Journal of Business Research 125 (2021) 672–683

Contents lists available at ScienceDirect

Journal of Business Research

journal homepage: www.elsevier.com/locate/jbusres

Business model innovation as a window into adaptive tensions: Five paths on the B Corp journey

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ARTICLE INFO

Keywords:
Business model tensions
Certified B Corporations
Recertification/decertification paths
Third-party audit

ABSTRACT

The B Corporation (B Corp) audit and certification acts as a third-party signal of social purpose business model innovation. It is argued that B Corp certification helps organizations to capture value above economic gains, from activities with ethical, sustainable or moral objectives. However, the varying journeys and certification motivations of B Corps are poorly understood. In this paper we use theory related to the process of organizational design (Zott & Amit, 2010) to unpack these variations. Starting from a longitudinal data set, we employ a deductive case analysis approach of 47 B Corps to identify five certification paths: *brand wagoners*, *reprioritizers*, *evangelists*, *inertial benchmarkers* and *reconfigurers*. Our findings help to identify and describe distinct B Corp journeys over time. We conclude with a discussion of how these findings contribute to current theory on social purpose business model innovation, firm value characteristics and how B Corps manage competing tensions among identity and action.

1. Introduction

Social purpose organizations (SPOs) contribute to the economy and societal well-being (Weerawardena, Sullivan Mort, Salunke, & Haigh, 2018). They vary greatly in terms of their organizational form, function, and impact. A common thread throughout many SPOs is the presence of business models that include social or environmental missions. Research dedicated to exploring how SPOs utilize business model innovation (BMI) has generally focused on the adaptive processes necessary for addressing the competing demands of dual missions (Ebrahim, Battilana, & Mair, 2014). Of particular interest in this paper is the for-profit SPO category, certified B Corporations (B Corps). B Corps comprise one type of SPO that is posited to alleviate dual-mission tensions (Brakman -Reiser, 2010; Wilburn & Wilburn, 2014). As opposed to most industry-specific certifications and third-party social and environmental audits, B Corps are often regarded as a means for harmonizing dual missions by harnessing, measuring, monitoring and communicating broad-based, value-laden, non-economic missions (Gehman, Grimes, & Cao, 2019).

Prior research on SPO certification has yielded somewhat contradictory results (Bowler, Castka, & Balzarova, 2017). On the one hand, some third-party certification scholarship has touted the importance of - and benefits associated with - certifications (Castka & Corbett, 2015; Delmas, Nairn-Birch, & Balzarova, 2013; Golden, Vermeer, Clemen, & Nguyen, 2010; King, Lenox & Terlaak, 2005). For example, certifications such as “B Corp” help SPOs to establish credibility with investors and stakeholders by signaling who they are and what they do (Alexander, 2016; Conger, McMullen, Bergman, & York, 2018; Grimes, Gehman, & Cao, 2018; Zott & Huy, 2007). On the other hand, recent studies have pointed out many contradictions, uncertainties and issues attached to the general and specific impact of voluntary certifications (Corbett, Montes-Sancho, & Kirsch, 2005; Gehman & Grimes, 2017; Montiel, Christmann, & Zink, 2019). More notably, Parker, Gamble, Moroz, and Branzei (2018), conduct a longitudinal empirical analysis of B Corp SPOs only to find significant short-term financial penalties associated with the attainment of B Corp certification.

To be clear, this paper does not focus on the merits or shortcomings of combining economic and non-economic activities. The paradox explored here is one form of SPO that is argued to adaptively manage tensions. B Corp certification is relatively unknown by consumers; it can be a risky and potentially costly undertaking, yet still desired by many entrepreneurs and owners of SPOs. The process and motivations

Abbreviations: B Corp, B Corporation; BMI, business model innovation; SPO, social purpose organization

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https://doi.org/10.1016/j.jbusres.2020.01.046
Received 28 March 2019; Received in revised form 20 January 2020; Accepted 22 January 2020
Available online 11 February 2020
0148-2963/ Published by Elsevier Inc.

behind B Corp certification are as yet little explored, especially when considering how and why they create and capture value over time.

Therefore, this paper asks and then answers the following question: *How does existing organizational design help to identify pathways along the B Corp journey?* To accomplish this, we apply business model theory (Amit & Zott, 2001; Zott & Amit, 2010, 2013) to explore and analyze the motivations behind B Corp certification decisions. Business models are useful for understanding how firms create, capture and communicate value (Teece, 2010); the heterogeneity across firm performance (Foss & Saebi, 2017); competitive advantage (Zott & Huy, 2007); hybrid integration (Gehman et al., 2019); and innovation (Spieth, Schnekenberg, & Ricart, 2014).

This study utilizes a two stage multi-method, deductive approach for sampling, collecting and analyzing data on firms that have certified with B Lab (Kaplan, 2015). Informed by organizational design theory (Amit & Zott, 2001), and drawing on our in-depth interviews and secondary data analysis of 47 B Corps, we examine SPO journey variations through the certification process. Five themed pathways for certification are identified: *brand wagoners*, *reprioritizers*, *evangelists*, *inertial benchmarkers* and *reconfigurers.* The patterns observed provide insight into how B Corp business models manage adaptive tensions to create, capture and communicate value over time. These findings highlight a need for future studies to expand research on the motivations and journeys of SPO audits, using BMI theory, given the wide diffusion of certification opportunities available (Delmas, 2007).

2. Theoretical background and guiding framework

2.1. SPOs and business model innovation

Social purpose organizations (SPO) are broadly defined by their participation in ethical, sustainable or moral missions. These missions may be the rationale for why an organization is established or part of a set of goals aligned with other objectives to better adapt to market realities (Emerson, 2003; Kramer & Porter, 2011; Weick, 1987). The tensions among these varied and/or competing objectives/missions form the epicenter of most research on SPOs, regardless of for profit or non-for-profit status (Smith, Gonin, & Besharov, 2013; Weerawardena, McDonald, & Mort, 2010).

To study the impact of these tensions, and the strategies used to overcome them, a wide array of theoretical lenses have been mobilized. These include but are not limited to institutional and organizational logics (Pache & Santos, 2013); legitimacy (Huybrechts & Nicholls, 2013; Nicholls, 2009); the study of hybrids (Doherty, Haugh, & Lyon, 2014); ethical business reporting (DeTienne & Lewis, 2005); identity theories (Tracey & Phillips, 2016); mission drift (Battilana & Lee, 2014); and corporate responsibility (Saeidi, Sofian, Saeidi, Saeidi, & Saaeidi, 2015).

Considering the acute challenges faced by SPOs, one of the main objectives of this research is to use theories relevant to alternative ways of organizing, which are germane to social innovation (van der Have & Rubalcaba, 2016). Among these theories, the study of innovative mechanisms and models for launching and pursuing varied prosocial opportunities is gaining traction (Bocken, Short, Rana, & Evans, 2014; Schaltegger, Hansen, & Lüdeke-Freund, 2016). Business model innovation (BMI) is one way to frame the organizational processes, structures, and strategies that SPOs employ to survive and effectively sustain and scale their activities in the face of organizational and market tensions arising from mission duality. This encompasses a wide spectrum of social innovations and the emergence of new markets (Yunus, Moingeon, & Lehmann-Ortega, 2010); disruptive innovations that allow the engagement of new networks in order to create value (Kohler & Chesbrough, 2019); novel mobilization of existing models toward prosocial activities (Peredo, Haugh, & McLean, 2017); or new ways of organizing SPOs that enable value to be captured within existing markets (Bocken et al., 2014; Conger et al., 2018; Wilburn & Wilburn, 2014).

