http://journals.sfu.ca/abr *ADVANCES IN BUSINESS RESEARCH*
2018, Volume 8, pages 1-14

Trends Making Social Responsibility Easier: Two Corporate Structures, A Certification and the United Nations Global Compact

Doug Nay
East Stroudsburg University of Pennsylvania

Denise T Ogden
Penn State University – Lehigh Valley

In our global business environment, short term profit focus, stock price fluctuations, global competition and disruptive technological change tempt leadership toward disregarding corporate social responsibility and in many cases behaving unethically. There are four positive trends underway that encourage achieving social good and more ethical governance. All four introduce a duality of purpose for achieving both business profit goals and social issue objectives: 1. Starting or changing to a Benefit Corporation, 2. Becoming a Certified B Company, 3. Operating as a L3C organization and, 4. Following the United Nation's Global Compact. This article examines the foundations for each. These trends are gaining traction as businesses focus more on corporate social responsibility.

Keywords: Corporate Social Responsibility; Benefit Corporations: Low -Profit Limited Liability Corporations; B Corporations; Social Entrepreneur

Introduction

In his speech at the 2008 World Economic Forum, Bill Gates challenged people to engage in "creative capitalism" which is "a hybrid engine of self-interest and concern for others [which] serves a much wider circle of people that can be reached by self-interest or caring alone" (Gates, 2008). Because of Bill Gates and others, creative capitalism is changing the way many conduct business, with more focus on behaving more socially responsible while making a profit. More companies are focusing on the triple bottom line, a phrase coined by Elkington (1997) to designate those companies focusing on people, planet and profits. In our global business environment, short term profit focus, stock price fluctuations, global competition and disruptive technological changes tempt leadership toward disregarding corporate social responsibility and, in many cases, behaving unethically. Proactive social responsibility (Torugsa, O'Donohue & Hecker 2013) occurs when firms voluntarily go beyond regulatory requirements to support sustainability and contribute to society.

Our paper outlines four positive trends underway that encourage achieving social good and more ethical governance: 1. Starting or changing to a Benefit Corporation 2. Becoming a Certified B Corporation 3. Operating as a Low-profit Limited Liability Company (L3C) and 4. Following the United Nation's Global Compact. All four introduce components related to the tenants of corporate social responsibility: This article examines the foundations for each trend. These structures are gaining traction as businesses focus more on corporate social responsibility.

These structures are important because of the potential for mutually beneficial partnerships that focus on improving society. The impetus to focus on corporate social responsibility helps to grow communities by helping to solve local problems. Many people prefer to buy from companies that align with their own altruistic goals and these trends allow companies to focus on social goals over profits or both social goals and profits. These business formats provide opportunities for social entrepreneurs and legal protection for corporate managers who can now better balance societal concerns with shareholder returns (Stecker, 2016).

Corporate Social Responsibility

While there are many definitions of corporate social responsibility (CSR), most consider the welfare and values of society. One of the first attempts to define CSR was Bowen (1953) who said business management "must be used with a view to the interests of society at large" (p. 135). His idea was reinforced and broadened through the years, including McGuire (1963) who included employee and community welfare and education and political needs of society. The Committee for Economic Development (CED) (1971) published a report, *Social Responsibilities of Business Corporations*, which outlined the rationale to reexamine the role that companies play in society. Their main premise is that "business functions by public consent, and its basic purpose is to serve constructively the needs of society –to the satisfaction of society" (1971, p. 11). The CED presented corporate responsibility as three concentric circles. The inner circle represents a companies' primary economic responsibilities, the intermediate circle includes a corporation's obligation to become more aware of societal values and align the company's policies and practices with these values and the outer circle expands expectations so that companies are more active in improving society (Carroll, 1979, Davis & Blomstrom, 1975).

Rasche (2017) supports corporate social responsibility as being good for business in growth, reputation, talent discovery and return on investment. Seminars, speeches and leaders teach social and environmental transparency and ethical responsibility with business accountability. According to research, in general, consumers support companies that are socially responsible (Bhattacharya & Sen, 2004; Brown & Dacin, 1997; Creyer, 1997; Eccles, Ioannou & Sarafeim, 2012; Ellen, Mohr & Webb, 2000; Murray, 1997; Sen & Bhattacharya, 2001).

