Routledge Companion to Corporate Social Responsibility

Chapter 16: Are B Corps Really the Answer? Addressing the Market vs. Social Logic Problem Through a Regenerative System of Good Dividends

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Abstract

Hybrid businesses, have an underlying challenge associated with embracing capitalism – a sense of drinking with the devil to pursue purpose through profit. The chapter examines this challenge through the notion of logics: the social logic versus the market logic in the context of hybrid businesses. A review of how B Corps, often referred to as a hybrid business model, appear to replicate this clash of logics. A reframing of purpose through profit is outlined by giving prominence to an integrative process of value creation – the notion of good dividends. Such reframing offers up the potential for all forms of business moving into the agenda of being a force for good because of the intent to enhance all capitals, including planetary capital. By integrating planetary capital, as a central aspect of the business model, there is scope for business to reach beyond sustainability and pursue the regenerative potential of business to generate good dividends through the commitment of responsible leadership.

Introduction

The need for businesses to embrace the responsibility of social impact has arguably never been greater in terms of the perfect storm of systemically interconnected grand challenges. Climate change is significant, but it is but one of so many challenges: for example, more people displaced than ever in human history - estimates of over 70 + million; more people in slavery than any time in human history; obscene and ever increasing levels of inequality; an astonishing rate of loss of biodiversity and apocalyptic estimates of up to 50% extinction rates by the end of the century; and humanity on a tipping point regarding climate change. Drawn together such challenges place significant question marks to assumptions that humanity will continue to flourish. It would be normal, perhaps even axiomatic, to assume that governments will intervene somehow. But this misses the reality of modern life. Of the top 200 entities (countries or corporations) over 150 are corporations – Amazon over took New Zealand in 2018, while Walmart is bigger than Belgium an over took Portugal this year! If we consider the top 1000 entities (and there are only 195 UN recognised countries) the importance of business becomes most striking (8 corporations account for 70% of global carbon emissions). That is of course nothing but the tip of an enormous iceberg. There are for example over 4.5 million businesses in the UK. It is perhaps only through the endeavours of businesses in the grand challenges, perhaps through the UN Sustainability Goals (SDGs), that humanity can continue to flourish. Governments can and need to provide the carrot and stick to enable this, but it is towards businesses that the real agenda lies; this is the necessary axis for action. Imagine a world of regenerative capacity of business with comprehensive and global scope of influence. In some ways such a view may feel like naive 'radical hope' (Lear, 2006) ... But let me explain the argument that commences with the notion of regenerative capitalism drawn from a system of good dividends.

The thesis of the good dividends (Kempster, Maak and Parry, 2019) is a most simple theory of business (Donaldson and Walsh, 2015). The function of capitalism is to increase capital: all businesses have (at least) 6 capitals – financial, human, social, reputational, institutional / operational and planetary encompassing community, environment and indeed humanity. All capitals have the potential to be systemically interrelated where increasing one can increase all. Through the enhancement of all capitals, including planetary capital, there becomes the manifestation of good dividends: good in the sense of larger, good that it is designed to be regeneratively based (through the central role of social innovation); and good in the sense of being ethically rooted. The systemically based system is thus centred on seeking to enhance business value contemporaneously with realising social impact (increasing planetary capital) – to do otherwise may reduce business value. The system is shown in Figure 1:

Figure 1: A Regenerative System of Good Dividends (Adapted from Kempster et al, 2019: 44)