The phenomenon of SPOs employing BMIs includes new legal forms, voluntary third-party certifications, ecolabels and audits. Pathways such as these are of great interest to researchers because they help to identify SPOs and BMIs, as each requires changes to existing business models. Thus, B Corps are regarded to comprise a compelling form of BMI and provide a 'sandbox' for studying SPOs. This is evidenced by their growing prominence in high-level peer review journals that cover a wide disciplinary spectrum (Gehman et al., 2019; Tröster & Hiete, 2018).

SPOs that certify as B Corps, either from conception or later on, are found to vary in several ways: first their reason for doing so, and second their pre-certification organizational design, if applicable (Gehman et al., 2019; Wilburn & Wilburn, 2014). For some firms, certification may enhance the signaling of value propositions, assist with establishing credibility for new types of value-creation, or specifically articulate how existing value may be captured through innovative governance structures that seek to balance dual-mission tensions (Brakman-Reiser, 2010). Others may seek to evaluate, report and signal hidden value and/or impact by voluntarily adopting governmental and non-governmental organizational standards and undertaking third-party audits of their efforts (Darnall, Ji, & Vázquez-Brust, 2018). Thus, certification may play a role in identifying and legitimizing SPOs - a necessary condition for acquiring resources through investors and stakeholders (Brakman-Reiser & Dean, 2016).

Studies on certification have also suggested that while some firms use it as an external signaling tool, others may employ it as an internal (and hidden) validation tool (Gehman & Grimes, 2017). Moroz, Branzei, Parker, and Gamble (2018) survey the literature and find that certification is part of the imprinting process that allows entrepreneurs and managers to align their individual/organizational identities with actions, potentially resulting in the formation of new imprints that mitigate tensions.

In fact, SPOs that deploy BMI may incur penalties resulting from category spanning or limit opportunities by strictly adhering actions to identities in the face of higher social impacts through adaptation (Muñoz, Cacciotti, & Cohen, 2018). A study by Parker et al. (2018) observes that SPOs that certify as a B Corp experience a negative impact on growth the following year, and these penalties disproportionally affect smaller and younger firms. Building on this study, Gamble, Parker and Moroz (2019) provide evidence that B scores (the audited outcomes of the B Corp process) are disconnected from financial performance. Their findings also suggest that the level of economic and non-economic integration of outward-facing business model components, may provide unique and valuable signals beyond those of B Corp. Lanahan and Armanios (2018) suggest that more may be less when it comes to the relationship between voluntary audits and the acquisition of resources, as a glut of certifications and innovations may dilute signals and present opportunity costs. More specific to this study, Cao, Gehman, and Grimes (2017), find a notable churn in that a high number of B Corps see their certification lapse over time.

These observations prompt several questions relevant to this form of BMI, such as: *Why do SPOs certify as a B Corp? What causes SPOs to either recertify or decertify? What might explain the high rates of B Corp decertification?* All of these questions call for a better understanding of the B Corp journey over time. From the perspective of strategy and performance, a pattern emerges suggesting a need to address the costs (including financial, identity and attentional) and benefits (value proposition, value creation and value-capture perspectives), incurred at the organizational level, of these BMIs to understand how firms may best articulate and capture the economic and non-economic value they create (Demil, Lecocq, Ricart, & Zott, 2015). The study of business modeling provides a well-aligned on ramp to study processes, organizational designs, and internal and external strategies for SPO opportunities (Moroz & Hindle, 2012; Zott & Amit, 2015).

2.2. The business models of SPOs

Understanding how design principles are interrelated with the process of discovery, creation, and implementation of value-laden market opportunities has long been a persistent subset of research in the field of entrepreneurship (Romme & Reymen, 2018). Nevertheless, the study of organizational design and architecture has only recently gained rigorous theoretical attention through business models (Morris et al., 2006; Zott & Amit, 2013). While organizational structure denotes snapshots along a firm's pathway, business modeling is first and foremost a *process* that is iterative and reflexive (Osterwalder & Pigneur, 2010). Bojovic, Genet, and Sabatier (2018) suggest that this process includes learning, signaling and convincing; while Oskam, Bossink, and de Man (2018) believe it involves networking, value shaping, and identity formation - especially in the context of innovative SPOs that deal with complex tensions.

Business models may also be characterized as typologies that seek to describe and explain why SPOs may capture value through signaling hidden categories (Santos et al., 2015); addressing mission drift (Ebrahim et al., 2014); or predicting legitimacy (Gehman et al., 2019). Notably, Moroz et al. (2018) suggest that early and existing SPO business model designs may be anchors of early imprints that, over time, may shed light on how identity and actions may be reconciled. Thus, the conceptualization of business models - as a means to link organizational design to activities and pathways - is well founded in systems theory (Massa, Tucci, & Afuah, 2017); concepts of imprinting (Simsek, Fox, & Heavey, 2015); and within studies of entrepreneurial process (Mathias, Williams, & Smith, 2015; Moroz & Hindle, 2012).

According to Teece (2010: p. 179), one of the benefits of a business model is that it can help to articulate how value – both economic and non-economic – is created, signaled, delivered to audiences and captured by entrepreneurs when complex demands are placed upon a firm. These activity systems and consequent actions are a gateway used by stakeholders (both internal and external) to evaluate and confirm the identity of an organization, especially when considering that identities may change over time (Gioia, Price, Hamilton, & Thomas, 2010).

A prime example of how this activity system works is explained in Zott and Amit (2010) research, which provides a rigorous theoretical platform to study the significance of business models from a strategy and performance perspective. Zott and Amit classify the design elements of an activity system as novelty, lock-in, complementarities, and efficiency. Design elements attempt to describe the archetypal activity systems observed in a business model by aligning them with four foundational theories: Schumpeterian (novelty), path dependency (lock-in), resource-based (complementarities) and transaction cost (efficiency). These design elements are underpinned by content, structure and governance. *Content* refers to the selection of activities that shape and characterize the business model's outcomes; *structure* concerns how the activities are sequenced and linked - such as core, supporting and peripheral; and *governance* is who performs the activities (such as franchisees, value/supply chain partners, or even stakeholders). Framing business model design in this way allows researchers (and stakeholders) to simultaneously use it as tool for understanding how firms acquire resources, signal value and attribute the costs associated with their activities over time.

Due to its theoretical robustness (Zott & Amit, 2013), scholars have used this framework to identify characteristics and test theory on how sustainable entrepreneurs may deploy specific design configurations to overcome tensions and further their objectives (for example, see Hahn & Ince, 2016; Hahn et al., 2018). Yet the model itself has been developed from observations derived from for-profit ventures, not SPOs. Thus, for this framework to provide a relevant set of guard rails, it must first be contextualized against the themes and patterns arising from SPOs - specifically, the distinct adaptive tensions they may face. In Table 1, we compare and contrast Zott and Amit's existing theoretical framework against the architecture of SPO activity systems (design elements) and the sources of their value creation (design themes). To do this, we focus specifically upon how this framework may be modified to describe, identify and inform the study of SPOs by how these archetypal activity systems are significant to managing the adaptive tensions that arise from the dual missions they undertake.

The left side of Table 1 provides a parsimonious and clear explanation of how business model theories may be used to identify and describe each of the four archetypes from a typical for-profit business perspective (with a focus on profit maximization). SPOs are often subject to a unique set of tensions related to their logics, missions and activities that are clearly linked with their duality (Smith et al., 2010, 2013). Therefore, we consult the business model literature from an SPO perspective (balancing economic and non-economic objectives). On the right side of the table, we lay out and discuss each of these SPO perspectives and focus on the content, structure and governance elements of these archetypal activity systems. We do this to frame how business models may be significant to managing the adaptive tensions arising specifically from SPO dual missions.