Still, quarterly results, meeting company predictions, and financial success define the capitalistic model, supported by the contingency that believes social and environmental issues are not a business responsibility. Economist, Milton Friedman wrote:

> …there is one and only one social responsibility of business -- to use its resources and engage in activities designed to increase profits so long as it stays in the rules of the game, which is to say, engages in open and free competition, without deception or fraud, conforming to the basic rules of society, both those embodied in law and those embodied in social custom (1970, 133).

The first part of the quote is the most cited, but the second part is as important. Unfortunately, many corporations adhere to increasing profits no matter the costs. Bowen (1953), a pioneer in corporate social responsibility, states that CSR is "…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" (p. 6). Carroll (1991) simplifies the concept, " …the CSR firm should strive to make a profit, obey the law, be ethical and be a good corporate citizen"(p. 43).

CSR is a multidimensional construct with overlapping themes in several disciplines. According to Kashyap, Mir and Mir (2011) the multidimensional nature of CSR arises from six factors:

1. Diversity in the set of processes that constitute a set of socially responsible firm behaviors
2. Multiple stakeholders with differing, often conflicting interests
3. Differences in corporation missions or values that motivate firms to engage in socially responsible activities
4. Variances in performance attributed to socially responsible behavior
5. Subjectivity in judging what constitutes socially responsible behavior
6. Multiple domains of CSR (legal, ethical, economic) (p. 55)

While there are differences in opinion and approach, the pioneers of CSR laid the groundwork for policies and practices that are in existence today including Benefit Corporations, Certified B Corporations, Low-profit Limited Liability Companies (L3C), and the United Nations Global Compact. These formats provide incentives to embrace the focus on both profits and social good, and to recognize that profits and helping society are not mutually exclusive

Benefit Corporations

A Benefit Corporation is one that is committed to creating public benefit. The legal structure provides greater protection for directors and officers who may consider other aspects (such as employees, environment and community) besides profits to make decisions. Benefit Corporations are a relatively new legal corporate structure passed in 36 states which can be adapted from the start of life of an organization or transformed from an existing corporate form (C Corporation, Limited Liability Corporation, Sub Chapter S or any other legal incorporation type).

A Benefit Corporation is a hybrid that "bridges the legal gap that separates for-profit companies from not-for-profit companies" (Poltenson, 2012, p. 1). In 2010, Maryland became the first state to allow Benefit Corporations (Haigh, Walker, Bacq & Kickul, 2015). Kentucky is the newest member having implemented the legislation on July 1, 2017. In addition to the 36 states with legislation, an additional seven states are in the process of accepting these types of corporations. The end-result is more widespread and lasting impact (Wilburn & Wilburn, 2014). According to Haigh, Walker, Bacq and Kickul (2015). "With the market for socially and environmentally conscious products and services growing to 290 billion and the market for socially responsible investments growing to $3 trillion in the assets in the U.S. alone…" (p. 5), hybrid organizations are wanting to meet this market opportunity. They define hybrid organizations as "those enterprises that design their business models based on the alleviation of a particular social or environmental issue" (p. 5).

Rawhouser, Cummings and Crane (2015) cite reasons to become a B Corp including organizational flexibility, societal spillovers, stakeholder clarity and a cultural shift. There is more protection for corporate officers and board of directors when using company resources pursuing a social goal. There is no tax advantage to Benefit Corporations and currently there are no state protected or legal precedents for protecting the social goal in the event of a takeover by another company. The opposing arguments made in legislative debate against creating Benefit Corporations included difficult regulatory enforcement, threat to the for-profit category, stakeholder confusion and category redundancy. While a record number of companies are becoming B Corps, there are concerns about shareholders' rights and some investors would rather keep profits than see them go to socially responsible endeavors (Holbrook, 2010; Stecker, 2016).

In almost all 36 states Benefit Corporations are required to declare a social purpose, report on it annually and renew their charter annually or biannually. For example, Delaware shares a list of 250 possible social objectives that businesses can select and report on, some of which include (Rawhouser et al., 2015):

- The reduction or elimination of psychosocial distress in cancer patients and their friends and family

- Providing employment opportunities for at-risk women around the world by collaborating with artisan groups to form design partnerships and sustainable market opportunities

- Making a positive impact on the planet by sourcing the majority of materials to fit one or more of these criteria: locally made, natural, and/or recycled

- Help communities rise out of poverty and give customers assurance that the products they buy from the Corporation are fair trade and ethically made

- Returning a minimum of 1% of net profit to fund education and healthcare projects in partnership communities