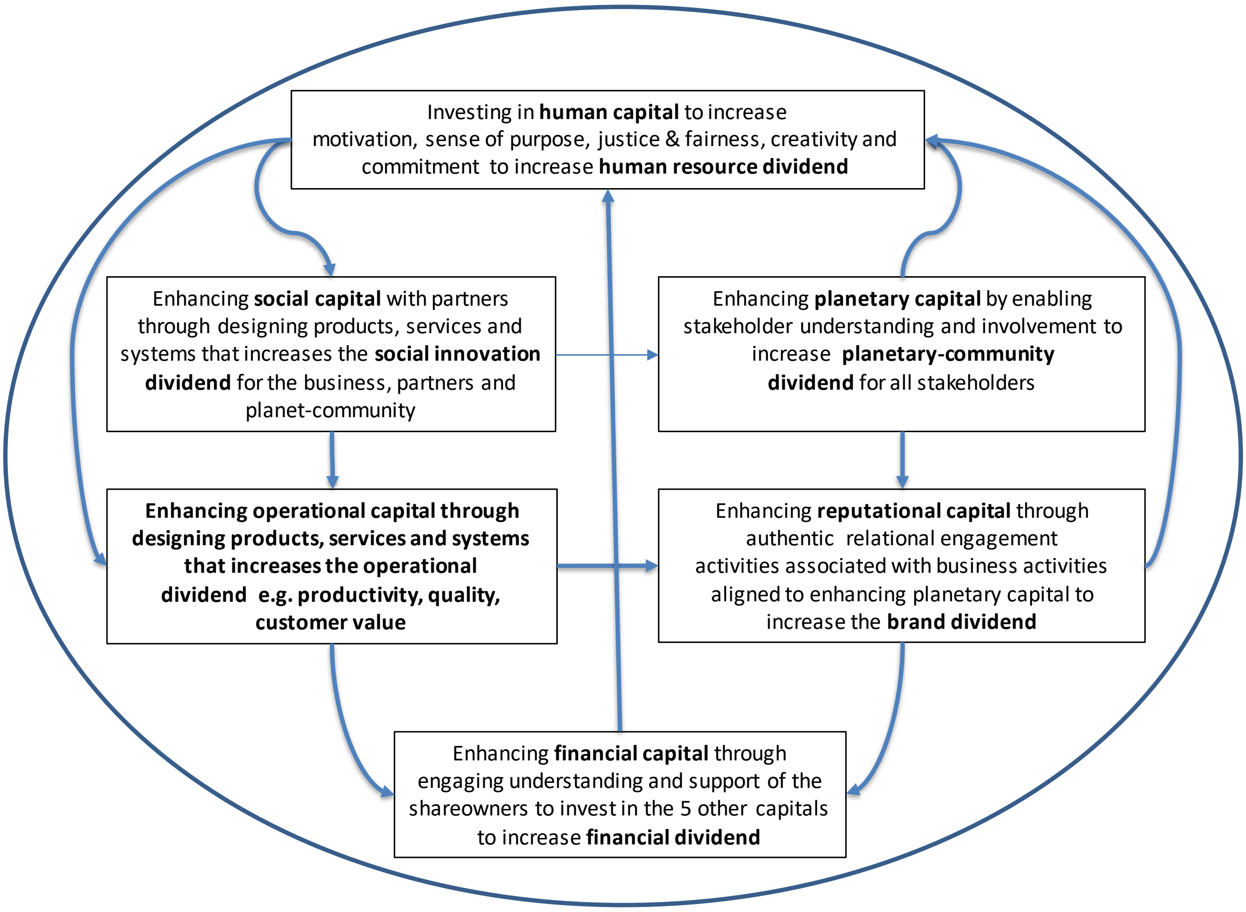


Figure 1 depicts a system. A system which is interrelated and has dependencies on the various capitals to operate. The more efficient, productive, effective and ethical are the elements, and importantly the interconnectedness of the system, the greater the emergent property of the system. The system is offered as a theory of business that seeks to provoke attention to an alternative reframing of capitalism and indeed offer itself as a regenerative business model. I shall say more on this point further in the chapter.

Let's apply the regenerative business model of good dividends to a corporate giant Unilever. Through the Sustainable Living Plan Unilever seek to 'enable a billion people to live healthier lives' (Unilever 2018). Paul Polman (CEO for ten years until recently) made explicit the link between the sustainable living plan and the enhancement of brand equity (and thus business value). The share price has increased by over 60% in the last 5 years (during the same time the FTSE increased by approximately 15%), alongside commitments across the business model to the enhancement of planetary capital. Unilever are but one of the millions of businesses all capable of realising a regenerative system of good dividends and through which planetary capital can be enhanced. If properly targeted (such as through the SDGs) enhancements to planetary capital could include tackling and perhaps helping to alleviate some, may be many, of the grand challenges – certainly if enabled through government support.

A mechanism considered useful to Unilever and also to Danone is that of B Corps. Both Danone and Unilever are active within the B Corp Advisory Council for Multinationals, formed in 2015 to explore how multinational companies could become B Corp certified (Bauer and Umlas, 2017). In this chapter I shall address the idea of B Corps as a possible and potentially most useful mechanism for large and small, for-profit, hybrids and social enterprises to realise good dividends as the enhancement of business value contemporaneously with realising positive social impact; not simply a compromised approach to bridge social and market logics but a fundamental reframing of capitalism to regenerative business.

The chapter is structured into 4 parts. First, I wish to explore the notion of a theory of business as collective value offered by Donaldson and Walsh (2015). This provides a platform for viewing the discussion to follow. Second, I examine the notion of hybrid organisations that seek to balance profit with purpose; the summary is that the social logic dominates the business model. Third, the concept of B Corp is critiqued and suggests that its design and application speak more to symbolism of business as a forced for good and a movement to give such influence a flag to rally around, than as a system to address the market and social logics. Fourth, I reintroduce the idea of good dividends as a reconceptualization of business as a system to undertake regenerative capitalism – fusing together the necessity of both logics being addressed. I conclude the chapter with some concluding thoughts on the regenerative challenge that lies ahead.