Novelty. According to Zott and Amit (2010), business model designs that are based on the notion of *novelty* are typified by new ways for conducting exchanges across markets that: (1) lower costs, (2) create higher levels of value for key stakeholders, or (3) may be separable from technology in the form of novel business models and new markets (Baden-Fuller & Haefliger, 2013). For example, Apple has long been known for its core activities in developing technology-driven products (content), which has led to other novelty-based value creation and capture through the company's reliance on its own operating systems (structures) such as iTunes. In turn, this has transformed the music industry through the governance of how key stakeholders - such as customers, artists and labels - interact with their platform (governance).

SPOs may also be identified by novelty as an archetypal business model in a similar way, but the technology content, organizational structures and governance (activity systems) may be better informed by a focus on how they are significant to managing adaptive tensions. First, technology is generating new content and contexts for how SPOs may tackle non-economic missions. For example, Tracey and Stott (2017), suggest that new value propositions for social innovation are profoundly shaped through the potential of digital and other technologies. SPO business models may also involve social innovations oriented towards solving grand challenges, citing the power of transformative business models (Yunus et al., 2010). The structure of these transformative business models may therefore establish new norms and categories that are critical to managing tensions by establishing new ways to create value. Furthermore, BMIs that encompass a variety of new legal forms and novel ways of organizing are clearly set out as business model novelty within the SPO space (Gehman et al., 2019). The significance of novelty to how tensions are managed through recombination processes to encourage growth and social impact point to an important avenue of study (Ebrahim et al., 2014).

Lock-ins. Zott and Amit (2010) state that business model designs categorized as lock-ins may be described by the high switching costs associated with the strategic options of an organization or through the high costs of customers switching to other products/services (Sydow, Schreyögg, & Koch, 2009). For example, while technology is important, it is secondary to companies like Facebook and eBay. These companies seek to pursue lock-ins that set up high switching costs for their users and customers (to move to new platforms) by investing in their interfaces while also engaging users to invest in these interfaces. This effectively limits the options for both the users and organization to switch activities.

From a SPO perspective, the concept of path dependency relies heavily on the use of lock-ins to focus on characteristics that resist change through social mission content attributed to specific value propositions (Boeker, 1989). Scholars acknowledge that initial investments in social missions and distinct prescriptions for creating social value may forge powerful imprints when locked in at founding (Moroz

Table 1
Business model theory applied to profit maximizing organizations and SPOs.

BMI elements & theoretical Foundations	Traditional Organizations (with a profit maximization objective)	Social Purpose Organizations (How 1. content 2. structure and 3. governance are significant to how SPO manage adaptive tensions arising from dual missions)
Novelty Schumpeterian theory	New ways of conducting exchange across economic markets that lowers costs and increases value	1. Technology applied in ways that identify new value propositions from social/ethical/environmental missions in direct or indirect ways.2. Transformative business models (social movements, social change and/or grand challenges) that create new markets in ways that integrate new means of value creation. 3. New ways of organizing, legal forms and/or organizational designs that allow value capture.
Lock-in Path dependency theory	Implementing high switching costs to legitimize or authenticate the value created	1. Organizational design costs associated with locking in a value proposition from a social mission(s).2. Credibility (signaling) costs that arise from the creation of value from the integration of revenue models with non-economic missions. 3. Switching costs assigned by stakeholders supportive of social mission(s) that limit firm value capture.
Complementarities Resource based theory	Bundling activities/themes rather than operating them separately	1. Higher value propositions perceived by customers through the bundling of products and services with social missions. 2. Higher value creation through the bundling of strategically linked products/services and non-economic missions. 3. Higher value capture generated through bundling products/services with strategic partners.
Efficiency Transaction cost theory	Focusing on costs and flexibility to reorganize activities within a system to exploit new opportunities	1. Flexibility that that allows for adding new social missions or changing directions on existing ones to explore enhanced value propositions. 2. Flexibility in how social missions are funded against necessary revenue components to optimize value creation 3. Flexibility associated with lower complexity involving how social missions are conceived, delivered and reported to stakeholders that allows for optimal value capture.

et al., 2018). The content of social missions that are locked in may be highly integrated with organizational goals, revenue models, or owner motivations/identity, making it costly to change or drop such content. Specifically, a company may incur negative impacts on competitive status, legitimacy, or even business category (Bitektine, 2011; Nicholls, 2009). Considering structure, in environments where the value creation activities of SPOs are often hidden, intangible and relational to internal and external stakeholders (Spear & Lautermann, 2013), the costs associated with lock-ins may provide a clearer signal to audiences of the value being created (Teece, 2010). Finally, SPO business models may be locked in due to governance activities that reflect the routines, strategies and vision that accompany the building of SPO support. This may be done by locking in through specific customer/stakeholder channels and relationships, essentially providing reputational advantages over time (Ebrahim et al., 2014; Mishina et al., 2012). Thus, locked-in designs often manage tensions by coupling missions, often making social missions core to their value suites (York, O'Neil, & Sarasvathy, 2016).

Complementarities. Unlike lock-in models, complementarities allow for customers to perceive a value proposition that is made stronger through the bundling of products and services (Galunic & Rodan, 1998). For example, many telecommunication companies are now able to package phone, internet and cellphone services to reduce time and financial costs for customers.

For SPOs, this strategy may therefore be grounded upon bundling products/service constellations with aligned social missions (content) and how they relate to managing tensions, especially where both are already viewed as positive by consumers (Bugg-Levine & Emerson, 2011; Kramer & Porter, 2011). Moreover, bundling may make sense as an SPO strategy for value creation, due to potential structural alignments among social missions and distinctive organizational capacities. Finally, governance elements underscore the need to better understand how bundling activities with external partners - as opposed to internal sources - may better explicate how tensions may be understood and managed. For example, Dyer and Singh (1998) suggest that aspects of competitive advantage may be derived from interfirm relationships through relation-specific assets, knowledge-sharing routines, complementary resources/capabilities, and governance. This illustrates a need to better understand how SPOs manage tensions through the use interfirm alliances to shore up resources by aligning with other organizations to create and capture value (Doherty et al., 2014).

Efficiency. Business models that are designed to create value through activity systems that reduce transaction costs are termed as efficient. This is especially so with respect to an organization's ability to flexibly reorganize activities to further reduce costs. For example, airline companies like WestJet have moved to a model of focusing on core services with peripheral services being dropped as fee for service options. Furthermore, through contractable and flexible supply- and value-chain activities, WestJet is also well set up to take advantage of a fleet mainly consisting of one type of plane but also capable of responding to smaller market opportunities.

Within SPO business models, efficiency models may be broadly described as taking on social mission content that is independent of the revenue models they operate, making these business models easy to add, drop or change according to organizational needs. For example, donation models can be easily shifted to different content causes that better reflect SPO and potentially stakeholder needs. This belies a focus on the survival of the organization as a value proposition critical to the impact of these missions. Thus, the ability of SPOs to be flexible in the face of internal and environmental change with respect to the breadth, depth and type of missions taken on may be construed as a 'competitive advantage' (Morris, Schindehutte, & Allen, 2005). If revenue models are uncoupled from the actual missions, they may be able to quickly reorganize their value-creation activities into new, better aligned or more impactful missions. Such activities may be added, downgraded, multiplied or detached (Zott & Huy, 2007). This uncoupling approach may lower costs pertaining to managing tensions (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). Unfortunately for SPOs, this may also be associated with greater criticism of their social purpose activities as unrelated social missions lacking coherency (Paolella & Durand, 2016), signaling strength (Bitektine, 2011; Connelly, Certo, Ireland, & Reutzel, 2011) and ultimately, authenticity (O'Neil & Ucbasaran, 2016). Nevertheless, efficiency models enable an SPO to reposition itself as seamlessly as possible (in terms of costs), toward new value constellations involving social purpose (Porter & Siggelkow, 2008).