- Provide tutoring and supplemental education

- Using its business to inspire social and environmental change that results in the improvement of the human condition, increased social consciousness and the amelioration of poverty

- Accelerate high-impact businesses innovating in business, science and technology with the potential to make a positive social or environmental impact on the world

- To increase the social and environmental sustainability and positive social impact of tourism activities

Benefit Corporations represent a growing trend in the pursuit of social goals as additional states enact the legislation legitimizing social improvement goals adding to corporate social responsibility. Stecker (2016) concluded that the Benefit Corporation are a "strategic and helpful business form that social entrepreneurs, green businesses, millennials, consumers and social impact investors will continue to enthusiastically embrace" (p. 374). According to Hiller (2013), "…this new business structure is an ethical step toward empowering socially committed commercial entities" (p. 287). The stringent requirements to become a Benefit Corporation may reduce confusion about a firm's goals (Rawhouser et al., 2015). Haigh, Kennedy and Walker (2015) present a scored hierarchy of what strategic changes might be made in a Benefit Corporation. First on the list was satisfying the desire to better facilitate the mission. Other reasons for choosing a hybrid form included the need to raise capital, the need to be understood, the need to diversify income and the need for expedience.

Oregon is a state with a growing number of Benefit Corporations. According to then Secretary of State Jeanne P. Atkins who issued a press release (2015) announcing the 500th Benefit company, "Oregon is a hotbed of socially conscious entrepreneurs looking for a new way to conduct business. It's very exciting to see the number of Benefit Companies grow so rapidly." Owner and founder Jenelle Isaac of Living Room Realty, the 500th Benefit Company commented "Living Room Realty wanted to become a Benefit Company because of our belief that we build a business by building community one great neighbor at a time. It was an extension of our company's social environmental and ethical values." In California and Washington an original Flexible Purpose Corporation has now been changed to a Social Purpose Corporation, similar to a Benefit Corporation charter. In almost all 36 states Benefit Corporations are required to declare a social purpose, report on it annually and renew their charter biannually.

To get a clear picture of how many Benefit Corporations are in existence, The Secretary of State office or Corporate Commission offices for each state in the U.S. were contacted. While all states do not keep a separate Benefit Corporation category, there are approximately 3400 corporations chartered in the 36 states (Table 1). The corporation leader, Delaware, reports 756 Benefit Corporations as of July 2017.

Certified B Corporations

While a Benefit Corporation is a legal entity, a Certified B Corporation (CBC) designation is a third-party certification that verifies the company is socially and environmentally responsible. Often Benefit Companies also seek the Certified B Corp certification. The companies who seek CBC status embrace the triple bottom line philosophy to focus on people, planet and profits. A third-party verification is beneficial because the company is assessed by a neutral unregulated party that has strict guidelines and assessment procedures. Organizations use the certification (identified as a circumscribed B) on their product or service advertisements as a differentiator, to attract customers, generate public relations, pass legislation and to benchmark performance.

The Certified B Corporation is not a legal structure; therefore, any for-profit company can seek the designation. Although nonprofit organizations cannot seek the certification due to their legal status, many Certified B Corporations partner with nonprofit organizations, as their goals often overlap. Many companies use the designation on all company collateral to attract socially-conscious consumers and job seekers who care about working for a socially-responsible organization. Annual fees for certification range from $500 to $50,000, depending on the size of the organization Gellman and Feintzeig 2013; B Lab 2018). In terms of disadvantages, due to the newness of Certified B Corps there is uncertainty about the benefits. While the certification is useful in marketing an organization, the accountability required to maintain Certified B Corp certification may also be an obstacle in terms of time and money.

Many products and industries embrace third-party certification as an indication of quality. Examples include coffee (Fair Trade certification), milk (USDA organic certification, livestock on farms and ranches (American Grassfed Association) and recycling (R2 Certification). To become a Certified B Corporation, a company is assessed by B Lab, the nonprofit organization behind both

Benefit Corporations and the Certified B Corp designation. According to their website, B Lab "serves a global movement of people using business as a force for good."

Patagonia, Ben and Jerry's, King Arthur Flour, and Dansko Footwear are four of the better known Certified B Corporations. These are four B Corporations of the twelve hundred companies in seventy-five countries world-wide as of July 2017. Their social purpose is examined and approved by B Lab and renewed every two years after a re-examination. The requirements for Certified B Corporations are outlined in the handbook subtitled "How to Use Business as Force for Good" (Honeyman, 2014), describing how private enterprise can create public good through inter-dependent action.

