

BUSINESSES' CONTRIBUTIONS  
TO SUSTAINABLE DEVELOPMENT  
GOAL 5

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BUSINESSES' CONTRIBUTIONS  
TO SUSTAINABLE DEVELOPMENT  
GOAL 5: GENDER EQUALITY  
ACROSS B CORPS IN LATIN  
AMERICA AND THE CARIBBEAN

BY

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INVESTOR IN PEOPLE

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# INTRODUCTION

MARIANA INÉS PALUDI AND MARÍA EUGENIA FUNES

Women's access to decision-making positions worldwide is around one-third that of men's. School and daycare closures in 2020 due to COVID-19 created an additional 512 billion hours of unpaid childcare globally for women (UN Women, 2022). The glass ceiling effect, preventing women from becoming managers or supervisors in the workforce, remains intact. Although measuring the advancement toward gender equality is necessary, only 47% of the data required to track progress toward gender equality is currently available (UN Women, 2022). In this context, we are interested in exploring the involvement of businesses in Latin America toward achieving gender equality. Thus, the aim of this book is to analyze measurements businesses use to reach gender equality and assess the contributions of “B” corporations toward that goal.

## CONTEXT

The Sustainable Development Goals (SDGs) adopted by all United Nations member states in 2015 identified 17 areas on which states and other actors should focus in order to ensure the satisfaction of the economic, social, cultural, and environmental needs of the population without risking their satisfaction for future generations (Rivera-Hernández et al., 2017). Since the launch of the Millennium Development Goals (MDG) in 2000, the paradigm of Sustainable Development has widened the definition of development from a notion that reduced development to economic growth only, to one that includes addressing structural economic challenges, along with improving life quality and protecting the environment. In addition, this agenda brought additional actors other than the state and NGOs into the design and execution of public policies (Biermann et al., 2017), identifying businesses as key actors in the achievement of the SDGs (Jones et al., 2016). Nonetheless, there are several questions that remain unanswered. For instance, in what ways can companies contribute to sustainable

development? Which factors have a positive impact on this contribution? Is this contribution the same in different regions and types of businesses? This book attempts to address some of these questions.

Sustainable development within the private sector involves a wide range of practices, including an expansion of Corporate Social Responsibility strategies (Bull & Miklian, 2019), the integration of the SDGs in reporting (Rosati & Faria, 2019), and the development of purpose-driven companies (Raith & Siebold, 2018; Scheyvens et al., 2016). Within this last group, B Corps have achieved particular visibility in recent years, especially in Latin America and the Caribbean (LAC). B Corps are businesses that evaluate their social and environmental performance, public transparency, and legal accountability to be certified as triple-bottom-line companies (Cao et al., 2017). This process is developed by B Lab, a non-profit organization part of a larger social movement. The B Corps Movement started in the United States in 2006 with the aim of accelerating the growth of purpose-driven companies by promoting a legal framework and creating standards and tools to assess the financial, social, and environmental performance of companies. In order to achieve this, its members designed the B Impact Assessment (BIA), an online free tool that measures companies' social and environmental performance, also used during the B certification process (Harriman, 2015). In 2020, B Lab launched the SDG Action Manager, designed to measure businesses' contributions to the 17 SDGs, in collaboration with the United Nations Global Compact (Park et al., 2021). The B Corps Movement reached LAC in 2012 with the creation of *Sistema B*, an NGO partnered with B Lab. Since then, the number of B-certified companies has had a significant growth in the region, positioning LAC as the area with the largest number of B Corps in the Global South (1,121 by May 2023). In addition, the regional version of the movement was designed with a systemic approach, which meant building strategic partnerships with governmental and nongovernmental actors in order to build an adequate environment for B Corps to grow. These characteristics of the B Corps Movement in the region have been celebrated and pointed out as indicators of the relevance of Latin America in the diffusion of a purpose-driven economy (Harriman, 2015).

## RELEVANCE OF THIS BOOK

The relevance of this work is threefold. First, in a context of growing affirmation of the role of corporations in the achievement of the SDGs, we find it particularly important to analyze the specific factors that influence businesses' impact on gender equality in the Latin American region (Chaverri et al., 2020). The decision to focus on this particular goal is related to a growing

awareness concerning gender inequality and increased political activism to address violence against women and gender inequality in the region. Since 2015, women's movements and gender struggles have attracted new activists and increased their visibility in the Latin American public sphere. Massive demonstrations against violence and unequal conditions both in women's private and public lives have taken place in different countries of the region over the last decade (Felix de Souza, 2019). The literature so far shows different case studies of Latin American B Corps conducting gender-sensitive practices, such as improving paternity leave, implementing codes of conduct and written policies about non-discrimination in the workplace and the hiring process (Villela et al., 2021), employing women from marginalized neighborhoods and with low educational levels (Figueroa, 2018; Ibarbia, 2012), and having more than half of their executive positions occupied by women (Rodrigues, 2016). For these reasons, we expect that B Corps would contribute to improving the situation for women in the region.