Towards a Moral Theory of Business

The central argument of this chapter is that the challenges the world faces are likely to be addressed only through the engagement of business in partnership with governments. In this way the role of business in society is a deeply moral paradox. The advances in society we have experienced are in major part the consequence of business. Yet the grand challenges that potential undermine society and humanity are also the consequence of business. Adam Smith argued that all businesses are 'led by an invisible hand to promote an end [society] … By pursuing his own interests [maximising capitals] he frequently promotes society' (1776: 445). The ideas of the Wealth of Nations have been drawn as foundational to notions of neo-liberal capitalism. Through reading Smith's accompanying text the Theory of Moral Sentiments (Smith 1754) a different orientation can be brought to ideas of self-interest rooted in societal mores and virtue ethics. Perhaps never has the invisible hand been more required to guide the moral role of business to overtly realise the conjoined self and societial interests.

Donaldson and Walsh pose a useful question upfront in their thesis on the theory of business: 'Law is to justice, as medicine is to health, like business is to …' (2015: 202). A common response they suggest is 'profit.' Perhaps that is most understandable. Certainly the neo-liberal agenda that predominates assumptions of business would, for the vast majority, do not question such an answer. I suggest for business to be part of the solution to the grand challenges profit needs to remain central. Perhaps the notion of moral (or regenerative) capitalism (Young, 2003) has never been more required; a sense of linking profit, purpose and social impact together (Kempster et al, 2019) – hybrid businesses, and in particular B Corps, speaks to this. Moral capitalism is captured as seeking to replenish (and enhance) all the capitals of a business – financial, human resources, institutional, reputational, social and planetary capital.

The present disconnect of business to society as perceived by the general population has never been greater (Gallup, 2015). For example, the opinion of business leadership sits at no more than 20% of people trusting leadership (Gallup, 2015). In major part this disconnect is embodied in the neo-liberal orientation to self, and the short-term maximisation of shareholder value and the dominance of the theory of the firm shaped through transaction cost economics (Donaldson and Walsh, 2015). Reframed to MacIntyrean (1985) virtue ethics this orientation reflects the production of external goods (profits, bonuses etc) at the exclusion of internal goods (aspects that enrich community, society and humanity such as care, excellence of service, craftsmanship). The consequence is the diminution of purpose (or the loss of telos) in everyday organizational life. Donaldson and Walsh suggest 'the purpose of business is to optimize collective value' (2015: 195). Collective value is offered to be an 'agglomeration' of stakeholders' value – more than separate parts but a systemic and interconnected whole. Donaldson and Walsh (2015) are unclear how such collective value (or collective purposes) can be developed or measured. Nevertheless the meaning of business purpose as collective value is important for how it systemically connects proximate concerns of a business with wider distal concerns (2015: 185). The systemic and reciprocal relationship outlined here reflects the idea of a regenerative system of good dividends as the replenishment and enhancement of all six forms of capital. There is thus an overt connection within a theory of business to realise collective value – profit, place and purpose as closely interwoven. Donaldson and Walsh conclude their work with completing the riddle: ‘Law is to justice, as medicine is to health, like business is to collective value’ (2015: 202).

By giving emphasis to a new theory of business it offers up possibilities of how good dividends, or collective value, could be generated; possibilities of how a theory of business can connect everyday business concerns with the grand challenges (both local and global) that face humanity; and importantly how such a theory of business can address the Achilles heel of hybrid business models that have competing economic (neo-liberal logics) and social logics.

Hybrid organizations: Purpose through Profit?

Researchers and commentators who examine hybrid forms of organisations appear to have a problem with profit. For example, a recent commentary by Lopez-Navarro, Fuertes, Flor and Cabedo (2018) offer an argument that business will not show interest in environmental or social aspects unless there is a relationship with profit: business dominated by an instrumental logic. They argue for a change in logic. A change that give emphasis to a social logic, and seem to despair with capitalism and give emphasis to the need for the hybrid organisational format to address this problem. I shall interrogate this suggestion shortly. But first I wish to emphasise that I have much sympathy with business leaders. Why would a business engage in aspects that reduce business value in a world that is dominated by a neo-liberal agenda? Hence the need for a new framing of business and a new framing of capitalism – outlined in the previous section. The issue of abandoning economic logic for a social logic is for me a simplism, particularly if reframing of business towards realising good dividends is to be achieved. First, I define the notion of logics associated with hybrid businesses and then outline the central issue with hybrid organizations: the clash of two logics – market vs. social.

When using the idea of logics I draw on the ideas of Thornton and Ocasio (1999: 804) where logics are implicit rules that guide attention and framing of issues and subsequent action.

Castellas, Stubbs and Ambrosini (2018) suggest logics are a form of socially constructed understanding, sense-making and alignment of thought and action. Typically each logic is accompanied by institutional forms of assumptions and structures. It is thus understandable why businesses become fixed to a certain logic and attempt to fit approaches to such logic. Indeed academics do a similar thing! In the sense of themselves being aligned to one or another logic and interpret empirical data through logic frames. In this way ideas of bridging tow logics appears to researchers as potentially incommensurable – business serves the market logic, and not-for-profit societal needs. For example, Smith Gonin and Besharov, (2013) and similar with Besharov and Smith, (2014) suggest a business seeking to address these two logics will be caught by an oscillating tension (see Smith et al 2013). This will be the same for hybrids that are set up to serve a social need.