Ultimately, SPO business models and the focus on adaptive tensions must be considered holistically within each design, in a similar manner as for-profit business models (Zott & Amit, 2010). Thus, in the following sections we apply the guidelines set out in Table 1 for assigning SPOs into themed, testable categories of the design elements and their linkages amongst each other.

3. Methods

This study consists of a longitudinal, two-stage, multiple case study design following Yin's (2014) deductive logic for the testing and enhancement of existing concepts. Our cases were drawn from a much larger sample that was conducted in 2015 (stage 1). This stage represents four years of panel data collected from over 900 B Corps across North America from 2011 to 2014, resulting in a sample of 249 firms that responded. B Corps have achieved higher than 80 points on a third-party audit of their social, environmental, employee and community impacts and have made changes to their articles of incorporation (to include a specific non-economic mission). This panel data was comprised of descriptive data such as year certified, state/province and benefit corporation status. Four years of revenue and employee data were also collected from each case firm. This data was matched with B scores available from the B Lab website (https://bcorporation.net/). Information on industry sectors, social missions, revenue models and other important factors was also collected from the website of each B Corp in our study.

Stage 2 started in 2017 and was completed in 2019. To investigate our research question, a randomly selected sampling of the 249 B Corps from stage 1 was used. Previous research guided us in comparing startups with established firms and the cost/value considerations relevant to each with respect to B Lab certification processes over time (Barratt et al., 2011). As we were highly familiar with the diversity of firms in stage 1, we chose to take a stratified sample of 48 certified B Corps grouped into the following categories: (a) 12 young/small; (b) 12 young/large; (c) 12 old/small; and (d) 12 old/large (Glaser, 1965). This provided us a representative sample of stage 1 firms.

Of the 48 B Corps we sampled, 1 was dropped due to researcher error (one company in the old/small category was sampled twice). Of the 47 firms observed, 32 provided at least one full interview, while the remaining 15 were studied based only on secondary data or short responses to questions specific to decertification. Of the 32 full interviews, nine were with founders and/or CEOs; seven with partners and/or owners; and the rest with individuals occupying various senior management positions. The author team conducted the interviews, which lasted an average of 42 min ranging anywhere from 20 to 72. All 32 full case interviews were semi-structured and did not involve questions thematically pre-coded by the deductive framework used. The interviews started with questions about the respondent's journey from startup to certification and beyond. Questions then moved to plumb aspects of certification rigor; time taken to certify; internal and external costs and benefits attributed to or derived from certification; and the types of value their business generated from their activities. All 47 cases were rigorously scrutinized through a process of secondary data collection that included scrapes from B Lab and company web pages; news clippings; secondary interviews with founders/managers; and public information pertaining to employee growth, decertification, mergers/acquisitions and current company information.

For this study, the coding of organizational design types was the starting point for our analysis. We used the insights gained from developing Table 1 to guide this coding. Coding was done by two researchers in subsequent blind assessments using the above archetypal and secondary type guidelines. This resulted in an acceptable congruence level of 92%, with discrepancies decided by a third researcher with knowledge of the project (Glaser, 1965; Saldana, 2009; Thomas, 2006). As we had previously stratified the sample by age and size using common small-medium enterprise parameters, our first wave of coding and pattern recognition identified some oddities across the sample that could not initially be reconciled. Therefore, we effectively distilled out what we could legitimately point to as a cohort of B Corps that were certified in the startup phase of their business. This could then be contrasted against a set of firms that were more established when they got certified (Parker, 2006). When examining the pathways, we were most interested in certification motivations linked to the value proposition, creation, and capture activities over time.

Our next task was to sort the frequencies of business model archetypes, secondary variables (B scores) and outcome pathways (such as employment growth, recertification or decertification over time) to compare patterns between startups and established SPOs that had certified as B Corp (Yin, 2014). This was prompted by observations that suggested linkages among these factors differed between startups and established firms.

The emergence of highly divergent patterns that were significant to the size, growth, motivations, and decertification/recertification of these SPOs drove us back into the interview transcripts. Noting that many of these firms had decertified even after giving full interviews a B Corp, we approached several of them to ask specifically why.[1] Further, we reached out to some firms that had not previously responded to our interview requests to ask why they decertified[2]. We also specifically sought and analyzed secondary data on decertification rationales, both explicit and implicit. This process produced theoretical saturation by cross-referencing the interview and secondary data within each of the themes to establish that full and secondary data cases were pointing to the same things (Saunders et al., 2018). Thus, there was no need to generate another sample of firms in any of the startup or established firm categories. The outcome of this second round of data collection and analysis within stage 2 led to the corroboration and support for the five themed categories detailed in the next section.

4. Findings

4.1. Descriptive

First, using the SPO contextualized framework in Table 1 as our guidepost, we strove to identify each of the firms in our test sample. Taking a holistic view of the activity design elements, we could not identify any SPOs that primarily corresponded to a novelty archetype. While acknowledging that the default BMI of our sample involved the B Corp certification (governance), we could not easily or clearly identify technology content or market structure elements associated with governance in a way that produced a primary novelty coding. In each case, the most obvious primary business model themes were either locked in, complimentarity or efficiency-focused. Thus, elements of novelty were identified to be secondary themed aspects of B Corp SPOs that were most easily identified by their technology content or BMI governance beyond B Lab certification. None of the 47 displayed social-market-transformative or technology-disruptive social-mission-driven business model elements beyond the fact that they were B Corps.

Second, *startup* firms were largely represented by *locked-in* and *complimentarity* models, with no *efficiency-based* models identified. Conversely, *established* firms were represented by all different business model types, but clearly evidenced *efficiency* models to be in the majority. Second, as expected, startups experienced more growth in employment than established firms (86.7% vs. 43%).

Third, the frequency of novel content - in the form of patents,

[1] Follow up interviews and emails with full-case firms on decertification were conducted in early 2019. We desisted after 6 firms provided responses that surfaced no new patterns or suggested new themes to what had already been established.

[2] Follow up interviews and emails about decertification with firms where no previous interviews had been drawn yielded very short and specific responses from 4 decertified firms that corroborated existing patterns and themes.

software and new product design - was higher in startup firms than established firms (40–25%). While this was not significant in itself, the relationship among novelty, growth, decertification and early organizational design was; especially when considering *locked-in* and *complementarity* models: some established firms reported this constellation (3.7%).

Fourth, while startup firms associated technology with *locked-in* or *complimentarity* models (33% and 46%), established firms were evidenced to have less overall technology content and the majority of this was conversely found in *efficiency* models (12.5%). Reflecting on Parker et al. (2018), there were no observable patterns detected in the B scores achieved by startup and established firms, their business model designs and outcomes over time.[3]

Business model theory was central to explaining why firms ended up on different pathways: startups were identified to have only *locked-in* or *complimentary* models, while the majority of established firms relied on of *efficiency* models. Secondary factors such as novelty, industry type and size, owner motivation, identity, and the apprehension of costs and benefits through the B Corp certification process were also found to be insightful when explaining divergent pathways.

Within the startup cohort, a major motivation appeared to be the desire to align or associate with the B Corp brand or use it to confirm their own identities. The established firms' rationales ranged from establishing new identities to comparing their identities against those of their peers and positioning themselves more firmly as a SPO. The process of B Corp certification was universally viewed as an attentional aperture for evaluating positioning strategies, with few recognizing the time costs associated with certification (Moroz et al., 2018). Certification and a company's reaction to it when no contradictions surfaced provided a sense that inertia was linked with the SPO category to which they belonged, or strove to join.