The three founders of B Lab are Jay Coen Gilbert, Bart Houlahan and Andrew Kassoy. The idea of B Corps was directed at millennials and changing expectations of what a business does and how work should be different. The founders described B Corps as a capitalism evolution. The B Impact Assessment tool from B Lab is a free, online management tool, for the business, pursuing what is "good for workers, good for the environment, good for the community, good for long term and good to the core". The Impact Assessment tool looks at what is happening inside a Certified B Corp and benchmarks the results which are shared anonymously among fifteen thousand users in the Certified B and Benefit Corporation community (Honeyman, 2014).

The founders of B Lab had already experienced business success with their 1993 start-up, "And 1", basketball shoes, growing to two hundred fifty million in sales by 2000 and acquired by Global International Inc. in 2005 (Nicholson, 2011). Many of the ideas for B Corps and Benefit Corporations were taken from that experience and driven by their experience that a family-centric, socially responsible approach could be successful. The Impact Assessment tool now has a long-term focus on the company mission and methods to maintain the social focus after an acquisition (Bogage, 2016).

Table 2 summarizes the difference between Benefit Corporations and Certified B Corporations.

Table 1: Number of Benefit Corporations as of July 2017		
Legislation Passed	**State**	**Number of Corps**
2011	Vermont	47
2011	Virginia	12
2011	Hawaii	15
2012	Maryland	136
2012	Massachusetts	67
2012	New York	884
2012	South Carolina	15
2013	Arkansas	13
2013	Delaware	756
2013	Illinois	146
2013	Pennsylvania	N/A
2013	Washington, DC	6
2014	Arizona	N/A
2014	California	541
2014	Colorado	51
2014	Connecticut	24
2014	Florida	18
2014	Nebraska	4
2014	Oregon	545
2014	West Virginia	119
2015	Indiana	6
2015	Louisiana	N/A
2015	Minnesota	122
2015	Montana	N/A
2015	Nevada	4
2015	New Hampshire	54
2015	New Jersey	4
2015	Rhode Island	8
2017	Kansas	
2017	Kentucky	
Pending	Alaska	
Pending	Iowa	
Pending	Mississippi	
Pending	North Dakota	
Pending	New Mexico	
Pending	Oklahoma	
Total: 30 states, 2086 Benefit Corporations Data collected in July 2017		

Table 2: The Difference between Benefit Corporations and Certified B Corporations

Issue	Benefit Corporations	Certified B Corporations
Purpose	Legal structure that allows a corporation to legally pursue social goals ahead of or equally with profits	Third-party certification based on a company's verified performance
Accountability	Directors required to consider impact on all stakeholders	Same
Transparency	Must publish public report of overall social and environmental performance assessed against a third party standard*	Same
Performance	Self-reported	Must achieve minimum verified score on B Impact Assessment Recertification required every two years against evolving standard
Availability	Available for corporations only in 30 U.S. states and D.C.**	Available to every business regardless of corporate structure, state, or country of incorporation
Cost	State filing fees from $70-$200	B Lab certification fees from $500 to $50,000/year, based on revenues
Role of B Lab	Developed Model Legislation, works for its passage and use, offers free reporting tool to meet transparency requirements; No role in oversight	Certifying body and supporting 501(c)(3), offering access to Certified B Corporation logo, portfolio of services, and vibrant community of practice among B Corps; To learn more about B Corp certification, visit www.bcorporation.net
* Delaware benefit corps are not required to report publicly or against a third-party standard ** Oregon and Maryland offer benefit LLC options Source: Benefit Corporations and Certified B Corps. Accessed April 2018 from http://benefitcorp.net/businesses/benefit-corporations-and-certified-b-corps		

Low-Profit Limited Liability Company (L3C)

Another encouraging new legal form is the Low-Profit Limited Liability (L3C) Company. L3C s combine the advantages of the traditional Limited Liability Corporation with the social mission of nonprofit organizations (Lane, 2010). Nonprofit and for-profit organizations may seek L3C status. Social entrepreneurs are especially attracted to these legal forms. Social entrepreneurs tailor their activities with the goal of creating social value (Abu-Saifan, 2012). Unlike Benefit Corporations or Certified B Corps, tackling charitable or educational purposes has first position and profits are second in a L3C.

