



Crafting Socially Responsible Corporations: Exploring Etsy and the Concept of the B-Corp

Tiffany Machado Blanchflower, East Carolina University, Greenville, NC, USA
Nancy Hodges, PhD, University of North Carolina Greensboro, Greensboro, NC, USA

Keywords: *B-Corps, corporate social responsibility, ethics, Etsy*

To address growing consumer demands regarding ethical practices, many companies, both new and old, are seeking to integrate principles of social responsibility into their production processes and business practices. One way that some retailers, such as Patagonia, The Honest Company, Etsy, and Dansko communicate dedication to such principles is through the adoption of a B-Corp certification. A B-Corp certification is to business “what Fair Trade certification is to coffee or USDA Organic is to milk” (B Lab, 2015). In short, B-Corp is a certification that companies can achieve by “meeting rigorous standards of social and environmental performance, accountability, and transparency,” particular to the areas of workers, customers, community, environment, and governance (B Lab, 2015). Since 2014, B-Corps have grown by 50%, expanding to companies across Europe as well as Africa (Freeburg, 2016). In addition, within the United States, several states have passed legislation recognizing the B-Corp certification (Freeburg, 2016). The global growth of B-Corp certification signals that this is not simply a fad. Rather, it is a long-term means of establishing and recognizing the ways that corporations can behave responsibly.

Despite this growing trend, academic research on B-Corps is scant, and to date no studies have examined retail B-Corps, despite the fact that retail companies are often criticized for unethical practices. Specifically, studies that investigate in-depth the business activities and practices used by retail B-Corps to acquire and maintain their certifications would shed light on what is being done and what more can be accomplished within the industry. At the same time, such studies would provide recognition for those retailers who are making strides and doing so through B-Corp certification. Thus, the purpose of this study was to examine in-depth the business practices that Etsy implements to maintain B-Corp certification. Etsy is an online retail site that provides consumers with a platform to buy and sell handmade products, craft goods, and vintage items. Etsy was selected not only because it is one of the most successful online marketplaces, but because it has established a uniquely responsible approach to online retailing as reflected in its 2016 B-Corp report. Indeed, it received an overall score of 127, much higher than the median overall score of 55 (B Lab, 2016).

A combination of netnographic and ethnographic data were collected primarily through in-depth interviews and both online and offline participant observation (Kozinets, 2006). In-depth interviews were conducted with a total of 20 individuals representing the three primary stakeholders relative to Etsy: Buyers, Sellers, and Etsy Administrators (i.e., employees of Etsy). Interviews lasted 1-2 hours, were audio-taped with participants’ consent, and then transcribed verbatim. Participant observation took place over a three-month period and focused on the collection of text-based interactions on Etsy’s site as well as face-to-face interactions at Etsy

events. Data analysis was guided by Spiggle's (1994) suggestions for qualitative analysis and interpretation, and through this iterative process a set of categories emerged. Relationships between categories were used to identify three primary themes: *Leading by Example*, *Sharing the Story*, and *Giving Mindfully*. Each theme points to the different aspects of Etsy's business practices that are recognized as responsible and reflected in its B-Corp certification.

Leading by Example sets the tone for how Etsy is a business and retail marketplace that is responsible, accountable and transparent. Etsy Administrators, who are the employees of Etsy, talked about how they view these concepts not as measures of a B-Corp certification, but rather as core values that help them to carry out their responsibilities. Etsy's Administrators model behaviors that reflect these values, and in turn, Sellers adopt them in the running of their own shops. *Sharing the Story* captures how Etsy Administration uses its own tailor-made as well as public types of social media to negotiate core values with stakeholders as well as to communicate the importance of them within Etsy's market. They do this by hosting open Town Hall meetings and forums in which Sellers help to shape Etsy's policies and practices. At the same time, social media is used to encourage Buyers, Sellers, and Administration to be mindful of and accountable for their behaviors. *Giving Mindfully* draws attention to the different ways that Etsy as a business and its Sellers practice social responsibility in their interactions with each other. For instance, Etsy Administration gives back to Sellers in the form of small grants for groups of Sellers (Etsy Teams) that exemplify its core values. Sellers give back to one another by sharing trade secrets and advice on how to sell successfully on Etsy. This giving also extends outside of Etsy, through donations to local charities, or creating and participating in events that give back to local communities. For instance, Etsy Entrepreneurship is a program wherein Etsy Administrators and Sellers assist individuals without jobs in using Etsy as a means of self-employment.

Etsy is an exemplary retail organization in terms of its approach to doing business online and maintaining B-Corp certification. As this study revealed, Etsy relies on all stakeholders to work together to adopt, negotiate, and carry out the values that help it maintain B-Corp certification. At the same time, being responsible, accountable and transparent are values that are woven throughout the company and are reflected in the behavior of its various stakeholders. Consideration of the different ways that Etsy maintains B-Corp status can be used to help other retailers achieve B-Corp certification. Although this study sheds greater light on the topic, additional research on B-Corp certification in the industry is needed to build awareness of the positive impact that can be achieved through the recognition of responsible business practices.

References

- B Lab. (2016, February). *Etsy 2016 B impact full report*. Retrieved from www.bcorporation.net
- B Lab. (2015, October). *What are B-Corps?* Retrieved from www.bcorporation.net.
- Freeburg, E. (2016, January). *The blog: 2015 year in review*. Retrieved from <http://www.bcorporation.net/blog/2015-year-in-review>
- Kozinets, R. V. (2006). Netnography 2.0. In R. Belk (Ed.), *Handbook of qualitative research in marketing* (pp. 129-142). UK: Edward Elger.
- Spiggle, S. (1994). Analysis and interpretation of qualitative data in consumer research. *Journal of Consumer Research*, 21(3), 491-50.