



# TRIPLE IMPACT MANAGEMENT: DECRYPTIVE ANALYSIS OF THE CHILEAN REALITY

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**Abstract** : *society recognizes the relevance of companies and demands them increasingly commitment beyond the achievement of economic benefits, also the generation of positive environmental and social impacts. From these demands, the so-called B companies are born, an international movement that is gaining more and more strength worldwide. This study reviews the characteristics of the 205 Chilean companies certified as B, to serve as input for further research and taking public and private decisions in this regard. Generally speaking, there are economic sectors of the country that are notoriously lagging behind in terms of the number of certifications.*

**Keywords:** *B Corporations, triple impact management, certification.*

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### INTRODUCTION

Achieving the competitiveness of companies in the market requires greater efforts on the part of their strategists every day. Today, they must not only ensure that economic goals are met, but they must also take charge of social and environmental issues demanded by the various interest groups. (Poponi et al., 2019); (Kirst et al., 2021). Companies must give credibility to their customers that, when consuming their products, there will be a real positive impact on the environment and society. (Bianchi et al., 2020)

The requirements indicated in the previous paragraph, give way to the so-called B Corporations, which according to Kirst et al., (2021) are organizations committed, beyond profits, to the generation of positive environmental and social impacts. B Corps are a solution to allow organizations to generate profitability and solve the problems of society and nature, at the same time (Correa, 2019).

The movement of B companies, which allows an alignment of the interests of companies and markets with those of society (Correa, 2019) was born in 2007 in the United States with the creation of the non-profit foundation B Lab, in order to make visible to the different interest groups the social and environmental concern that companies have and achieve a commitment on the part of the latter in managing their impacts.

Being part of this movement not only puts pressure on companies, but also brings them multiple benefits, such as attracting talented employees, improving social performance, attracting investors and being part of a global movement. (Honeyman, 2014)

The movement is becoming increasingly relevant in the business world, producing changes in the market such as the increase in socially responsible investment, a broad preference of consumers for companies that manifest a social and environmental commitment, as well as the greater interest of



companies to join the achievement of the sustainable development goals declared in the 2030 agenda of the United Nations. (Díez-Busto et al., 2020)

Today, worldwide there are more than 4,000 certified companies, of which 700 are Latin American and 205 Chilean companies. Chile is the country with the highest per capita certifications in Latin America. (System B, 2022)

The purpose of this study is to analyze in a descriptive way the reality of Chilean B companies, according to the scores obtained in the certification delivered by B Lab, in the different items of the evaluation to which they are subjected in order to obtain international certification, in order to have an x-ray that is an input for subsequent research and public and private decision-making in this regard.

## 1. THEORETICAL FRAMEWORK

Achieving the sustainable development goals set out in the 2030 Agenda was a complex challenge even before the arrival of the pandemic, which has worsened the emergency situation of the planet, contributing to the depletion of natural resources, increasing poverty and inequalities. (United Nations, 2021)

In this context, the input of all actors in society whether public or private is necessary (Tinelli et al., 2020), and as for companies, there is a wide range of sustainable practices they can adopt, including, for example, renewable energy technologies, water efficiency measures, local sourcing practices or employee ownership options. (Carvalho et al., 2021)

In this line, a more socially inclusive business model with the ability to interpret the relevance of stakeholders is fundamental in the creation of value of companies, and therefore, social and environmental objectives must be considered in the decision-making of organizations. (Poponi et al., 2019)

In the search for innovative business models that contribute significantly to economic growth, poverty reduction and environmental deterioration, B companies are born (Correa, 2019).

The movement of B companies or companies with purpose, was born in the United States in 2007 with the creation of a certification, by the non-profit organization B Lab, which promotes a commitment on the part of the organizations that access it, to maintain a positive economic, social and environmental impact in their management. (Correa, 2019) (Honeyman, 2014)

B Corps develop a more inclusive and sustainable economy to benefit society, go beyond the notion of Corporate Social Responsibility and move away from traditional companies, as B Corps combine social development and economic growth. (Saiz-Álvarez et al., 2020) (Correa, 2019)

Certification B is the only certification that measures the entire social and environmental performance of a company. Certification not only demonstrates where companies excel now, but also commits companies to their long-term mission (B Lab, 2022a). Being useful, in addition, because they help consumers to buy responsibly and investors to assess the risk of their investment. (Liute & De Giacomo, 2021)

The assessment that companies must undergo to obtain certification measures how the operations and business model of companies impact their workers, community, environment, customers and governance. From its supply chain and input materials to its charitable donations and employee benefits, Certification B demonstrates that the company meets the highest standards of verified performance. (B Lab, 2022b)

To obtain certification, companies must obtain at least 80 points when answering the detailed evaluation of each of the areas of impact assessment B, as detailed below (B Lab, 2022c), being able to achieve a maximum of 200 points:

The governance area assesses a company's overall mission, commitment to its social/environmental impact, ethics and transparency. This section also assesses a company's ability to protect its mission and formally consider stakeholders in decision-making through its corporate structure (e.g., benefit corporation) or corporate governance documents.

