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Compte rendu

Better Business: How the B Corp Movement is Remaking Capitalism

Christopher Marquis

Yale University Press, September 13, 2020

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For this special issue of Management International on corporate social responsibility (CSR), we review *Better Business: How the B Corp Movement is Remaking Capitalism*. As faculty and researchers who have been watching the growth of certified B Corps and the introduction of Benefit Corporation legislation in the United States since 2013, we were interested to see if the book lived up to its billing as presenting a compelling narrative that “all companies can and should be more like B Corps.”¹

The author of the book is Christopher Marquis, PhD. Since 2015, Marquis has been the Samuel C. Johnson Professor in Sustainable Global Enterprise at Cornell University. Prior to that, Marquis spent a decade at Harvard Business School. It's there that he first learned about B Corps from one of his students, while teaching a graduate business course on CSR in 2009. Intrigued by what he heard, Marquis forged a relationship with the B Lab founders and immersed himself in the study of B Corps. In 2010, he published his first B Corp case study, entitled *B Lab: Building a New Sector of the Economy*. Since then Marquis has built strong connections to the global B Corp movement, and by his own account written more than 50 Harvard cases, many about B Corps. He draws on this extensive knowledge for his book, which he has organized into four topics comprising a total of 11 chapters.

Topic 1 consists of an introduction to the book and a first chapter, which tackles the very big question of “the purpose of capitalism.” We are introduced to the founders of the B Corp movement, three Stanford University graduates who had successful business careers, and their personal awakening of the need to create protections and support for value-led businesses. Marquis problematizes many of the myths of capitalism in *Chapter 1* – in particular the myth of

shareholder primacy – and emphasizes the importance of recognizing business's interdependencies and a multi-stakeholder approach.

Topic 2 has three chapters and they are focused on the overall theme of transitioning from shareholder-oriented capitalism to capitalism with a stakeholder orientation. In Chapter 2, Marquis shares the personal story of the B Corp creators, and their roller-coaster ride founding, building and eventually selling AND 1, a footwear and apparel company for basketball enthusiasts. In response to challenges in staying true to the original mission of their start-up, we learned the trio established the non-profit B Lab. We learn of the movement's three pillars: 1) a standard to help stakeholders identify truly “good” companies as opposed to those greenwashing, 2) a legal framework supporting a company's triple bottom line commitment, and 3) a vehicle to define and promote “what it means to be a good business” (p. 55). The chapter closes with a discussion of the foundational principles for B Corps, which the creators outlined in their Declaration of Interdependence. In Chapter 3, Marquis focusses on the next developmental stage of the movement, which is the maturation of the B Lab and its work to develop the B Impact Assessment (BIA) and other tools. We learn of the efforts of B Lab's founders to build the initial B Corp community by recruiting like-minded business leaders to engage in the assessment process and become certified B Corps. Chapter 4 traces another important phase of the movement, and that is the legal groundwork required to create a new corporate structure and to enact supporting government legislation. Marquis gives particular attention to the efforts to pass the supporting legislation in Delaware, where the majority of U.S. companies have chosen to incorporate their businesses to take advantage of its long-standing reputation as friendly to big business.

Topic 3 is the largest section of the book. It discusses interdependencies, and consists of four chapters each focused on a different stakeholder. *Chapter 5* considers investors. Marquis delves into socially responsible investing (SRI),

1. Retrieved November 11, 2019 from <https://business.cornell.edu/hub/2020/09/14/chris-marquis-champions-b-corps-model-resilient-sustainable-capitalism/>

as well as impact investing, and explains the attitudes of investors and their increased interest in companies with a genuine sustainability focus. He describes acquisitions of B Corps by multinationals, and increased investment by institutional investors. *Chapter 6* is dedicated to another key stakeholder group – employees. Marquis highlights examples of policies and practices that B Corps use to engage, empower and support their employees. Prime among these are employee stock ownership, and diversity and inclusion initiatives. He discusses the benefits that B Corps derive from their employee-centric practice, including highly motivated and committed employees who devote greater discretionary effort in support of the firm's success, and greater success with recruiting efforts. The third stakeholder group to be discussed, in *Chapter 7*, is the B Corp community. Marquis provides an account of the development of B Corp eco-systems in parts of Colorado, California and Vermont. He describes how B Corps support each other at a very basic level by buying each other's products and services, but also by providing support and inspiration. He emphasizes the importance of B Lab's partnerships with like-minded organizations, and their work to facilitate learning communities of B Corp leaders and employees. *Chapter 8* is focused on the movement's global expansion first to Latin America, and then to the United Kingdom, Europe, Australia, New Zealand and parts of Asia. Marquis ends the chapter with a discussion of the challenges of exporting an American organization. He details efforts to address concerns about the movement being U.S.-centric with the establishment of a Global Governance Council and a B Lab Standards Advisory Council to create U.S., global and emerging market versions of the standards.

The **final topic** in the book focuses on the future and effecting change. In *Chapter 9* Marquis recounts the challenges faced by some B Corps in maintaining their certification, especially in states where corporations are required to reincorporate as a Benefit Corporation. In an effort, to promote broader participation, Marquis describes how, in an effort to promote broader participation, the B Lab to created tools and systems for companies who share the triple-bottom line philosophy – even if they cannot or choose not to become certified. In *Chapter 10*, Marquis discusses the interest of large multinationals in B Corp certification, using Danone as the exemplar, and the work that B Lab had to undertake to adapt the process and standards given the scale and complexity of the large

corporations. He proposes that such adaptations were necessary to continue to grow the critical mass of B Corps beyond small and medium sized enterprises, and to increase support for the stakeholder primacy model of capitalism. In the closing *Chapter 11*, Marquis presents the lack of consumer awareness of B Corps and the value of the certification process as a significant concern that needs to be tackled to ensure the movement does not lose its momentum. He outlines steps being taken by B Lab to increase the perceived brand value of the "Certified B Corp" logo and suggests there are indications that such efforts are paying off, especially with Millennials and community-oriented shoppers.

In his brief conclusion, Marquis returns to the idea that, given the social and environmental problems we are facing as a society, business's preoccupation with profit maximization is problematic. He is hopeful that the B Corp movement will continue to grow and inspire more businesses to embrace a triple bottom line orientation. He encourages all of his readers to do their part to support the B Corp movement and help effect this much needed shift to stakeholder primacy. To equip people to wage this campaign, Marquis has populated his personal website with a special section devoted to *Better Business* with additional resources, including a 31-page teaching note, a guide to facilitate small group book discussions and short primers on related topics.²

Marquis is clearly a big champion of the B Corp. While he discusses some of the challenges with the movement, he generally presents convincing and well supported arguments for why businesses need to recognize their interdependencies with society and the natural environment, and take responsibility for their impact on all stakeholders – including the planet. Written more or less as a history of the birth and development of the B Corp movement featuring accounts of well-known B Corps and quotes from interviews with their founders, Marquis has made the book very interesting and accessible for a wide audience. We think it will have particular appeal to existing business owners, emerging entrepreneurs wanting to learn more about this increasingly popular certification and as an academic resource for courses on CSR, social entrepreneurship and innovation.

2 Visit https://www.chrismarquis.com/better_business