The original idea for L3Cs was created by Robert Lang in 2005. His concept was to have a hybrid corporation with a profit and a nonprofit component. He described the L3C as "the for-profit with a nonprofit soul" (Williams, 2009, p. 1). According to Lang, the L3C is the "perfect vehicle for economic development, medical research, operation of social agencies, museums, concert venues, housing and any activity with a charitable purpose and a revenue stream" (Americans for Community Development, 2011, p. 2). L3Cs were also seen as an opportunity to increase grants and investments from private foundations through program-related investments (PRIs). PRIs allow investments and grants from private foundations to social enterprises while maintaining tax-exempt status (Schmidt, 2010).

Lang also saw the social purpose as an opportunity to develop a steady revenue stream through investments in for-profit companies to raise L3C revenues, governed by the IRS code defining charitable activities (Lang & Minaugh, 2010). Lang uses a "tranches" (different investment levels) strategy, where each tranche is a class of members with different levels of risk and different expectations of returns. The L3C would invest capital from private foundations' donor gifts by giving a market return to that level, while a social purpose level from donors would receive little or no return and a middle level would be below market, though still higher than a previous nonprofit return (Lang and Martin 2015).

There were significant differences of opinion during the legislative process before Vermont allowed the Low-Profit Limited Liability Company in 2008. The lawmakers and interested parties welcomed the L3C's social purpose as another vehicle of corporate social responsibility. There were mixed opinions about the investment message. Specifically, Lang expected foundations and other nonprofits would embrace the new format. He thought a new federal law, including IRS review of a new foundation information form, would add a comfort level for using the L3C as the business model. This new federal legislation has not been passed to date (Lang, 2015). There was a re-introduction in 2016 as the Philanthropic Facilitation Act.

During the debate process, four selected law review articles presented points of view on the L3C; two supported and two did not. Callison and Vestal (2012) recommended the L3C be shelved until or unless tax laws embraced the L3C and gave the opinion that private foundation investment in social entrepreneur projects would not be optimized with the L3C. Murray and Hwang (2011) postulated that social business would be facilitated by the L3C. Tyler (2010) proposed a framework for governance, fiduciary duties to resolve the problem of solving two masters, profits and social missions and supported the L3C. Finally, Kleinberger (2010) in his Delaware Law Review took the position that attracting foundation investments though a tranching strategy was "flatly wrong" and would not happen in a meaningful way.

As of April 2018, InterSector Partners, itself a ten-year old L3C, reports there are 1,599 active L3Cs in nine states, Puerto Rico, and in the Oglala Sioux and Navajo tribes, formed since the original 2008 implementation in Vermont. The L3C is seen as a natural extension of an LLC, carrying with it limited liability, flexible operating plans and contractual-like form. Efforts seem to have been discontinued to add the L3C business formats in additional states. Also introduced was the idea that since Delaware would accept the L3C in the LLC category to secure Program Related Investments, that a social entrepreneur could file in Delaware and operate in any state, much like any other Delaware corporation could. The Delaware corporate database does not include a separate category for L3Cs, and it is difficult to confirm that L3Cs would be accepted, except as an LLC.

Schmidt (2010) surveyed existing L3Cs eighteen months after forming. What Schmidt found was:

1. The possibility of receiving Program Related Investments (PRI) while intriguing was not the most important factor in the entrepreneurs, decisions to form L3Cs.
2. The L3C fit the entrepreneurs' business needs for a legal entity that bridged the for profit and nonprofit worlds.
3. The simplicity and flexibility of the L3C were important considerations in choosing a business form, as was the branding potential.
4. Had the L3C not been available, pioneers would have chosen a for profit entity over a 501(c)(3).
5. For the most part the L3C business form has not provided a branding or fundraising advantage to these (pioneer) entrepreneurs.
6. Vermont's social hybrid pioneers remain pleased with the L3C business format despite its relative obscurity and their inability to secure Program Related Investments.

InterSector Partners L3C is an advocate of L3Cs, led by founder Rick Zwetsch. In an interview on August 1, 2018, Zwetsch stated that he believes social mission achievements are the main drivers for his L3C and the other L3C company leaders whom he advises and consults.