Castellas et al (2018) speak of hybrid logic tensions and seek to offer how these tensions could be resolved by giving emphasis to one logic rather than both. They are not alone with this view – see Battilana and Dorado, 2010, and Mair et al 2015). The literature is caught up with the sense that hybrids are constructed with conflicting rationalities (Kratz and Block, 2008) and contradictions (Pache and Santos, 2013).

Castellas et al (2018) do suggest a pathway through this conflict by examining stakeholder value: on the one hand stakeholder values' might be incommensurate and thus competing; or on the other hand interdependent and reinforcing each other. Interdependence appears to be a precondition shaping governance to generate pluralism of values across stakeholders. Even though Castellas et al give emphasis to values' aggregation there is limited conviction to this idea because they continue to speak of this aggregation as a process of managing competing logics. The fundamental problem of hybrids appears to be associated with the assumption that hybrids have been set up as a mechanism to address social or environmental problems. For example, Santos, Pache and Birkholz (2015) speak to the need to align profit interest with social impact; but then comment that hybrids have problems in growth and scaling up because there is a lack of interest in profit – growth is simply a necessary requirement to help to address the social or environmental concern and profit is simply a process of addressing the social or environmental problem. In contrast they suggest that traditional commercial firms engage in social and environmental needs when the firm has ‘organisational slack and [high] profits.’

Stubbs (2017), in addressing B Corps as a form of hybrid, orientates profit as a means rather than an end viewing the business as more of a movement than a way of doing business. In part her findings speak to a dataset of social entrepreneurs pursuing a societal purpose with profit as a necessary ‘evil’ - resisting the corrupting influence of neo-liberal capitalism and all its ills. The manifestation of such an orientation problematizes the issue of growth. Before I comment on growth and hybrids I wish to make salient the opportunity that social entrepreneurship offers to bridging the economic logic with the social logic. The example of Elvis and Kress (Kirkup and Illes, 2019) speaks loud to the point that the tensions of the two logics may be misplaced if the orientation to profit is reframed as one of a set of integrated capitals that need to be replenished – enhancing all capitals is good business, it generates good dividends for the business and society.

Viewing the hybrids and growth through a strategic lens, Haigh and Hoffman (2012) suggest a successful hybrid SME will seek to replicate its business model rather than grow itself into an established corporation because this is antithetical to the purpose of the hybrid. The essence of concern is that a social logic will dominate activities: can you serve ‘two masters for either [s]he will hate the one and love the other; or else [s]he will hold to the one and despise the other’ (Blount and Offeei-Danso, 2013: 618).

But the logic problem is similar on the for-profit market side as well. The manifestation of societal purpose in everyday activities has been shown to be problematic (Kempster, Jackson and Conroy, 2011). Posing questions with regard to the purpose of a for-profit business seems evident in the title! Profit! Kempster et al (2011) described a triple problem of engaging in purpose centric discourse: first, managers were not clear what the purpose of the business was beyond profit; second, that did not know how to engage in such a conversation – the case of an awkward experience; third, those following did not expect a discourse on purpose within the for-profit context. So, if this is the expectation within the leadership relationship it rather points to the fundamental dominance of a market logic in everyday business discourses. Of the few businesses that are highlighted to be purpose-driven there is much evidence that such firms out perform their peers over the medium- to long-term (Robinson-Hickman and Sorenson, 2014). Indeed the share growth earlier highlighted of Unilever, centred on the Sustainable Living Plan, illustrates how a major for-profit corporation can embrace purpose as integral to the business model. But there are relatively few for-profit firms understand and embrace how to link business value with social impact in their business model.

At the heart of the hybrid dual logic dilemma (for traditional commercial and social oriented businesses) is the fiduciary duty issue: is there flexibility for management to resolve the conflicts of logics. Within the dominant Anglo-Saxon model of governance (Ahmad and Omar, 2016) primacy is given to shareholders, typically aligned to state legal requirements. Blount and Offeei-Danso (2013) suggest that there is much greater flexibility than the dominant discourse of serving shareholders suggests. They suggest that in practice the fiduciary duty is flexible to management discretion under the 'business judgement rule' where management can 'undertake acts in good faith and rational purpose' (2013: 636). This is of significance to our earlier argument about pursuing a regenerative system of good dividends, and enhance the 6 capitals including planetary capital, in good faith and with a clear rationale. Through seeking to systemically connect and replenish all capitals, all stakeholders can be balanced to maximise collective value – where profit is not compromised but rather as a means to reconcile conflicting stakeholder interests (Blount and Offeei-Danso, 2013).