The employee area assesses a company's contributions to financial security, health and safety, well-being, professional development, and employee engagement and satisfaction. In addition, this



section recognizes business models designed to benefit workers, such as companies in which at least 40% are owned by non-executive employees and those that have workforce development programs to support people with barriers to employment.

In the community area, the commitment and impact of a company in the communities in which it operates, from which it hires and from which it supplies is evaluated. Topics include diversity, equity and inclusion, economic impact, civic engagement, charitable giving, and supply chain management. In addition, this section recognizes business models that are designed to address specific community-oriented problems, such as poverty alleviation through fair trade sourcing or distribution through microenterprises, producer cooperative models, locally focused economic development, and formal charitable giving commitments.

The environment area evaluates a company's overall environmental management practices, as well as its impact on air, climate, water, land and biodiversity. This includes the direct impact of a company's operations and, where applicable, its supply chain and distribution channels. This section also recognizes companies with environmentally innovative production processes and those that market products or services that have a positive environmental impact. Examples may include products and services that create renewable energy, reduce consumption or waste, conserve land or wildlife, provide less toxic alternatives to the market, or educate people about environmental issues.

And finally, the Customer area evaluates the management of a company of its customers through the quality of its products and services, ethical marketing, privacy and data security and feedback channels. In addition, this section recognizes products or services that are designed to address a particular social problem for or through their customers, such as health or educational products, arts and media products, which serve underserved customers/customers, and services that enhance the social impact of other businesses or organizations.

The platform in which the companies that require certification must enter, also makes a distinction between the size of the companies according to the number of workers and according to the industrial sector in which they work. The latter are classified in (B Lab, 2022d):

(i) services with a smaller environmental footprint, mainly companies that deliver a service that does not involve the provision of a physical product and does not require a physical facility to deliver it, such as an online service; ii) Services with a significant environmental footprint, - Companies whose services include the supply of a physical product as part of the service and/or companies that use significant equipment or machinery to deliver the service; (iii) wholesalers/retailers, companies that directly sell physical products, either to final consumers or to other companies within a global supply chain, but which do not produce them themselves; iv) manufactura, companies involved in the production of more than 10% of the physical products they sell; v) Agriculture, Companies that manage land for the purpose of producing and harvesting agricultural products

## 2. METHODOLOGY

The research methodology is of quantitative approach, of descriptive scope "seeks to specify properties, characteristics and important features of any phenomenon that is analyzed" (Hernandez Sampieri et al., 2010, p. 80), in this case the phenomenon of study are the 205 companies based in Chile, certified as B companies, by B Lab, as of May 2022.

Following Hernandez Sampieri et al., (2010) the research design is non-experimental cross-sectional.

The research database was built by obtaining the score of each of the 205 certified companies in Chile, which considers the general scores and for each of the respective areas of impact assessment B: governance, workers, community, environment and society, which were obtained individually by each of the certified companies in Chile, based in the country, according to the information provided by B Lab on its page, which were also classified according to the economic sector to which they belong.

It is important to indicate that companies to achieve certification must achieve a minimum score of 80 points and can achieve a maximum of 200 points, as long as they comply with the provisions of each of the areas of certification.

Microsoft Excel was used for data analysis.

### 3. RESEARCH DEVELOPMENT

#### *Evolution of certification in Chile*

According to Table 1, the increase of this international movement in Chile is evident. As the years have passed, it has been adding new followers to the certification, being more and more companies that make an effort, no less, to improve their level of commitment and management focused on the community and the environment and thus achieve certification. It is important to indicate that the data for the year 2022, the 18 companies that appear in the table, considers the certifications granted until the month of May of the indicated year, therefore, it is expected that this number will continue to increase.