United Nations Global Compact

Another positive force making Corporate Social Responsibility activities more visible is the United Nations Global Compact (UNGC). The Compact was established in 2000 with the agreement of three stakeholder sets including the United Nations, non-governmental special interest groups and multinational business actors. The UNGC is a voluntary initiative in which business leaders commit to implement stated sustainability principles. As of 2018, there were over 9,600 business signers in 161 countries committed to the United Nations Compact. Signers agree to follow ten principles as shown below (UN Global Compact, 2018). Each signer chooses one principle to improve and is required to report on actions in a biannual report.

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2 - Make sure that they are not complicit in human rights abuses

Principle 3 - Businesses should uphold freedom of association & effective recognition of the right to collective bargaining

Principle 4 - The elimination of all forms of forced and compulsory labour

Principle 5 - The effective abolition of child labour

Principle 6 - Eliminate discrimination in respect of employment and occupation

Principle 7 - Businesses should support a precautionary approach to environmental challenges

Principle 8 - Undertake initiatives to promote greater environmental responsibility

Principle 9 - Encourage the development and diffusion of environmentally friendly technologies

Principle 10 - Businesses should work against all forms of corruption, including extortion and bribery

These principles had been previously introduced in the United Nations before adoption by the Global Compact. The tenth principle about preventing corruption was added in 2004 (Williams, 2004). The addition of corruption is further evidence of progress in Corporate Social Responsibility. In some parts of the world bribery is considered an accepted business practice. Adding the corruption principle and defining bribery as corruption focuses on public good. According to Pitelis (2013, p. 662), "For corporate governance to help foster sustainable world-wide value creation, it should be aligned to public and supra-national governance." The United Nations Global Compact is a step toward this vision.

Some critics say that reporting on one principle leaves a signer free to ignore the others and there is no legal enforcement of the Compact. The investment community sees the signing of the Compact as a reputation signal and a symbol of corporate social responsibility (Janey, Dess & Forlani, 2009). The Compact requires an increase in transparency of both positive and negative news. Baumann-Pauly and Scherer (2013) reviewed five well known Swiss companies who signed the Compact (UBS, CS, Nestle, ABB and Novartis) and confirmed that corporate citizenship is enhanced by adopting the ethical principles of the Global Compact.

Conclusion and Future Research

Proactive social responsibility is seen as a competitive advantage and the trends described in this paper help to make actions more visible. According to Torugsa, O'Donohue and Hecker (2013), proactive corporate social responsibility occurs when firms voluntarily go beyond regulatory requirements to support sustainability and contribute to society. The challenge is to please numerous stakeholders with differing priorities.

The four active efforts to increase Corporate Social Responsibility actions outlined in this paper are growing as the number of companies adopt new approaches and states pass legislation creating new corporate forms. These are the first new corporate forms since the Limited Liability Corporation (LLC) was passed in 1977. Increases in numbers of companies pursuing these new formats indicate acceptance of the tenets of corporate social responsibility. Chen and Kelly (2014) document the rapid growth of B Corps since 2007. They found that B Corps have exceeded the financial performance of their public company competition, both large and small. Their studies used B Lab data from B Lab's partner, Duke University. These structures provide marketing support and, in some cases, legal protection for companies who pursue altruistic goals along with profit motives.

Future research should include assessment of companies adopting social responsibility structures. More information is needed on the successes and failures of these types of companies.

Because state legislatures control the incorporation rules and the federal government controls some of the levers of success, the growth of these new socially focused business types may be slowed. Thus far, these obstacles have not stopped the growth. It took eleven years for the IRS to change the rules for Limited Liability Companies (LLC) so perhaps the interest and social impetus will speed the change. The creation, growth and acceptance of the new corporate types and certifications are cause for encouragement and evidence that business is taking a wider interest in addressing social problems. As the number of companies engaging in formal forms of CSR grow, research on these forms will also grow. Of interest is whether the hybrid form results in higher ethical standards and values among managers and employees. Future research should examine the marketing practices of these firms as well as the satisfaction levels of various stakeholders.

References

Abu-Saifan, S. (2012). Social entrepreneurship: Definition and boundaries. *Technology Innovation Management Review, 2*(2), 22-27.

Americans for Community Development – The Organization for the L3C (2011). Retrieved from http://americansforcommunitydevelopment.org/downloads/What%20is%20the%20L3C%20080711-1.pdf

B Lab (2018). Available at https://bcorporation.net/about-b-lab

Baumann-Pauly, D. and Scherer, A. (2013). The organizational implementation of corporate citizenship: an assessment tool and its application at UN global compact participants. *Journal of Business Ethics 117*(1), 1-17.