Most importantly, certification spurred those that encountered contradictions to actionably calibrate the cost and value propositions against the objectives they held beyond certification, resulting in further attentional and financial costs. Ultimately, these linked patterns could be associated with themed categories that explained recertification decisions; the ratio for decertification was over 2:1 for startups (53%) versus established organizations (21%). This was a puzzling result, as the majority of established firms were represented by flexible archetypes which in theory allowed for easier switching through lower costs attached to social missions.

4.2. B Corp pathways

Our objectives differed from Hahn et al. (2018), who were more focused on testing a static model of social purpose types against Zott and Amit (2010) for profit model. We aimed to not only test an enhanced framework of SPO business modeling theory against a specific set of SPOs to better understand fit, but also to help identify and explicate observable patterns pertaining to the certification process over time. We thereby sought to answer the question: *How does existing organizational design help to identify pathways along the B Corp journey?* To do so we focused on early/existing business model archetypes, characteristics such as age of the firm; secondary characteristics of their business models; motivations; and the analysis of costs and benefits realized during the certification process (see Fig. 1).

4.2.1. Startup cohort

"Brand wagoners". The firms in this pathway fell into either the *locked-in* or *complimentarity* business model type, and all were service firms of some kind. They adhered to no identifiable patterns of growth ranging from small to medium size, with only one being evidenced as employing novelty (via technology content) within the business model. These startups discovered that the identities they espoused aligned with the B Corp philosophy, motivating them to certify. Supported by interviews and secondary data, these firms sought to align their identities with the B Corp brand as a means to create more value by spanning across typical business categories of professional and service-based firms (for example, a stakeholder might see more value in a "sustainable" or "employee-focused" healthcare, consulting or professional firm). Because of the integrated design of their business models (switching costs and value alignments) it did not cost them much to certify as their activity systems were already heavily influenced by social purpose.

Considering that these firms already felt heavily aligned with B Corp principles, their choice to decertify is a highly counterintuitive finding. The interviews suggested that over time, cost-benefit concerns eventually crept in. Eventually, they discovered that the B Corp brand created little value compared with their own activity systems. In one case, the value creation hoped for was actually diluted by a vast array of other certifications already displayed (such as LEED, USGBC, and GBU to name a few). Other firms based outside the US (in Canada and Mexico) cited low levels of support and few other B Corps within their geographic areas, as well as little direct support from B Lab, further limiting the potential value generated from certification. One firm in a business-to-business supply chain with government agencies was already quite transparent due to its smallness and business model, making the certification superfluous with its customers. While certification did not cost much up front, recertification did not add significant value for the firms, their customers or stakeholders. Consequently, many allowed the certification to lapse.

Moreover, observed patterns suggested a strong reliance on the early business model types. An aversion to switching costs and value creation through aligned mission bundling served to better signal firms purpose-based identity. This superseded any need to recertify as a SPO; companies were either locked-in with their stakeholders (in one case, specific clients with health conditions) or clearly provided more value for their customers because of their social purpose (water management/conservation). This ability to clearly signal through their business models, who they were and what they did, combined with the fact that it cost them very little to certify and very little to decertify, created a clear pathway to their decision to discontinue their B Corp status while maintaining their identity. Ultimately, the pathway attributed to these firms was influenced by the low cost/low value creation function of their certification due to their initial business model designs, allowing *brand wagoners* to easily jump on and then off B Lab certification. By maintaining their ability to strongly signal social purpose to stakeholders, who were locked in and/or were customers that clearly did not identify further value creation in B certification over that of the social purpose mission, the value creation hypothesized was never fully realized. Nevertheless, their social purpose identities could persist after lapse.

"Reprioritizers". These firms differed from the other decertified firm pathways in two important ways. First, the cases observed all displayed growth of some kind through proxies, with all but one of them employing *novelty* in the form of technology within their *locked-in* or *complimentarity* business models. Second, these firms eventually viewed the B Corp process and recertification as barrier to opportunities when considering the eventual outcomes of the path they chose. One firm was purchased outright by a Forbes 500 company to enhance its social purpose impact, while another took on 65 million in capital to increase its impact in an emerging market and a third almost doubled its employee growth while seeking to fill gaps in educational attainment. A fourth cited that the legal complications of becoming a certified 'benefit' corporation (as a function of obtaining B Corp certification in that state) ran the risk of incurring more costs. It also required a different set of (impact) investors for scaling, which the firm was not prepared to deal with at the time. Third, these companies did not view

[3] For example, firms that decertified had average B scores ranging from low 80s to mid 100s, with one firm scoring as high as 128.

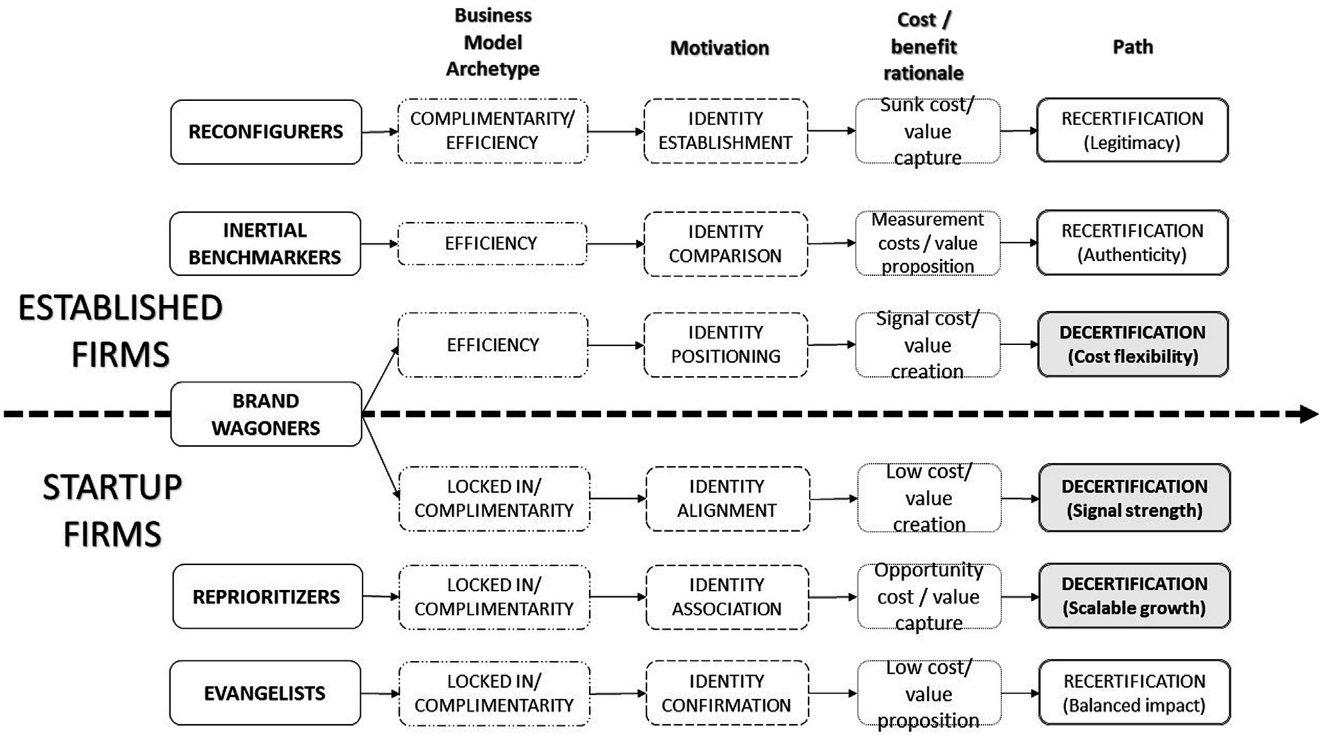

Fig. 1. Five pathways of SPOs that undertake B Corp certification.

recertification as cost-free despite reporting that the upfront costs were minimal (the time and attention paid to certification was not taken into account). Similar to the *brand wagoners*, the upfront financial costs of certification were not substantial due to their existing startup designs. Therefore, the decision to lapse was not due to a lack of value inherent in the certification, but rather to an *opportunity cost* associated with the time/attention required to recertify, which was suggested as a potential barrier to growth (Battilana & Lee, 2014).