Through majority voting a business can amend its articles of association to give attention to social and environmental concerns of the business in systemic balance to other stakeholder needs. In a traditional commercial firm, shareholders could contract amongst themselves and with the corporation to ensure the social interest is pursued. Indeed, Blount and Offeei-Danso highlight that shareholders could limit any investor seeking to acquire a controlling share moving away from the social mission. This argument is offered to illustrate that every business can choose how to maximise its capitals – including planetary capital – and perhaps B Corps are a 'questionable solution to a non-existent problem?' (Blount and Offeei-Danso, 2013: 617).

B Corps: Merging the Two Logics?

B Corps are seen as a prominent new form of hybrid business that seeks to address the dual logic problem (Lopez-Navarro et al, 2018). B Corps accompany a number of similar models: L3C Statute, Flexible purpose Corporation, Community Interest Corporations (UK), Social purpose company (Belgium) (Stubbs, 2017). B Corp was formed in 2006 in part as a movement towards social and environmental responsibility, and part as a structure to redefine success in business to be a force for good and to connect the private sector to people and place.

But first let's distinguish between a Benefit Corporation and a B Corp. The Benefit Corporation is a legal form of incorporation that makes explicit the requirement to jointly pursue profit and social benefit. There are just a few countries in the world that permit the incorporation of a Benefit Corporation – Brazil, Canada, recently Italy and notably many states in the US. So, the key entity I am referring to are B Corps which manifest as certified companies. There are presently just over 2500 B Corps certified in the world (B Lab, 2018). There has been a growing interest in certification and this number must be seen as most conservative.

Part of the reasons for the seemingly ever-increasing number of businesses seeking certification is a marketing logic: certification provides a third-party independent standard by which customers can be assured that a business seeks to generate positive social impact; and is governed by an explicit sense of responsibility to its suppliers, employees, to the community and the environment – a form of authentic identity. But another major reason is that becoming certified reflects as desire by owners and directors to be part of a social movement for business to be a force for good (Kim and Schifeling, 2016).

Space in this chapter does not permit for a detailed examination of the processes of certification; but in essence there are 5 areas that a business must provide evidence of performance against: governance, workers, community, environment, and customers. Points are given to each section but a minimum score is required of 80 is required to join the B Corp community and become registered. Signing of the B Corporation Declaration of Interdependence is mandatory along with amending the company's articles of association to include a commitment to stakeholder interests and the triple bottom line (Cao, Gehman, and Grimes, 2017). Through such a mechanism it is anticipated that aspects of the triple bottom line become part of the Board's fiduciary duty of the business. If Benefit Corporation status is available in the certified business country there is a requirement for the business to adopt this legal form (Cao et al, 2017).

So does B Corp certification add business value, create social impact and be a force for good? There is very little academic research to answer this question. Stubbs (2017) comments that the approach to B Corp certification does not examine the business functions (not an interdisciplinary orientation) but rather focuses on broad topics such as governance, workers (rights, conditions / environment), community practices, and the impact of the business on the environment. It is anticipated (hoped) that this approach would integrate the economic and social logics to achieve the vision of 'people using business as a force for good' in order that businesses seek to be the best in the world and be *the best for the world* (B Lab, 2014, emphasis in original).

Stubbs (2017) did examine the business models of the B Corps studied. She found that the business models commonly placed prominence to social and environmental concerns embedded in mission and purpose with a dominant objective of creating social impact. This orientation reflects the focus of the accreditation – an emphasis on how the business impacts on employees in terms of work practices, and the impact on communities and the environment and how governance achieves the same. There is some overlap with the capitals of the good dividends (human resources, planet and communities, and to an extent, operational improvements oriented to minimising impact to the environment; and customers do get a mention if products/services address a social problem). However there is very little evaluation of B Corps in terms of performance with regard to financial, operational, brand development and human resources. Of the little research Chen and Kelly (2014) compared a sample of certified B Corps and a sample of traditional businesses in the New York area over a specific time period. They suggested that B Corp revenue growth did exceed the traditional firms. However, regarding productivity there was no statistical difference. There was no data speaking to earnings and growth of earnings.