Bhattacharya, C. B., and Sen, S. (2004). Doing better at doing good: When, why, and how consumers respond to corporate social initiatives. *California Management Review 47*(1), 9-24.

Bogage, J. (2016). How basketball shoe AND1came back from the dead. *Washington Post*, Retrieved April 2018 from: https://www.washingtonpost.com/news/business/wp/2016/06/21/how-basketball-shoe-and1-came-back-from-the-dead/?utm_term=.ba6f8c8d3400

Bowen, H. R, (1953). *Social responsibilities of the businessman*, New York, NY: Harper and Brothers.

Brown, T. J, and Dacin, P. A. (1997). The Company and the product: Corporate associations and consumer product response. *Journal of Marketing 61*(1), 68-84.

Callison, J. W. and Vestal, A. W. (2010) The L^3C illusion: Why low-profit limited liability companies will not stimulate optimal private foundation investment in entrepreneurial ventures. *Vermont Law Review, 35,* 273-293.

Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review 4*(4), 497-505.

Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons 34*(4), 39-48.

Chen, X., and Kelly, T.F. (2014). B corps a growing form of social enterprise: Tracing their progress and assessing their performance. *Journal of Leadership & Organizational Studies* 102-113.

Committee for Economic Development (1971). *Social Responsibilities of Business Corporations.* The Committee.

Coupe, T., and Monteiro, C. (2016). The charity of the extremely wealthy. *Economic Inquiry 54*, 751-761.

Creyer, E. H., and Ross, W. T. (1997). The influence of firm behavior on purchase intention: Do consumers really care about business ethics? *Journal of Consumer Marketing 14*(6), 421-432.

Davis, K and Blomstrom, R. L. (1975). *Business and society: Environment and responsibility* (3rd ed), New York: McGraw-Hill.

Eccles, R., Ioannou, I., and Serafeim, G. (2012). Is responsibility now the key to corporate success? Guardian Professional Network. Retrieved April 2018 from the Guardian website: https://www.theguardian.com/sustainable-business/sustainability-key-corporate-success.

Elkington, J. (1997). *Cannibals with forks: The triple bottom line of 21st century business*, United Kingdom: Capstone Publishing Limited.

Ellen, P. S., Mohr, L. A., and Webb, D. J. (2000). Charitable programs and the retailer: Do they mix? *Journal of Retailing 76*(3), 393-406.

Fershee, J. P. (2017) The end of responsible growth and governance? The risks posed by social enterprise enabling statutes and the demise of director primacy. *Tennessee Journal of Business Law Fall 361*, 36-45.

Friedman, M. (1970, September 13). The social responsibility of business is to increase profits. *New York Times Magazine* 32-33, 122-124.

Gates, B. (2008). World Economic Forum – Creative capitalism (Jan 24). Retrieved from https://www.gatesfoundation.org/media-center/speeches/2008/01/bill-gates-2008-world-economic-forum

Gellman, L., and Feintzeig, R. (2013, Nov 13). Careers: Social seal of approval lures talent --- employers tout their B corp label as an environmental credential to compete for young hires. *Wall Street Journal.* Retrieved from http://ezaccess.libraries.psu.edu/login?url=https://search-proquest-com.ezaccess.libraries.psu.edu/docview/1450161614?accountid=13158

Haigh, N., Kennedy, E.D., and Walker, J. (2015). Hybrid organizations as shape-shifters: altering legal structure for strategic gain. *California Management Review*, 57, 359-382.

Haigh, N., Walker, J., Bacq, S., and Kickul, J (2015) .Hybrid organizations: Origins, strategies, impacts and implications. *California Management Review 57*(3), 5-12.

Hiller, J. S. (2013). The benefit corporation and corporate social responsibility. *Journal of Business Ethics 118*(2), 287-301.

Holbrook, E. (2010). Rise of the B corp. *Risk Management, 57*(7), 12. Retrieved from http://ezaccess.libraries.psu.edu/login?url=https://search-proquest-com.ezaccess.libraries.psu.edu/docview/756909918?accountid=13158

Honeyman, R., (2014). *The B Corp handbook: How to use business as a force for good.* (pp. 9, 7-13, 45-146) San Francisco, CA: Berrett-Koehler Publishers Inc.

Intersector Partners L^{3}C (2018). Accessed April 2018 https://www.intersectorl3c.com/our-mission

Janey, J., Dess, G., and Forlani, V. (2009). Glass houses? Market reactions to firms joining the UN global compact. *Journal of Business Ethics 90*, 407-423.

