond profit maximization to profit with a purpose by their blending social and environmental goals with financial ones (Lawrence, 2020). A company's impact on its workers, customers, community, and environment is measured and compared against other B-Corp businesses through an extensive assessment process. A business must reach a minimum score of 80 (out of 200) on the B Impact Assessment to achieve the B-Corp certification. Certifications are administered by B Lab, a non-profit (Certified B Corporation). When businesses achieve the B-Corp certification, they can validate their claim of being a social and environmentally responsible company. B-Corps can redirect their primary focus from shareholder's interests to the interests of other stakeholder groups (Jackson, 2020).

We have selected two Fortune 500 companies and two B-Corp companies in the same industry for comparison. The traditional Fortune 500 companies, Molson Coors Beverages, and Constellation Brands, are both large beverage manufacturers with large portfolios, including extensive lines of beer offerings. The B-Corps selected are also in beverage manufacturing. Both New Belgium Brewing and Upslope Brewing Company brew and sell their craft beers.

B Corporations

The stakeholders serviced by B-Corps through social programs are the workers, customers, community, and the Board of Directors. B-Corps serve their workers by emphasizing workplace rights, fair wages, and additional perks. New Belgium was awarded the top-performing B-Corp for the "worker" category by B Lab multiple times since 2013. They prioritize their workforce through employee-focused efforts, from inclusive hiring practices to employee ownership and a robust benefits package.

B-Corps offer some unique perks for their employees. Their employee extras include weekly beer, a staff-only wellness clinic, an Electra Cruiser

for their one-year anniversary, and an all-expenses-paid trip to Belgium for their five-year anniversary (Our Story: New Belgium Brewing). Upslope offers full-time employees down-payment assistance for first-time home buyers, an annual bus pass, and time off to volunteer. In addition, every employee receives funds from the company each year to spend on outdoor activities (upslopebrewing.com).

B-Corps, like New Belgian, focus on making their product more accessible to customers. They consider their customers when opening new locations by adjusting to the local culture. B-Corps attract like mind employees that bring a positive social change for customers (Peek). A statement written by Denise Taschereua stated, “ethically sourced, sustainable promotional products” (Keith) were better than ones that were terrible and cheap because those were the ones with the best profit. She believes that B-Corps’ goals are to sell more than just a product; the products should also benefit their stakeholders. The community is served by a focus on corporate giving and sustainability efforts. New Belgium is focused on: Climate Action; Land + Water Protection; and Equitable Access to the Outdoors. They also focus on increasing bicycle ridership through grants and donations (New Belgium Brewing). Upslope focuses their efforts on donating to non-profit organizations. They donate 1% of sales to Trout Unlimited which is dedicated to conservation of cold-water fisheries and watersheds (Our story).

B-Corps prioritize non-shareholder stakeholders. The Board of Directors are the final B-Corp stakeholder. Because the company must adopt benefit corporation structure or equivalent, directors are required to consider impacts on all stakeholders in their decisions. Governing documents must be amended to specific mission aligned language. They would be responsible to the shareholders for following the public reporting requirements (B-Lab).

Traditional Businesses

The stakeholders that the traditional businesses service in the social programs are the workers, customers, community, and the Board of

Directors. Both Fortune 500 companies offer competitive wages and inclusive benefit packages to their workers. Molson Coors Beverages is proud of its diverse and inclusive culture, employee volunteerism, educational beer gatherings, and free product (Jones, 2014). Constellation Brands, also has an inclusive mindset, receiving a top score on the 2021 Corporate Equality Index. They offer formal learning opportunities and tuition reimbursement. Popular among employees is the employee match day where employees donate to not-for-profits and the company matches their donations (Employee Benefits).

Traditional companies focus on their customer stakeholders by recognizing changing patterns in consumer behavior and ideals. Kim Marotta, MCBC Global Senior Director of Corporate Responsibility, stated, “Our research shows that beer consumers increasingly care that companies act in a socially responsible way, whether it be through sustainability actions, community involvement or desirable employment practices” (Arthur, 2018). Constellation Brands Mission to “Build Brands That People Love”, reflects a similar focus (Constellation Brands, n.d.). Both Fortune 500 companies also focus on responsible alcohol consumption and reducing product access to minors. The idea of responsible consumption and access spills over into the community as a stakeholder. Both Molson Coors (Molson Coors) and Constellation (Reaching for a higher purpose) list their goals for the four main environmental metrics as: air, water, waste, and energy.

Through their Collectively Crafted program, Molson Coors supports supplier diversity and community initiatives to improve livelihoods, foster empowerment, and build resilient communities (Molson Coors). Constellation Brands invests in the fight against hunger, arts and culture, healthcare, and education with non-profit organizations (Giving Back). These focuses collaboratively impact the Board of Directors as a stakeholder. In a traditional business, the Board of Directors is prioritizing the shareholders.

They are driven to keep up with their customers' wants and needs in order to maximize share value. The board must provide annual shareholder reporting as well.

Summary

Both B-Corps and traditional companies focus on workers, customers, communities, and their Board of Directors as stakeholders. All offer a competitive wage and inclusive benefits packages, but the B-Corps give additional personalized perks, while traditional businesses seem to have a more traditional approach to employee benefits. B-Corps view the employer-employee relationship as a partnership to cultivate. All four companies are concerned with their customers desire for quality and responsibly made products. They all focus on their communities emphasizing environmental sustainability and watershed conservation. B-Corps are more likely to provide monetary or in-kind gifts to non-profit organizations aligned with their interests and sustainability goals.

The main difference identified is between the Board of Directors. B-Corps' boards must consider stakeholder impact per their corporate governance. They are also required to have public transparency by publishing their annual reports with B-Labs. The board of traditional companies is accountable to their shareholders for profitability and financial disclosures. Businesses wanting to make an impact: beyond shareholders; be responsible to both the planet and people; and build trust among stakeholders;, should pursue B-Corp certification.

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