From the interviews and secondary data, it became clearer that recertification was also a potential barrier to new opportunities and value capture. These opportunities were framed as merger and buyout offers, as well as new cross-national partnerships to create greater impact in beneficiary domains. Once again, this was a counterintuitive finding when considering these firms' identities were highly aligned with those of B Lab. Our findings suggest that this group of firms viewed their pathway to recertification as a potential attentional penalty, and thus required reprioritizations (either to seize new opportunity or capture more value, or both) that eventually led to lapse. Therefore, the business model designs (*locked-in* and *complimentary*) resulted in scalability that required recertification to be put on hold, forgotten about, or in some cases, unceremoniously dumped as too costly in time and attention when the motivations behind the startup shifted to a focus on higher value-capture attributed to both economic and non-economic missions. In this way, the original social purpose organizational identities were rationalized through more growth and greater social impact.

"Evangelists". The above two pathways align with what Branzei, Parker, Moroz, and Gamble (2018) infer about prosocial motivations: "entrepreneurs can care as much or more about the plight of others without caring any less about their own goals or gains". The pathway of 'evangelists' aligns more with classical conceptualizations of prosociality in that it reflects motivations and actions by which a 'self' benefits others, without self-interested expectations (Bolino & Grant, 2016). In every case, certification was motivated by the perception that it was the right thing to do or to support the social movement behind B Lab. In some cases, firms stated that they *"didn't care about brand recognition"* or that it simply validated their already well-aligned value proposition and belief structures: it didn't matter whether or not it added to the bottom line. The activity systems of these business models were once again locked-in or social-mission-bundled, but not highly scalable in their content and structure, and thus retained small size. Their motivations for certification reflected a belief of the main entrepreneur or entrepreneurial team that it was necessary to maintain their prosocial identity. The rationale was therefore attached to confirming or validating their already strong social purpose identities and their *"change the world"* value propositions. Due to the activities performed and their governance being linked to the social purpose mindsets of the lead entrepreneur, their motivations were relatively untested against the need to scale and the dynamic shift of organizational logics to bear it. Thus, by purposively not looking to scale, tensions were managed, and social purpose identities confirmed and extended, motivating a firm to blithely continue on with recertification.

Once again, all but one of these firms utilized *locked-in* or *complimentarity* models. Unlike the other pathways, these firms did not leverage *novelty* and were all very small with respect to employee numbers; some did grow incrementally without being overly interested in scaling. They also reported a low cost with respect to B Corp certification. This lack of concern with receiving additional value from the certification signaled the confirmation of the prosocial nature of their own value propositions. They often made non-economic cases for certification, such as validating their own social purpose identity against that of the B Corp brand. Others, meanwhile, remained passively hopeful for more tangible returns on investment in the future due to a coming realignment of markets. Still others suggested that certification, along with the value proposition inherent in their business, was a good recruiter of talent and brought the right people into their companies, confirming their emphasis on creating organizations of more like-minded and prosocial people over profits. Although some of these companies were growing, they still remained relatively small and were not growing at a scale that shifted their perception of certification to an opportunity cost, allowing them the luxury of reconfirming and signaling their identities as part of the balanced impact they created through the B Lab social movement.

4.2.2. Established firm cohort

After recalibrating the small and young segments of our case selection into entrepreneurial SPOs (certifying 0–5 years after startup), the reflexive approach taken in our methodology allowed us to focus on established firms, regardless of size, that had decided to certify as a B Corp. This group was primarily made up of *efficiency-based* business models, with only a smattering of *complimentary* models. Compared with the startup cohort, established firms *did not* link novelty (in the form of technology) with decertification. More specifically, B Corp certification was viewed by established firms as an attentional aperture for prosocial (re)positioning and self-categorization through peer comparison.

"Brand wagoners". The established firms identified in this pathway shared similarities with the startup cohort in that they also could easily jump on and off the 'brand' wagon; yet the cost-benefit function differed greatly due to the business models observed and the motivations for certification. Unlike the startup cohort, the 'established' brand wagoners were motivated by their decision to position their identity as a SPO and viewed certification as a signaling cost, even if an indirect one. They wanted to leverage the B Corp brand and any advantages it provided. Many stated that it was an attempt to make their activity systems more 'visible' in the case of complex activity systems, or to attract new clients based on an alignment with their values. Much like the startups, these SPOs added B Corp certification to a growing constellation of more specific niche industry certifications to better signal and position their identity as an SPO.

In these cases, when the costs of recertification were deemed too high or its created value too low by stakeholders/customers, the transaction costs of dropping certification were also low, precipitating lapse. This is in stark contrast to the startup brand wagoners low cost/low value creation function precipitated by the *locked-in* and *complimentarity* models observed: the strong social purpose identities persisted due to their business models, regardless of decertification. The rationale for decertification gleaned through interviews and secondary data suggested that certification did not produce any of the expected benefits, and that the brand was *"just not there."* Another firm had moved through many branding iterations and finally made the jump to large market wholesaling through Walmart, which of course focuses on cost structure as a requirement of product positioning. In summary, established brand wagoners did not view B Corp certification as a means for creating new value. They jumped on for the brand (as their social purpose efforts were not visible or highly integrated) to position their identity as a SPO, and jumped off because brand wasn't there and maintaining it was too costly. The calculus of survival over liabilities associated with this flexibility (less authenticity) was plainly reflected in the face of weak values. The need to respond to environmental complexity forced these firms to resume, re-establish or refocus when positioning their SPO identity was not tenable or useful.

"Reconfigurers". This pathway is explicated as equivocating the costs of B Corp certification with an opportunity to restructure, reconfigure or update the social purpose features of a firm. These companies viewed the certification process as a way to capture value by establishing structure and legitimacy around their efforts aligned with social purpose activities. Firms reported that they viewed certification as an investment and made changes to improve their social/environmental footprint, whether or not growth occurred. The two prominent features were (1) the business models were mostly of the flexible variety, with only one firm (involved in a merger that eventually accentuated the social purpose value-creation activity systems of the two firms) identified as a *complimentarity* model; and (2) the firms represented were mostly medium sized and ranged across a wide spectrum of industry categories. SPOs taking this approach viewed the costs and benefits of B Corp certification to be well balanced and tenable within their economies of scale. They used the certification process to structure and steer their social purpose efforts as a signal cost for establishing their new identities. As these firms were of a larger size, the costs were relative to that size and could be easily absorbed. Others made sizeable changes in their supply chain, resulting in huge costs (moving from low-cost Chinese to locally produced bottles) that were valued at hundreds of thousands of dollars.

The themes of investment in community, diversity, people, policies and supply chains ultimately reflected a sunk cost mentality, whereby firms whose organizational design was once flexible were forced to move down this new pathway, hoping to reclaim a return on investment in the future. These firms bet on themselves and saw the benefit of the value added by social purpose to their commercial business models. One haunting quote summed up this gamble eloquently: *"You are investing in many areas that may or may not bear any real benefits, and there is no certainty that you will get this money back."* As several of the companies complained and ranted about the shifting sands of certification and the updates and changes to their B scores, lack of support, and momentary losses of faith in the process, this sunk cost mentality and the long run payoff in value-capture through legitimacy as an SPO became the rationale for recertifying in almost all cases. Others simply accepted the costs of having their SPO identities finally realized, perceiving new organizational strengths and even economic value in enduring the process, whether tangible or not.