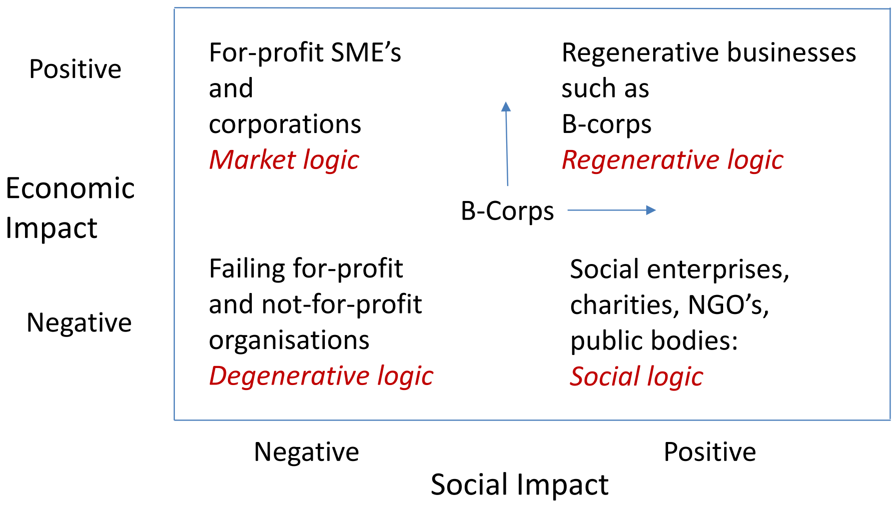
So the jury is firmly out as to whether the two logics have been addressed through businesses becoming B Corps. I would assert it is unlikely that simply meeting the criteria for B Corp certification will remove the tension between the two logics. Santos et al (2015) suggest B Corps, other hybrids, and indeed all businesses need to revise their business models to address business, social and environmental concerns. Stubbs echoes similar sentiments and aptly asserts that 'aligning business value and social impact is key leadership demand for the 21st Century' (2017: 299). But there is no clear understanding of how hybrids – including B Corps

– should revise their business models to enable both business value and social impact to mutually reinforce each other.

Redefining Value to Reframe the Two Logics: Good Dividends and Regenerative Capitalism

There has been a dearth of attention toward offering alternative business models to address the two logics problem. Stubbs (2017) recognises the problem and following her detailed work examining B Corps she offers the suggestion of the sustainability business model (drawing on work in Stubbs and Cocklin, 2010, and Haigh and Hoffman, 2012). This model gives emphasis to integration of value generating aspects of the business model, and suggests the need for the model to go beyond sustainability through investing in social and natural capital. However, Stubbs offers doubts as to whether B Corps are capable of being scaled because of the fundamental need for the model to be focused on purpose through profit – the assumption here is that profit is subordinate to mission. Although I have much alignment with this assumption it does rather pre-set an orientation toward the pre-eminence of the social logic of value. This is problematic. There has to be a reframing of how we interpret business, value, business models and indeed capitalism otherwise the persistent and limited engagements of business with planetary and community concerns will remain on the periphery. Hybrids will continue to feel special for doing good but having limited impact, and a few traditional commercial firms will continue to offer philanthropy to the crises of humanity. We need to reframe the issue. Drawing from an idea by Marmer, (2012) I illustrate diagrammatically a summary of the debates in this chapter and also a possible way forward:

Figure 2: Towards a regenerative business



The essence of Figure 2 is to suggest that the social logic and economic logic sit alongside notions of degenerative (ecosystem decline) and regenerative (ecosystem enhancement). Organisations work within ecosystems, and the business and the ecosystem are interconnected by place (local and global). Figure 1 showed the interrelationship of the dividends of an organisation systemically interwoven with place – i.e. the planetary dividend as an integral aspect of the business model. In this way social impact and economic value are integral. And it is anticipated that such a systemic business model has a regenerative capacity. The reframing I shall explore here will be a reframing of value and the business model, but also a reframing of sustainability towards regeneration, and as a consequence I shall offer a reframing of capitalism to regenerative capitalism.

We need to reset our assumptions of value within the business context. For example, and focusing in on the relationship of financial capital and human resource capital, within the accounting frame the value of human resources is excluded from the balance sheet. Despite human resources being almost universally heralded by CEO's as 'our most important asset' very few corporations give attention to such value in their financial disclosures (Young, Rawsthorne and Hildyard, 2019). Yet in the S&P 500 'of the 75 firms in the US who did undertake voluntary disclosure [of people costs] these were to be found in the top 20% of performing firms as measured by earnings' (Hesketh, 2019: 172). Hesketh argues that the iron cage of the accounting reporting obsession with tangibles (what the profession can get their hands on!) is out of date to the needs of business and society. He calls for a re-evaluation of value; placing emphasis to the forms of both tangible and intangible value that constitute the good dividends (2019: 167). In this way business value also encompasses needs of society – embracing Adam Smith's notion of the 'invisible hand.' But value in terms of profit need not be subservient. The key is to reframe value in a supererogatory manner (Hesketh, 2019) – one that integrates various aspects of value into a systemic whole – financial, operational, reputational, social, human and planetary – to generate an emergent property that reflects business value more in terms of systemic long-term health than short-term wealth (Hesketh, 2019: 165).