Table 1: evolution of certification in Chile

| Certified since the year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Total |
|--------------------------|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| Number of Companies      | 2    | 9    | 10   | 19   | 12   | 19   | 20   | 22   | 24   | 23   | 27   | 18   | 205   |

Source: Own elaboration based on bcorporation data

#### *Overall data analysis*

The total number of companies certified in Chile as B companies was analyzed, reaching a total of 205 companies as of May 2022, of which it can be indicated that a large part of these, 131 specifically, correspond to the service sector with a lower environmental footprint, which represents approximately 64%, 35 are wholesale/retail (17%), 34 are manufacturing (16%) and 5 are from the agriculture sector (3%). The average score at the national level is 93.7 points, the lowest score achieved is 80 points, which is also considered as the minimum score to obtain certification, and the highest score obtained is 151.4 points. The standard deviation of the data is 13.9.

Table 2: General descriptive statistics

| Statistical    | Total Score | Governance | Workers | Community | Environment | Clients |
|----------------|-------------|------------|---------|-----------|-------------|---------|
| Average        | 93,7        | 14,8       | 22,2    | 24,6      | 18,2        | 14,0    |
| Minimal        | 80,0        | 5,1        | 0,0     | 8,5       | 0,0         | 0,0     |
| Maximum        | 151,4       | 23,5       | 67,3    | 63,8      | 60,4        | 64,3    |
| Median         | 89,8        | 15,1       | 22,6    | 21,1      | 13,9        | 6,3     |
| Desv. Standard | 13,9        | 3,2        | 10,3    | 11,1      | 13,5        | 15,8    |

Source: Own elaboration based on bcorporation data

From the general description of the data analyzed, it can be seen that the highest score obtained in the certification of B companies is achieved in the area of workers and on the other hand the area with the lowest scores in terms of average is the area of governance. Based on this, it can be indicated that currently certified companies place their greatest efforts on maintaining better standards on aspects associated with financial security, health, well-being and safety, professional development and satisfaction and commitment of their workers. The above are sub areas that measure certification in the indicated area. As for the aspects considered by the governance area,

there are the mission and commitment and ethics and transparency, which in general terms Chilean companies would have more neglected since they obtain fewer points in that area of evaluation. An element that draws attention from the data analyzed is that it is possible for a company to obtain a certification, even if it obtains zero points in an area, as observed in the minimums of the workers, environment and customers area.

Below are the descriptive data according to the economic sectors to which the companies belong, according to the classification given by the certifying body.

*Services sector with smaller environmental footprint*

Table 3: Descriptive statistics for services with a smaller environmental footprint

| Statistical    | Total Score | Governance | Workers | Community | Environment | Clients |
|----------------|-------------|------------|---------|-----------|-------------|---------|
| Average        | 94,3        | 15,1       | 24,2    | 24,2      | 13,3        | 17,8    |
| Minimal        | 80,0        | 5,6        | 0,0     | 9,7       | 0,0         | 0,0     |
| Maximum        | 139,3       | 23,5       | 67,3    | 63,5      | 60,4        | 64,3    |
| Median         | 91,0        | 15,6       | 25,8    | 21,4      | 9,7         | 15,4    |
| Desv. Standard | 14,3        | 3,6        | 10,4    | 10,5      | 12,0        | 16,4    |

Source: Own elaboration based on bcorporation data

When reviewing the data by economic sector, it is possible to observe in the case of companies that provide services with a lower environmental footprint, that the average score of this sector is 94.3 points, slightly higher than that reached at the general level. The results in this sector reflect that the area of workers and community are those that reach a higher level of score. It is important to note that in this sector there were companies that failed to score in the area of environment, customers and workers. It is significant to know the specific scores of this sector, since it represents more than 60% of all companies that are certified in Chile.

*Wholesale/retail sector*

Table 4: Descriptive statistics in the wholesale/retail sector

| Statistical    | Total Score | Governance | Workers | Community | Environment | Clients |
|----------------|-------------|------------|---------|-----------|-------------|---------|
| Average        | 93,0        | 14,3       | 16,8    | 28,0      | 25,8        | 7,9     |
| Minimal        | 80,0        | 5,1        | 0,0     | 8,5       | 7,4         | 0,0     |
| Maximum        | 151,4       | 21,6       | 27,4    | 63,8      | 54,0        | 42,0    |
| Median         | 88,1        | 14,5       | 19,0    | 23,6      | 24,6        | 3,6     |
| Desv. Standard | 14,7        | 3,0        | 8,4     | 13,8      | 12,5        | 9,9     |

Source: Own elaboration based on bcorporation data

In the wholesale/retail sector, the average achieved by companies in their overall certification score reaches 93 points, very close to what has been achieved in general terms. It is striking from the data that in this sector the highest average is not reached in the field of workers, but rather is given in the community area, followed by the environment, where the latter, in the previous sector was the one that obtained the lowest score.