"Inertial benchmarkers". There are two approaches subsumed under inertial benchmarking practitioners: (1) smaller firms with flexible organizational designs that exhibit very little growth but associate themselves with a social purpose identity of some kind; and (2) medium to larger sized firms that had been through the process of converting to an SPO long ago. This long process had allowed them to find ways to leverage social purpose missions, corporate responsibility, or triple-bottom-line accounting. For each, certification was simply a way to measure up and compare against their peers and gain an additional level of authenticity above what they already did and who they already were. Most perceived themselves as highly aligned with a social purpose identity. Thus, they didn't have to make many changes to achieve certification as they were small and not growing. While they believed that the costs were not prohibitive, they viewed certification as an authenticating signal of their social purpose identities when compared against the value propositions posed by other firms.

The value in certification was communicated by one informant as follows: "*It gave us an opp[ortunity] to assess where we are in our own journey.*" One manager stated that "*It was difficult to quantify the long term benefits,*" noting that the window to recoup on their initial investment had passed. Another stated, *"If you justify you are going to sell more because you are a B Corp, then you are doing it for the wrong reason."* Others clearly pointed to legal structures that locked in value for beneficiaries, or noted that *"B Corp (certification) was part of that (vision…) strategy."* The value derived in the cost of certification was tied directly to their ability to measure themselves against peers and competitors while claiming an additional low-cost rung of authenticity.

5. Discussion

Our findings show that existing organizational design, as well as size/age and novelty in the form of technological content, can illuminate why specific pathways emerge after SPOs undergo the B Corp certification process. These pathways help to provide insight into how adaptive tensions are perceived, and potentially explain why some SPOs recertify or decertify. Indeed, SPOs do have varied cost/benefit motivations to certify as a B Corp, even though there are risks associated with such certification (Parker et al., 2018).

We find supporting evidence not only that these risks may be understood as constraints, contradictions and/or opportunities, but that over time, they shake out through the sensemaking process of certification that forces SPOs to examine their identities (some more so than others) or to learn who they are by what they do (Dentoni, Pascucci, Poldner, & Gartner, 2018). This confirms that B Corp certification does act as an attentional aperture that ultimately forces SPOs into a reflexive process. This may lead to different pathways or solidify the route already taken based on the strength of organizational design imprints and mediated by size and age (Marquis & Tilcsik, 2013). Due to the influence of existing organizational designs, recertification or decertification does not always dilute the original purpose to create social impact, self-categorize, or (re)position the identity of the company (Wry & York, 2017).

In many cases, the linkages between social purpose identities and organizational identities were upheld as firms adjusted to new market realities, or simply sailed along, content in what they were. This was especially true for smaller firms that were still guided by founders (Conger et al., 2018). Others with more flexible existing designs encountered contradictions with respect to their identity and value positioning that eventually washed out by a narrowing of purpose; this hinted at retaining less authenticity as an SPO for some, while allowing for the pursuit of new opportunities for others. Thus, we contribute specifically to a better understanding of BMI involving certifications and third-party audits of non-economic missions and the related costs and benefits through the examination of how organizational design, age, size and sector play a role in the management of adaptive tensions along the SPO journey.

Our first contribution is that our work provides an enhanced and testable business model framework (Zott & Amit, 2010) that is better attuned, than previous studies, to the context of SPOs. By focusing on how business model activity systems may be better aligned with their significance to the management of adaptive tensions, we believe that it is an improvement over past uses of this framework (derived from the observations of for-profit firms). Therefore, it has the potential to provide researchers a better set of guideposts for exploring SPO business models (Hahn et al., 2018). Furthermore, it allows for the testing of early/established organizational design related to how pathways of SPO under general BMI, and B Corp BMI in particular, may unfold.

Second, our study also responds to several current blind spots in theory and practice related to business model innovation, hybrid organizing and (prosocial) identity. We examine how social purpose third-party certification contributes to a better understanding of organizational identity and how value- creation activity systems/governance structures may better explain path dependencies experienced by SPO across time. In so doing, we provide new insight into how adaptive tensions are viewed, ignored and/or actively managed through the attentional aperture of certification (Gehman et al., 2019).

The contributions made in this paper also apply to this special issue's call to focus on an examination of how SPOs value propositions, value creation, and value capture may function through observation of a specific type of BMI. This provides a window into how and why firms view adaptive tensions arising from their duality of purpose differently. It also frames how entrepreneurs perceive and manage divergence between identity and action when framed against organizational design. We cover each of these more specifically below.

5.1. SPO value propositions

Social purpose organizations deliver, communicate and acknowledge a unique value proposition. What is unique about the B Corp category of SPOs is their efforts to balance economic and non-economic efforts through a third-party social and environmental audit. Prior scholarship has used signaling theory extensively across several contexts where there is a need to control organizational or product characteristics (see e.g. Khoury, Junkunc & Deeds, 2013; Moss, Neubaum & Meyskens, 2015). However, there is little evidence of SPO signaling theory in the literature; even less so in regard to social purpose certification processes (Connelly et al., 2011). This paper contributes to this theoretical conversation.

For instance, we find that there is sufficient fit in how B Corps use and signal locked-in business models with customers, beneficiaries and natural ecologies to signal and confirm value propositions. This is especially so when viewed from the perspective of age, size and organizational design. We find that both startup and established firms submit to certification even when little benefit is expected, but their rationale may differ when considering how they view their identity/action calculus against their existing organizational design. For *evangelists*, these startups are locked in to simply using BMI to confirm identities and value propositions; while for established *inertial benchmarkers*, it allows them to authenticate their identities and value propositions through comparison and contrast with other SPOs they identify with. The benefits of certification are thus often eschewed, downplayed or ignored in exchange for the ability to measure their impact. Authenticating or confirming these types of value propositions yields important information for SPOs considering B Lab certification, regardless of the scarcity of abundance of resources in their startup environments due to size differences (Bitektine, 2011; Stinchcombe, 1965).

The organizational design archetypes used in context may help to evaluate and signal cost/benefit functions of SPO activity systems relevant to their value propositions. These signals are important to managing tensions through benchmarking and confirming the prosocial identities of SPOs, either internally or externally. In some cases certification may be expected by customers, while in others it may indeed be superfluous unless the motivation is to signal prosocial identities that eschew any tangible economic benefits (Branzei et al., 2018). Two B Corp journeys identified in this paper – *evangelists* and *inertial benchmarkers* – offer a road map to other SPO certifiers, thereby extending research of hidden badges (Gehman & Grimes, 2017); strategic silences (Carlos & Lewis, 2018); valuing growth to certifying value (Cao et al., 2017); and ways of balancing economic and non-economic objectives (Gehman et al., 2019; Parker et al., 2018). Specifically, we suggest that business model theory may be successfully used by organizations like B Lab.

5.2. SPO value creation

Value creation is a fundamental objective of SPOs. Creating new and enhanced value for a wide range of stakeholders is what makes SPOs such a promising area of scholarship. We contribute to conversations on value creation and BMI by identifying the journeys of SPOs to establish how they may perceive and manage tensions from their dual missions. For startup SPOs identified as *brand wagoners*, the locked in or complimentarity business models indicate an early organizational design that effectively integrates economic and non-economic missions, resulting in value creation activities that may provide stronger impacts and signals over that of certification. This makes the decision to consider further BMI a push and lapsing certification a non-issue, especially when identities have been empowered by their value creation activity systems. Established *brand wagoner* SPOs with efficiency business models may also retain their flexibility to pursue, modify or even change social missions or impacts based on market realities or the needs of stakeholder, regardless of keeping a certification. Yet they may perceive a price to pay in doing so, which they are perfectly willing to do, by managing tensions through lapsing certification to seize other opportunities to create new value for the firm.