Viewed as a system of good dividends, this emergent outcome might be termed regenerative capitalism through integrating all aspects of tangible and intangible values (or capitals). The notion of regeneration reflects emerging discourses of the regenerative economy (Lieder and Rashid, 2016, Fullerton, 2017): a systemic appreciation that seeks to connect together inputs and outputs; nature, society and the environment as assets that has a value that needs to be integral to an understanding of economic growth. Growth viewed through a regenerative lens gives emphasis to health and vitality, efficiency (the importance of scale) and symbiotic connectedness:

> 'A healthy plant, animal, or human must grow to full stature. One can even say something similar of a community, which, unless it reaches a certain threshold of size and productive capacity, cannot expect to provide the range of services required in order to offer a satisfying life to each of its members. But in any such unit of growth, one must distinguish optimum from maximum. Optimum growth for any living entity is part of what constitutes

fulfilment of its potential. Anything above optimum, however, is pathological: the organism, whether an individual or a community, suffers disequilibrium either among its component parts or between itself and its environment [or both]' (Wallis, 2009: 39).

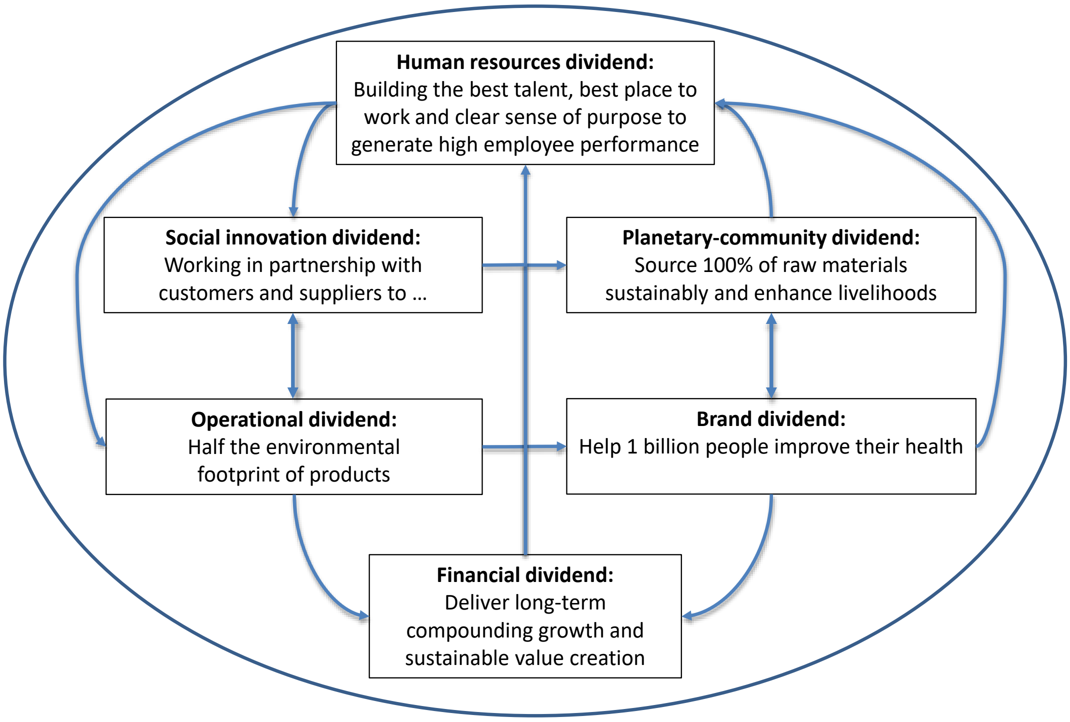
Going beyond sustainability towards regeneration implies a process to do more than do no harm and a target for zero emissions. Rather a regenerative system (that mimics natural systems) seeks to take the outputs (such as waste, or carbon) from one process and use these as inputs into another (drawing on the argument for closed loop systems). Regenerative capacity would address today's needs in ways that improve the underlying system. For example, with regard to the environment, developing the economy 'in ways that result in more rainforests, more fertile soils, restocked fisheries, clean and abundant aquifers and streams, a cleaner atmosphere, and even more biodiversity?' (Gabel, 2015: 1). The recent announcement from InterfaceFlor (multi-national corporation that manufactures carpet tiles) of moving from the focus on zero emissions to seeking to become carbon positive in their approach to manufacture (to use carbon as an input in the process) is such an example of seeking to explore a systemic orientation to a regenerative business model.

Regenerative approach is equally applicable to social challenges. I have been working with a facilities management business. Their problem was not in winning contracts but with recruiting and retaining employees – the nature of the sector is connected with relatively low remuneration and people use employment as a first step to enhance their CV's and move to 'better' employment. Modern slavery is a global issue and manifest in the North West of England. Exploring the good dividends system the business have opened up detailed conversations with local charities engaged in addressing modern slavery. The direction of travel is to develop partnerships with the charities where the business provides employment opportunities and the charities provide associated supportive activities (such as housing, legal and education). At the same time the business is engaging the workforce, and indeed raising awareness with its customers, into the issues of modern slavery. It is anticipated that the business and its partner charities (and may be some customers) will participate in a collaboratory event (Kempster, Guthey and Uhl-Bien, 2017) being organized by myself and colleagues to understand in greater depth the systemic issues and develop social innovative ways to enhance regenerative capacity. But please note the business is not doing this as philanthropic activity. There are clear objectives and measures linked to each of the 6 good dividends to understand how this activity can add business value.