Another aspect to consider is that, in this sector, there were companies that achieved certification without having scores in the field of customers and workers. In addition, it is the sector where the companies with the highest score in general terms are located.

*Manufacturing*



Table 5: Descriptive statistics manufacturing sector

| Statistica l   | Total Score | Governan ce | Workers | Communi ty | Environment | Clients |
|----------------|-------------|-------------|---------|------------|-------------|---------|
| Average        | 92,7        | 14,0        | 22,5    | 25,2       | 26,2        | 4,7     |
| Minimal        | 80,2        | 6,1         | 0,0     | 12,2       | 5,6         | 0,0     |
| Maximum        | 117,6       | 17,7        | 48,6    | 51,0       | 50,8        | 59,9    |
| Median         | 88,8        | 14,2        | 22,2    | 20,9       | 25,3        | 2,2     |
| Desv. Standard | 11,2        | 2,6         | 7,5     | 11,4       | 11,3        | 11,0    |

Source: Own elaboration based on bcorporation data

It is important to indicate that in this sector there is a company with a pending B seal, this means that the company has the minimum score to be certified (80 points) however, it cannot obtain certification for having less than one year of operations. Therefore, your score is not displayed on the bcorporation page and cannot be considered in this analysis.

The average for this sector is 92.7 points. A score very similar to the general average. In this sector the highest average score is obtained in the area of environment. And the area with the lowest score is again the field of customers and workers, with zero points.

#### *Agriculture Sector*

Table 6: Descriptive statistics in the agriculture sector

| Statistica l   | Total Score | Governan ce | Workers | Communi ty | Environment | Clients |
|----------------|-------------|-------------|---------|------------|-------------|---------|
| Average        | 89,9        | 13,9        | 19,5    | 18,0       | 38,5        | 0,0     |
| Minimal        | 81,7        | 13,4        | 14,1    | 16,2       | 30,0        | 0,0     |
| Maximum        | 108,9       | 14,5        | 22,3    | 19,4       | 52,5        | 0,0     |
| Median         | 84,4        | 13,8        | 20,0    | 17,8       | 38,8        | 0,0     |
| Desv. Standard | 10,1        | 0,4         | 2,9     | 1,2        | 8,0         | 0,0     |

Source: Own elaboration based on bcorporation data

In the agriculture sector, it is important to note that few companies have certification, reaching only 5. From the analysis of the data it can be deduced that companies have an average lower than the average of all sectors, reaching 89.9 points. The area with the best averages is the environment, well above the other areas. An aspect that draws attention with respect to the data of this sector, is that none of the certified companies managed to mark a score in the field of customers.

#### 4. FINAL WORDS

The above description is a relevant input on the reality of Chilean B companies, since there is no database that groups all the companies that have the certification in order to analyze their characteristics together, therefore, one of the values of this research is the construction of the analyzed database, based on information published by the foundation that delivers the B certification.

It is very relevant to dwell on the small number of companies in the agricultural sector that finally achieve certification. Although, due to the nature of the operations of this type of companies, it is more demanding in terms of the questions they must answer, it implies a tremendous relevance that this economic sector of the country, one of the main sectors that moves the national economy (Ministry of Foreign Affairs, 2022), can continue advancing towards the demonstration of a social commitment and amb Specifically, as delivered by a certification that allows the different stakeholders to be made aware of the positive impact actions carried out by the institutions.





It is also striking that there is little concern among certified companies in this sector with regard to their customers, all of whom score 0.0 points in this area. This would imply that companies in this area are not monitoring the satisfaction of their customers, they would not have formal quality control mechanisms, they do not have formal programs of continuous improvement on the results produced for their clients, among other aspects, which are very relevant to maintain competitiveness in the long course organizations.

Another relevant finding of this research is that in Chile the vast majority of companies that achieve certification are companies dedicated to the provision of services, specifically services with a lower environmental footprint. These which also, are those that have the highest scores obtained in the certification, both in general terms and in particular in the areas of governance, workers and customers. However, in this same sector, it is the environment area that is the most neglected in terms of the averages achieved, which are well below those obtained by the rest of the sectors in this same area.

It is important to highlight the progress of this movement in Chile, which has been generating greater interest in companies for certification and the management model based on the triple impact (economic, social and environmental), which is undoubtedly a movement, which beyond the achievement of certification, should be promoted to boost the competitiveness of companies and good relations with stakeholders.

Finally, it should be noted that this research is an input to carry out research in greater depth on the subject, which has been little studied in Chile and Latin America with respect to the real impacts that the change of paradigms on what is meant by business success can have on society.

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