Kashyap, R., Mir, R., and Mir, A. (2011). Corporate social responsibility: A call for multidisciplinary inquiry. *Journal of Business and Economics Research 2*(7), 51-58.

Kleinberger, D. (2010) A myth deconstructed: The "Emperor's New Clothes" on the low-profit limitedliability company. *The Delaware Journal of Corporate Law*, *Public Information Release 35*, 879-909.

Lane, M. J. (2010). The Low-profit limited liability company (L3C) (pdf). The Law Offices of Marc J. Lane, A Professional Corporation. Retrieved from www.marcjlane.com/clientuploads/Articles/Marc-Lane-basic_l3c_primer.pdf

Lang, R.and Minaugh, E. C. (2010). The L3C history, basic construct and legal framework. *Vermont Law Review*, L^{3}C Symposium (Feb 18). Retrieved from https://lawreview.vermontlaw.edu/wp-content/uploads/2012/02/12-Lang-Minnigh-Book-1-Vol.-35.pdf

Lang, R. and Martin, M. (2015) DAFS, PRI's, L^{3}C,s – Tools for social investing. Retrieved from http//Americansforcommunity development July 30 2018.

McGuire, J. W. (1963), *Business and Society*, McGraw-Hill, New York, NY.

Murray, J. H. and Hwang, E. I. (2011) Purpose with Profit: governance, enforcement, capital-raising and capital-locking in low-profit limited liability companies. University of Miami Law Review 66, 1-52.

Murray, K. B., and Vogel, C. M. (1997). Using a hierarchy of effects approach to gauge the effectiveness of CSR to generate goodwill towards the firm: financial versus nonfinancial impacts. *Journal of Business Research 38*(2), 141-159.

Nicholson, T. (2011 August 26). And None: The fast rise and hard fall of AND1. *The Good Point.* Retrieved from: http://thegp.sports.ws/history-and-1/

Oregon Secretary of State Press Release (2015). Oregon registers 500th benefit company (June 11), Retrieved from http//sos.oregon.gov/business/pages/benefit-compa

Pitelis, C. N. (2013). Towards a more 'ethically correct' governance for economic sustainability. *Journal of Business Ethics 118*(3), 655-665.

Poltenson, N. (2012). Benefit corporations: Redefining success in business. *The Business Journal - Central New York 26*(43), 1. Retrieved from http://ezaccess.libraries.psu.edu/login?url=https://search-proquest-com.ezaccess.libraries.psu.edu/docview/1152185910?accountid=13158

Rasche, A., Morsing, M., and Moon, J. (2017). *Corporate Social Responsibility*, Cambridge, UK: Cambridge University Press.

Rawhouser, H., Cummings, M., and Crane, A. (2015). Benefit corporation legislation and the emergence of a social hybrid category. *California Management Review* 57(3), 13-35.

Sen, S. and Bhattacharya, C.B. (2001). Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. *Journal of Marketing Research*: *38*(2), 225-243.

Schmidt, E. (2010). Vermont's social hybrid partners: Early observations and questions to ponder. *Vermont Law Review (35),* 163-209.

Stecker, M. J. (2016). Awash in a sea of confusion: benefit corporations, social enterprise and the fear of "greenwashing." *Journal of Economic Issues 50*(2), 373-381.

The U.N. Global Compact (2018). Website accessed April 2018: https://www.unglobalcompact.org/sdgs/action-platforms

Torugsa, N. A., O'Donohue, W., and Hecker, R. (2013). Proactive CSR: An empirical analysis of the role of its economic, social and environmental dimensions on the association between capabilities and performance. *Journal of Business Ethics 115*(2), 383–402.

Tyler, J (2010). Negating the problem of having two masters: A framework for L^{3}C fiduciary duties and accountability. *Vermont Law Review (35),* 117-161.

Wilburn, K and Wilburn, R. (2014, January 15). The double bottom line: Profit and Social Benefit (Case Study). *Harvard Business Review.*

Williams, G. (2009). Dozens of companies are sprouting with the same goal: Going good. The Chronicle of Philanthropy, Nov 12. Available at https://www.philanthropy.com/article/Dozens-of-Companies-Are/173209

Williams, O. (2004). The UN global compact: the challenge and the promise. *Business Ethics Quarterly 14*(4), 755-774.