Second, studying the impact of B certification on a particular SDG is relevant because of the very nature of the B certification process. Companies become eligible for B certification once they achieve a basic score in the BIA and present supporting documentation to validate their answers. This score does not measure any basic or specific requirements related to the company's social and environmental performance. This means that being a B-certified company does not necessarily imply having any specific impact or good practice, for example, on gender equality. In addition, even if the development of the B Corps business model has been celebrated as a contribution to the Sustainable Development agenda, research that tackles the ways through which this contribution takes place and the specific impact of B Certification on the 17 SDGs is still scarce.

Third, new activists and advocates have been drawn to women's movements and gender problems which increased their visibility in the region's public arenas. This has meant a burst of gender inequality in the public realm, providing an interesting context for the promotion of gender-oriented agendas.

The development of the B Corps business model has been celebrated as a contribution to the Sustainable Development agenda (Park et al., 2021). According to Gehman et al. (2019), academic interest in certified B Corps has been gaining momentum with legal and management scholars pursuing studies to increase knowledge on the subject. A multiple-case study of 18 certified corporations (Tabares, 2021) showed that Colombian B Corps make relevant contributions to Goals 2 (Zero Hunger), 6 (Clean Water and Sanitation), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), 10 (Reduced Inequalities), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production), and 16 (Peace, Justice, and

Strong Institutions) as they empower communities, introduce novel organizational practices and environmental solutions, and shape new lifestyles and consumption patterns. Another study on B Corps focused on “recycling service and waste management” and analyzed their contribution to the development of circular economy models (Poconi et al., 2019).

External factors have been shown to influence gender equality within companies. The national context in which businesses operate has been identified as a variable that conditions corporate social responsibility practices (Brammer & Pavelin, 2005). Campbell (2007) stated that the commitment levels to Corporate Social Responsibility “mirror” the governance quality of their national contexts. From this point of view, corporations are more likely to act in socially responsible ways in a normative institutional environment that encourages socially responsible behavior through state regulations, collective industrial self-regulation, and monitoring from NGOs and other independent organizations. More recently, this argument has been discussed by research that shows that the Corporate Social Responsibility agendas can act as substitutes to the state in contexts with weak governance mechanisms (Hiss, 2009; Jackson & Apostolakou, 2010). Based on a sample of 264 emerging economies and companies in developing countries, Barkemeyer et al. (2019) found that the mirror thesis is not linear and cannot explain all business practices in any regional or national context. In their study, while they found that corporate emissions and human rights performance are in fact strongly conditioned by the companies’ institutional contexts, corporate community performance shows a negative relationship with it, operating as a substitute to country-level governance. These results highlight the need to understand the relationship between national contexts and businesses as context-specific and to avoid universal generalizations.

Inspired by the research project “Assessing gender (in)equality in businesses: lessons from Latin America and the Caribbean” conducted in 2020 and sponsored by B Lab, Academia B, and the International Development Research Center (IDRC) of Canada, we propose to explore in detail how companies evaluate and reflect on the role of gender equality in business.

## OVERVIEW OF THE BOOK’S STRUCTURE

The book contains theoretical and empirical material. The theoretical discussion described in chapters one and two presents the theoretical approach and historical context to understand the construction of development theories in relation to LAC and their impact on the advancement of gender equality. Related to this, we describe three main measurement and reporting tools on development goals to assess gender equality in a business context.

Following the theoretical discussion, we describe empirical study on gender inequality in B corporations located in four countries within the Latin American region: Argentina, Chile, Mexico, and Colombia. How are B Corps advancing toward gender equality, if at all? For this purpose, in Chapter 3, we review the B Corps movement from its beginning in the United States until its formation in Latin America. Chapter 4 is based on a quantitative study tracking the SDG 5 within B Corps in Latin America. For this purpose, the chapter compares Latin America with North America and B Corps with non-B Corps companies. Chapter 5 is focused on female managers and founders of B Corps and their thoughts on gender inequality within their industries. A concluding chapter synthesizes the main points taken from the book and the implications of using quantitative and qualitative methods to study gender inequality in business.

This book seeks to encourage businesses to understand and implement tools to measure gender equality as a way to foster sustainability. It also aims to inform decision-makers involved in promoting the 2030 Agenda in the private sector. Last but not least, this book makes a contribution to the historical construction of sustainability in the Latin American region and the knowledge regarding B Corps practices within this region.

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