This brings to a fine point the need for more research focused on BMI SPO value creation and identity. This research extends both a positive and negative view to certification processes, regardless of the result being lapse. Our findings show that while startup and established *brand wagoners* that decertify may do so based on different organizational design, motivation and cost/benefit perceptions, decertification does not necessarily limit or reduce commitment to their missions; it may just alter the pathways they are on momentarily, or even long term. Conversely, the fact that established SPO *brand wagoners* can easily jump on and off also muddies the waters with respect to their value-creation activities, especially when B Corp certification acts as a unifying beacon of social purpose trust that extends to all SPOs equally.

At the end of the day, the value creation that each type of firm seeks still consists of a duality, but the tensions arising from this duality are viewed and dealt with in different ways. The simple fact is that SPOs are highly heterogenous; they vary in design, size, technological content, sector and motivations. Thus, it is anticipated that many stakeholders will continue to treat certification with much circumspect as the creep of cost benefit functions becomes more obvious and transparent with increased contextual scrutiny, especially if the value of B Corp certification is treated as a homogenous signal.

5.3. SPO value capture

Finally, BMI may also provide opportunities for SPOs to capture value through understanding their variations in form, size and motivations and the unique blend of maximization and minimization efforts required. For example, startups described as *reprioritizers* are found to face opportunity costs when recertifying in the face of scalable technology businesses that provide social impacts or are so busy scaling that ambidextrous sensemaking is relaxed to allow for lapses to occur in their pursuit of value capture. Yet this does not always diminish social impact or alter identity; ambidextrous sensemaking activities may experience temporary lulls or be put on temporary hiatus, either as a direct need due to attentional draws in one direction, or indirectly as a simple response to new needs or opportunities. On the contrary, scalability may signal to founders the potential for far wider and deeper impacts with stakeholders, especially when they are customers. Therefore, B Corp status may become a secondary consideration, even though the values of B Lab may still be aligned with an SPO.

Established firms may view this process of value capture very differently, by equating opportunities with B Corp certification as *reconfigurers.* The prevalence of efficiency models in this case may be argued as significant in understanding the cost perceptions and actions of these firms. Established firms may also seek to certify later in their lifecycle as *reconfigurers,* to establish new prosocial identities that introduce their products and services to customers and stakeholders. Once again, the patterns in their business model constellations suggest that *reconfigurers* stay the course based on investment (sunk) cost or perceived legitimacy value calculations arising from the sedimentation of their actions over time. This move to certification may then provide a relaxation of tensions with their new identities and long existing values. Conversely, *reprioritizers* initially look more like SPOs, but change paths, secure in their organizational identity-based designs that have been locked in early in their nascent stages of startup. Decertification simply allows them to better manage the tensions associated with the opportunity costs that may limit their wider or less direct impacts. It allows SPOs to reach a new equilibrium, whatever it might be. Each path may result in more optimal value capture, while potentially also generating greater levels of social impact in different ways that are better aligned with the journey. We suggest that by framing these rationales against design-centered thinking, size/age, technological content and path dependencies, entrepreneurs and managers may become better informed on their decision to certify as a SPO BMI, or as part of the overarching opportunity development process (Goldsby, Kuratko, Marvel, & Nelson, 2017).

5.4. Implications and limitations

Our findings have implications for research on signaling prosocial identity (Branzei et al., 2018), which is an element of organization value. While new business model innovations for solving social, ethical and environmental problems are a significant area of study when contemplating grand societal challenges, they are: (a) not profligate (and once proven, widely adopted); (b) still under evaluation with respect to the measurement of their impacts; (c) often ambiguous in regard to the value being created; and (d) subject to the dark side of prosociality (meaning that entrepreneurs may not always be effectively optimizing the value returned to those in need - or in fact, may actually be hurting those they seek to help (Shepherd, 2015). Moving forward in building theory on SPO BMI, while flush with the exploration of envisioning new and old ways of exchange that optimize sustainability and social justice (for example, Boons & Lüdeke-Freund, 2013; Peredo et al., 2017), requires research to build on the foundations of commercial business model innovation (Zott & Huy, 2007). Thus, one future research question that emerges is how far can we bend prosociality to encompass the accelerated market realities of blending business model typologies (in all their commercial, for profit forms) with social value-laden organizing, while still defining it as prosocial? In other words, do the existence of tensions forever mark SPOs as a non-optimal solution to grand challenges? Or just grand challenges executed prosocially?

From our own specific observations on B Corps, certification may simply be a superfluous crutch to technology-oriented entrepreneurs who either directly or indirectly create social change through their novel innovations (Muñoz et al., 2018). For most, SPO certifications may continue to reward those who seek to confirm, measure or position their identity through the process of checking boxes. For others, certification must contend with the limited attention of social purpose entrepreneurs that are confident in their identities and/or impact created. Certainly, much debate remains on our reliance on typical measures of performance; this can often have the effect of glossing over how organizations may contribute to creating a more sustainable world (Gehman et al., 2019). Ultimately, SPO BMI may simply continue to be realized through raising awareness of niche stakeholder needs - one organizational pocket at a time - regardless of radical social innovations and highly scalable organizations.

Last of all, this paper has implications for the much broader concept of mission drift. Our findings show that in order to optimize decisions around managing tensions, SPOs need to be aware of not only the complexity of values being addressed, but also the organizational design, size/age and attentional apertures that may be significant to contextualizing them. For some SPOs without an explicit prosocial identity, their value-creation activities may indeed have unlimited potential for social impact through scaling, making a decertification decision moot (Stoddard, 2017). For others, decertification may be a good thing, contributing to the rigors of the B Corp brand and through the process of sedimentation, allowing an SPO to develop the separating equilibrium necessary for it to survive and grow notwithstanding the maintenance of a certification. Nevertheless, we posit that the B Corp certification is an important crucible for how SPOs apprehend and ultimately manage tensions. Thus, for some SPOs, it may make sense to approach the perspective of mission drift as a concept that is not wholly negative, and perhaps even positive, depending on context.

This paper is not without limitations. First, the sample represented a set of SPOs that had all undergone a BMI involving B Corp certification, a novelty in itself. With this aspect of governance homogenously applied, it may have impacted the outcomes of the coding. In many respects, these were companies that sought not to stand against capitalism, but to incrementally improve upon it, regardless of outcome. Second, while we do have proxy measures of growth and impact reported to help better explain the five pathways, a deeper understanding of the identities and actions of these companies would provide a more comprehensive set of insights into how the certification process affected their management of adaptive tensions. For instance, while a proxy for slack resources was resolved through size and an examination of impact related to mergers, acquisitions and employee and revenue growth, future scholars may be better armed with an enhanced set of tools with which to collect and measure the balancing act of economic and non-economic reporting when considering performance (for example, see Nason, Bacq, & Gras, 2018).

6. Conclusion

Social purpose organizations (SPO) highlight the growing number of innovative business models available in the marketplace. In this paper, we examine one form of SPO, namely the B Corporation (B Corp). B Corps are organizations that have passed a third-party social and environmental audit. This study is most interested in examining the varying journeys and certification motivations of B Corps. To accomplish this, we use organizational design theory (Zott & Amit, 2010) to unpack these variations over time. We identify five certification paths – *brand wagoners*, *reprioritizers*, *evangelists*, *inertial benchmarkers* and *reconfigurers*. Overall, this paper contributes to existing SPO literature in the area of value characteristics (propositions, capture and creation). It also provides insight into how social and environmental audits may help to manage oft-competing tensions by onboarding factors such as early/existing organizational design, size/age and calculations pertaining to identity/action dissonance surfaced through the attentional aperture of business model innovation and B Corp certification.

Acknowledgement

Authors' Note: The second author acknowledges research support from the Initiative for Regulation and Applied Economic Analysis (IRAEA) at Montana State University.

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