The regenerative capacity of business to be a force for good through regenerative long-term health is in the interest of all stakeholders, notably shareholders if they adopt a medium- to long-term perspective. Space does not allow for a review of the rapidly increasing appetite investors have for sustainable long-term growth. Barton, Manyika, and Keohane-Williamson (2017) have looked at firms who use medium to long-term indicators of financial value along with transparency (e.g. investment, earnings per share growth, quarterly reporting). These firms outperform the market. Commensurate with investor long-term view is the sizeable growth in impact investing. All this said there is an emerging reorientation of part of the shareholder market to a balanced long-term perspective to growth. Not the whole market; but give it time. Unilever have recently signalled that their portfolio of brands must be capable of being purpose-led; if the brands do not 'contribute meaningfully to the world or society in a way that will last for decades" (Jope, 2019) they will be sold. It is a confirmation of a clear business model. Examining the Unilever business model through the system of good dividends gives perhaps a glimpse of why Jope (Unilever CEO) made such a statement and how a purpose-led corporation can seek to create a pathway towards generative capitalism (taken from Unilever, 2019):

Figure 2: Unilever Business Model Framed Through the Good Dividends

Unilever purpose: Sustainably grow our business … and increase our positive social impact



The business model is framed understandably in the language of sustainability, but it wouldn't take much to be reframed as regenerative. For example, and taking the lead from Interface, to reframe the operational dividend to head towards zero emissions and even carbon positive. The other dividends already have regenerative capacity. The significant aspect is the systemic nature of the business model seeking to (re)generate a positive social impact. Explicitly the model addresses both market and social needs but is not captured by either logic. Perhaps Unilever is a new form of hybrid? Or perhaps the whole argument of hybrid is outdated, and maybe the issue of social versus market logic is similarly dated? For example, Danone has signalled its commitment to responsible leadership and transparency with progressing many of its subsidiaries to becoming certified B Corps. There is thus no structural or 'logics' impediment for corporations to pursue B Corp ambitions and to become systemically regenerative.

Conclusion: B-way as a Regenerative System of Good Dividends

The essence of the argument is the need to first separate from the old discourse of hybrids and their social logic versus neo-liberal business and their market logic; and second to build beyond sustainability and move towards regenerative capitalism from a system of good dividends. B-Corps provide a platform for building a regenerative economy – notably drawing on aspects of transparency with regard to validated systems and practices associated with generating good work, environmental stewardship and engagement with communities, and being a flag to rally around as a movement towards business being recognised as a most important force for good. In this way it sets up some building blocks for regenerative capacity.

However, B Corp certification does not engage with the business model and the persistent tension from market vs. social logic. Without doing such B Corps may fail to realise their potential as a regenerative business if they fail to grow to a healthy size. I would assert that the regenerative concept requires growth, health and vitality to be most necessary if good dividends are to be realised and thus achieve what both market and social logics pursue.

When we think of growth and notions of sustainability there is an understandable tendency to wish to restrict growth. In major part our reaction to growth reflects Fullerton's argument that viewed through a neo-liberal lens the planet serves business (and business serves finance – the masters of the universe). Lev and Gu (2016) in their provocative text 'The end of Accounting' echo Fullerton's assertion and suggest that accounting practices remain obdurately static for over 110 years and will require a considerable crisis or movement to see necessary changes in how we understand and account for value. However, we appear to be on the cusp of a quiet revolution. At the time of writing the US Securities and Exchange Commission are reviewing major aspects of transparency and reporting of intangible capital (in part as a consequence of the representations of Hesketh, 2019). Parts of the financial infrastructure are beginning to align with the ESG framework and impact investing. But finance will require growth – otherwise the tap will turn off and the new Dark Age will be upon us (some believe this is already a probability as we have gone beyond the tipping point, Bendell, 2018). So growth is necessary. It's the form of growth that is critical. As Jane Jacob commented (cited by Fullerton, 2015) 'its not how big you grow but how you grow big.' The notion of regeneration embraces growth; growth that is healthy and has vitality. Returning to Lear's idea of 'radical hope' we need business to be *the* force for good – it is that important. This will be a fundamental sea change in opinions from perhaps all stakeholders, including business leaders:

> 'We certainly know that we cannot face the future in the same way that we have been doing. We must do what we can to open our imaginations up to a radically different set of future possibilities' (Lear, 2006: 93).

Returning to Donaldson and Walsh's (2015: 2002) statement, I offer an alternative answer for the purpose of business: 'Law is to justice, as medicine is to health, like business is to' *planetary and community regeneration.*

Reflective Questions

How can businesses escape the iron cage two logic thinking?

Perhaps hybrid businesses are an anachronism?

How can the notion of regenerative capitalism be grasped by business?

Does the system of good dividends provide a useful provocation to rethink value, the business model and capitalism … or just radical hope?

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